

This month's meeting, Friday, May 18, 2001, was held at New Jersey Department of Transportation Headquarters, in Trenton, New Jersey. The Association wishes to again thank **TED MATTHEWS** for providing our meeting room.

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**NEXT MEETING:   FRIDAY, JUNE 18, 2001**  
**THIS IS A TENTATIVE MEETING DATE.**  
**A SEPARATE NOTIFICATION WILL BE SENT OUT**  
**TO CONFIRM THE MEETING.**

**LOCATION:        NJ DOT HEADQUARTERS**  
**1035 PARKWAY AVENUE**  
**TRENTON, NEW JERSEY**

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Members NJSLRRA:

When I was new on the railroad an old timer, who was frustrated with the operation of our big classification yard in Secaucus, told me the definition of a freight yard: "a system of tracks and switches where once you enter you cannot get back out, and once you are out you cannot get back in." This bit of philosophy holds true in today's railroad industry. It is good to see that CSX recognizes this problem with freight yards and is trying to avoid putting trains in them. Anything that can speed up our customers goods is worthwhile. Although this practice is not new, it will help to keep cars moving. Sometimes, it is helpful to look back and see what had been done in the past to correct problems. Past solutions could be worth trying again.

A.J.E.

***NEW JERSEY SHORT LINE RAILROAD ASSOCIATION***

***MONTHLY MEETING***

***FRIDAY, MAY 18, 2001***

**Attending:**

<b><u>Name</u></b>	<b><u>Company</u></b>	<b><u>Telephone No.</u></b>	<b><u>Fax No.</u></b>
Jeff Sutch	SMS/Penn Jersey Railway	856-467-4800	857-467-2121
Michael Allen	Somerset Terminal	608-683-0350	
Tony Macrie	Cape May Seashore Lines	609-884-5300	
Jack F. O'Connor	Consultant	609-871-7507	
Bob Bailey	Port Jersey Railroad	201-434-8373	201-434-8242
Dave Myers	FRA	610-521-8210	
Bill Hickey	Bethlehem Steel RR	610-694-1312	
Kel MacKavanagh	Consultant	609-704-1270	609-704-1273
John Scullin	Conrail	856-231-2131	
Bill Phillips	M&E Railway	973-267-4300	
J. R. Wilson	NY & Greenwood Lake Railway	973-743-5300	973-743-4580
Steven Friedland	Morristown & Erie	973-267-4300	
Tom Noon	FRA	732-438-6843	
Mark Mastro	CSX	215-209-4359	
Paul Schneider	NJDOT	609-530-5681	
Roy Blanchard	Blanchard Co.	215-985-1110	
Bill Herkner	NJ Transit Rail Operations	973-491-7874	
Jerry Madden	Manageering Assoc.	856-866-0500 N.J. 215-545-3900 Phila	
.John McCreavy	CP Rail	610-832-9181	
Bill Wright	Union County	908-272-5968	
Frank Reilly	Morris County DOT	973-829-8101	
Tom Collard	SRNJ	609-871-8699	
F. A. Winkler	Winchester & Western RR	856-451-6400	
Mike Brimmer	CSX	609-409-2039	
Fran Hennessy	Norfolk Southern	215-591-3653	
A. J. Erdman	NJ TRANSIT	201-714-2788	201-714-2829

***NEW JERSEY SHORT LINE RAILROAD ASSOCIATION***

***MONTHLY MEETING MINUTES***

***MAY 18, 2001***

**BOB BAILEY** called the meeting to order at 10:00 A.M. Bob advised that **ALEX DE CROCE** is working on an issue created by the Transportation Enhancement Districts Bill (TED). TED would place an additional tax upon increases in business at locations such as large trucking yards of industries. Hearings are being held to develop the TED Bill. Bob intended to attend the hearings but has previous commitments. Bob will ask **TIFFANY BOHLIN** if she would attend and represent him. This legislation has the potential to damage railroads doing business in New Jersey. The original intention of this bill was to address large industry that increased trucking activity, thereby increasing wear and tear on the infrastructure. **MIKE BRIMMER** explained how this would affect the railroads. Mike suggested that the railroads be exempt from this tax. The result of this tax would be to increase the tax liability on a railroad yard which has an increase in traffic, even though that increase was to reduce the amount of truck traffic on the infrastructure. It is proposed that the tax would be established by the County where the facility was located. **BILL WRIGHT** expressed that anything that reduces highway use should be exempt from this tax.

