

**RAILROADS OF NEW YORK, INC. (RONY) - TESTIMONY TO THE LEGISLATIVE
FISCAL COMMITTEES**

**2015-16 TRANSPORTATION BUDGET HEARING
JANUARY 29, 2015**

Good afternoon. My name is Scott Wigger and I am the Executive Director for Railroads of New York (RONY), a statewide association that represents the rail freight industry in NYS.

RONY represents four Class I Railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 33 short line and regional railroads that directly employ over 3,700 individuals in New York State. 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. In addition to providing considerable economic benefits to the New York-based customers our railroad members service, freight rail also offers many environmental benefits, including reduced pollution, increased fuel efficiency and reduced highway congestion.

RONY supports the freight rail infrastructure project funding that is included in the 2015-16 Executive Budget proposal, which includes \$10 million for freight rail projects and a separate \$10 million allocation for a mix of freight rail, passenger rail and port-related infrastructure projects. If this proposed budget is approved, it will represent the third consecutive budget that has provided funding for freight rail infrastructure projects, after going the previous three fiscal years without any such funding being provided. On behalf of RONY, I would like to express our thanks and appreciation to the Governor and members of the Legislature for taking this important step that has led to 26 essential freight rail infrastructure projects commencing across the state over the past two fiscal years.

Going forward, RONY wishes to further build on the success of the state's freight rail infrastructure program and is requesting that the final 2015-16 NYS Budget provide a total of \$50 million in funding for this critical program. Expanding this program will allow our state's freight railroad operators to undertake many projects that will continue to enhance and improve the state's freight rail network. These projects would not only help ensure the safety of the state's rail network, they would also help contribute to local, regional and statewide economic development efforts. Furthermore, these projects would provide our customers with safe, efficient, affordable and reliable freight rail service that connects them with a host of major U.S. and Canadian markets.

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. Given the interconnectedness of the state's rail network, evaluating freight rail projects on a regional basis fails to give proper consideration to the impacts any one particular project would have on the entire rail network. Freight rail infrastructure projects often do not lead to the creation of direct new jobs with the sponsoring railroad or, for that matter, within the region where the project is located. Instead, the job creation and retention benefits provided by these projects are most often realized by our customers throughout the State's rail system, another factor NYSDOT is uniquely qualified to properly evaluate when scoring project submissions.

According to the 2009 NYS Rail Plan issued by the NYS Department of Transportation, there is a need to invest approximately \$375 million per year in the state's freight rail infrastructure over a five-year period, totaling nearly \$1.9 billion, with approximately half of these identified needs relating solely to keeping the current rail system in a state-of-good-repair. In addition, we also recently conducted a survey of our freight rail members for projects in need of state funding in order to commence. As shown on the attached chart, this informal survey produced a sample listing of over \$160 million in shovel-ready freight rail infrastructure projects all across the state.

RONY also wishes to express its support for two additional infrastructure-related economic development proposals contained within the 2015-16 Executive Budget proposal: the \$1.5 billion Upstate Revitalization Account; and, the \$115 million general infrastructure capital project fund. In addition to requesting that freight rail infrastructure projects be eligible to compete for this funding, we also wish to reiterate our position that NYSDOT should play a key role in the scoring of any proposed freight rail infrastructure projects so that they may be properly evaluated.

These investments in our state's freight rail network are integral to keeping the system in a state-of-good-repair as many of our customers rely on freight rail transportation to keep their businesses economically viable. In addition, freight rail expansion projects 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.

Investment in the state's rail network also helps contribute to the freight rail industry's commitment to safety. Moving freight by rail, particularly hazardous materials that are necessary for our resident's quality of life, is by all measures significantly safer than truck transportation. According to the Association of American Railroads, since 2000, the rate of train accidents per million train miles has dropped 42%. Furthermore, the freight rail industry is making record investments in its infrastructure, having invested \$14 billion in infrastructure improvements in 2012 and 2013.

In addition to promoting economic development efforts statewide, freight rail transportation also provides significant environmental benefits in comparison to using trucks for freight transportation needs. 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.

RONY fully supports expanding the state's freight rail infrastructure capital program to a level of \$50 million per year. As shown in the attached chart, there are more than three-times that amount in shovel-ready projects that have already been identified as in need of state funding in order to commence. Investing in our state's freight rail network will continue to lead to proven economic and environmental benefits across the state that will further allow the NYS business community to grow and remain competitive in the global economy.

Thank you for your consideration.

