

## **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.  
Consolidated Rail Corporation  
Depew Lancaster & Western Railroad Company  
Falls Road Railroad Co. Inc.  
Finger Lakes Railway Corp.  
Genesee & Mohawk Valley RR Co.  
Genesee & Wyoming Railroad  
Heorot Power LLC  
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  
PanAm Southern  
Providence & Worcester Railroad  
Rochester & Southern Railroad  
SMS Rail Lines of New York  
South Buffalo Railway Co.  
Syracuse, Binghamton & NY RR  
Wellsboro & Corning Railroad  
Western New York & Pennsylvania RR

## **Associate Members**

Bergmann Associates  
Bowers & Company CPA's, PLLC  
Brookhaven Rail, LLC  
C & S Engineering, Inc.  
Creighton Manning Engineering, LLP  
Delta Railroad Construction Inc.  
Erdman Anthony  
Erie County IDA  
Frank Tartaglia, Inc.  
Frontier Railroad Services LLC  
Geosyntec Consultants, Inc.  
Greenberg Traurig, LLP  
HDR Engineering, Inc.  
HNTB Corporation  
H.W. Lochner, Inc.  
McCarthy Rail Insurance Managers  
Mickelson & Company, LLC  
Otsego Now  
RailWorks Track Services, Inc.  
RailPro Industries, Inc.  
Southern Tier Extension Railroad Authority  
Tectonic Eng. & Surveying Consultants  
Unitrac Railroad Materials  
W.J. Riegel Rail Solutions

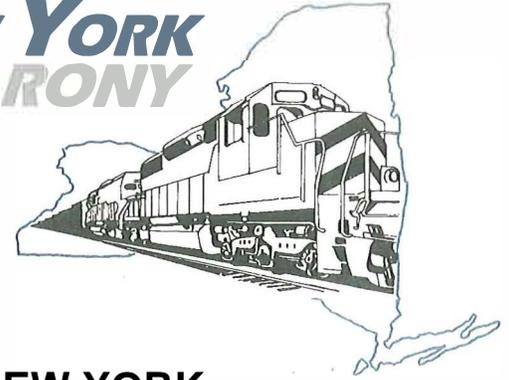
## **Contributing Members**

A & K Materials, Inc.  
CHA LLP  
Cattaraugus County IDA  
Chenango County IDA  
D.A. Collins Companies  
Delaware & Ulster Railroad  
eVERIFY  
Hardesty & Hanover, LLP  
Kal Krishnan Consulting  
Koppers Inc.  
Lincoln Transportation Insurance Brokers  
Modjeski & Masters, Inc.  
Mohawk Valley Materials Inc.  
Orgo-Thermit, Inc.  
Railroad Construction Co. Inc.  
Rhinehart Railroad Construction, Inc.  
Saratoga Railroad Engineering  
Star Headlight & Lantern Co. Inc.

## **Governmental Relations**

Plummer & Wigger, LLC

# **RAILROADS OF NEW YORK** **RONY**



## **RAILROADS OF NEW YORK** **2018 LEGISLATIVE OVERVIEW**

### NYS Freight Rail Industry Overview

Railroads of New York, Inc. (RONY) represents the freight rail industry in New York State, comprised of four Class I Railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 35 Short Line and Regional Railroads that directly employ approximately 3,500 individuals in NYS. RONY is also supported by its Associate and Contributing Members which represent a variety of freight rail-related businesses such as engineers, surveyors, materials 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 (AAR), the U.S. carries the most freight by rail per mile of any country, with China and Russia tied for second. The amount of freight carried by rail per mile has grown from 932 billion ton-miles in 1980 to 1.7 trillion ton-miles in 2015, an 80% increase. In addition, recent forecasts from the Federal Highway Administration found that total U.S. freight shipments will rise from an estimated 18.1 billion tons in 2015 to 25.5 billion tons in 2040, a 41% increase.

In addition to providing considerable economic benefits to the New York-based customers our railroad members service, freight railroads are the most environmentally-sound way to move freight over land. According to the AAR, on average, trains are four times more fuel efficient than trucks. They also reduce highway gridlock, lower greenhouse gas emissions and reduce emissions of particulate matter and nitrogen oxides. Furthermore, it would have taken approximately 4 million additional trucks to handle the 72 million tons of freight that originated in, terminated in, or moved through NYS by rail in 2014.

