

New Jersey Short Line Railroad Association

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Meeting Minutes May-June, 2002

Celebrating Ten Years



Of Working Together 1991-2001

The New Jersey Short Line Railroad Association is an organization made up of railroads serving the Great State of New Jersey. The purpose of the Association is to address concerns and problems which face Short Line Railroads and to find means of mitigating problems and finding solutions through collective effort and cooperation.

Visit our website: www.njshortline.com

The May meeting, Friday, May 24, 2002, was held at the Conrail offices in Mount Laurel. The Association would like to thank **Ron Battery** for providing the room and the delicious lunch.

Thank you to the **Morristown & Erie Railway, ASLRRA**, and all of the **NJSLRRA** members who made NJ Railroad Day on the Hill such a great success

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Next Meeting:	To Be Announced (Tentatively late July)
Location:	To Be Announced

Members NJSLRRA:

Oh, what a busy month this has been. Since the May 24 meeting in Mt. Laurel, we have had the NS Short Line meeting in Roanoke, NJ Railroad Day on the Hill in Washington DC, the CP Short Line meeting in Quebec City, and the Rail Members meeting with Transportation Commissioner Fox in Trenton.

In these minutes I will try to summarize all that occurred, and for the events that I was not able to attend, I have asked other members for their input. Thanks for your patience.

S.R.F.

<u>Name</u>	<u>Company/Organization</u>	<u>Telephone Number</u>
Linda Morgan	Surface Transportation Board	202-565-1500
Steven Friedland	M&E	973-267-4300
J R Wilson	NY & Greenwood Lake	973-743-5300
Gordon Fuller	M&E	973-267-4300
Bob Bailey	PJRR	201-434-8373
Greg Walter	NJDOT	609-530-8029
Kel MacKavanagh	Consultant	609-704-1270
Fran Hennessy	Norfolk Southern	215-591-3653
Jerry Madden	Manageering Associates/JM Cain	215-545-3900 PA 856-866-0500 NJ
John McCreavy	SMS/Penn Jersey Lines	610-260-2273
Rich Petrone	SMS/Penn Jersey Lines	856-467-4800
Bill Phillips	M&E	973-267-4300
Ron Batory	Conrail	856-231-2003
Mike Allen	Allen Associates	609-683-0356
John K. Fiorilla	WSF&R	732-545-2250
Jonathan Broder	Conrail	215-209-5020
Tony Macrie	Cape May Seashore Lines	609-884-5300
Mike Brimmer	CSX	609-409-2039
Jeff Sutch	SMS/Penn Jersey Lines	856-467-4800
Joseph Iadanza	East Jersey Railroad	201-339-4639
Ken Horn	CSXT	609-409-2036
Tom Noon	FRA	732-438-6843
Roy Blanchard	Blanchard Co.	215-985-1110
Arthur Feygelson	Canadian Pacific	917-453-7337
Eric Strohmeier	Somerset Terminal RR	908-927-0910
Ed Fink	Somerset Terminal RR	908-927-0910
Tim Campbell	BRI	609-683-0356
Bill Johnson	CSXT	609-409-2041
Tom Collard	SRNJ	609-871-8699
Tom Egan	CSXT	617-783-6214
John Kraemer	NS	540-985-6021
Len Venezia	Heritage-Crystal Clean	215-428-1050
Don Pennell	Heritage-Crystal Clean	215-428-1050

The meeting commenced at:11:05 am

Association Dues

As per our constitution, Association dues are due after July 1. The following have paid for the 2002-2003 year:

Rail: PJRR, SMS, SRNJ, ME, Raritan Central, Somerset Terminal, NYGL

Associate: CSX

Affiliate: George Gott (Exel Trans.), Kel MacKavanagh, Allen Associates, Short Line Data Systems, WSFR

A dues notice will be following shortly for Rail Members, and Affiliate members can pay at any time by sending a check to Steven. A receipt will follow.

