

Executive Director

Scott Wigger

Member Railroads

- Adirondack Scenic Railroad
- B & H Rail Corp.
- Batten Kill Railroad, Inc.
- Buffalo & Pittsburgh Railroad, Inc.
- Buffalo Southern Railroad, Inc.
- CSX Transportation, Inc.
- Canadian National Railway Co.
- Canadian Pacific- D & H Railway
- Central New York Railroad, Inc
- Clarendon & Pittsford Railroad Co.
- Depew Lancaster & Western RR
- Falls Road Railroad Co. Inc.
- Finger Lakes Railway Corp.
- Genesee & Mohawk Valley RR Co.
- Genesee & Wyoming Railroad
- Livonia, Avon & Lakeville Railroad
- Lowville & Beaver River RR Co.
- Massena Terminal RR
- Middletown & New Jersey Railroad LLC
- Mohawk, Adirondack & Northern RR
- New York & Atlantic Railway Co.
- New York & Lake Erie Railroad
- New York New Jersey Rail, LLC
- New York & Ogdensburg Railway Co.
- NY Susquehanna & Western Railway
- Norfolk Southern Railway Co.
- Ontario Central Railroad Corp.
- Ontario Midland Railroad Corp.
- Owego & Harford Railway
- Pan Am Southern
- Providence & Worcester Railroad
- Rochester & Southern Railroad
- SMS Rail Lines of New York
- Saratoga & North Creek Railway
- Somerset Railroad Corporation
- South Buffalo Railway Co.
- Syracuse, Binghamton & NY RR
- Wellsboro & Corning Railroad
- Western New York & Pennsylvania RR

Associate Members

- Antea Group
- Bergmann Associates
- Bowers & Company CPA's, PLLC
- Brookhaven Rail, LLC
- CHA LLP
- C & S Engineering, Inc.
- Casella Waste Systems, Inc.
- Chromate Industrial Corp.
- Delta Railroad Construction Inc.
- Erie County IDA
- Frank Tartaglia, Inc.
- Frontier Railroad Services LLC
- Greenberg Traurig, LLP
- HDR Engineering, Inc.
- HNTB Corporation
- H.W. Lochner, Inc.
- Louis Berger Group
- McCarthy Rail Insurance Managers
- Mickelson & Company, LLC
- Power Drives Inc.
- Otsego Now
- RailWorks Track Services, Inc.
- Southern Tier Extension Railroad Authority
- Tectonic Eng. & Surveying Consultants
- The West Firm, PLLC
- V & H Inc.
- W.J. Riegel Rail Solutions

Contributing Members

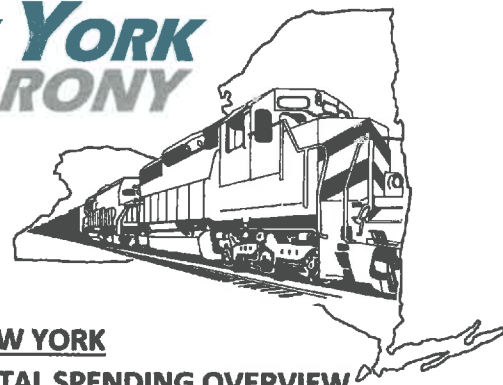
- A & K Materials, Inc.
- Cortland County IDA
- D.A. Collins Companies
- Delaware & Ulster Railroad
- Hardesty & Hanover, LLP
- Koppers Inc.
- Lincoln Transportation Insurance Brokers
- Nisus Corporation
- Orgo-Thermit, Inc.
- Pocono Mohawk Construction Inc.
- Railroad Construction Co. Inc.
- Saratoga Railroad Engineering
- Star Headlight & Lantern Co. Inc.
- Steuben County IDA
- Unitrac Railroad Materials
- Vossloh Corporation

Governmental Relations

Plummer & Wigger, LLC

RAILROADS OF NEW YORK

RONY



RAILROADS OF NEW YORK

2016 FREIGHT RAIL INFRASTRUCTURE CAPITAL SPENDING OVERVIEW

NYS Freight Rail Industry Overview

Railroads of New York, Inc. (RONY) is a statewide association that represents the freight rail industry in New York State, including four Class I Railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 34 Short Line and Regional Railroads that directly employ over 3,700 individuals in NYS. RONY's membership is also supported by its Associate and Contributing Members which represent a wide variety of freight rail-related businesses, including engineers, surveyors, material suppliers, contractors, insurance providers and industrial development agencies.