**BOB BAILEY** reported that he has sent a letter to **WILLIAM BEETLE** on the Transportation Plan Update - 2025 criticizing the lack of information on railroads importance in this study. This study failed to explain the congestion relief which the railroads provide.

**BILL WRIGHT** noted that the Metropolitan Planning Organization of northern New Jersey in the New Jersey Transportation Planning Authority is more active in transportation issues than that of southern New Jersey. **MIKE BRIMMER** also noted that the MPO's were not involved in the Transportation Plan Update.

The concern is the failure to recognize the railroads potential in getting freight off the highways. **BOB BAILEY** stated that the fear is that the railroads could be dragged in to fund highways at new or enlarged facilities.

**ROY BLANCHARD** made a presentation on the relationship between Wall Street and the railroad industry. Only 7 percent of the nation's freight traffic is handled by the railroads. Shippers consider inventory as working capital. Shippers desire to reduce inventory. Trucks can deliver just what inventory is needed. Railroads deliver inventory in bulk, which may result in the shipper having more inventory on hand than he needs at the time.

**DAVID GOODE** noted that although freight rates have increased, so have car travel times. Roy handed out a booklet on the subject. This illustrated a sample of business trends for certain Class I railroads. Roy compared different types of traffic to indicate differences in volume versus revenue.

BNSF has established a web site to make shipping transactions over. **STEVEN FRIEDLAND** explained how the Morristown and Erie Railroads sends waybill information electronically instead of using a fax system. This results in faster more accurate passing on of information. **BOB BAILEY** noted that the Class I railroads are desiring to use the internet more for their billing. Roy stated that the Class I's would like to use the internet for their interactions with the Short Line Railroads. The web system is not presently set up for the tracing of cars however.

The subject of the energy crisis in California was discussed. **STEVEN FRIEDLAND** illustrated an example of the resulting changes in shipping and manufacturing activity. Polaner, a manufacturer of jelly and jams, purchases entire crops of fruit, such as strawberries, from a farmer and places them in cold storage in California. With the energy crisis and the cost of electric power, Polaner now ships the fruit east to be stored where energy is cheaper (for now).

CSX and Union Pacific are operating an "express service" from the west coast to New York and Boston for perishable traffic. The shipping costs per car is \$6,000.00 and is becoming successful. CSX is also trying out a "watershed approach" which bypasses certain freight yards which speeds up service. **PAUL TELLER**, of Canadian National, has stated that if he can reduce the travel time of his cars by one day the results would be like adding 15,000 cars to the car supply. Norfolk Southern has a graph which indicates revenue generated by geographic mileage sections of their railroad.

**STEVEN FRIEDLAND** asked what NS considers a Short Line Railroad. NS considers a Short Line Railroad any short line railroad shown on their system map.

Union Pacific has begun to operate a service called "Speedlink" on the I-5 Corridor between Portland, Oregon and Los Angeles, California. Cars are loaded with material which has been sold to several customers out of the same car. The Union Pacific and Genesee and Wyoming Railroads operate Speedlink. Short Line Railroads may want to consider establishing similar arrangements.

**MARK MASTRO** noted that CSX is performing a similar service on the hind end of its Tropicana trains operating between Jersey City and Florida.

**BILL WRIGHT** stated that if the Class I railroads do not want to handle certain box car traffic to let Amtrak handle it.

**TOM COLLARD** expressed that if a Class I railroad wants to establish a special service it should stick with it.

**JEFF SUTCH** replied that some railroads do not participate in trying out new service due to their continuing culture of the company.

The traffic handled on Speedlink is mixed and not one specific commodity.

**ROY BLANCHARD** read from a letter by Wall Street analysts which indicated that the railroads have the potential to capture more truck traffic even if there is an increase in the railroad rates.

Recommendation: Invest where the business is. Cut away marginal traffic.

**BILL WRIGHT** remarked that this approach could result in new railroad regulations. Any such action would make legislators realize the importance of the railroad industry.

**BOB BAILEY** agreed. The public must be educated on the importance of the railroads to the nation's economy.

**MARK MASTRO** suggested that the Short Line Railroads must demonstrate their value to the Class I railroads and the public. **FRED WINKLER** reminded of the importance of the railroads during times of national emergencies.

