



Lee County
**RAIL CORRIDOR
FEASIBILITY STUDY**

November 22, 2013



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Lee County MPO Rail Feasibility Study
Contract 2012-001

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Executive Summary

Report Highlights

This Rail Corridor Feasibility Study analyzes the long-term feasibility of public multi-modal transportation within the existing Seminole Gulf Railway Corridor, while maintaining and possibly expanding freight service. Of particular importance, the study addresses shared use of the rail corridor for public transportation use.

The study addresses four major issues.

1. Existing and expanded freight operations.
2. Potential passenger service.
3. Alternate means of maintaining the corridor for long-term transportation uses.
4. Preservation of the corridor.

The study compares potential passenger service in the rail corridor to future service that had been contemplated in the I-75 median. The conclusion is that the Seminole Gulf Railway corridor, because of its location, is clearly better for shorter distance and intra-urban public transit. The I-75 median is better suited for longer distance, higher-speed travel between major cities.

The most important recommendation is that the intact rail corridor is very important to the future of Lee County and should be preserved. Whether the corridor is eventually used for freight service, passenger transit, multi-use pathways, or a combination of these and other uses, it will remain a unique and irreplaceable asset – a 37-mile-long, north/south corridor through urbanized Lee County.

The corridor passes through all of Lee County into northern Collier County, and through the cities of Fort Myers and Bonita Springs. Preservation of the corridor would be enhanced by all four jurisdictions amending their comprehensive plans to designate the corridor as a strategic regional transportation corridor.

The demand for and viability of passenger service in this rail corridor may be well in the future. With rapidly changing transportation technology, such as autonomous vehicles, it is premature to recommend, at this time, the type of passenger service best suited for this area.

However, three of today's passenger modes (commuter rapid transit – CRT, light rail transit – LRT, and bus rapid transit – BRT) were evaluated in this study. All three modes, with considerable variations in capital and operating costs, are viable alternatives for the rail corridor.

Most existing freight consists of frozen and refrigerated goods, scrap metal, propane, lumber and building materials and newsprint. Freight service has significantly decreased during the economic downturn; about 7,000 carloads of freight were shipped in 2012, down from 14,000 to 15,000 carloads in the recent past, mainly due to steep declines in lumber and building materials.

There have been many efforts to increase rail freight opportunities. However, the outlook for expanded rail freight operations is uncertain at best, since forecasted growth in general freight is expected to be primarily by truck, and the existing condition of the tracks has resulted in speed limitations throughout the corridor.

While the outlook for expanded rail freight operations is uncertain, rail freight remains an important transportation component in Southwest Florida. Although only a limited number of local businesses rely on rail freight, abandoning freight service is difficult due to natural concerns about the future of these community businesses that rely on rail, as well as federal laws and policies that oversee rail systems.

The rail corridor is currently controlled by two private entities: CSX and Seminole Gulf Railway. CSX owns the land within the right-of-way. Seminole Gulf Railway has a long-term lease to operate freight rail service in this corridor (with up to 34 years remaining on the lease). Seminole Gulf Railway owns and maintains the tracks and crossings and operates a dinner train in addition to handling freight.

Because conditions and circumstances change over time, and even with supportive comprehensive plan preservation policies, the public in order to preserve this corridor for potential public uses may find it necessary and / or prudent to purchase an interest in the corridor.

Four general methods could be used. The first method, applicable by itself if the public entity was primarily concerned with continuing freight operations in the short term, would be to purchase the real estate from CSX. This would be similar to buying an office building that was fully leased; the buyer would receive the rent but not be able to occupy the building until the lease expires. The rail corridor would be publicly owned and would convert to public control when the current lease expires.

The second method, combined with the first, would include a negotiated agreement with Seminole Gulf Railway to allow public uses in the corridor in addition to existing services, without renegotiating the lease.

The third method, also combined with the first, would include public purchase of the Seminole Gulf Railway long-term lease, without acquiring the tracks or other physical improvements. A new lease would be negotiated with Seminole Gulf Railway that would provide for continued freight operations and possible future passenger service.

