

CASE STUDY: STATEN ISLAND RAILROAD

INTRODUCTION

The Staten Island Railroad (SIRR), which today serves as the New York container terminal's on-dock connection to the Class I rail network, stands as an example of successful freight corridor preservation of a railroad that was originally slated for abandonment. The Staten Island Railroad is an eight-mile freight rail line that connects Staten Island to the national rail system. The re-establishment of service on the line accomplished two major strategic goals for the New York area: 1) providing on-dock rail to the New York container terminal (the former Howland Hook terminal), which had been the only major container terminal at the Port of New York and New Jersey (NY/NJ) without rail access;¹ and 2) allowing the city to shift its solid waste disposal activities out of Staten Island to a remote location while retaining a significant number of jobs connected to the solid waste disposal industry on the island.

When the line was originally slated for abandonment, neither of these future uses had fully come into view. Yet, because of the strategic decision by the New York Economic Development Commission (NYEDC) to acquire the line, it has now become a vital corridor for the economy of Staten Island. As such, this project clearly demonstrates the advantages of taking a "preserve first" approach for freight facilities that fall into disuse.²

Starting in 2008, the CSX provided daily intermodal service over the line to Chicago, IL, Columbus, OH, and Detroit, MI, and on alternate days to Cleveland, OH, East St. Louis, IL, Kansas City, MO, and Worcester, MA.³ In the first year of its operation, the service was estimated to remove 70,000 truck trips from area roads and bridges by moving 45,000 containers. It resulted from a \$75 million dollar rehabilitation funded by the Port of NY/NJ and the NYEDC.

BACKGROUND

Staten Island has long been referred as the forgotten borough of New York - a place that many people have briefly visited but about which few outsiders have intimate knowledge. Staten Island has the lowest population of any of the five boroughs and has a decidedly middle class orientation with the lowest poverty rate in the City. It also is the fastest growing borough in New York having seen over 10 percent growth in the last decade, roughly twice the city average.⁴ With no passenger rail connections to the other boroughs, Staten Island retains an insular culture a few nautical miles from lower Manhattan. The secession drive that played a large role in political discourse during the 1980s was driven by cultural and well as economic considerations:

¹"Staten Island Rail Road: Chemical Coast Connector"

http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf.

² "Mayor Bloomberg Officially Reactivates the Staten Island Railroad," New York City Government Press Release, April 17, 2007.

³ "City Economic Development Corporation, Port Authority of New York, New Jersey, CSX Announce Dedicated Intermodal Service on Staten Island Railroad," US Fed News, November 10, 2008.

⁴ <http://www.nyc.gov/html/dcp/html/census/popcur.shtml>.

“We’re islanders. The Irish, the British, the Japanese would understand, I guess. We feel pretty strong about it.” stated Senator John Marchi in explaining Staten Island’s view toward further affiliation with New York City in the early 1980s.⁵ Staten Island’s independent orientation factored heavily in the development of the Howland Hook container terminal and the Staten Island Railroad, whose development was intimately tied to the history of Howland Hook.

Upon its opening in 1977, the Howland Hook container terminal represented New York City’s best hope of taking back a significant share of the increasing lucrative container business from New Jersey terminals such as Port Elizabeth. New York City officials saw the goal of maintaining a thriving terminal within the boundaries of New York as particularly vital given that the Brooklyn industrial waterfront was already falling into disuse. The decline of Brooklyn as an industrial center was blamed, in part on a “dilapidated” freight rail system that was “choking” the waterfront.⁶ Staten Island’s rail connections, following the creation of Conrail, were favorably compared to those connecting the other boroughs of New York.⁷

Shortly after the time of Howland Hook’s creation, the New York Times lamented,

The only part of New York to escape the pattern (of degrading rail infrastructure) is Staten Island, which is connected by a direct rail bridge to the Conrail network in New Jersey. It is that rail connection that allowed the construction of the city's profitable Howland Hook Container Port on Staten Island.⁸

