

The Acquisition of Abandoned Railway Rights of Way for Existing and Future Public Uses

by Julius M. L. Gorys, MCIP, PLE; Bryan Howard and Robert C. Wolvin, SR/WA

Julius M. L. Gorys, MCIP, PLE is Policy Coordinator for the Office for the Greater Toronto Area of the Ministry of Municipal Affairs.

Bryan Howard is Special Projects Coordinator for the Provincial Parks & Natural Heritage Policy Branch of the Ministry of Natural Resources in North York, Ontario.

Robert C. Wolvin, SR/WA, is Manager for the Acquisition & Marketing Real Estate Services Branch of the Management Board Secretariat in Toronto.

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In many parts of the world, efforts are underway to acquire abandoned railway rights of way for pipelines, power and communication lines, public transit, and recreational trails. In the Province of Ontario, there are some 2,800 kilometers of abandoned rail corridors. The degree of interest is a function of the intended use of the property, its geographic proximity, acquisition costs and maintenance costs. It was quickly recognized that there were a multitude of potential opportunities and benefits presented by abandoned

railway rights of way and recognition that, once fragmented, it would be very difficult, costly or impossible to reassemble the impacted alignment. An interministerial committee was established to recommend acquisition of those corridors that were deemed to be in the public interest. This article describes the process by which one such line was acquired.

INTRODUCTION

During the past two decades, the highway mode of transport has steadily eroded the amount of freight

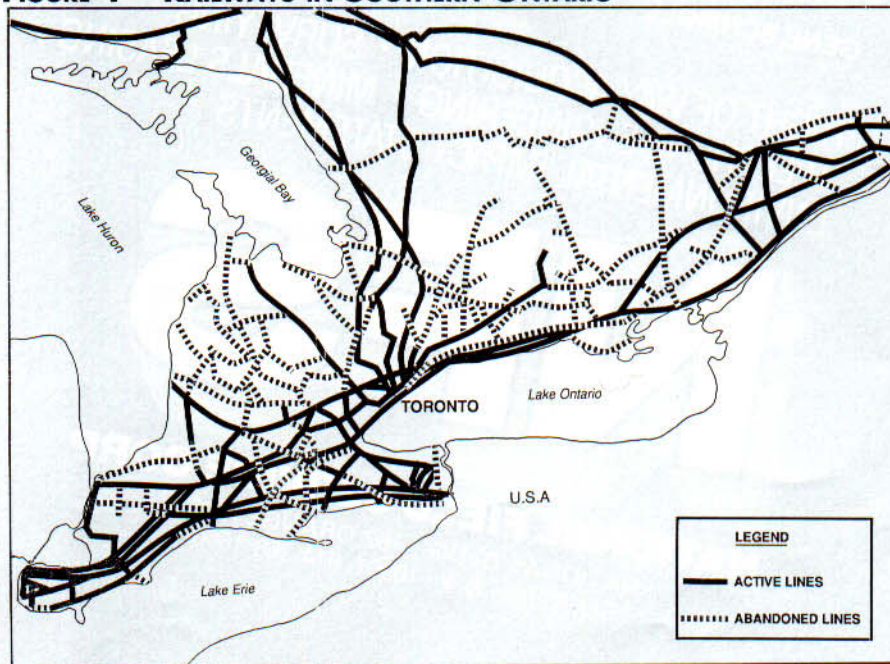
and passenger traffic that is carried by rail. Declining revenues and increased costs of competition have forced the rail mode to curtail service in selected corridors and abandon unprofitable rights of way altogether. In Ontario, some 85 railway rights of way, comprising 2,800 kilometers of track, have been abandoned since 1970 (Figure 1). The rate of abandonment increased significantly with the 1988 passing of the *National Transportation Act*, which enhanced the rationalization and abandonment of railway services.

An important consideration with respect to these rights-of-way corridors concerns their future use. There are unique opportunities for public and private utilization of these lines, depending on their length. In order to deal with the issue, the provincial government set up an interministerial committee in 1989 to review current and future abandoned railway rights of way with a view to acquiring those deemed to be in the public interest.

In many parts of the world, efforts are underway to utilize abandoned rail corridors for pipelines, power and communication lines, public transit, and recreational trails. For example, in 1990 in England, there were some 600 kilometers of rail trails; in the United States, due to the work of organizations such as the Rails to Trails Conservancy, over 240 abandoned rail rights of way had been converted into some 5,000 kilometers of rail trails. In Ontario, there were close to two dozen such trails, with a total length of some 300 kilometers.

