

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
Atlantic Track & Turnout Co.
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.
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.
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

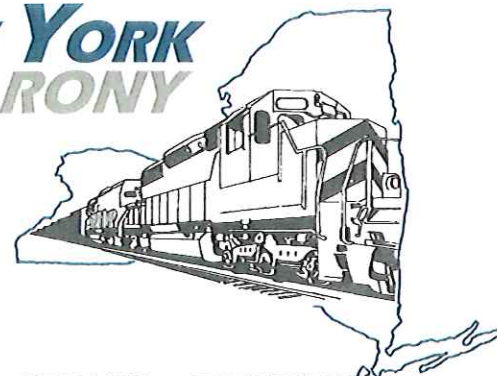
A & K Materials, Inc.
Cortland County IDA
D.A. Collins Companies
Delaware & Ulster Railroad
Hardesty & Hanover, LLP
Koppers Inc.
Lincoln Transportation Insurance Brokers
Nisus Corporation
Omega Rail Management, Inc.
Orgo-Thermit, Inc.
Pocono Mohawk Construction Inc.
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Saratoga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

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Plummer & Wigger, LLC

RAILROADS OF NEW YORK **RONY**

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

2016-17 TRANSPORTATION BUDGET HEARING **JANUARY 20, 2016**

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 freight rail industry in New York State.

RONY represents 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 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 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 network.

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 is the same as it has been the past three fiscal years. 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 here in NYS, we believe this budget year presents the unique opportunity to fully fund this program at \$50 million, the same level it was during the 2005-10 NYSDOT Capital Plan period. This funding is key as rail freight volumes are expected to significantly increase over the next few decades, placing even more strain on the state's freight rail network. According to a 2015 report issued by the U.S. Department of Transportation, rail freight demand is expected to increase by 49% by 2040.

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 driver in many industrial facility location decisions as it allows businesses to receive

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materials and ship products in a more cost-effective manner. This is especially true when receiving or shipping such goods over long distances.

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 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 to evaluate freight rail infrastructure projects. This is because given the interconnectedness of the state 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 don't 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.

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:

<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
<u>TOTAL</u>	<u>\$1,964,000,000</u>	<u>\$5,161,000,000</u>

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 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.

With respect to environmental benefits, the inherent efficiency freight rail provides results in benefits including 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.

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 during 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.

Thank you for your consideration.