Soon after the Howland Hook terminal opened, analysts recognized that the rationale for the existence of the Howland Hook terminal was its rail connection. Yet, a decade later the rail connections leading to Howland Hook were dilapidated. The modestly-sized Howland Hook terminal, along with the even smaller Red Hook container terminal (opened in Brooklyn in 1981), were seen as a belated and insufficient attempt by the Port of NY/NJ to catch up with California and southern Atlantic ports in the container revolution.⁹

Through its early history, the Howland Hook terminal was almost entirely dependent on US Lines, its anchor tenant. However, US Lines struggled with the terminal’s modest dimensions. The issue became particularly challenging after US Lines added container vessels too large to be accommodated by Howland Hook under its then current configuration in 1985. The terminal, which was leased to US Lines to operate in 1985, suffered from factors such as the small size of the yard, poor landside connections, and a draft limitation of 35 feet. The existing rail line received “modest” usage by US lines for intermodal shipments, including the repositioning of empty containers.¹⁰

⁵ “Staten Island Wonders if Secession Can Succeed,” The New York Times, August 7, 1983.

⁶ Edward Schumacher, “Modernized Rail Freight Leaving New York Behind,” The New York Times, July 8, 1980.

⁷ Ibid

⁸ Ibid

⁹ William G. Blair, “No. 1 No More, New York Port Seeks To Strengthen Its Role,” The New York Times, September 24, 1982.

¹⁰ Interview with Don Lotz, Port of New York/New Jersey

US Lines filed for reorganization in November of 1986.¹¹ Still under Chapter 11 bankruptcy protection, the carrier broke its lease with the Howland Hook terminal in 1987 and moved to Elizabeth, NJ. The timing could not have been worse, as the terminal had just embarked on a \$100 million expansion program that would have included rail yard upgrades. The pier closed later in 1987. Low-level shipping activity resumed in 1988 with Sea Terminals as a new client and operator. However Sea Terminals abandoned Howland Hook in 1990.¹²

FIGURE 1

HOWLAND HOOK MARINE TERMINAL PRIOR TO REOPENING, MARCH 28TH 1995



¹¹ Anthony DePalma, "Measuring an Ominous Cloud over the Port of New York," The New York Times, January 11, 1987.

¹² "Sea-Terminals Closes Staten Facility - 58 Acre Howland Hook Container Terminal Closes," The New York Times, November 3, 1990.

The terminal continued to experience a series of ups and downs, with various potential operators first committing and then backing out of agreements to take over the terminal. In the meantime, the formerly strategic rail connection to New Jersey continued to deteriorate while the Port of NY/NJ's capital investment in the terminal continued to grow, building on the remnants of the initial revitalization plan that was launched in 1986. However there was increasing public reticence for further investments. By 1994, the NY/NJ Port Authority had invested \$35 million dollars in the terminal and it was still losing \$7.7 million a year.¹³

ABANDONMENT OF THE LINE

The rail line that would become the SIRR had been owned by the Baltimore & Ohio and ownership of the underlying right of way (ROW) was subsequently transferred to CSX, with a third party owning the track and operating the trains. CSX sought to abandon the ROW when the Proctor and Gamble factory along the line closed in the early 1990s. The line had seen robust usage through the 1980s, but was severely impacted by the bankruptcy of US Lines in 1986. That same year, the line's traffic peaked at 1,742 carloads.¹⁴ Nevertheless, the rail line was not well maintained even when traffic levels were high. As noted in the case, *Railway Labor Executives' Association, Plaintiff-Appellant, V. Staten Island Railroad Corporation and Staten Island Railway*:

In December of 1984, SIRC filed an application to abandon its rail system pursuant to 49 U.S.C. Sec. 10903, claiming loss of profits and poor conditions of the lines as the bases for its decision.¹⁵

Traffic on the line fell approximately 90% after the 1987 closure of Howland Hook, and for a number of years it was wearily sustained by Proctor and Gamble.