This article describes the issues associated with abandoned rail rights of way, outline the interministerial committee's recent activities in this regard, and identify how the appraised value for the rail properties to be purchased was ascertained.

FIGURE 1 - RAILWAYS IN SOUTHERN ONTARIO



THE ONTARIO RAIL NETWORK

Ontario is Canada's most populous province. It has some 15,000 kilometers of mainline track, a legacy from the 1880s when competing and duplicate rail networks were established by a host of railway companies.

There are now only three major railway freight systems, operated by two transcontinental firms: Canadian Pacific and Canadian National, and Ontario Northland, a regional carrier. The latter two firms are government owned through independent crown corporations. Passenger service is principally provided on selected cross-country corridors by VIA Rail, while commuter train service in the greater Toronto area is provided by GO Transit. Both are government agencies and lease rights of way from the major railway companies.

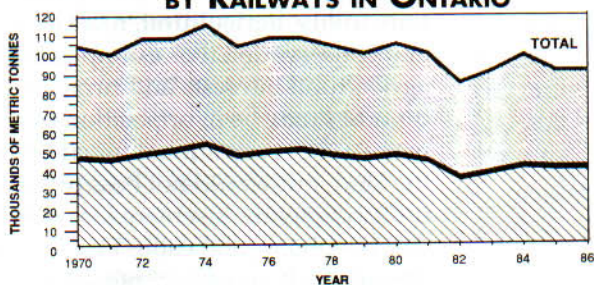
Rail freight traffic has been steadily declining over the past two decades (Figure 2) with much of the shift in mode share accruing to the highway mode. This has resulted from the considerable expansion of the highway network, the introduction of "just-in-time" inventory systems, the allowance of longer and heavier trucks, and the production of lighter and more costly manufactured products.

Traffic levels are light along much of the Ontario rail system, particularly the southern branch lines (Figure 3). Subsequently, there has been considerable pressure to remove the unprofitable components of the system. Over the past 23 years, close to 2,800 kilometers of railway rights of way had service formally discontinued or abandoned. In most instances, the lines are abandoned on a piecemeal basis—the longest line abandoned was 120 kilometers in length, the average length of line abandoned was 38 kilometers, and one-third of the lines abandoned were less than 16 kilometers long.

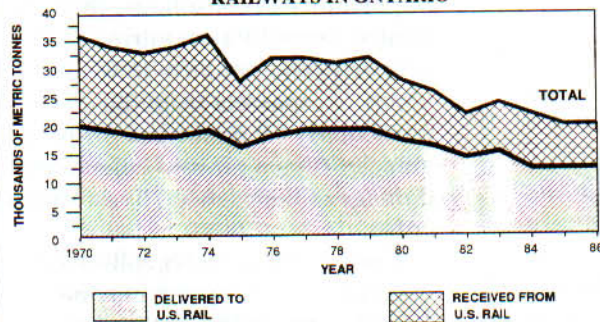
In addition, there are numerous lines that are candidates for abandonment; some are kept open only through government subsidy, while on others taxes paid by the railways exceed revenues obtained. Continued use of abandoned lines as a carrier of freight has not been widespread—there is only one short line railway of note although others are under serious

Continued on Page 14

FIGURE 2 – TOTAL REVENUE FREIGHT CARRIED BY RAILWAYS IN ONTARIO



TRANSBORDER REVENUE FREIGHT CARRIED BY RAILWAYS IN ONTARIO



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The Acquisition of Abandoned Railway Rights of Way

Continued from Page 13

consideration. In contrast, the U.S. experience indicates that there is greater use (46 percent) of abandoned rail corridors sold for continued transportation purposes. There are slightly more local examples of passenger steam rail service along formerly abandoned lines, albeit on a seasonal basis.

THE INTERMINISTERIAL COMMITTEE

The rate of railway abandonment has increased significantly since 1988, and the reuse of those railway corridors is a more pressing issue. Once service had been discontinued, the right-of-way corridors, usually 66 to 100 feet wide, effectively become real estate property owned by the respective railway company. It was quickly recognized that there were a multitude of potential opportunities and benefits presented by abandoned

railway rights of way. In addition, once fragmented, it would be very difficult, costly or impossible to reassemble the impacted alignment.

In England, the system deployed to dispose of abandoned railways did not ensure that the land was put to its most advantageous use in the public interest, and many potential opportunities were lost. In the United States, where the incidence of substantial railway abandonment occurred decades later than in England, a study done for the U.S. Department of Transportation in the mid 1970s identified alternative use suitability criteria for more effective public utilization of abandoned railway rights of way, enabling more timely action.

