



Vote returns Sooner Sub rail line to private ownership

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A decision to return nearly 100 miles of state-owned rail line between Sapulpa and Midwest City to private ownership brings about many benefits to freight and passenger rail, according to a report presented at the May 5 Oklahoma Transportation Commission meeting.

The Sooner Sub line has been under consideration for a sale by five cabinet secretaries named by state law as a Selection Committee, including the Secretary of Commerce, Secretary of Finance, Secretary of Agriculture, Secretary of Energy and Environment and the Secretary of Transportation. Oklahoma Secretary and Executive Director of Commerce Larry Parman made a presentation on behalf of the Selection Committee and gave their recommendation to sell the Sooner Subdivision line to Stillwater Central Railroad (SLWC), a WATCO Company. Parman also stressed the historical intent of the legislature to return state-owned rail lines to the private sector when economically feasible. Commissioners deliberated the findings extensively, asking questions to ensure provisions for passenger rail, upgrades to the line and the commercial impacts of a sale to the state would be met before unanimously voting 8-0 for a sale to SLWC as recommended.

“We thank both Stillwater Central Railroad and BNSF for their interest in acquiring the Sooner Sub line. Both were extremely professional in their approach and are important economic development partners with the state of Oklahoma. Stillwater Central Railroad submitted a plan that best meets the policy objectives of the state,” Parman said on behalf of the Selection Committee. “This was an extremely competitive process which required very careful consideration for the long-term benefits.”

Four companies submitted proposals for consideration. In addition to a monetary bid on the line, candidates also had to show plans for economic impacts to the state, improvements for the corridor and developmental plans for future passenger rail operations. The Selection Committee narrowed the field to two companies: BNSF Railway Company and SLWC. The option of no sale to keep the line in state ownership was also considered. Additionally, the public was asked to submit comments during the consideration period, and their input was acknowledged by the Committee.

The proposal from SLWC was for \$75 million and also additional financial commitments for enhanced rail access to energy infrastructure in Cushing, track improvements from a Class 2 to a Class 3 track within the next seven years and to develop all aspects for a six-month trial run of passenger rail service within the next five years. This will all be done at no cost to the state or taxpayers. Failure to meet these obligations could result in actions such as the state assessing financial penalties or the passenger rail easement reverting to state ownership.

“Our agency continues its strong commitment to rail operations and the return of state-owned lines to private ownership. We’re appreciative of the legislative guidance given to facilitate a very successful process,” Mike Patterson, Oklahoma Department of Transportation Executive Director said. “We look forward to working with the new owners as we all explore future possibilities.”

As good stewards of taxpayer investment, the department began exploring the possibility of selling the railroad after seven companies expressed interest in the Sooner Sub line. Following the legislative guidance for selling rail assets set forth in

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the unanimously passed Senate Bill 584 in 2013, ODOT accepted proposals for the sale from November 2013 until January 30, 2014. The Selection Committee had 90 days to review the proposals before giving its recommendation to the Oklahoma Transportation Commission.

Starting in the late 1970s, state legislature and ODOT had the foresight to purchase 882 miles of rail corridors facing abandonment with the intent to preserve the rights of way and tracks for future private sector use. Including this latest sale, 749 miles of state-owned rail lines have now been returned to the private sector through purchases or lease-purchase agreements. The Sooner Sub line was purchased by the state for salvage value in 1998, and has been under a lease agreement with the Southern Kansas and Oklahoma Railroad, another WATCO Company since that time.

Stillwater Central Railroad is expected to sign and complete the sale contract by July. WATCO Chief Executive Officer Rick Webb thanked the Commission and the secretaries for their diligence in coming to a final decision, and said the company looks forward to working with ODOT during the ownership transition and in the future. According to Oklahoma Statute Title 66, Sec. 304, proceeds from the sale will go to the Railroad Maintenance Revolving Fund.

Detailed information on the proposals and sale can be found at:
<http://www.okladot.state.ok.us/SoonerSub/>

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