In the late 1980s the last two customers on the line were Proctor and Gamble and Con Edison. The power plant was switched over to dual fuel oil and natural gas feedstock in order to meet air quality goals and while Con Edison paid for the upkeep of the track for a number of years, it ceased the subsidy on. Proctor and Gamble closed its doors in the early 1990s. With no viable services on the horizon, the Staten Island Railway Corp (SIRC) and CSX sought to abandon and filed with the ICC/STB in 1992. The Port of New York protested the decision of the ICC to go ahead with final abandonment. The ICC argued that it could not require the line to remain in service solely on the chance that business at Howland Hook might one day be restored.¹⁶

ACQUISITION

It is not difficult to see why, when the City of New York started to examine the purchase of a defunct railroad leading from the terminal to New Jersey that was "crumbling and ramshackle"

¹³ Pat R. Gilbert, "Tolls at Hudson River Crossings Help Offset Millions in Losses at the Port Authority's Lesser-Known Ventures. Bridging a Gap Losing Ventures Take Toll on PA," *The Record*, March 5, 1995.

¹⁴ Douglas Feiden, "City Seeking S.I. Railroad, but Timing May Derail Deal," *Craigslist New York Business*, April 6, 1992.

¹⁵ 792 F.2d 7 "United States Court of Appeals, Second Circuit."
<http://ftp.resource.org/courts.gov/c/F2/792/792.F2d.7.85-7483.336.html>.

¹⁶ Interview with Don Lotz, Port of New York/New Jersey

with some tracks “already submerged beneath the fetid waters of the Kill Van Kull,” suspicions naturally arose that the project may not be the best use of public resources.¹⁷

The State of New York had instituted a state requirement that, in the case when a railroad declared its intention to abandon a line, the state has a right of first refusal. The line to be abandoned ran from Staten Island to Union County, New Jersey. After the State of New York exercised its rights to acquire the corridor for a purpose that was to be determined, elected officials voiced support for studying the use of the right of way for transit purposes. Restoring passenger service to Staten Island had been a long term aspiration of Staten Island Borough President Guy Molinari and his daughter, Rep. Susan Molinari, who earmarked \$10.7 million within the Intermodal Surface Transportation Efficiency Act (ISTEA) to purchase abandoned rail corridors.

Serious public discussion of the NYEDC’s interest in acquiring the line from CSX began in 1992.¹⁸ The ICC set a deadline of mid-august 1992 for the line’s formal abandonment. The Staten Island Railway Corp (SIRC) was the final operator that owned the tracks and ties. SIRC filed to abandon with the ICC in March of 1992. At that point, the railroad’s entire value, estimated at \$750,000 was as salvage. The ICC’s ruling meant that SIRC could begin salvage operations after 180 days. Given that most of the capital assets were beyond repair in any case, the urgency to prevent the SIRC from removing the tracks was partially psychological. Given the fact that some freight trains had utilized the line as recently as 1991, it was easier to make the case that acquisition by the NYEDC would result in the restoration of the line rather than full scale reconstruction, even though the latter description proved to be closer to truth. The Port knew that the line would require substantial rehabilitation if it was going to accommodate heavy double-stack volumes.¹⁹

The earmark from then Rep. Susan Molinari gave the NYEDC substantial authority to pursue the rail line, having already attained the legal jurisdiction over managing the acquisitions. Most of the proposed uses for the corridor were either transit or industrial. Given the highly industrial orientation of the land, no “rails-to-trails” use was considered. The original grant for acquisition was funneled through the Federal Transit Administration (FTA) so it was first acquired with a transit orientation. However, there was not a sufficient population shed to draw from in order to expand the line for transit use. After these initial evaluations were completed, the line was designated for freight.²⁰

The fact that federal dollars played a strong role in the \$10.3 million purchase from CSX, along with the New York and New Jersey agreement to share the cost of rehabilitation, helped to prevent the line acquisition from receiving the same level of scorn that had been directed at other attempts to revitalize Howland Hook. The idea that passenger rail service, which had been abandoned on the North Shore in 1958, could be restored also helped to sell the idea to the

¹⁷ “Restoring the Rails on Staten Island; Plans for Economic Revival Stretch Along 15 Miles of Track,” The New York Times, November 11, 1994.

¹⁸ Douglas Feiden, “City Seeking S.I. Railroad, but Timing May Derail Deal,” Crains New York Business, April 6, 1992.