RONY's member railroads provide access to the nation's 140,000-mile freight rail network, enabling many of New York's industrial, manufacturing and agricultural businesses to reach markets across the country and throughout the world via all U.S. ports and to realize a substantial competitive advantage over other businesses that lack access to the rail network. According to the Association of American Railroads, American railroads play a key role in America's ability to compete in markets around the world, hauling approximately one-third of U.S. exports to ports and other distribution centers around the nation. As the economy grows, railroads will continue to provide the foundation on which U.S. industry relies.

In addition to providing considerable economic benefits to the New York-based customers our railroad members serve, freight rail also offers many environmental benefits, including reduced pollution and highway congestion, as well as increased fuel efficiency. Moving goods by freight rail also helps reduce wear and tear on our state's highway network, which in turn can help reduce capital costs to repair the state's roads and bridges.

NYS Freight Rail Network Needs

According to the 2009 NYS Rail Plan issued by NYSDOT, there is a need to invest approximately \$390 million per year in the state's freight rail infrastructure over a five-year period, totaling nearly \$2 billion, with approximately half of these identified needs relating solely to keeping the current rail system in a state-of-good-repair. The following chart outlines these needs in more detail, including a going-forward look at the 20-year needs in the system:

FREIGHT RAIL NEED CATEGORY	5-YEAR NEEDS	20-YEAR NEEDS
Maintain Existing Conditions	\$242,000,000	\$911,000,000
Develop State-of-Good Repair	\$597,000,000	\$1,235,000,000
System Enhancement	\$545,000,000	\$1,658,000,000
System Expansion/Economic Development	\$580,000,000	\$1,357,000,000
TOTAL	\$1,964,000,000	\$5,161,000,000

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In addition, RONY recently conducted a survey of its freight rail members to identify projects in need of state funding in order to begin. As shown on the attached chart, this informal survey produced a sample listing of over \$350 million in shovel-ready freight rail projects all across the state. This helps illustrate both the short- and long-term needs in the state's freight rail network.

2016-17 NYS Budget – Freight Rail Capital Spending Overview

Contained in the Governor's 2016-17 Executive Budget proposal is \$10 million for freight rail infrastructure projects and a separate \$10 million allocation for a mix of freight rail, passenger rail and port-related infrastructure projects. This \$20 million level of total funding has remained flat the past three fiscal years. In addition, this comes after there was no funding for freight rail projects the previous three years, as all rail-related capital funding during that time was directed to passenger and high-speed rail projects. As a result, there has been a significant build up in the backlog of freight rail projects in need of state funding in order to commence, as illustrated in the attached project listing.

While RONY appreciates the work that has been done in recent years to reestablish this important funding program, as infrastructure investments are becoming more of a focus in NYS, we believe this budget year presents the unique opportunity to fully fund this program at \$50 million. This is particularly true in a year when the proposed budget includes increased funding for all other modes of transportation – freight rail being the only mode where the proposed capital spending allocation remains flat. This \$50 million figure we are requesting tracks closely with the funding that was authorized during the 2005-10 Bond Act years, when just shy of \$50 million was provided annually for freight and passenger rail projects.

This funding is key as rail freight volumes are expected to significantly increase over the next few decades, placing an even greater strain on the state's freight rail network. According to a 2015 report issued by the U.S. Department of Transportation, demand for freight rail service is expected to grow by 49% by 2040. Increased use of freight rail services will place an even greater strain on the state's rail network, further reinforcing the need that New York's freight rail system continues to be maintained and upgraded to ensure it remains in a state-of-good-repair.

Expanding this essential economic development program would allow our state's freight rail operators to make significant investments in the state's freight rail network. These important and needed investments by NYS will not only help improve the safety and overall condition of the state's rail system, they will also help promote economic development activities as our state's freight rail operators will be better positioned to expand service and reach customers and areas of the state currently without direct rail service. Access to dependable, efficient freight rail service is a key factor in many industrial facility location decisions, as it allows businesses to receive materials and ship products, especially over long distances, in a more cost-effective manner.