Faced with similar urgency, the Province of Ontario set up an interministerial coordinating committee on alternative uses of abandoned

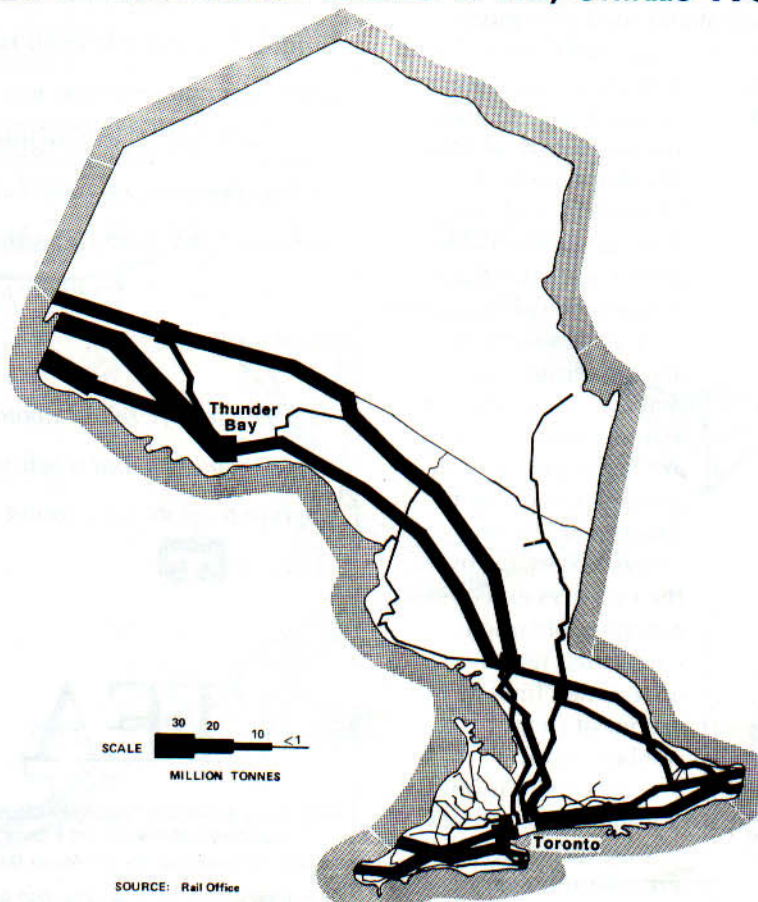
rail rights of way to review current and potential abandoned railway rights of way in order to recommend acquisition of those corridors deemed to be in the public interest. The Ministry of Transportation chairs the committee, which is comprised of representatives from 12 other government ministries as well as the railway companies.

The role of the committee is to take ownership of the issue, coordinate the province's interest in the subject matter, and receive and consider submissions from others for the acquisition and/or operation of these rights of way. Submissions are received from provincial ministries, municipal governments, external organizations and interest groups. Since its establishment, the committee has received a number of submissions and presentations from various groups including utility companies and recreational trail councils.

The value of much of the abandoned land is obvious, and its potential benefits recognized. However, there are competing and divergent uses for the properties—transportation, utility, agricultural, recreation and conservation. For example, local agricultural interests and rural communities may be in opposition to a new surface recreational function for the land, but would not be adverse to utility company easements for water, gas, telephone, and cable TV. There are some advantages of personal gain for adjacent landowners to (re)acquire land formerly expropriated by the railways from them or their predecessors. They envision an opportunity to consolidate their disjointed farms by reacquiring that property, and not have to worry about “trespassers from the city,” particularly on motorized off-road vehicles causing inconvenience and damage to their fences, livestock and crops.

Conversely, a wider collective vision for that property may be brought forward by naturalists, cy-

FIGURE 3 – TOTAL FREIGHT TONNAGE BY LINE, ONTARIO 1985



clists, joggers, walkers, hikers, horseback riders, snowmobilers, utility companies, rural hoteliers and business interests who seek to maximize the recreation and economic potential of the alignment in question. To them, once rail service is discontinued, the lines become strategic corridors or greenways that link human and natural communities, urban and rural areas, serve as linear parks and trails, and as communications and utility corridors.

In some instances, the differences between the two future visions are insurmountable. There may still be a future transportation option for the property as well as a short line railway, local or arterial road, or as a general access route in addition to providing a subsurface easement for utility lines.