Heritage Crystal Clean

To start off the meeting, Jeff Sutch and John McCreavy introduced Don Pennell and Len Venezia of Heritage-Crystal Clean. Crystal Clean is the largest privately owned environmental company in the United States, who's objective is to provide services to small to medium sized waste generators that have been overlooked in the past by other companies. With 25 years of environmental experience, 30 branches and eight processing facilities, they offer services that are tailored to the users.

For more information about Heritage-Crystal Clean, please Don or Len at (215) 428-1050, or see the Heritage web site at www.heritage-enviro.com.

NJ Transportation Issues

Following lunch, Bob introduced Linda Morgan, Chairperson of the Surface Transportation Board to the assembled, and welcomed her to our meeting. This was not the first time that she had joined us. In April 1999, just before the Conrail split, we had the opportunity to discuss our concerns about the changes that were about to occur, and give her our views of how the transition was going.

John Kraemer of NS started the discussion, with NS's view of the situation in New Jersey. They feel that there are a great number of opportunities in NJ, and with the transportation choices that are available, the time to try to locate new business is now. NS has had a number of successes in locating new business in New Jersey, and that message needs to be communicated.

A number of members pointed out that the costs of the Shared Assets Area and the Short Lines are being shown as added costs by the marketing people, which is pricing business out of the market. The response was that in some cases this has been true, but there have been a number of success stories to offset the above. Many of the decisions have been marketing decisions, and the story is not totally bad.

The discussion continued as to how the Class 1s and the Short Lines can change the perception many companies have that rail is an expensive and slow transportation medium, and that there is a "turf war" going on between the Class 1s and SLs. There have been a number of statements made recently in the press to support the perceptions, which is hindering all of our causes. The survey that the NJSLRRA conducted among its rail members recently (*Thank you John McCreavy – Ed.*), which is attached at the end of these minutes

shows how things are going from the SL's perspective, and what things need to be fixed.

Mike Brimmer and Tom Egan of CSX were asked for their perspective on the issues, and they both commented that in their case, CSX was and is more constrained in this area, and while the industry is growing, there are some economic and physical constraints to their system. Both railroads realize that the truck is their major competition, and with the increase in fuel costs there should be some movement to rail. The infrastructure needs to be ready for any shift to rail, and now is the time to make the improvements needed.

When asked on her views on the situation, Chairperson Morgan commented on how the Shared Asset Areas have been a critical part of this transaction, and that the Board is looking at the viability of the areas. As for preception of the press and public, she said that the railroads should not send a message if they are not prepared to act, and that they have to communicate accurately. The press is not looking for the positive, and likes to report the negative. She thanked the Association for the survey, as it shows a broad range of views. Right now, the Board is working on what she referred to as "micro issues", and she wants the Board to continue work with the Class 1s in a positive fashion.

Presentation to Bob Bailey

During the May 24 meeting, Mike Brimmer of CSX made a presentation to Bob Bailey on behalf of the New Jersey Regional business partnership. Bob was the recipient of the 2002 Transportation Award of Merit, and since Bob was unable to attend the presentation due to an earlier commitment, Mike accepted the award at the time, and offered to make the presentation at the meeting.

Congratulations to Bob on a most deserved honor.

NS Short Line Meeting

Norfolk Southern hosted their Short Line meeting at the Hotel Roanoke on June 2-4. The meeting started out with a "sandhouse session" chaired by ASLRRA President Frank Turner, where the attending SLs had the opportunity to discuss issues affecting them with NS, and Frank prepared a list to be presented the next day. One of the major issues presented was the perceived demarketing of New Jersey, especially in the areas of bringing freight into terminals in Harrisburg and Bethlehem, and then trucking the loads into New Jersey. *(Editor's Note: This item received great attention, including a commitment from Don Seale to focus on New Jersey. The initial results of this commitment can be found later in these minutes.)*

On Monday, the meeting continued with presentations from the marketing department and operations, showing where NS stands in the rail transportation world, and what improvements are being made to the system. The centerpiece of these improvements is the Thoroughbred Operations Plan (TOP), which has been implemented across the entire NS system. Some SLs reported definite improvements in travel time due to the TOP, and indications are that the long-term goals of the plan are achievable.