¹⁹ Interview with Don Lotz, Port of New York/New Jersey.

²⁰ Interview with Alice Cheng, Cheng Solutions (Formerly of NYEDC).

public.²¹ There had been a long-standing desire for additional transit service in the region, as residents did not have options to move around and were pressuring local leaders to establish a transit service.²² However, the need for adequate freight rail service was even more pressing. At the time of the acquisition, direct rail shipments accounted for only 2.8 percent of the city's total freight volume.²³ Furthermore, Staten Island remained the last viable area where a New York terminal could compete with the port facilities of New Jersey for cargoes that would terminate outside the metro area.

One of the last obstacles that had to be resolved in order to reopen the Howland Hook terminal was dredging the channel. After years of neglect, the surrounding channel had silted to 30 feet of draft. In 1995, the NY/NJ Port Authority agreed to pay \$17.7 million to transport dredge material by rail and barge to a disposal facility in Utah. This cost was approaching twice the sum that had been paid for the Staten Island railroad acquisition, and occurred at the same time the NYEDC was attempting to determine the best future use of the Staten Island Railroad. In June 1996, the Port Authority directors approved, in principal, the reopening of the rail corridor serving Howland Hook for freight use to connect to Conrail in New Jersey.²⁴ The Port Authority set up a subsidiary and issued a request for proposals for a private operator. The pairing of the rail rehabilitation was intimately linked with the other investments made, with one analyst stating the "Reactivation of the SIRR gives New York City and the Port Authority the only real hope to get a return on last year's Howland Hook dredging investment."²⁵ While the line was clearly beneficial to New York, New Jersey officials worried that the benefits of reactivation would bypass their state. For this reason, a proposal was made to join the SIRR with the Rahway Valley Railroad, which had been abandoned in 1992.²⁶ The southern portion of this railway was connected to the SIRR in 2005, although other portions remain abandoned.

The Howland Hook terminal reopened on September 22, 1996. At the time, the on-dock rail facilities were expected to be opened sometime in 1997.²⁷ The Port Authority's capital plan, adopted in 1997, included funding for SIRR and Howland Hook terminal improvements.²⁸ By late 1997, the newly reopened terminal's banner year was already starting to put stress on the surrounding road and bridge network. The Goethals Bridge, in particular, was ill-suited to accommodate trucks with its narrow 10 ft lanes.²⁹

FRESH KILLS

Another critical dimension in understanding the particular importance of the SIRR is the history of the *Fresh Kills* landfill in Staten Island. Fresh Kills was long a point of contention between

²¹ Interview with Ted Matthews, NJTPA, Newark New Jersey.

²² Interview with Ted Matthews, NJTPA, Newark New Jersey.

²³ James C. McKinley Jr., "Restoring the Rails on Staten Island; Plans for Economic Revival Stretch Along 15 Miles of Track," The New York Times, November 11, 1994.

²⁴ John Sullivan, "Rail Projects, for Airport Link and Freight, Gain Approval," The New York Times, June 7, 1996.

²⁵ Richard O Aichele, "A Vital Rail Link," Business News New Jersey, July 10 1996.

²⁶ Ibid

²⁷ "Volumes - New York, Cargo Trade Up By 18% in First Half," Lloyd's List International, October 11, 1996.

²⁸ "Capital Boost for New York," Lloyd's List International, July 3, 1997.

²⁹ Al Frank, "U.S. Government Supports Plan for Second New Jersey Bridge," Knight-Ridder Tribune Business News, November 7, 1997.

the City of New York and Staten Island residents, who believed that it represented the willingness of the City to outsource its problems to them. In 1980, the Federal government classified Fresh Kills as an “open dump,” and declared that it would have to be significantly modernized to remain open.³⁰ As other landfills around the New York metro area were closed, the exceptional character of the Fresh Kills site, which by 1987 was handling 94 percent of New York trash, became difficult to ignore. City officials at the time were promising that the site would be closed by 1997.³¹

