

**2010 Sauk County Rail Use Survey Results**  
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**Background**

In 1988 and again in 1990 the Pink Lady Rail Transit Commission (PLRTC) partnered with Sauk County UW-Extension to conduct a rail use survey of the line from Merrimac to Reedsburg, WI (approximately 22 miles). In 2010 a similar survey was emailed to 13 industries that utilized rail in 2009, and eight completed the survey (62% response rate). Attempts to contact the remaining five shippers (Loeb Lorman Iron, Greede Foundry, Fred Weber, Hanke Trucking, and Reedsburg Hardwood) were unsuccessful. Also Frontier FS in Spring Green was excluded from the survey because they are located on the rail line from Madison to Prairie du Chien.

The purpose of the survey was threefold:

- measure rail usage (number of rail cars shipped or received in Sauk County)
- assess the level of satisfaction with the rail service
- determine the importance of rail to Sauk County businesses and industries

This survey is part of a multi-stakeholder fact-finding initiative being conducted by the Economic Development Committee of the Sauk County Board and the Sauk County Development Corporation. Their goal is to examine opportunities for consensus about the future of rail and related issues Sauk County.

**Results**

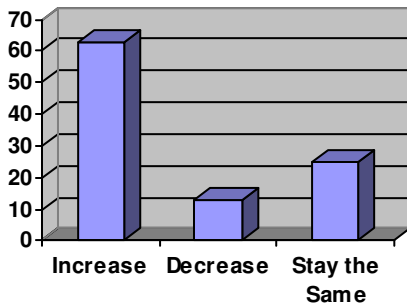
In 1988 14 businesses utilized rail and in 1990 the number of rail users dropped to 12. In 1988 739 rail car loads were shipped or received and in 1990 the rail car loads declined to 576. In 2010 survey respondents indicated that 2,255 rail car loads were either shipped or received at their facilities during 2009. This is a 205% increase from 1988 and a 292% increase from 1990. Wisconsin & Southern Railroad (WSOR) Company reported that 2,539 rail car loads were either shipped or received in Sauk County in 2009. Also according to the Association of American Railroads' 2008 report, Wisconsin had 3,503 miles of rail and 890,474 rail cars either originated or terminated in Wisconsin. Based on number of rail cars per mile of line, the Sauk County rail line (115 cars/mile) is significantly less utilized than rail line throughout Wisconsin (254 cars/mile).

	1988	1990	2009	2009 (WSOR)	2008 (Wisconsin)
<b>Number of rail cars shipped or received:</b>	739	576	2,255	2,539**	890,474
<b>Number of businesses utilizing rail:</b>	14	12	13*	14**	N/A
<b>Miles of rail line:</b>	22	22	22	22	3,503

\* Eight businesses completed the survey.

\*\*This figure includes the rail line through Spring Green serving Frontier FS (about 10-12 loads).

## Expectations for Rail Usage in 2010



Five (63%) of the survey respondents indicated that they expected their rail usage would increase in 2010, one (13%) reported their usage would decrease and two others (25%) expected their usage to stay about the same as 2009.

## Dollars Reported Saved by Utilizing Rail

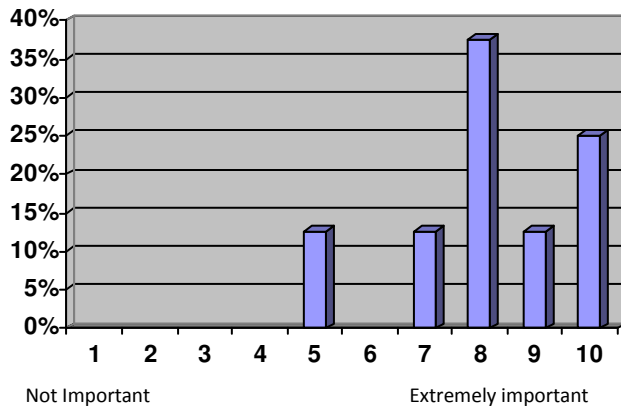
In 1988 the estimated transportation cost savings were \$530,000 on 351 cars. In 2010 although four of the businesses did not quantify their transportation cost savings, one business indicated it was significant. Of the remaining four businesses the transportation cost savings ranged from \$10,000 to \$892,500 in 2009 for a total of \$1,091,500 in transportation savings for 920 cars.

The 2009 survey respondents indicated that the average cost savings per rail car was \$1,186, however these cost savings vary greatly depending on the commodity or material shipped. The total transportation savings were extrapolated by utilizing the number of rail cars reported by the WSOR and the 2009 average cost savings per car. The WSOR reported 2,539 rail car loads (including Spring Green businesses) and based on the average cost savings per rail car, the total transportation dollars saved were \$3,011,254.