To ensure that the possible regional (and especially an alternative transportation) use for the land is not immediately lost to parochial interests, the railways are requested to follow (and generally adhere to) an informal protocol, selling to interested parties at market value, approaching sequentially the federal, provincial and municipal governments, followed by adjacent landowners, and finally other interested parties.

Of the 2,800 kilometers of abandoned rights of way available, only about one-half (1,400 kilometers) are of some interest for purchase by the province, while up to 1,000 kilometers may be considered for acquisition by regional and local public agencies or interest groups. The degree of interest is a function of the intended use of the property, its geographic proximity, acquisition costs, and maintenance costs.

The purchase price for the abandoned lines under consideration varies—from a low of \$700 per kilometer to more than \$1 million per kilometer, for a total purchase price that ranges from \$12,000 to \$2.5 million. Generally, the negotiated purchase

price for properties sought have been at or lower than the appraised values. For instance, an appraisal of an abandoned rural rail corridor distant from any major urban center indicated a market value, after application of discount factors, in the range of \$160,000 to \$187,000. A negotiated purchase price of \$120,000 was instead reached with the railway. However, greater awareness by the railways of the value of all such property ensure that the prices paid greatly exceed what they were a decade ago.

Examples of the varied uses of abandoned rail corridors that were recently purchased, or are intended to be purchased in the near future, are as follows (many predate the involvement of the interministerial committee):

Already Active:

- Calstock: 92 km; as a forest access road
- Ottawa to Cornwall; 75 km; as an equestrian trail and fiber optics communication line
- Port Stanley: 6 km; as a tourist railway
- Kingston & Pembroke: 44 km; as a scenic drive/trail for snowmobiling, hiking, hunting and vehicular access
- Mew Lake: 6 km; as a cross country ski trail
- Ottawa: 4 km; as part of the regional transitway (busway) system

Potential:

- West Hamilton to Jerseyville: 18 km; as a multiuse recreation trail
- Guelph: 0.6 km; as a water pipeline
- Lindsay to Stouffville: 63 km; for the future extension of GO Transit commuter rail service from Toronto
- Smith Falls to Strathcona: 102 km; for the protection of a potential high-speed rail corridor for future Toronto/Ottawa/Montreal passenger service

- Elora to Cataract: 45 km; as a recreation trail linking several conservation areas and a provincial park
- Peterborough to Lakefield: 16 km; to facilitate a land swap for an existing road
- Lynden Junction to Galt Mile: 36 km; to allow for local government acquisition on behalf of adjacent landowners

Part of a policy submission by the interministerial committee was the recommendation of a program of public acquisition of key corridors through "seed money" grants provided through the capital funding allocations of several ministries. This was done to test the concept of acquiring and managing selected abandoned corridors through provincial/local, public/private partnership arrangements. Several of the aforementioned lines were purchased through a combination of funding alternatives. In most instances, lines are owned or leased by some form of government (e.g., park authority).

ELORA TO CATARACT LINE

The Grand River Conservation Authority (GRCA) became aware of the availability of abandoned rail rights of way and sought to acquire those lands significant and picturesque enough to link or expand their current holdings for trail purposes. One such opportunity was provided by the abandoned Elora to Cataract rail line, which could link the Grand River and Credit River valley systems northwest of Toronto to the Niagara Escarpment (Bruce Trail) at key locations (Figure 4).

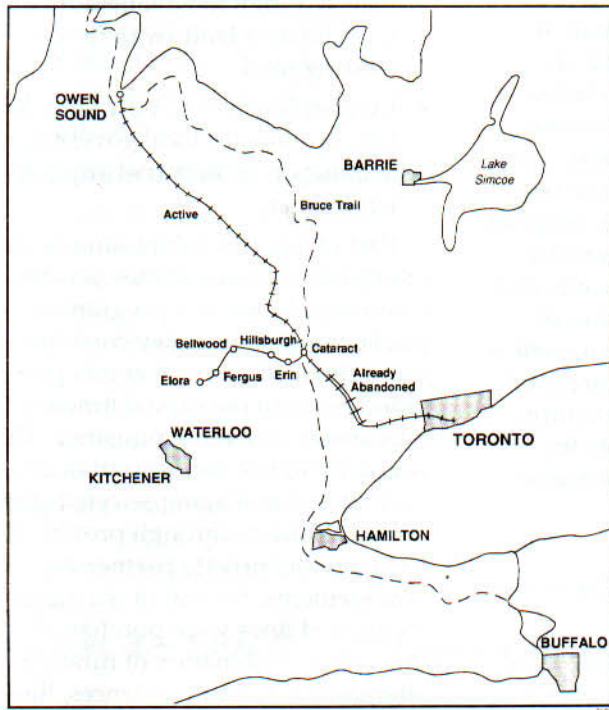
This east-west line was a branch line to a much longer north-south line that linked the communities of Toronto and Owen Sound. It had been built in 1879 and was leased to different railways in 1883 and 1884. Freight traffic on that line primarily derived from farm communities and mills, and from small