The SIRR was purchased prior to the announcement that the Fresh Kills landfill in Staten Island would close.³² In 1998, serious discussion was also underway as to the potential future use of the SIRR in shifting the disposal of solid waste away from Staten Island to remote locations. Containerization of solid waste cargo was seen as a way to reduce truck traffic. If this transfer was performed at the Howland Hook terminal, it would also provide a steady source of business at the terminal as well as increasing its role in benefitting the entire community. However, the technology of containerizing solid waste was seen at the time as experimental and, for this reason, was originally rejected by the NYC Department of Sanitation Commissioner.³³

Over the summer of 1998, work was simultaneously being performed on the rehabilitation of the Arthur Kill lift bridge and the connecting Arlington Yard, which would be used for train assembly. Confusion soon arose regarding the potential future use of the line. Some New Jersey officials worried that the plan endorsed by the Class I railroads would not allow enough benefits to accrue to local industries in New Jersey as major intermodal trains would, instead, bypass the state to connect to major Midwest markets.³⁴ With the Port of NY/NJ becoming more and more profitable in the late 1990s, conflicts between New York and New Jersey over how to divide profits escalated.³⁵ This spat occurred at a time when New York City had already completed much of the rehabilitation of the tracks over the Arthur Kill bridge, yet the New Jersey section of the route was still being developed. The NYEDC had made the initial investment of \$11 million which was then used as justification by the Port of NY/NJ in approving bond money to rehabilitate the terminal. While the Howland Hook terminal planned to use the line principally for containers, the idea of completing a rail line across the Arthur Kill waterway was also supported by the petroleum and chemical industries.³⁶ In 1999, the New York EDC envisioned expanding the Howland Hook terminal from 180 acres to 430 acres.³⁷ Yet, these ambitious plans relied partly on the ability of the surrounding region to improve landside connections. The planned construction of a twin bridge to replace the Goethals bridge stalled. In the discussion of area improvements, freight issues were often given only sporadic treatment. “We are also an

³⁰ “World’s Biggest Dump For Garbage Just A Monumental Problem on S. I.,” *The New York Times*, May 28, 1981.

³¹ Richard C. Firstman, “The Hills of Fresh Kills: The Planet’s Largest Landfill,” *Newsday*, December 13, 1987.

³² Kathleen Hopkins, “Inactive Railroad Could Resolve Dispute between New York, Elizabeth, N.J.,” *New Jersey Tribune*, October 29, 1999.

³³ Bob Brown, “NYC Commissioner Kills Marine Plan,” *Waste News*, June 29, 1998.

³⁴ “New Jersey may Cancel Staten Island Rail Link,” *Associated Press Newswires*, August 21 1998.

³⁵ Jim Yardley, “As Governors Feud, Dockworkers Fear for Their Jobs,” *The New York Times*, April 26, 1999.

³⁶ “Rail Link to New York Port Nearing Reality, Officials Say,” *Journal of Commerce Week*, October 14 1998.

³⁷ John McLaughlin, “New York Proposal for ‘Super-Port’,” *Lloyd’s List International*, February 18 1999.

agency charged with (expediting) the movement of goods," and "There's too much focus on cars,"³⁸ stated the Director of tunnels, bridges and terminals for the Port Authority of NY/NJ.

In 1999, the beginning of a year-long feud between Governors Pataki (New York) and Whitman (New Jersey) had increasingly serious implications for the future of the Howland Hook terminal and the SIRR. Governor Whitman had supported the rail plan over the objections of Union County officials. However, this state-level support was tenuous in the wake of a broader disagreement on revenue sharing. In June of 2000, the governors called an end to the 17-month feud and cleared the way for delayed capital projects to proceed, including the Howland Hook expansion and the completion of the SIRR.³⁹ In 2001, the Port Authority purchased land to expand the Howland Hook terminal—a 124-acre factory complex that had been formerly operated by Proctor and Gamble until being shuttered in 1991. Proctor and Gamble had been a customer on the previous incarnation of the SIRR and its departure was one factor that led to abandonment of service. The port purchased the land for \$46.8 million. The facility, known as Port Ivory, since it formerly produced Ivory soap, required substantial environmental remediation. It was also envisioned as a dredge disposal site for the terminal's required maintenance dredging activities.⁴⁰