RONY 2015 SAMPLE INFRASTRUCTURE PROJECT LIST

| RAILROAD | LOCATION | DESCRIPTION | TOTAL PROJECT COST |
|-------------------------|---------------------------------|---|---------------------------|
| Bath & Hammondsport RR | Steuben County | Add 1 mile siding to enhance interchange with Norfolk Southern and add capacity to cover traffic growth | \$1,500,000 |
| Bath & Hammondsport RR | Steuben County | Replace 13 miles of rail to ensure safe transport of LP gas trains | \$7,400,000 |
| Batten Kill RR | Washington County | Restore and armor the Batten Kill riverbank to arrest advancing erosion that poses threat to collapse of RR roadbed from river flooding | \$500,000 |
| Batten Kill RR | Washington, Rensselaer Counties | Load rate 27 bridges consisting of 44 total spans | \$264,000 |
| Batten Kill RR | Washington, Rensselaer Counties | Replace 4 NYS highway RR grade crossings | \$1,000,000 |
| Batten Kill RR | Washington, Rensselaer Counties | Clean accumulated rust, scale and decayed toxic paint from structural members of bridges to slow rate of deterioration and maximize service life of bridges | \$1,900,000 |
| Batten Kill RR | Washington, Rensselaer Counties | Improve all active track (22 miles) to a state-of-good-repair | \$8,000,000 |
| Batten Kill RR | Washington, Rensselaer Counties | Replace 23 track miles of rail to upgrade load capacity to support industry-standard 286,000-pound railcars | \$16,000,000 |
| Buffalo & Pittsburgh RR | Erie County | Infrastructure upgrades at the Buffalo Rail Yard for safer and more efficiency switching | \$1,025,000 |
| Buffalo & Pittsburgh RR | Erie County | Upgrade infrastructure at Buffalo Creek Yard to increase efficiency and capacity, including installation of new track and turnouts | \$1,630,000 |

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| Central NY RR | Broome, Delaware, Sullivan Counties | Improvement of bridges, culverts and ditching along the main line | \$2,600,000 |
| Central NY RR | Broome, Delaware Counties | Improvement of transload facilities | \$3,000,000 |
| Central NY RR | Broome, Delaware, Sullivan Counties | Installation of ties, ballast/surface and rehabilitation of grade crossings (2 projects) | \$6,000,000 |
| Depew, Lancaster & Western RR | Genesee County | Construction of a center-beam transload track and associated roadway improvements | \$229,000 |
| Falls Road RR | Niagara, Orleans, Monroe Counties | Installation of ties, switch timber sets and ballast/surfacing | \$781,000 |
| Falls Road RR | Niagara County | Capacity upgrades at the Lockport Yard, including expansion and grade crossing upgrades | \$796,000 |
| Finger Lakes RR | Cayuga County | Yard improvements, including installing a 3-track yard, to allow the RR to circumvent the mainline and use this for staging and interchange for through trains | \$1,000,000 |
| Finger Lakes RR | Cayuga County | Replacement of 20 miles of mainline segment crossties to strengthen the rail infrastructure and reduce the risk of derailment | \$2,700,000 |
| Finger Lakes RR | Onondaga County | Yard upgrades, including realignment of tracks and turnouts, to accommodate staging, sorting and switching at the interchange | \$2,500,000 |
| Finger Lakes RR | Seneca County | Mainline track realignment, rail upgrades and improvement of five public grade crossings to reduce travel times through town center, allow for better horizontal clearance and allow for heavier rail cars to | \$2,200,000 |

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| | | be safely carried through town | |
| Finger Lakes RR | Seneca, Cayuga & Onondaga Counties | Replace two miles of rail to strengthen the mainline and provide rail for yard projects | \$1,300,000 |
| Livonia, Avon & Lakeville RR | Livingston County | Add trackage to Lakeville Yard to accommodate traffic growth and alleviate congestion | \$700,000 |
| Livonia, Avon & Lakeville RR | Monroe County Livingston County | Eliminate joints in welded rail and profile rail | \$250,000 |
| Livonia, Avon & Lakeville RR | Monroe County | Replacement of the shared double-track through-truss Genesee River Bridge on the CSXT West Shore Line | \$1,500,000 |
| Livonia, Avon & Lakeville RR | Monroe County | Replace 5.3 track miles of rail to reduce long term maintenance expense and provide for increased speed | \$2,600,000 |
| Mohawk, Adirondack & Northern RR | Lewis, Oneida Counties | Bridge repairs along the Mohawk River and Erie Canal | \$587,000 |
| Mohawk, Adirondack & Northern RR | Oneida County | Upgrade switches located in Utica, Carthage and Rome | \$388,000 |
| Mohawk, Adirondack & Northern RR | Oneida County | Track additions and upgrades in Utica and Rome | \$610,000 |
| New York New Jersey RR | Kings County | Installation of new track, turnouts and crossovers to improve yard throat connection capabilities and construction of new track to connect to the existing interchange and improve the usage of freight rail to move cargo between West of Hudson and East of Hudson | \$1,875,000 |
| New York, Susquehanna & Western RR | Broome County | Installation of new crossover and relocation of a connector switch | \$200,000 |
| New York, Susquehanna & Western RR | Onondaga, Cortland, Broome Counties | Rehabilitate grade crossing surfaces at various locations (5 projects) | \$3,000,000 |
| New York, Susquehanna & Western RR | Onondaga, Cortland, Broome Counties | Upgrade crossing protection signals at various locations (5 projects) | \$5,000,000 |