The fourth method, which also requires the first method to be undertaken, would be the public entity purchase of the Seminole Gulf Railway portion of the lease, along with the track improvements. Seminole Gulf Railway would no longer operate in the corridor and the public entity would be able to immediately occupy and use the property.

Findings and Conclusions

Seminole Gulf Railway Corridor / I-75 Corridor:

1. The I-75 corridor was planned and designed with a multi-modal envelope in the median for future passenger rail service. The Seminole Gulf rail corridor could provide passenger service within the same general study area.
2. The rail corridor, given its more urban location, is clearly superior for local, intraurban (intracity) passenger service. The I-75 corridor remains the better alternative for higher speed passenger service between major cities.

Right-of-Way Characteristics:

3. The rail right-of-way, from northern Collier County to the Lee / Charlotte County line, varies from 40' to 200'. The majority of the corridor is wider than 95', but the right-of-way narrows to 40' in the City of Fort Myers east of Downtown. The right-of-way is generally free of encroachments except for an underground fiber optic cable along the majority of the corridor.

Right-of-Way Preservation:

4. The most important recommendation from this study is the preservation of the rail corridor for the future residents of Lee County. This corridor is a unique asset, whether eventually used for freight service, passenger transit, multi-use pathways or a combination of these and other uses. It would be nearly impossible to recreate this corridor today – a 37-mile, unimpeded, north / south corridor in urbanized Lee County.
5. The corridor passes through Lee County into northern Collier County, and through the cities of Fort Myers and Bonita Springs. Preservation of this corridor would be enhanced by all four jurisdictions amending their comprehensive plans to designate the property as a strategic regional transportation corridor. Implementation of this designation requires each of the jurisdictions to adopt policies encouraging the public purchase of the corridor and protection of the public interest in the rail corridor if abandonment is sought.

Freight Service:

6. Most existing freight consists of frozen and refrigerated goods, scrap metal, propane, lumber and building materials and newsprint. Freight service has significantly decreased during the economic downturn; about 7,000 carloads of freight shipped in 2012, down from 14,000 to 15,000 carloads in the recent past, mainly due to steep declines in lumber and building materials.
7. There have been many efforts to increase rail freight opportunities. However, the outlook for expanded rail freight operations is uncertain at best, since forecasted growth in general freight is expected to be primarily by truck.
8. Future growth in rail freight is also limited by the condition of the existing rail and speed limitations placed on the tracks. While there are some locations where the track is maintained to allow a maximum speed of 25 mph, the majority of the corridor is maintained to allow only 10 mph.
9. While the outlook for expanded rail freight operations is uncertain, rail freight remains an important transportation component in Southwest Florida. Although there are only

a limited number of area businesses that rely on rail freight, it would be very difficult to abandon that service. This is due to natural concerns about the future of these community businesses that rely on rail, as well as Federal and State laws and policies that oversee rail systems. Freight service by rail will be an important issue in future studies.

10. Any major improvements to upgrade the existing tracks for rail freight, whether in the short-term or long-term, should be considered and evaluated in conjunction with any proposed initiative to implement passenger service in the corridor.

Passenger Service:

11. The demand and viability for passenger service in the rail corridor may be well in the future. With the rapid changes taking place in the economy and forthcoming in transportation technology, such as autonomous vehicles, it would be premature to conclude the most favorable type of passenger system.
12. To insure that this is a viable corridor for public transportation, three of today's passenger modes (commuter rapid transit – CRT, light rail transit – LRT, and bus rapid transit – BRT) were evaluated. All three modes, with considerable variations in capital and operating costs, are viable alternatives for the rail corridor.
13. The future selection of the travel mode for this corridor will require detailed studies of ridership, vehicle types, station locations, costs, funding, and other similar system features.
14. This is a preliminary feasibility study. Its primary intent is to determine the viability of public transportation alternatives and the steps that would be needed to preserve the railroad corridor for future transportation purposes. This level of analysis is insufficient for precise estimates of the cost of various passenger systems. Examples of elements not yet defined are type and number of transit vehicles, stations, utility relocations, track replacements, and a variety of similar items. This level of study is also insufficient to establish a definitive limit of service, ultimate routes or phasing.
15. However, initial passenger service routes could encompass all or portions of a 32-mile route operated between East Fort Myers and where the rail corridor ends in northern Collier County and then extended along surface streets to the vicinity of Immokalee Road and Goodlette-Frank Road. Due to the expense of upgrading the rail line and bridges across the Caloosahatchee River, an extension of passenger service across the Caloosahatchee River to North Fort Myers would be deferred to a later stage.
16. At this time, the type of passenger system and route(s) are not known. However, it is still important to establish a comparable estimate of the approximate costs to place the three passenger systems in the corridor. This was done by assembling the actual costs of similar projects in the United States. These costs, which are all inclusive, were converted to general order of magnitude costs / mile.

Estimated Capital Costs

<u>System</u>	<u>Cost Estimate per Mile</u>
Commuter Rail (CRT)	\$ 10 million to \$ 20 million
Bus Rapid Transit (BRT)	\$ 20 million to \$ 40 million
Light Rail (LRT)	\$ 80 million to \$120 million

17. There are a wide variety of reasons for such a large difference in the capital costs of these type systems: type of equipment, number of stations, track relocations and the like. However, caution must be used when viewing the difference in these capital costs because the efficiency and cost / benefit of the system are not applied to this analysis.

For example, commuter rail is the lower-cost option, but is also the least flexible and efficient service. These estimates are only a guide and, taken alone, do not reflect the best system for this area.

18. Operating and maintenance (O&M) costs are ultimately an important element in the system selection process. However, similar to capital cost estimates, these costs will not be known until the final system details are identified. As a guideline, the O&M costs for similar systems in the United States are as follows.

Estimated O&M Costs

<u>System</u>	<u>Cost Estimate Per Passenger Trip</u>
Commuter Rail (CRT)	\$ 3.30
Bus Rapid Transit (BRT)	\$ 3.60
Light Rail (LRT)	\$ 10.00

Combined Pedestrian / Bikeway Paths:

19. Multi-use pathways have been envisioned in this corridor for some time. Multi-use pathways could be a viable option through much of the corridor. However, it is likely that, given right-of-way restrictions, there would be some sections of the corridor not suitable for a multi-use pathway. Once the passenger service mode is better defined, studies will determine what sections of the corridor can accommodate pathways, as well as passenger and freight service.

Securing Public Interest in the Corridor:

20. The rail corridor is now controlled by two private entities: CSX and Seminole Gulf Railway. CSX is the present owner of the land within the right-of-way. Seminole Gulf Railway has a long-term lease to operate freight rail service in this corridor (with up to 34 years remaining in the lease). Seminole Gulf Railway owns and maintains the rail improvements and operates a dinner train in addition to handling freight.
21. Because conditions and circumstances change over time, and even with supportive comprehensive plan preservation policies, the public agencies in order to preserve this corridor for potential public uses may find it prudent and / or necessary to purchase an interest in this corridor.
22. This study identified the components of a potential purchase process and placed a range of values on each component. The values reported are for the rail corridor within the limits of the study (from the Lee / Charlotte County line to just south of the Lee / Collier County line).
- a. Securing the CSX Portion of the Lease.
The estimated value of the "leased fee interest," or CSX's interest in the CSX / Seminole Gulf lease, is approximately \$5 to \$15 million. This is the cost to purchase the CSX's portion of the lease. The purchaser, a public entity, would become the "landlord" and receive the annual revenue from the lease. At the end of the lease, the public entity becomes owner of the underlying property. This scenario, by itself, would be undertaken only if the public entity might be content to wait for the end of the lease (up to 34 years) to use the property. It would also be possible, during that time, for the new landlord and Seminole Gulf Railway to negotiate a new lease. The value of the CSX interest increases over time as the duration of the lease is reduced.

