

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

**2014-15 TRANSPORTATION BUDGET HEARING  
JANUARY 30, 2014**

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 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 provide service to, freight rail also offers many environmental benefits, including reduced pollution, increased fuel efficiency and reduced highway congestion.

RONY wishes to express its support for the infrastructure capital funding levels that are included in the Governor's Executive Budget proposal, including the \$10 million in funding that is proposed to be appropriated to NYSDOT for freight and passenger rail projects and the \$25 million NYSDOT appropriation that is proposed to go towards a mix of rail, aviation and mass transit projects.

In the 2013-14 NYS Budget, the freight rail infrastructure capital program was reestablished within NYSDOT and was provided with \$20 million in funding, which led to 14 essential rail projects being selected for funding. In the prior three state fiscal years, all statewide NYSDOT capital funding for rail infrastructure projects was directed exclusively toward passenger and high-speed rail projects, leaving freight rail with no statewide capital funding for the first time in many years. Reestablishing this important funding source within last year's budget represented a significant step towards efforts to keep our state's freight rail network in a state-of-good-repair. According to the 2009 NYS Rail Plan completed by NYSDOT, 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 \$1.87 billion, with approximately half of these identified needs relating solely to keeping the current rail system in operation and in a state-of-good-repair. This year, RONY wishes to build on the success of this program and is requesting a total of \$30 million in funding for this statewide freight rail infrastructure capital program. For your reference, attached is a chart listing over \$53 million in shovel-ready freight rail projects that are in need of state assistance in order to commence.

It is also important to keep the state's freight rail capital program as it is currently structured, with NYSDOT responsible for the scoring of these projects instead of having them be evaluated through the Regional Economic Development Council process. This is because many rail freight projects are "network" in nature and cannot be fully valued or appreciated only on a local or regional basis. In addition, investments made in one particular area often generate positive benefits across a larger region or the entire state. That is why other states, such as Pennsylvania which has a freight rail infrastructure capital program that is funded with approximately \$30 million annually, administer programs that allocate funds for freight rail infrastructure projects using a statewide evaluation process.

These state investments in freight rail infrastructure are integral to maintaining the state's rail network in a state-of-good-repair, especially for the Class II and III railroads. Over the years, many of these railroads were created when the larger Class I railroads spun off these operations and sold them to local operators because they were unprofitable and in need of heavy capital repair. Because of the limited revenues these short line railroads produce, continuing funding for the state's freight rail capital program is essential in helping to maintain the state's rail network in a safe operating condition.

New York's freight railroads are reliant on the state's rail infrastructure being in a state-of-good-repair in order to allow these lines to remain operational so they can effectively serve their customers. These customers, who themselves employ thousands of people, rely on dependable freight rail service to keep their businesses financially viable. Moreover, a viable freight rail network helps promote statewide economic development efforts by allowing these businesses to grow their customer base and expand operations. In addition, 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.

Improving and expanding freight rail service in NYS can also help open up land for investment and remove obstacles to development, which in turn fuels economic growth and helps create and retain jobs all across the state. For example, in September 2013, the completion of the Rail Relocation Project at the former Bethlehem Steel site in Lackawanna was announced. This project entailed the installation of approximately two miles of rail track, including removing rail tracks that had hindered access to the site in the process, opening up approximately 300 acres of land for development and new investment. Supported with \$4.4 million in funding from the NYS Department of Transportation, this project transformed this site into a fully-functioning intermodal transportation center, with Port of Buffalo and interstate access on the I-90 corridor, access to international bridge crossings located nearby and direct rail connections with four Class I railroads. This site, one of the largest brownfield sites in Upstate New York with over 1,000 acres, is the only site in Erie County with rail, port and easy highway access and is one of the few available sites in Erie County zoned for heavy industry.

In addition, increasing access and utilization of the state's freight rail network by NYS businesses helps reduce the use of trucks for freight transportation needs, resulting in less pollution and congestion on the state's roads and highways. 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.

An additional environmental benefit of utilizing rail is the tremendous fuel efficiency freight rail offers. 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. In addition, according to the 2009 NYS Rail Plan, a 1% shift in goods traffic from trucks to rail freight would save about 111 million gallons of fuel each year and reduce greenhouse gases by 1.2 million tons.

Reestablishing the state's freight rail infrastructure capital program within the 2013-14 NYS Budget represented a significant step towards maintaining the NYS rail network as a world-class system. It is essential to continue to build upon these efforts and further expand this capital program so that the state's entire rail network is brought up to a state-of-good-repair. This in turn will allow the NYS freight rail industry to effectively help support economic development initiatives all across the state.

RONY fully supports the expansion of the state's freight rail infrastructure capital program to a level of \$30 million so that the state's freight rail operators can continue to partner with NYS in the development of such important projects. These investments in New York's economic future will further benefit the state's manufacturing, industrial and agricultural businesses that depend on freight rail service to remain competitive.

Thank you for your consideration.