The evening activities included a trade show with booths from the different marketing, mechanical, and operations groups in NS, and a lot of good information was being passed back and forth.

On Tuesday, it was the turn of the Customer Service, EDI/E-Commerce and Car Supply departments to show their wares, and the assembled were shown the improvements to NS's TIS web site, as well as the electronic bill of lading and car ordering systems. A presentation was also made concerning the deprecation proceedings and what effect the upcoming deadlines will have on the Class 1s and Short Lines.

Don Seale, John Kreamer, and the rest of the Short Line Marketing staff should be commended on the content and execution of the meeting, and they will have a high standard to meet next year.

NJ Railroad Day On The Hill

On June 5-6, the NJSLRRA held the first NJ Railroad Day on the Hill. The festivities started with a fundraiser for Congressman Mike Fergusson on Wednesday night, on board the PVs *Ohio River, Kitchi Gammi Club, and Alder Falls*.

On Thursday, following a breakfast on the cars, meetings were scheduled with most of the New Jersey Congressional delegation. The Association thanks all of the people who took time to speak with us regarding the very important issues facing New Jersey's railroads.

Thursday evening capped the event with a thank-you reception for all of the New Jersey Congressional staff. Close to 70 people attended the event, including people from Amtrak, CSX, NS, and other transportation concerns. The food and drink were great, and a good time was had by all.

The Association thanks Ward Cook from the ASLRRRA and the entire staff of the Morristown & Erie for all of their hard work in making this event happen on such short notice (*From start to finish, the event was planned and run in six weeks – Ed.*), and thank you to the Port Jersey, SMS, Southern RR of NJ, New York & Greenwood Lake, and Morristown & Erie for their financial support of this event.

CP Short Line Meeting

(Thank you to Tom Collard for preparing this. Ed.)

This year's Canadian Pacific short line meeting was held on June 10th and 11th at the Fairmont Chateau Frontenac in beautiful Quebec City. Although the message was one that the short lines hear from all of the Class 1s, it was delivered with unusual candor and sincerity. Canadian Pacific clearly recognizes the role that their short line community plays in business development. Rob Ritchie, President and CEO of CP was a gracious host, mingling with the attendees, trading railroad "war stories," and obviously eager to grow with us.

Arthur Feygelson has already begun making joint calls in New Jersey, and is clearly interested in modal conversion and growth as a first priority rather than merely competing with the other Class 1s. Certainly, this year's meeting ranks as one of the best.

NJSLRRA Meeting With Transportation Commissioner Fox

On June 17, the rail members had their annual meeting with the Transportation Commissioner. It was our first meeting with Commissioner Jamie Fox, and the Association thanks him and his staff for arranging the meeting. There are a lot of issues that we are working on at the moment, and Commissioner Fox has requested that we keep him up to date on what is going on.

NS New Jersey Short Line Customer Development Initiative

(Editor's Note: As a follow up to the issues presented at the NS Short Line Meeting, we have been talking with Don Seale and John Kraemer about a new marketing initiative in New Jersey. The following is a draft copy of NS's plans, and this should be taken as working document, so any input would be appreciated. The Short Line profiles have been sent out. If you have not received yours, please call Brenda Taylor at NS (540) 985-6745.)

New Jersey Short Line Customer Development Initiative

Targeted Short Lines

Belvedere & Delaware Railway
Black River & Western Corporation
Cape May Seashore Railway
East Jersey Railroad & Terminal
Morristown & Erie Railway
New York & Greenwood Lake Railway
New York Cross Harbor
Penn Jersey Lines
Port Jersey Railroad Company
Raritan Central Railway LLC
SMS Rail Service
Southern Railroad Company of NJ
Winchester & Western Railway (MD & NJ Divisions)

Plan:

Step 1—Target Completion Date: July 22, 2002

- Short Line Marketing will develop New Jersey Short Line Guide to include short line profile information, customer list, warehouse, and industrial site listings.
 - Short Line Marketing will create Service Matrix illustrating NS Thoroughbred Operating Plan to and from the New Jersey short lines in the Shared Asset Area.
- Short Line Marketing will distribute detailed Customer List sorted by New Jersey Short Lines to assigned Sales/Marketing teams categorizing customers by primary commodity.