### NYS Freight Rail Capital Spending Overview

The freight rail industry is highly capital-intensive and requires constant infrastructure improvements. Unlike trucks, barges and airlines, privately-owned freight railroads operate almost exclusively on infrastructure they own, build, maintain and pay for themselves. According to the AAR, from 1980 to 2016, U.S. freight railroads spent more than \$635 billion of their own funds on capital expenditures and maintenance expenses, representing 40 cents out of every revenue dollar. For comparison, the average U.S. manufacturer historically spends approximately 3% of

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revenue on capital expenditures, while freight rail companies spend on average 19% of revenue. These ongoing investments are necessary to keep the existing infrastructure assets in a state-of-good-repair and provide for infrastructure upgrades that are necessary to adhere to new Federal regulations. Moreover, such investments can allow existing businesses to grow their customer base and lead new businesses to locate their operations in NYS where accessible and reliable freight rail service is provided.

To help illustrate the needs in the state’s freight rail network, the 2009 NYS Rail Plan issued by NYSDOT outlined the needed system investments by category totaling approximately \$390 million per year over a five-year period (approximately \$2 billion total), and over \$5 billion over a 20-year period as follows:

<u>FREIGHT RAIL NEED CATEGORY</u>	<u>5-YEAR NEEDS</u>	<u>20-YEAR NEEDS</u>
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
<b>TOTAL</b>	<b>\$1,964,000,000</b>	<b>\$5,161,000,000</b>

As noted in this chart, approximately half of these identified needs relate solely to keeping the current rail system in a state-of-good-repair. In addition, RONY recently conducted a survey of its freight rail members to identify projects in need of state funding in order to commence. As shown on the attached chart, this informal survey produced a sample listing of approximately \$220 million in shovel-ready projects throughout the state.

Included in the Governor’s 2018-19 Executive Budget proposal is \$17.5 million for freight rail infrastructure projects and a separate \$10 million allocation for a mix of freight rail, passenger rail and port-related projects. Many of New York’s freight rail companies rely on these funds to maintain the state’s rail network in a state-of-good-repair and to remain economically viable in an increasingly competitive freight-based economy. As such, RONY is appreciative of the inclusion of this funding in the 2018-19 Executive Budget proposal and supports further building up this essential investment program.

Going forward, **RONY supports building on the recent success of this funding program and requests that NYS continue to enhance the program, bringing it to a \$50 million annual level, the same level it was during the 2005-10 NYSDOT Bond Act period.** This important infrastructure capital funding program was essentially brought back from the dead when there was no funding allocated during the three state fiscal years from 2010-11 through 2012-13, when all rail funding was directed towards high-speed rail project initiatives. Since then, along with our partners in the Governor’s Office and Legislature, RONY has been able to gradually increase this program to \$27.5 million as was allocated in the 2017-18 Enacted Budget.

Further expanding this program will not only benefit our state’s freight rail companies that require this funding to make essential rail network improvements, it will also provide distinct benefits to the many industrial, commercial and agricultural businesses across the state that rely on the NYS freight rail network to ship and receive goods. These customers, who themselves employ thousands of people, often rely on dependable freight rail service to keep their businesses economically viable by allowing them to connect with their suppliers and customers in the most competitive manner possible.

In addition to helping maintain the existing system in a safe operating condition for our existing customers, network expansion projects are key drivers of economic development efforts in many areas of the state. Such projects help create jobs and lure industries in areas of the state that may have been previously overlooked as a result of inadequate transportation infrastructure. As such, while rail service is

not typically the reason a new factory or expanded distribution center is built, access to rail service is often the reason a specific site is selected.