As early as 2001, the major elements of the plan that would eventually restore service over the line were in place. As terminal President Ragucci described:

[A] major part of the Port Ivory development is expected to be an on-dock rail terminal. The port authority also is doing engineering work for an improved rail link between Howland Hook and the "Chemical Coast" line, which is operated by CSX Transportation and Norfolk Southern. Construction of a new connection from a bridge across the Arthur Kill to the line would eliminate many grade crossings for trains moving between Howland Hook and the three Class 1 railroads serving the port: CSX, NS and Canadian Pacific.⁴¹

In 2002, following a period of inactivity in the aftermath of the 9/11 attacks and the replacement of Mr. Ragucci, new terminal President Jim Devine rededicated the terminal to completing its landside improvements. At the time, the terminal was reported to be "heavily subsidizing drayage to and from its facility at considerable expense to its bottom line."⁴² Recognizing that intermodal service originating from the terminal was insufficient to drive the completion of the SIRR project, Mr. Devine pushed for the combination of port intermodal shipments with solid waste transfer operations in order to create a critical mass of cargo volume. In October 2002, the terminal broke ground on a \$350 million terminal expansion that included the designation of the former Proctor and Gamble territory for use as a \$70 million on-dock rail facility.⁴³ Furthermore,

³⁸ Al Frank, "Paving the Way for Commerce - As Cargo Traffic Grows, Antidotes to Bridge Gridlock are Resurrected," The Star-Ledger Newark, NJ, September 9, 1999.

³⁹ "Mega Projects Get Go-Ahead as N.Y. and N.J. Settle Feud," Engineering News-Record, June 12, 2000.

⁴⁰ "Race Against Time to Upgrade Howland Hook Box Terminal," Lloyd's List International, March 14 2002.

⁴¹ Chris Dupin, "NY-NJ Port Authority Acquires Land to Expand Howland Hook Terminal," Journal of Commerce Online, January 12 2001.

⁴² "Race Against Time to Upgrade Howland Hook Box Terminal" Lloyd's List International, March 14, 2002.

⁴³ "Howland Hook Breaks Ground on Expansion," Journal of Commerce Online, October 30, 2002.

a decision in July 2002 by the Surface Transportation Board granted permission to the Morristown & Erie Railroad to operate as a common carrier along the Rahway Valley and Staten Island rail lines. The decision also granted the use of the county-owned rail lines as a through service for interstate carriers.⁴⁴

In 2004, the Howland Hook terminal was renamed the New York Container Terminal (NYCT), and was officially re-opened with this new title on January 1, 2005. Later in 2005, the long discussed ship-to-rail transfer facility broke ground with the intention of reestablishing container service, as well as serving as Mayor Bloomberg's preferred alternative for shipping solid waste out of New York City by rail. The project, though long on the books, was incorporated along with a broader \$450 million dollar master plan to bring on-dock rail to every Port of NY/NJ container terminal. When completed, the major elements of the project included: the rehabilitation of the Arthur Kill lift bridge; the restoration and expansion of the Arlington Yard; the expansion of connecting tunnels to the terminal to accommodate double stack trains; new track to connect the NYCT to the bridge over the Kill van Kull, and then, via the Chemical Coast Connector, to the national rail network in New Jersey.⁴⁵

CHEMICAL COASTLINE CONNECTOR

The alignment of the rail corridor on the Staten Island side was retained as it had been prior to abandonment. On the New Jersey side, however, modifications to the alignment of the corridor were required. The decision to route traffic via the Chemical Coast was made for a number of reasons. First, the original connector to the Lehigh line had been removed. Second, a new connection along the heavy industrial Chemical Coast would allow the rail line to avoid congestion impacts from at-grade rail crossings, as the new alignment "replaces a previous track connection that ran through highly populated residential areas and had several problematic at-grade road crossings."⁴⁶ The Chemical Coast Connector, thus, served as a key element of mitigation to prevent restoration of freight service from causing community complaints.⁴⁷ The line also allowed for the new ExpressRail terminal at Howland Hook to connect with a sister facility located in Elizabeth, New Jersey. Plans to implement construction of the connector, which had long been on the drawing board, were sped up in late 1990's due to the acceleration of cargo growth. The Port Authority board authorized the project in June of 2000. The Port Authority purchased several acres of land to build the connector.⁴⁸

