

RELEASING REVERSIONARY INTEREST FOR THE
CITY OF RENO, NEVADA
H.R. 2246

TESTIMONY BY ROBERT A. CASHELL, SR.
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HOUSE SUBCOMMITTEE ON NATIONAL PARKS, FORESTS &
PUBLIC LANDS

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INTRODUCTION

Good afternoon, Mr. Chairman, and members of the Committee, I am Bob Cashell, Mayor of the City of Reno, Nevada. It is a pleasure to be with you this morning.

I would like to thank my good friend, Congressman Dean Heller, for his outstanding public service on behalf of the citizens of Reno and Nevada, and for introducing this important legislation, H.R. 2246, for the City of Reno. We are all grateful for his leadership on this important issue.

I would also like to express my appreciation for the bipartisan spirit of cooperation displayed through the support of Senator Reid and Senator Ensign, who are also sponsoring the bill in the Senate.

I am pleased to have with me today Charles McNeely, our City Manager. Mr. McNeely was instrumental in developing the ReTRAC project in the mid 1990's (well before I became Mayor), and he is here to answer any historical or technical questions that you may have.

By way of my testimony this morning, I would like to briefly provide you with a history of the ReTRAC project, and a summary of why this legislation is so important for the City of Reno. I ask that my written statement be submitted for the record.

HISTORY OF The ReTRAC PROJECT

For over 50 years, citizens and visitors to Reno have expressed concerns and complaints about the noise, traffic congestion, dangerousness, environmental impacts, and detraction to downtown Reno, due to the frequent freight and passenger trains traveling through the very center of downtown throughout the day and night. Public discussion was on-going on the best way to mitigate these adverse impacts. In 1995, the City of Reno learned of a pending merger between the Union Pacific and Southern Pacific Railroads, which could

mean as many as two to three times more freight trains through Reno's growing downtown.

In anticipation of the increased volume of rail, vehicular, and pedestrian traffic through the City, and to improve public safety and mitigate the environmental impacts, the City began plans to acquire, construct and install a below grade rail transportation corridor along the Union Pacific's existing right of way.

Through years of debate, and much political wrangling, plans for the project dubbed "ReTRAC" (Reno Transportation Rail Access Corridor) were finally put in motion in 1996. The plans called for eliminating 11 at-grade rail road crossings, and building a 2.3 mile, 54-foot wide, 33-foot deep, lowered train track trench through the heart of downtown.

By the year 2002, a truly innovative public/private funding methodology was fully secured for construction of this \$265 million transportation project. Funding was developed from a number of sources at the local, state, federal and private sectors, including: a 1/8 cent countywide sales tax, a one percent room tax on downtown hotels, a \$16 million special assessment district on downtown property owners, a \$58 million dollar settlement with Union Pacific, \$114 million in tax-exempt bonds, and \$74 million in federal loans from the Department of Transportation's TIFIA program (Transportation Infrastructure Financing Innovation Act). It is also important to note, that because of this truly innovative financing approach, the City of Reno did not use any general fund money for the project. The City has prepared ReTRAC, An Historic Achievement, detailing the history and development of the project. I ask that it also be included in the Record.

ReTRAC PROJECT BENEFITS

What has ReTRAC meant for Reno and the Northern Nevada community? As the largest public works project ever undertaken in Northern Nevada, the project created more than 3,000 jobs and supported our economy with local businesses supplying lumber, sand and gravel, concrete, steel fabrication, asphalt, electrical, fuel (fuel taxes), construction equipment servicing and parts, scaffolding, plumbing and more. It is estimated that the economic impact from ReTRAC totaled over \$350 million to the Reno/Sparks area. Most importantly, and not to be forgotten, is that the project was completed on time and under budget, with the first trains rolling through the trench on November 18, 2005.

Although initially controversial with many local voices in opposition, the ReTRAC project has won over its critics and been roundly praised. Secretary of the Transportation Mary E. Peters has described the ReTRAC project as a model of innovation and cost-cutting that will help change the way large transportation projects are approached elsewhere (AP, August 6, 2004). ReTRAC recently won the AON Build America Award, and the Outstanding Achievement in Civil Engineering Award from the American Society of Civil Engineers.

Most importantly, the project has been a success for the people of our City in so many ways. It has markedly improved traffic flow and congestion, and made our streets safer and travel more convenient. We expect the project will lead to improved air quality by eliminating an estimated 89 percent of total vehicular delay from idling and waiting for trains. Estimates are a savings of 281 pounds per hour of carbon monoxide and 10.5 pounds per hour of nitrogen dioxide. Noise reduction has been another benefit, adding to the quality of life for our citizens in Reno. With your help in passing this legislation, Reno will take the next step forward in realizing our goal of a revitalized and vibrant downtown. The ReTRAC project will be the catalyst for economic development and positive change in downtown Reno that was envisioned.

RELEASE OF U.S. REVERSIONARY INTEREST

Why is this legislation necessary? During negotiations for the construction of the project to depress the railroad tracks through downtown Reno, and through a negotiated 1998 Memorandum of Understanding, the Union Pacific Railroad agreed to grant to the City of Reno title to lands immediately surrounding the track right-of-way for economic development purposes. As part of this creative public/private financing, the Union Pacific Railroad conveyed to the City 77 railroad properties. The lease revenue on these properties is helping to fund the debt service on the bonds that built the trench, and will take Reno to the next level in downtown retail revitalization.

The transfer of title to these properties was recorded on December 29, 2006; however, when the federal government originally granted the right-of-way to the Railroad in 1866, it retained a reversionary interest in the land to ensure that the land was in fact used to facilitate the building of a railroad.

Since that purpose has clearly been achieved, the City is requesting the U.S. government to release the reversionary interest originally created in 1866. In working with the Department of Interior/Bureau of Land Management, we learned from the Department that there is precedent for such releases. Our Congressional delegation has worked closely with the Department here in Washington and the Nevada Bureau of Land Management on several drafts of the bill, including alternative language which we support, which should be incorporated by amendment into this bill to address the Department's interest in simplifying the release language. We are aware of no opposition to or controversy with the bill.

Because the bill releases the U.S. reversionary interest, title is cleared in the name of the City. The City will be able to move forward with its plans for much-needed Rail Corridor development in downtown Reno. We envision a revitalized central core, with retail components, a plaza for public events, and a more walkable pedestrian friendly downtown.

LEGISLATIVE DESCRIPTION:

Specifically, the legislation, as amended, releases any reversionary interests of the United States in and to these lands. The title to these lands was transferred through the Memorandum of Understanding (MOU) for the Reno Rail Corridor, entered into on December 1, 1998. The MOU conveys approximately 120 acres of land originally granted by the United States to the predecessor of the Union Pacific Railroad Company to facilitate construction of the transcontinental railroad. Clearly, the transcontinental railroad has long-since been completed, and as such the reversionary interest is no longer needed to protect the interests of the U.S. Government.

As noted above, the City of Reno has worked closely with the Congressional delegation and the Bureau of Land Management on legislative language that is acceptable to all parties. The release of the reversionary interest ensures full title to the City of Reno and removes the reversionary interest as an encumbrance on the title.

CONCLUDING REMARKS

Mr. Chairman and Members of the Committee, thank you for your time today.

I ask for your support for this much-needed measure, and request that this legislation be expedited through Committee consideration.

I would be pleased to answer any questions.

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