- b. Securing the Seminole Gulf Railway Portion of the Lease.
The estimated value of the "leasehold interest," or Seminole Gulf's interest in the lease, without track improvements, is approximately \$65 to \$104 million. Since the public entity would want and may be required to continue the freight operations within the corridor, a new lease would be negotiated with Seminole Gulf Railway or another operator. The new lease could make provisions for continuing freight operations and introducing passenger service in the future. The value of the Seminole Gulf lease diminishes over time as the duration of the lease is reduced.
- c. Securing the Seminole Gulf Portion of the Lease and Track Improvements.
The estimated value of the "leasehold interest" or Seminole Gulf's interest in the lease, along with the track improvements, is approximately \$87 to \$125 million. This investment would be undertaken if the public entity was interested in immediate control of the rail corridor. Seminole Gulf Railway would no longer provide service in the corridor. This value diminishes over time as the duration of the lease is reduced.
23. Again, there are two to three separate components of a purchase. They are summarized as follows.

Purchase Options / Components

<u>Component</u>	<u>Estimated Value</u>
CSX Portion of Lease	\$ 5 million to \$ 15 million
CSX plus Seminole Gulf Portions of Lease	\$ 70 million to \$119 million
CSX plus Seminole Gulf Portions of Lease, With Track Improvements	\$ 92 million to \$140 million

Therefore, the total value if all components are pursued is approximately \$92 million (\$5 + \$87 million) to \$140 million (\$15 + \$125 million).

Recommendations

1. The Florida DOT should purchase the CSXT leased fee interest from where the rail line ends in northern Collier County north to Arcadia.
 - a. The cost of acquiring the leased fee interest in the study area (Lee / Charlotte County line to just south of the Lee / Collier County line) has been estimated to be from approximately \$5.0 to \$15.0 million.
 - b. An assessment of the likely cost to acquire the leased fee interest for the section of the rail line in Charlotte and Desoto Counties (and possibly Sarasota and Manatee Counties from Clark Road to Oneco) should be undertaken. This analysis should be a high priority for the MPO.
 - c. Purchase of the right-of-way by the Florida DOT would not affect continued Seminole Gulf Railway (SGLR) operations under the current lease agreement.
2. The preferred mode of passenger travel should be determined. No specific mode of travel is recommended at this time. However, it has been established that all three major modes of travel (Commuter Rail, Light Rail and Bus Rapid Transit), as well as multi-use pathways, could be implemented in the corridor.
 - a. The MPO should conduct a detailed alternatives analysis that would evaluate the appropriate travel modes, compare the capital and operating costs of each, forecast ridership for each, identify a preferred transit mode, and recommend the timing of implementation of passenger service.
 - b. Preliminary priorities for passenger service should include:
 - 1) Initial Service – North Collier County to Downtown Fort Myers and East Fort Myers
 - 2) Ultimate – Initial Service plus East Fort Myers to North Fort Myers
 - c. Work with Seminole Gulf Railway in exploring arrangements that could integrate public transit with existing and planned freight operations in Lee County.
 - d. LeeTran and the Lee County Transit Task Force should evaluate how a high-capacity transit service along the rail corridor could promote the effectiveness of LeeTran bus service.
3. Freight service should be maintained and improved.
 - a. Current freight operations by SGLR should be maintained and expanded wherever practical.
 - b. After the CSXT interests are acquired, corridor options to upgrade the tracks and beds in a manner consistent with the potential future coexistence of freight and passenger service and a multiuse pathway within the corridor should be considered.
 - c. The Lee County Economic Development Office should work with SGLR to promote and market rail serviced properties for industrial development.
4. The CSXT / Seminole Gulf Railway corridor should be preserved for continued and expanded transportation use through amendments to existing Comprehensive Plans and transportation plans.
 - a. Local, regional and state governments should take actions to protect the corridor for moving freight, while also pursuing other transportation purposes for which the corridor may be suited.
 - b. The MPO should coordinate with local governments to revise their comprehensive plans to include goals, objectives and policies to preserve the rail corridor for future use as a multi-modal corridor.
 - c. The cities of Bonita Springs, Fort Myers, Punta Gorda and Arcadia, (and possibly Sarasota and Bradenton) along with Collier, Lee, Charlotte and DeSoto Counties,

