



## *Myths and Facts: The DM&E Railroad Upgrade Project*

The inconvenient truths that expose the fiction behind Rochester Coalition claims.

*Myth:* The DM&E project will make Rochester and Mayo less safe.

*Fact:* The DM&E upgrade **will improve safety**. Every objective independent party agrees with this assessment. After an extensive study, **the federal Surface Transportation Board ruled that the project would “reduce the risk” of derailments**, including those involving hazardous materials. The Federal Railroad Administration agreed that the **project’s benefits would include “improved safety.”** It makes sense – new track and signaling is safer than 80-year-old track without signaling. It’s common sense simple.

*Myth:* The DM&E tracks come too close to the Mayo Clinic.

*Fact:* Mayo’s primary patient building is located **six blocks away** from the DM&E Railroad. The closest Mayo facility, an assisted care center, is located 1,200 feet (two to three blocks) from the railroad. Hundreds of hospitals across the United States are located near railroad tracks, and those patients still receive quality health care. The same will be true for Mayo’s patients. Mayo built next to the railroad tracks, and now wants the tracks to move.

*Myth:* DM&E is being unreasonable.

*Fact:* In fact, DM&E has repeatedly asked and offered to sit down with Rochester leaders, with public accountability, to discuss the issues and address legitimate concerns. But leaders in Rochester have refused to have a public dialogue about mitigation. They insist that all traffic must be re-routed in a manner that already has been rejected by the government agencies. Rochester is the only community that refuses to meet publicly, and the only one that does not support the project. All of the other 55 communities along the line have met with DM&E and amicably addressed all issues. To this day, **DM&E continues to urge Rochester leaders to meet and openly discuss reasonable concerns and responsible solutions, as all other communities have done.** Rochester is unwilling to make its case publicly, likely because it cannot defend its position. DM&E has put forward plan after plan, all of which have been rejected by Rochester without a single counter-offer on mitigation.

*Myth:* DM&E is seeking special treatment by applying for a federal loan.

*Fact:* DM&E receives no special treatment or consideration. **Dozens of railroads have pending loan applications and dozens more have received FRA loans over the past 30 years.** In fact, parts of the Burlington Northern Santa Fe (BNSF) and Union Pacific (UP)

coal hauling lines were built with FRA loans like the one that DM&E has applied for. In today's dollars, the FRA loan for the UP line alone was \$1.5 billion. Unlike BNSF and UP, DM&E is upgrading and improving tracks that other railroads wanted to abandon entirely.

**Myth:** DM&E is seeking a government subsidized loan that has no collateral.

**Fact:** The loan would be fully secured with collateral. **There is no taxpayer subsidization.** It will be paid back to the government by DM&E with interest. Further, the Congressional Budget Office has specifically determined that the FRA loan does not cost anything to taxpayers, and by law has determined that the loan does not constitute a subsidy.

**Myth:** The Rochester Coalition is raising new arguments.

**Fact:** No – in fact they are rehashing in the media all the arguments they already have made and lost before the Surface Transportation Board, the Federal Railroad Administration, the courts and other federal agencies. Opponents would like to pretend that the current DM&E tracks do not exist – as if DM&E was building a railroad from scratch on land that belonged to them. That is not the case. Mayo was built up around railroad tracks that existed since 1867. Years ago, patients arrived by rail. And **Mayo and Rochester are the single largest users of coal hauled by the DM&E today.** Their position is that it is acceptable for them to burn coal that is hauled through other communities, but that the tracks cannot be used for anyone else.

**Myth:** A total of 34 coal trains a day will travel through Rochester, causing traffic delays.

**Fact:** **According to Rochester-funded studies, Rochester would see only about six trains per day of additional traffic.** In 1998, DM&E predicted that up to 34 trains would go through the busiest parts of the system, but noted that at least 12 of 14 different interchange points would occur before the traffic ever got to Rochester. DM&E opponents, however, citing the Rochester-funded study, argued that the maximum number of trains that DM&E could attract to the busiest western-most points would be no more than 13 or 14 trains per day, and specifically agreed that much of the traffic would have to leave the line before it ever got to Rochester. That was back when Rochester was arguing that the project was not economically viable. Having lost that argument, they have now reversed their own position and claim that there could be 34 trains per day. No one else (not the STB or DM&E or other project opponents) has ever suggested there will be 34 trains in Rochester. The STB specifically determined that would not happen.

**Myth:** The DM&E Railroad is financially unstable and the upgrade project cannot provide sufficient revenue to repay the \$2.4 billion loan.

**Fact:** DM&E owns the largest and one of the most successful regional railroads in the United States. The financial records of the company have been appropriately disclosed to the proper federal agencies, and demonstrate a financially strong railroad. Rochester has no basis or information to support its claims, including a particularly outrageous assumption that DM&E costs would increase by 20% every year in the future, while revenues would increase by only 2%.