In addition to lowering the community impact of rail service, the Chemical Coast Connector project was intended to improve the efficiency of the line by reducing maintenance costs. Modifications to the line were made in order to allow for double stack trains, particularly in the area around Bayway Avenue. The project involved demolition and construction of a new vehicular bridge over Bayway Avenue, two rail bridges (Amboy Ave. and South Front Street),

⁴⁴ "N.J. Towns Take Rail Line Fight to Washington," Journal of Commerce Online. January 19, 2004.

⁴⁵ "S.I. Freight Trains Ready to Roll; Refurbished Bridge will Bring Back Trash; Bids Sought for Two Bronx Industrial Sites, Crain's New York Business, July 17, 2006.

⁴⁶ "Staten Island Rail Road: Chemical Coast Connector"

http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf

⁴⁷ http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf.

⁴⁸ Interview with Don Lotz, Port of New York/New Jersey

construction of three retaining walls, and railroad embankments.⁴⁹ The construction costs associated with the New Jersey track modifications were estimated at \$57 million.

FIGURE 2
SIRR CHEMICAL COAST CONNECTOR PROJECT⁵⁰



On October 4th 2006, the STB granted Norfolk Southern and CSX Transportation an exemption for the joint use and joint rail freight operations over 7.69 miles of abandoned rail line of the former Staten Island Railway Corporation in New York and New Jersey lying generally between the Conrail Chemical Coast Line and points on Staten Island, NY. This exemption, which was strongly supported in comments by Mayor Bloomberg, was seen as the last legal hurdle for reactivation of the line. In 2007, the deepening of the Arthur Kill waterway to 41 feet meant that the NYCT could begin handling larger ships. Rehabilitation of the Arthur Kill lift bridge was a major factor in re-establishing the viability of the corridor. On April 2, 2007 the first shipment to use the rehabilitated track—a train carrying solid waste—successfully moved between the Department of Sanitation’s Staten Island Transfer Facility and New Jersey. Up to this point, \$160 million had been spent on rail improvements on both sides of the bridge – a figure that dwarfed the original amount paid for the abandoned line in 1994. Mayor Bloomberg officially reactivated the line on April 17, 2007. Along with the completion of the track rehabilitation, the Port of NY/NJ completed the ship-to-rail container transfer station, called ExpressRail Staten Island, at a cost of \$26 million.⁵¹ Given that the Port of NY/NJ has now committed to leasing the

⁴⁹ Matthew Phair, “D’Annunzio Reactivates Staten Island Rail; The Contractor Rebuilds, Expands And Reconnects Staten Island’s Dormant Freight Line,” *Constructioneer*, January 16, 2006.

⁵⁰ Image Source: http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf

⁵¹ “Port Authority, New York City Sign Lease Extensions for Maritime Terminals in Staten Island, Brooklyn,” *US Fed News*, October 16, 2009.

Howland Hook terminal from the City of New York through the year 2058, this corridor will factor into the long-term future of intermodal development on Staten Island.

CONCLUSIONS AND IMPLICATIONS

The re-establishment of the Staten Island Railroad was a long and uneven process that was tied closely to the death and rebirth of Staten Island's lone container terminal at Howland Hook. The New York Container Terminal is one of the largest employers on Staten Island. Poor rail access hindered the ability of the terminal to expand and secure its long term viability in a highly competitive market. These conditions, combined with the clear potential benefits to traffic reduction in a bridge-dependent region, drove support from the population to improve the competitiveness of the port and remove port-related truck traffic by shifting it to rail.⁵²

The project was managed by the NYEDC which sought a third party operator that would allow both CSX and Norfolk Southern to utilize the line. This was an arrangement that had been successfully used with Conrail.⁵³

FIGURE 3

REACTIVATED SIRR – CHEMICAL COAST CONNECTOR TO HOWLAND HOOK MARINE TERMINAL⁵⁴



⁵² Staten Island Railroad: Chemical Coast Line Connector,
http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf.