- (and possibly Sarasota and Manatee Counties), should take the following steps in their comprehensive plans.
- 1) Adopt a policy that formally designates the rail corridor as a strategic regional transportation corridor, using the combined authority of the Community Planning Act (F.S. 163.3161 et seq.) and the specific enabling legislation for transportation corridors (F.S. 337.273).
 - 2) To implement this designation, adopt policies that would commit each local government to:
 - i. Encourage Florida DOT to purchase the real estate interests in the entire rail corridor from Arcadia to north Naples from its current owner, CSX Transportation (this action would not affect the existing lease to Seminole Gulf).
 - ii. Explore methods for enhancing freight capability for the corridor and adding capability for commuter rail, light rail, or bus rapid transit.
 - iii. Commit to protecting the public interest in the rail corridor during any abandonment proceedings before the U.S. Surface Transportation Board.
 - iv. Support use of federal rails-to-trails authority to railbank the corridor if the alternative is abandonment of existing and future rail service.
 - 3) Designate the rail corridor on their future transportation maps (F.S. 163.3177(6)(b)(1)).
- d. The cities of Bonita Springs and Fort Myers and Collier and Lee Counties should take the following additional steps.
- 1) Designate the rail corridor on their future land use maps (F.S. 163.3177(6)(a)(1)).
 - 2) Begin the land-use planning process for transit-oriented development (TOD) around future transit stations, beginning with the most probable station locations and extending to other potential stations over time.
5. Each MPO that the Seminole Gulf rail corridor passes through, Collier, Lee, and Charlotte–Punta Gorda (and possibly Sarasota–Manatee), should:
- a. Strongly urge the Florida DOT to purchase outright the real estate interests of CSXT in the Seminole Gulf rail corridor. Florida DOT is the only transportation entity whose area of authority covers the four counties served by the rail corridor. Purchase of the real estate would not affect the current lease to Seminole Gulf, but would allow Florida DOT to replace CSXT as the entity with legal responsibility and become the long-term steward responsible for future uses of the rail corridor.
 - b. Adopt policies and carry out plans that:
 - 1) Explore methods for enhancing freight capability for the corridor and adding capability for commuter rail, light rail, or bus rapid transit.
 - 2) Commit to protecting the public interest in the rail corridor during any abandonment proceedings before the U.S. Surface Transportation Board.
 - 3) Support use of federal rails-to-trails authority to railbank the corridor if the alternative is abandonment of existing and future rail service.
6. The Lee and Collier MPOs and Lee’s Transit Task Force should take these steps:
- a. Because Seminole Gulf Railway’s lease may be too expensive to purchase, the Lee County MPO should take the lead role in exploring with Seminole Gulf officials other voluntary arrangements that could integrate public transit with

- existing and planned freight rail operations in Lee County. These discussions should include potential physical configurations within the rail corridor as well as various legal arrangements including sub-leasing, assignment of the lease with lease-back of freight rights, and renegotiation of the existing lease. The Lee County MPO should also serve as lead agency for further technical analyses required before public transit could be added to the rail corridor.
- b. The Collier County MPO should take the lead in exploring the costs and benefits of extending high-capacity transit that runs along the rail corridor all the way to Immokalee Road into northern Collier County, which is the northern terminus of public transit in Collier County.
 - c. The Lee County Transit Task Force should consider how a high-capacity transit spine along the rail corridor could improve the effectiveness of LeeTran bus service and how the combined system could promote the establishment of an independent transit authority or other entity that could construct and operate the combined system.
7. The MPO should seek legal opinions to address two key issues related to the preservation of the corridor and other issues as they may arise.
- a. The MPO should seek a legal opinion to fully understand all terms of the lease between CSXT and SGLR.
 - b. The MPO should seek legal opinions to establish a contingency plan for protecting the public interest should abandonment of all or a portion of the rail line be proposed.