Step 2—Target Completion Date: July 22-31, 2002

Assigned NS Sales/Marketing personnel to contact short line to discuss planning for specific on-site customer visits with the short lines.

Step 3—Target Completion Date: August 1-16, 2002

Targeted Customer visits with NS Sales and Short Line Representatives.

Step 4 – Target Completion Date: August 16-30, 2002

Short Line Marketing will catalogue business development initiatives as targeted, secured, or pending based upon input from commodity team representatives.

Step 5 – Target Completion Date: September 2-13, 2002

- Sales will follow-up with customer contact/visits to finalize outstanding details.

OPERATIONS/EQUIPMENT

1) Current Service Bad* Fair Good
 *explain

Answers ranged from Fair to Good. Service seems to be better in the northern part of the state, than the south.

2) Communications Bad* Fair Good
 w/ Local Ops
 *explain

Again Fair to Good. In most cases the immediate local people are very good to work with, but as you move up the chain, people are harder to get in touch with.

3) Equipment Supply Bad* Fair Good
 *explain

Most respondents did not have car supply issues, as they primarily receive instead of ship.

4) CSAO/CSX=NS Bad* Fair Good
 cohesiveness
 *explain

All over the map here. The further south you go, the less cohesive CSAO seems.

5) Outreach - Safety/New Technology, etc Bad* Fair Good
 *explain

Again all over the place. CSX seems to be doing a better job in the safety and technology areas.

6) Billing/EDI/Customer Service... others ??

Comments Made:

CSX - Good, NS - Very Poor - EDI especially

Over complicated due to the presence of the CSAO

7) Areas that need particular attention _____

Comments Made:

Interchange - Cars often arrive many hours before NS EDI

NS needs to improve communication when they are going to not bring freight to the SL that would normally arrive the next day.

Communication need to be improved.

SALES/MARKETING/BUSINESS DEVELOPEMENT

1) Who/where is your closest contact for S&M. Please make sure to distinguish each road.

CSX - **Most RRs knew their contacts**

NS -

2) How well does that person(s) know your business.

CSX	Bad*	Fair	Good	Most said Good
NS	Bad*	Fair	Good	Most said Fair

3) Has that person (or other employee) made calls on your customers?

CSX	(Y)	(N)	In most cases, No
NS			

If yes...please comment on success, follow-up, etc

CSX seems to be more interested in developing business on SLs

4) How often do you hear from your contact (or others in s/m at either RR)

CSX **Varies daily to monthly**

NS **Varies daily to not at all**

5) Has either bought business opportunities to your road?

If yes, please explain

Mostly no, but there have been some successes, such as beer on the PJR (CSX), and aggregates on the SRNJ (NS)

6) How are rate/service inquiries handled.

CSX	Bad*	Fair	Good	All over, mostly Fair
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NS	Bad*	Fair	Good	All over, mostly Fair
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*explain

7) Follow-up on past inquiries

CSX	Bad*	Fair	Good	All over, leaning to good
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NS	Bad*	Fair	Good	All over, leaning to bad
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*explain **We generally need to initiate the follow up**

8) Has either road developed rail traffic for themselves that has taken documented traffic away from you in the last 12 months.

If yes, please explain

No

9) Please tell us about a 'success' story.

Not many to report. PJR is moving Box cars from Buffalo to Jersey City on CSX at truck-competitive rates. WW has developed two-way loaded aggregate movements. ME has developed two local transloads, bringing rail freight to customers not rail served.

10) Suggestions - areas to target

Take some time to go back and look at traffic lost to trucks, and see if truck competitive rates can be developed.

Modify car fleets to allow better utilization of cars for traffic currently unable to move via rail due to fleet limitations.

Improvement of the overall working relationship with CSX & NS to allow a level playing field where all railroads can co-exist successfully.