NYSDOT Five-Year Capital Plan

RONY also supports the development of a Five-Year NYSDOT Capital Plan, similar to the Five-Year MTA Capital Plan that is currently being evaluated. This presents a unique opportunity to bolster the state's freight rail infrastructure program to a level that will allow for more effective, significant investments in the state's rail network. **As such, RONY also supports funding for the state's freight rail Infrastructure program at the same \$50 million per year investment level as outlined above for the five-year period covered by this Capital Plan, totaling \$250 million.**

Long-term investment planning is key for our state's freight rail operators. It allows them to develop more innovative capital projects that advance state and local economic development efforts, as such projects typically take more time to plan and execute as compared to capital repair and maintenance projects. A Five-Year Capital

Plan will also allow freight rail companies to better plan and collaborate with local businesses and economic development organizations so that the freight transportation needs of the local area can be achieved in the most cost-effective way possible.

It is also important to keep the state's freight rail infrastructure program as it is currently structured, with NYSDOT responsible for the scoring of these projects as opposed to having them evaluated through the Regional Economic Development Council process. While the Regional Council process helps fund numerous economic development activities throughout the state, it is not the most effective process when it comes to assessing freight rail infrastructure projects. Given the interconnectedness of the state's freight rail network, evaluating these projects on a regional basis does not always take into account the benefits any one particular project would have on the state as a whole. In addition, while such projects do not usually result in the direct creation of jobs with the railroad, the economic benefits of these projects are often realized by the customers served by the rail network, another factor NYSDOT is uniquely qualified to take into account when going through its scoring process.

Freight Rail Transportation – Economic Development Benefits

Freight rail transportation provides significant economic development benefits for New York's many businesses and agricultural producers that have access to the state's rail network. Enhancing service to existing customers allows them to ship and receive more goods and products, thereby increasing revenues, which in turn can lead to increased job opportunities. The most common such enhancement is upgrading existing track to be able to handle the industry-standard 286,000-pound railcars. A significant portion of the state's existing rail network is currently unable to accommodate these railcars, which then requires businesses to either ship and receive lesser amounts of goods and products, or to search for alternative transportation options.

In addition to enhancing freight rail service for existing customers, capital infrastructure investments can also be used to expand rail service to areas of the state that have no access to, or are underserved by, the state's rail network. Such projects can be key drivers of economic development efforts in many areas of the state, as access to dependable freight rail service is often a key consideration when manufacturing businesses are making site selection decisions. This can help create jobs and lure industries in areas of the state that may have been previously overlooked as a result of inadequate transportation infrastructure.

Freight Rail Transportation – Environmental Benefits

With respect to the environment, the inherent benefits freight rail provide include reduced pollution, increased fuel efficiency and less damage to our state's roadway system as compared to truck transportation. On a ton-mile basis, railroads emit four-times less pollution than trucks and a typical freight train carries the capacity of more than 280 trucks. In addition, according to the Federal Railroad Administration, freight railroads can move a ton of freight close to 500 miles on one gallon of fuel, making them approximately four-times more fuel-efficient than trucks. Overall, according to the 2009 NYS Rail Plan, a 1% shift in goods traffic from trucks to rail freight would save approximately 111 million gallons of fuel each year and reduce greenhouse gases by 1.2 million tons. In addition, according to the most recent figures provided by the Association of American Railroads, it would have taken approximately 3.8 million additional trucks to handle the 67.9 million tons of freight that moved by rail in NYS in 2012.

Conclusion

RONY fully supports expanding the state's freight rail infrastructure program to a level of \$50 million per year. In addition, RONY also supports this same annual level of investment over the next NYSDOT Five-Year Capital Plan period, totaling \$250 million over that five-year period. As illustrated in the attached chart, there are more

than enough identified projects across the state that can only be completed with assistance from this important infrastructure program. These freight rail capital projects will help strengthen and expand our state's rail network and enhance opportunities for future economic growth in all areas of the state.

RONY 2016 Executive Committee

Nathan Fenno, President (New York, Susquehanna & Western Railroad)
David Monte Verde, Secretary (GVT Rail System)
Jane Franz, Treasurer (Buffalo Southern Railroad)
Herb Jones, Member-at-Large (Canadian Pacific Railway)
Maurice O'Connell, Member-at-Large (CSX Transportation)
John McCreavy, Member-at-Large (SMS Rail Lines)
Charles Hunter, Member-at-Large (Genesee & Wyoming Railroad)
Michael Fesen, Ex Officio Member (Norfolk Southern Railway)

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