Continued on Page 16

The Acquisition of Abandoned Railway Rights of Way

Continued from Page 15

FIGURE 4 - LOCATION OF THE ELORA TO CATARACT LINE



manufacturing establishments in towns along its route.

Its largest single customer was a farm machinery and appliance factory. Traffic on that line had decreased in recent years because of competition from trucks and the migration and consolidation of industries. In 1988, an application for abandonment was approved.

Interest in purchasing the line was first initiated by a citizen's group, Wellington Rails to Trails, and subsequently supported by the GRCA which controls and administers 45,570 acres of land as recreation areas, reservoirs, wilderness areas and floodplains. Further interest was expressed by the Credit Valley Conservation Authority (CVCA) to the east, which controls and administers a further 6,160 acres of land, and the Ministry of Natural Resources which operated a nearby provincial park.

Negotiations were first com-

menced between the GRCA and the affected railway in 1988. They were later discontinued because of greater interest in acquiring another abandoned rail line (which was later purchased for \$1,200 per acre), and the problems and process associated with having a public body (the GRCA) secure approval and solicit funds to acquire the property in a timely fashion. In the meantime, efforts were being made by representatives of the interministerial committee to pool the financial resources of government to assist in acquiring more

abandoned rail properties.

The availability of the Elora to Cataract line was brought to the attention of the interministerial committee, which encouraged the interested organizations to ascertain the appraised value for the property, with a view to perhaps provide "seed" money for its purchase for multiuse purposes.

APPRAISAL PROCESS

The Elora to Cataract line can logically be thought of as three distinct components. The most westerly part from Elora to Hillsburgh extends for 32 kilometers and consists of 186 acres of property. The central portion within Hillsburgh extends for about a kilometer, and includes some village lots and encompasses four acres. The easterly remainder to the Forks of the Credit Provincial Park extends for a further 12 kilometers and comprises 75 acres.

The initial asking price of the railway was \$2,500 per acre (or \$755,000 in total) with the proviso that the amount could be reduced if longer sections of the corridor were purchased. This evaluation was not based on an actual appraisal. Rather, it was a "at the fence" (ATF) market value estimate derived from a 1988 evaluation of adjacent farmlands sold, individual property appraisals, and several firm offers to purchase all or part of the alignment from potential buyers (for example, one was reportedly from a snowmobile club).

One of the two conservation authorities interested in acquiring the property had commissioned an independent appraisal in 1992 for the westerly component of the abandoned right of way. A range of \$1,300 to \$1,600 per acre was established, with a recommended value of \$1,500 per acre. This appraisal was verified by Ontario government appraisers who based their evaluation on a number of relevant criteria. The first stage involved examining farmland book sales, estimating raw land values, and noting obvious lot severance potential in the adjacent townships.

After verifying the reasonableness of the information, the second stage involved applying a discount factor based on local real estate market activity, i.e., how long would it take to completely dispose of all of the properties piecemeal (five years? eight years?) with their associated transaction charges, as opposed to selling it at one time, with one transaction charge. The third stage entailed another discount calculation based on a one-time cash payment, as opposed to a down payment with the carriage of a mortgage.

A principal area of dispute was the potential value of the alignment in the village of Hillsburgh. The railway postulated that four acres of the alignment could be transformed into village industrial lots and therefore were worth considerably more than

the rural alignment—\$12,700 per acre. This potential was greatly overstated according to the opinion of government appraisers, given the disjointed nature of the lots—for example, some would be landlocked.

The actual discounting process agreed upon was entirely based on the amount of acreage purchased—the more purchased, the cheaper the price. Given that the entire alignment was involved, a 40 percent discount factor was applied to the initial value of \$2,500 per acre established by the railway—for an average of \$1,610 per acre, or slightly higher than the initial appraised value because the railway was inflexible with respect to the village lot issue. The total price for the property was approximately \$426,500; on the order of \$200,000 was provided by provincial government ministries agencies as a grant. The balance was to be funded by the conservation areas.