**BOB BAILEY** announced that, in a conversation with NJ Transit Executive Director **JEFF WARSH** at the Transportation Summit, Jeff nominated **BILL WRIGHT** to the Transportation Hall of Fame. Bill has been active for many years in promoting rail transportation and the transit industry. The members expressed appreciation to Bill.

**KEL MAC KAVANAGH** advised that the western railroads allow more access to their lines with trackage rights than the eastern railroads do.

**JEFF SUTCH** felt that Wall Street is a major cause of problems in the railroad industry. Railroads should concentrate on pleasing the customers instead of pleasing Wall Street.

**ROY BLANCHARD** replied that Wall Street is an important part of the industry due to the investment of capital (debt) by investors.

**BOB BAILEY** spoke about a bill in the legislature, H.R. 1020 Funding (Railroad Track Modernization Act of 2001), which is before the Transportation Sub-Committee. **BILL PASCRELL** and **MIKE FERGUSON** co-sponsored this bill. This bill will provide funding for transportation projects of \$350 Million a year for three years. Bob asked the attendees to contact your elected officials, in your district, and ask for their support.

**BOB BAILEY** nominated retired NYS&WRR Vice President **BOB KURDOCK** to receive the first NJSLRRA "*Benjamin J. Friedland Award*". The members concurred and will present the award at the July 20001 Meeting.

**BOB BAILEY** reported on **BOB FRANKS** run for Governor of New Jersey. Bob asked the members to gather the names of the members customers in an effort to send contributions to elect officials that can help the railroad industry. Bob noted that Woodbridge Mayor **JIM MC GREEVY**, who is also running for Governor, has supported legislation that does not help the railroad industry. It was suggested that **MAYOR MC GREEVY** be extended an invitation to attend a NJSLRRA Meeting to express his position on the railroad issues.

June 15, 2001, the Franchise Tax is due in New Jersey. There has not been notification received from the Department of Taxation yet for this tax. **MIKE BRIMMER** advised that CSX and Norfolk Southern are attempting to have a bill introduced to amend the Franchise Tax. One reason is that CSX and NS are taxed on any tracks which they can operate over, this results in double taxation. Mike also noted that Operation Lifesaver is being promoted in New Jersey by CSX. Mike asked the Short Line Railroads to become involved in this. He also handed out a fact sheet on Rail/Highway related accidents.

**FRANK REILLY** reported that the Federal Highway Administration and the Department of Environmental Protection has been looking hard at New Jersey account not enough is being done to eliminate pollution. New Jersey may be cited unless more is done to eliminate pollution, such as increasing the use of railroads.

**BILL WRIGHT** has attended many NJTPA meetings and they are beginning to see how bulk and intermodal freight is being shipped form the west by rail to Pennsylvania and then transferred to truck for transport to New York City and Long Island.

**TOM COLLARD** reported that member **JOE PATTACCIO's** father passed away recently. The members expressed their condolences to Joe and his family.

**STEVEN FRIEDLAND** advised that Law Firm of Watson, Stevens, Fiorilla and Rutter, which sponsor our NJSLRRA web site, will continue to sponsor it. If any member has any industry news, notify Steven and he can post it on the web site. The Association wishes to thank the Law Firm of Watson, Stevens, Fiorilla and Rutter for their continued support.

**BOB BAILEY** asked **PAUL SCHNEIDER** on the progress of the New Jersey Railroad Map which is being drawn. Paul replied that the map is ready but a funding source has to be identified to print and distribute them. Bob will contact **PIPPA WOODS** to attempt to obtain funding for the map.

**DAVE MYERS**, Regional Administrator Region II of the Federal Railroad Administration, attended our meeting today. Dave expressed his desire to meet all of the Short Line Railroad members and assist them in their operating issues. **BOB BAILEY** thanked Dave for his past help to the members. **MIKE BRIMMER** pointed out that Dave was extremely helpful during the problems CSX encountered in the Darby, Pennsylvania derailment recently.

**FRANK REILLY** expressed his thanks to the NJSLRRA for support in the recent *TransAction Conference 2001*, held in Atlantic City, New Jersey, in April. Almost 1000 people attended from 22 states and several foreign countries. **BOB BAILEY** added that TransAction is a very valuable function in the transportation industry.

**NEXT MEETING: FRIDAY, JUNE 22, 2001 THIS MEETING IS TENTATIVE.  
CONFIRMATION OF THIS MEETING WILL BE SENT AT  
A LATER DATE.**