	<b>1988 (Actual Survey Responses)</b>	<b>2009 (Actual Survey Responses)</b>	<b>2009 (Extrapolated)</b>
<b>Dollars reported saved in transportation costs:</b>	\$530,000	\$1,091,500 (106% increase)	\$3,011,254*
<b>Number of cars included in cost savings tally:</b>	351	920	2,539 (Reported by WSOR)
<b>Average cost savings per rail car:</b>	\$1,510	\$1,186 (21% decrease)	\$1,186

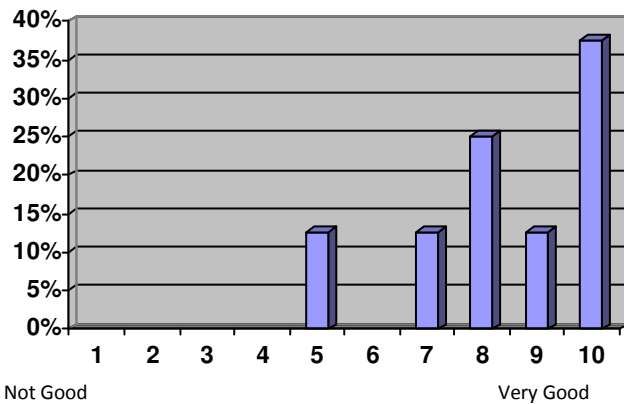
\*Extrapolated based on WSOR rail car numbers and average cost savings per rail in 2009. This number may not be accurate because the cost savings per rail car vary greatly depending on the commodity or material shipped.

## Importance of Rail on Business Profitability



In 2010 survey respondents were asked to rate on a scale of 1 (not important) to 10 (extremely important) the importance of rail to their business profitability. The average response was 8.1.

## Quality of the Rail Service



In 2010 survey respondents were asked to rate on a scale of 1 (not good) to 10 (very good) the quality of the rail service in meeting their production needs in a timely way. The average response was 8.4.

Respondents listed the following suggestions on how rail service could be improved:

- *"Service is much more efficient since receiving our switch in the afternoon".*
- *"Local service is very good, rail service before it gets to WSOR is very slow. A 200 mile shipment takes 9-10 days to transit."*
- *"Very good" (3)*
- *"Notification when there is a railcar that has been "bad ordered". Condition of railcar/doors, when cars arrive damaged/doors are not operational, the customer should not be held responsible."*

## Number of People Employed by Businesses or Industries that Utilize Rail

In 1988 14 businesses utilized the rail and employed 1493 people. In 2009 the eight survey respondents employed 1530 (2% increase) full time and 28 part time workers.

## **Potential Impact of Rail Service Disruption**

In 1988 rail service was once-a-week and was considered unsatisfactory by most shippers. However, 54% of the shippers said they would be adversely impacted if they lost rail service - and two firms indicated they would expand their plants if rail service could be obtained.

In 2010 all eight survey respondents indicated that if rail service was disrupted for an extended period their companies would not be forced to lay off any employees.

## **General Comments on Rail Service from Users**

- *"In our industry companies will not locate or invest in locations where rail service is not available."*
- *"It is very important. There is manpower savings, and handling equipment in buildings is based upon automation from silos verses handling with forklifts, etc. Freight savings is small compared to other savings of using rail."*
- *"Very important to the success of our business."*
- *"Important to us if the building industry ever improve."*
- *"The savings associated with rail allow us to remain competitive in our market."*
- *"It is a way for us to be more efficient rather than depending on trucks to deliver everything."*
- *"Without rail service we would have to put 3400 more trucks on the Wisconsin roads. It would cost the farmer \$0.30/bushel more for trucks."*

## **Additional Notes**

The state of Wisconsin's economy impacts rail usage so it may be important to consider the larger economic context when reviewing these survey results. According to the Wisconsin Department of Revenue, the recession that started in December 2007 cost 163,800 Wisconsin jobs through November 2009. These were the worst losses in any single recession since World War II. The severe decline of Wisconsin employment in 2009 was led by sizable job losses in the Manufacturing, Trade, Transportation and Utilities, and Professional and Business Services sectors, representing more than 90% of the total annual loss.

## **Conclusions**

The rail usage in Sauk County has increased 292% since the 1990, and the majority of survey respondents (63%) expect their usage to increase throughout 2010. The respondents reported that they saved over double the dollars (106%) on their transportation costs since 1988, and they indicated that rail was a key factor in their profitability (8.1 average on a 1-10 scale). All eight survey respondents indicated that if rail service was disrupted for an extended period their companies would not be forced to lay off employees.