The process deployed and the appraised value and selling price of the property of \$1,500 to \$1,600 per acre was in the ballpark of other similar parcels appraised and sold in the United States. For example, a U.S. analysis indicated that the ATF values for abandoned rail properties generally ranged from \$500 to \$3,000 per acre depending on whether the alignment was a candidate for non-rail corridor use, particularly for utility lines. An alternative use for the property was sometimes found to enhance a rail corridor's value.

CONCLUSION

A number of parties deserve a measure of acknowledgment for their vision and foresight with respect to this endeavor:

- The public and conservation authorities who recognized the variety of potential program interests associated with the abandoned property
- The railway who diligently worked with the government and

conservation representatives during the land sale process to ensure that the integrity of the line was maintained, although a sale to private interest groups could have also been entertained

- The government organizations who committed funds for the purchase of the property during a time of considerable fiscal constraint, and who supplied staff resources to evaluate and appraise the property's worth and ensured that the negotiation and purchase process reached a successful conclusion

The next facet of the endeavor for the Elora to Cataract line is to manage and use the trail. The cost to grade and surface another such trail was \$20 per linear meter. In keeping with the partnership element of this exercise, assistance will be sought from

individuals, families, service clubs, and other groups to accent the trail with benches, interpretative and road crossing signs, and landscaping. For example, for a comparable line, the local chapter of the Canadian Automobile Association donated \$20,000 to develop the trail. Additional funds may be derived from utility companies which may want to secure an easement on the property.

The interministerial committee will be continuing to act as a forum and coordinating body for the review of abandoned rail properties, and their conversion into multiuse corridors through various partnership arrangements with the private and corporate sector, and public non-profit groups. It is also seeking to secure funding on an annual basis dedicated to the acquisition of such property.

Continued on Page 27

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enough to work efficiently and effectively. Task forces have also been organized into interdistrict review teams to provide the necessary technical expertise and staffing to take an in depth look at a given function or operation in a district when the need arises.

To effectively use participative management, it is important to understand its strengths and weaknesses—what it can and cannot do. For us it has been effective in:

- Improving communications up, down and across the organization
- Improving the decision-making process by developing a synergy that leads to better recommendations and support for change
- Developing a unity and cohesiveness among the participants that supports a team approach and eliminates the "we versus they" conflicts common between line and staff organizations
- Doing real work and solving real problems for nearly 22 years

Knowing what participative management is not designed to do is as essential to its utilization as knowing what it will accomplish. Some things it is not or won't do are:


- Cure bad management. It can help improve good managers performance, but it can just as easily magnify the shortcomings of a poor manager. It usually makes a good manager stronger
- Make instant decisions. Group consensus takes time, but there are many studies that suggest that groups, properly utilized, provide superior results
- It is not democracy. Authority and responsibility are retained by the line manager in charge. The management board, functional

councils and task forces are recommending, not decision-making, bodies

- It is neither a quick fix nor a fad. Based on our experience it took over two years to get started and another three to institutionalize; but thereafter, it was here to stay despite later efforts to weaken it. It does require periodic maintenance and updating

Besides being aware of what participative management can and can't do, you need a supportive management environment for it to function with utmost effectiveness. Unless you are assured of unqualified support from the top manager of the organi-

zation or unit in which you want to establish a participative style of management, its chances of success are minimal. It works best when top and middle management are fully involved. If your focus is on the working level, quality circles may offer a better method of obtaining participation. Participative management and quality circles are not interchangeable, but they are very compatible and can be used effectively together.


In summary, participative management, properly established and used, is a valuable management tool that will assist right-of-way organizations in achieving meaningful and lasting change. 

The Acquisition of Abandoned Railway Rights of Way

Continued from Page 17

Efforts are underway to attempt to create a nationwide system of recreation trails, consistent with a more health conscious society that is adding to its ranks of walkers, joggers, horseback riders, and snowmobilers. One such effort was established to coincide with Canada's 125th Birthday in 1992—the proposed Trans Canada Trail.

Insofar as there are still many duplicate and competing rail lines crisscrossing Ontario and Canada, at a time when rail traffic is shrinking, there is considerable opportunity to create a multiuse but visually recreation network utilizing abandoned rail property, and sufficient potential in other corridors that have valuable future use for strictly transportation purposes. In this way, societal resources are preserved. Work is continuing on the protection, acquisition,

use and management of abandoned rail rights-of-way properties. 

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