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| New York, Susquehanna & Western RR | Broome County | Development of property in Binghamton, including site work, track work and relocating main line track | \$6,000,000 |
| New York, Susquehanna & Western RR | Chenango County | Rehabilitation of track at Chenango Forks and the Chenango Bridge, including installing ties, ballast/surface and rehabilitation of grade crossings | \$1,250,000 |
| New York, Susquehanna & Western RR | Cortland County | Constructing of siding at Little York, including site and track work | \$750,000 |
| New York, Susquehanna & Western RR | Cortland County | Expansion of the track layout at the Cortland Industrial Center | \$1,500,000 |
| New York, Susquehanna & Western RR | Cortland County | Renewal of the Suit-Kote Bridge | \$7,000,000 |
| New York, Susquehanna & Western RR | Oneida County | Bridge rehabilitation in Waterville, including rehabilitating abutment/bearing/concrete deck | \$400,000 |
| New York, Susquehanna & Western RR | Oneida County | Rehabilitation of bridges, culverts and ditching along the Utica main line | \$2,500,000 |
| New York, Susquehanna & Western RR | Oneida County | Rehabilitation of rail on Utica main line, including replacing rail, installing switch timber, ballast/surface, rehabilitation of grade crossings and ditch/bridge/culvert repairs (3 projects) | \$12,500,000 |
| New York, Susquehanna & Western RR | Onondaga and Cortland Counties | Installation of continuous welded rail along Syracuse main line, including installation of ties, ballast/surface and rehabilitation of grade crossings (4 projects) | \$18,000,000 |
| New York, Susquehanna & Western RR | Onondaga County | Improvement of bridges, culverts and ditching on Syracuse main line | \$2,200,000 |

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| New York, Susquehanna & Western RR | Onondaga County | Construction of a transload facility in Syracuse | \$2,500,000 |
| New York, Susquehanna & Western RR | Onondaga County | Installation of ties and ballast/surface along Syracuse main line | \$3,500,000 |
| New York, Susquehanna & Western RR | Orange County | Rehabilitation of bridges, including masonry work and bridge renewal | \$400,000 |
| New York, Susquehanna & Western RR | Orange County | Installation of welded rail, including ballast/surface and rehabilitation of grade crossings | \$2,000,000 |
| Ontario Midland RR | Wayne County | Rehabilitation of track structure to allow for the safe switching of hazmat railcars and to allow for use of 286,000-pound railcars | \$930,000 |
| Ontario Midland RR | Wayne County | Upgrade sidings to allow for 286,000-pound railcar capability and bring back into use the only end-dock in this region for heavy machinery offloading | \$1,054,000 |
| Owego Harford RR | Cortland, Tioga Counties | Determine load ratings of 39 bridge spans, replace 9 switches and associated timbers and repair/replace 54 joint pairs | \$854,000 |
| Owego Harford RR | Tioga County | Construction of a 4,000 square foot locomotive repair facility | \$474,000 |
| Rochester Southern RR | Monroe County | Upgrade track infrastructure and road crossings to increase public safety | \$2,520,000 |
| SMS Rail Lines | Albany County | Upgrade track to safe standards to improve operating efficiency, allow for increased capacity and allow Norfolk Southern RR access to the Port of Albany | \$689,000 |
| SMS Rail Lines | Albany County | Upgrade infrastructure at the Northeast Industrial Park, including upgrading several rail/road crossing | \$1,385,000 |

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| | | where heavy truck traffic is constant | |
| Somerset RR | Niagara County | Replace bridge ties on two rail bridges over highway to strengthen rail infrastructure, reduce speed restrictions and reduce the risk of derailments | \$150,000 |
| Somerset RR | Niagara County | Replace road crossing surface to improve a grade crossing and provide a smoother highway surface (4 projects) | \$350,000 |
| Somerset RR | Niagara County | Replacement of cross ties, switch timber, ballast and surface 15.5 miles of mainline track to strengthen the rail infrastructure and reduce the risk of derailments | \$2,800,000 |
| Western NY & Pennsylvania RR | Allegany County | Replace through-girder bridge to eliminate width restriction for Dresser-Rand and Alstom shipments. Provide long term operation of 286,000-pound railcar traffic | \$600,000 |
| Western NY & Pennsylvania RR | Cattaraugus County Chautauqua County | Reface deteriorating concrete on 6 overhead railroad bridges in Salamanca and Jamestown to protect the safety of the travelling public and pedestrians | \$700,000 |
| Western NY & Pennsylvania RR | Cattaraugus County | Replace through-truss bridge to eliminate width restriction for Dresser-Rand and Alstom shipments. Provide long term operation of 286,000-pound railcar traffic | \$1,800,000 |
| Western NY & Pennsylvania RR | Cattaraugus County | Acquire land and build tracks and facilities to create a bulk distribution facility in Olean Yard | \$3,000,000 |

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| Western NY & Pennsylvania RR | Cattaraugus County | Replace Main St, Salamanca through-girder bridge to eliminate height restriction for highway traffic. Provide long term operation of 286,000-pound railcar traffic. Realign railroad through Salamanca | \$3,800,000 |
| <u>TOTAL</u> | | | <u>\$160,641,000</u> |