### NYS RR Safety Legislation Overview

In addition to increasing the funding in the state's freight rail infrastructure capital project fund, RONY also requests that language be included in the final Enacted Budget that would make technical corrections to the Governor's Program Bill on railroad safety that was passed and signed into law in 2016 (Chapter 501 of the Laws of 2016). As enacted, this legislation included the following elements:

- Authorizes NYSDOT to establish a joint highway-rail at-grade crossing inspection program;
- Allows DOT to impose a fine of up to \$15,000 for any violation of Article 5 of the Transportation Law that involve railcars carrying hazardous materials;
- Includes language attempting to tie the state's existing law relating to RR bridge inspections with the Federal law;
- Defines "Railroad grade crossing" as including those involving both public and private roads, giving NYS regulatory authority over all such crossings; and,
- Imposes civil and criminal penalties for drivers that fail to obey RR traffic signals.

RONY appreciates the original intent of the legislation to help improve safety across all aspects of the state's freight and passenger rail system. Safety is, and has always been, the number one priority of the entire freight rail industry. However, the law that passed contained a number of problematic elements from a technical perspective for freight rail operators that this corrective legislation would properly address.

Specifically, this corrective language would make the following adjustments to the law that was passed in 2016:

- It would maintain railroads' exclusive responsibility for maintenance of, and access to, highway-rail at-grade crossing warning systems located on railroad property;
- It would conform the state's railroad bridge inspection requirements with the requirements on the Federal level as detailed in the 2015 Fixing America's Surface Transportation (FAST) Act; and,
- It would reestablish the state's general authority over all public highway rail crossings only.

In addition, in the Approval Memorandum that accompanied Chapter 501 of the Laws of 2016, Governor Cuomo stated that he would welcome the opportunity to address these technical amendments in a subsequent Legislative session.

### Environmental Benefits of Freight Rail

According to the AAR, in 2016, U.S. freight railroads moved a ton of freight an average of 469 miles per gallon of fuel, up from 235 miles in 1980, a 99% improvement. To help drive this increased fuel efficiency, freight rail companies have undertaken a number of measures, including removing from service thousands of older locomotives and replacing them with new, more efficient locomotives; increasing the amount of freight carried on railcars and trains; developing and implementing highly-advanced computer software systems that can calculate the most fuel-efficient speed for a train over a given route, determine the most efficient spacing and timing of trains on a railroad's system and monitor locomotive functions and performance to ensure peak efficiency; installing idling-reduction technologies, such as stop-start systems that shut down a locomotive when it is not in use and restart it when it is needed; and, expanding the use of distributed power to reduce the total horsepower required for train movements.

Reducing greenhouse gas emissions is a significant benefit to moving freight by rail. According to data from the U.S. Environmental Protection Agency (EPA), freight railroads accounted for just 0.6% of total U.S. greenhouse gas emissions in 2015, and just 2.3% of transportation-related greenhouse gas emissions. EPA stats also show that from 2005 to 2015, greenhouse gas emissions from the freight rail sector declined by 8.2%, while they increased in the trucking sector by 4% over that same time period. With greenhouse gas emissions being directly related to fuel consumption, moving freight by rail instead of truck lowers greenhouse gas emissions by approximately 75%. In addition, AAR stats show that if just 10% of the freight that moves by the largest trucks moved by rail instead, fuel savings would be approximately 1.5 billion gallons per year and annual greenhouse gas emissions would fall by an estimated 17 million tons, equivalent to removing 3.2 million cars from the highways for a year or planting 400 million trees.

### Conclusion

RONY and its members look forward to continuing to partner with NYS and its many commercial, industrial and agricultural businesses to help grow the state's economy and create jobs all across the state. To help accomplish this, **RONY respectfully requests and fully supports increasing the NYS freight rail infrastructure capital project fund to a \$50 million annual level, and including language that would make technical corrections to Chapter 501 of 2016 in the final 2018-19 Enacted Budget.**

### **RONY 2018 Executive Committee**

Don Hutton, President (New York New Jersey Rail LLC)  
Charles Hunter, Vice President (Genesee & Wyoming Railroad)  
David Monte Verde, Secretary (GVT Rail System)  
Jane Franz, Treasurer (Buffalo Southern Railroad)  
Maurice O'Connell, Member-at-Large (CSX Transportation)  
Herb Jones, Member-at-Large (Canadian Pacific Railroad)  
Michael Fesen, Member-at-Large (Norfolk Southern Railway)

### **RONY Staff**

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