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Plan suggests ways to revive, expand Valley rail line

BY VALERIE GIBBONS • VGIBBONS@VISALIA.GANNETT.COM • JUNE 10, 2009

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The Tulare County Association of Governments has been trying to save a 40-mile stretch of [rail line](#) for more than a year. And, according to a study by California State University, Fresno, students, a short-line railroad — Jovista to Exeter and Jovista to Fresno — could earn as much as \$1.4 million in net revenue annually.

Among the challenges:

- Track-repair costs could reach \$20 million.
- 13 employees would need to be hired.
- A line from Jovista to Exeter would need to fill 2,442 railroad cars a year while a line from Jovista to [Fresno](#) would need to fill 5,714 cars a year.

"There is a large risk factor," said Tom Burns, a professor of management at Fresno State's Sid Craig School of Business.

A business plan by six of the school's MBA candidates outlines what it would take to turn a profit on the stretch of rail line in question. Students talked to potential customers and industry experts and crunched the numbers as part of their culminating project for their degrees.

The Plan

According to the plan, 93 percent of the rail line's potential income would come from just three companies: Tulare Frozen Foods; Paul Pugh, a railroad ballast and concrete casing manufacturer; and Porterville Rock and Recycle. Porterville Rock and Recycle's promise to ship 5,000 cars a year if a rail-line spur is convenient for a rock quarry now in the permit process would account for 77 percent of the rail line's prospective revenue, according to the plan.

The business plan is required if the association of governments the agency charged with overseeing the spending of Measure R sales-tax money is to move ahead with its effort to save the right of way and, eventually, the tracks along the 40-mile stretch.

Since last summer, the rail line's owner, the San Joaquin Valley Railroad, has been lobbying with federal regulators to abandon the line. TCAG officials, led by Tulare County Supervisor Allen Ishida, have been working aggressively to keep the tracks and the right of way from being abandoned.



San Joaquin Valley Railroad in Exeter at Palm Street between North G and North F streets. (Steve R. Fujimoto)



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RAIL LINE FACTS

- To break even, a rail line from Strathmore to Jovista would have to ship 2,442 cars and earn \$854,000 each year; a rail line from Jovista to Fresno would have to ship 5,714 cars and earn \$1.9 million a year.
- Potential profits top out at an estimated \$1.4 million a year; potential losses are estimated at up to \$686,000 a year.
- About 77 percent of revenue would come from one company,

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Officials: Profitable Line Viable

Officials are starting with the stretch between Jovista and Strathmore, but long-term plans would link south county cities like Porterville with Dinuba and, eventually, Fresno.

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A viable line would lure manufacturers to the area and reduce air pollution, TCAG leaders say. They've flown to [Washington, D.C.](#), several times this year to seek the federal help needed to make the rail line attractive to a prospective buyer.

That's the option recommended by the MBA students, who said the segment between Jovista and [Exeter](#) is not economically viable on its own, but that a rail line between Jovista and Fresno could make a profit.

"The best option for TCAG to preserve the segment of rail that runs through their county is to attract another short line railroad line company and work toward attracting more shipper interest," the plan states. "It is our conclusion that there is not enough business to operate a short-line railroad [south of Exeter] unless more shipper volume is generated."

That price tag could be as much as \$20 million, according to the plan. The tracks have the lowest rating allowed by federal standards and have a top speed of 10 mph.

At that speed, the plan says, it would take seven hours for a railroad car to make it from Dinuba to Exeter.

Last year, Measure R was amended to allow the purchase of the line's right of way, which would cost an estimated \$3 million. If the expenditure is ultimately approved no sure thing the money would come not from the road fund but the measure's transit and bike program.

The right of way involves the land beneath the railroad tracks, which is owned by Union Pacific. The actual steel and ties are owned by the San Joaquin Valley Railroad and its parent company, Rail America.

If TCAG decides to move ahead with preserving the corridor, the cities will be asked to approve the \$3 million expenditure specifically for the Strathmore-Jovista right of way.



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