

## 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  
Heort Power LLC  
Livonia, Avon & Lakeville Railroad  
Lowville & Beaver River RR Co.  
Maasena 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  
Saratoga & North Creek Railway  
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.  
Chromate Industrial Corp.  
Creighton Manning Engineering, LLP  
Delta Railroad Construction Inc.  
Erdman Anthony  
Erie County IDA  
Frank Taraglia, 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  
Osego Now  
RailWorks Track Services, Inc.  
Southern Tier Extension Railroad Authority  
Tectonic Eng. & Surveying Consultants  
The West Firm, PLLC  
V & H Inc.

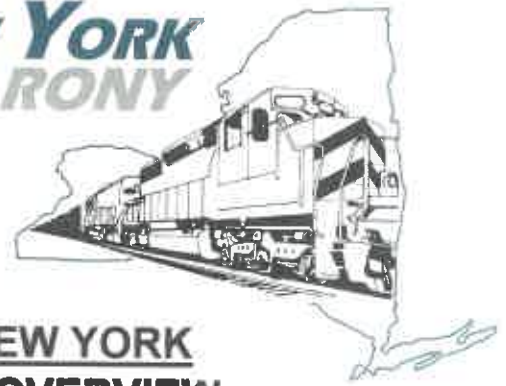
## Contributing Members

A & K Materials, Inc.  
CHA LLP  
Cattaraugus County IDA  
Chenango County IDA  
D.A. Collins Companies  
Delaware & Ulster Railroad  
Hardisty & Hanover, LLP  
Koppers Inc.  
Lincoln Transportation Insurance Brokers  
Mohawk Valley Materials Inc.  
Nisus Corporation  
Orgo-Thermit, Inc.  
Pocono Mohawk Construction Inc.  
Railroad Construction Co. Inc.  
Rhinehart Railroad Construction, Inc.  
Saratoga Railroad Engineering  
Star Headlight & Lantern Co. Inc.  
Steuben County IDA  
Unitrac Railroad Materials  
Voelsh Corporation

## Governmental Relations

Plummer & Wigger, LLC

# RAILROADS OF NEW YORK RONY



## RAILROADS OF NEW YORK 2017 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 36 Short Line and Regional Railroads that directly employ over 3,700 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, freight rail hauls approximately one-third of all U.S. exports to ports and other distribution centers around the country, helping American companies remain economically competitive in an increasingly global marketplace. In addition, 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.

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 and highway congestion, as well as increased fuel efficiency. Moving goods by freight rail instead of truck transportation also helps reduce wear and tear on our state's highway and bridge network.

### NYS Freight Rail Capital Spending Overview

The freight rail industry is highly capital-intensive and requires constant infrastructure improvements. According to the Association of American

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Railroads, freight railroads invest approximately 17% of their annualized revenue on capital expenditures, compared to only 3% of the average U.S. manufacturer's 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:

<b><u>FREIGHT RAIL NEED</u></b> <b><u>CATEGORY</u></b>	<b><u>5-YEAR NEEDS</u></b>	<b><u>20-YEAR NEEDS</u></b>
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><u>TOTAL</u></b>	<b><u>\$1,964,000,000</u></b>	<b><u>\$5,161,000,000</u></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 \$230 million in shovel-ready projects throughout the state.

Included in the Governor's 2017-18 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 2017-18 Executive Budget proposal and supports further building up this essential investment program.

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 2016-17 Enacted Budget. 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.

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. Access to a safe, dependable rail network will not only help these customers move goods in a cost-effective manner, it will also help their bottom line and place them in a better position to expand operations and create jobs. This is particularly true for businesses that need to ship and receive goods over long distances.

### 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 that passed last year 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 last year 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 last year:

- 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 the 2017 Legislative session.

### Economic and Environmental Benefits of Freight Rail

The economic benefits afforded by freight rail transportation are significant to all of the customers served by freight rail across the state. It is essential to be able to provide cost-effective, efficient and reliable freight rail service to our state's commercial, industrial and agricultural businesses that have

come to rely on the state's rail network to connect them with major markets both within the U.S. and Canada. 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.

With respect to environmental benefits, the inherent efficiency freight rail provides over truck transportation results in benefits including reduced pollution, increased fuel efficiency and less damage to our state's roadway system. 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 freight traffic from trucks to rail would save approximately 111 million gallons of fuel each year and reduce greenhouse gases by 1.2 million tons.

### 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 2017-18 Enacted Budget.**

#### RONY 2017 Executive Committee

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

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