⁵³ Interview with Alice Cheng, Cheng Solutions.

⁵⁴ "Staten Island Rail Road: Chemical Coast Connector"

Source: http://aapa.files.cms-plus.com/PDFs/FacilitiesEngAwards/2007/2007_FacilitiesEngAwards_NYNJ.pdf.

Aside from the issues of funding and construction, there were several accommodations needed to restart service on the line after freight traffic had been discontinued for so long. For example, there were several grade crossings that were seen as a potential problem if the railroad traffic volume increased. The surrounding population had gotten used to not having the railroad active and had assumed it would not be resuscitated. To minimize the potential disruptions from grade crossings through densely populated areas, the “Chemical Coast Connector” was constructed in order to link the SIRR line to the Conrail line in Elizabeth, New Jersey. CSX conducted a significant public information campaign to notify the public of the resumption of rail service, even including outreach to the schools to ensure that children did not play in the right of way.⁵⁵ About six months prior to reactivation, CSX and the NYCEDC started a public information campaign to ensure that the population knew service was about to resume.

One unique factor that allowed the SIRR project to be realized was the existence of proactive inventory and acquisition policies in both states. In the 1980s, there were a slew of abandoned ROWs in New Jersey that were being sold off. New Jersey decided to create a fund to help the State to preserve them. The New Jersey Legislature set aside \$25 million for the preservation of rail ROWs. Along with the appropriation, six specific lines that the Legislature wanted preserved were identified. The SIRR was one of those lines.⁵⁶ When the appropriation was passed, the CSX was already in the process of abandoning the line, and had already filed to abandon when the money was made available. The state had to wait for the abandonment to be approved.

There were two parties involved in the abandonment. One was the Susquehanna, which owned the SIRR assets including tracks and the lift bridge. The other was CSX, which owned the underlying real estate. The State of New Jersey acquired the real estate from CSX and the assets from Susquehanna, though almost all of the value was in the real estate. All of the property was held in fee-simple as opposed to under easement and, had the acquisition not gone forward, the CSX would likely have sold the land to adjoining land owners.

The New Jersey State officials were approached by representatives of Union County which sought to reactivate the railroad as part of their efforts to retain or restore an industrial orientation for the County. That would mean that the State of New Jersey would not have to maintain the facility, however the interests of Union county would become an issue of contention later on in the process after it became clear that the Class I’s would use the corridor to connected to major intermodal corridors as opposed to providing local service.

Some updates to the facility had to be made to convert it from a line that was capable of handling bulk trains to one that was able to handle double stack intermodal trains. In addition to reactivating the Arlington yard, a branch line called the Travis Branch, which led to the former Fresh Kills landfill, was also restored. The NY/NJ Port Authority not only put significant investment into the connection to the Chemical Coast line, but also established a new rail authority subsidiary so it could operate or lease the operation to a carrier. CSX is the only company that is currently operating trains on the line – one intermodal train a day. NS has the right to operate but has not started. Most of the cargo moving on the line is destined for major markets like Montreal. It would otherwise be drayed to a nearby rail yard, such as in the one in

⁵⁵ Interview with Alice Cheng, Cheng Solutions (Formerly NYEDC)

⁵⁶ Interview with Ted Matthews, North Jersey Transportation Planning Authority (NJTPA), Newark New Jersey

Port Elizabeth.⁵⁷ Thus, the train displaces local truck traffic. About 80% of the cargo coming through the Port of NY/NJ is for the local market. The remaining 20% goes to the Midwest or Canada. The line, thus, allows the Port to better compete with western ports that have broader hinterland markets.

Vertical encroachment was an issue where the SIRR interchanged with the Lehigh Valley Railroad in New Jersey. A truss bridge had an overhead clearance issue for double stack. Susquehanna owned the bridge and resolved the issue by the time the State acquired the line. Vertical clearance was no longer an issue once the Port Authority built the connection to the Chemical Coast that avoided the truss bridge altogether.⁵⁸ Although the Chemical Coast connection has allowed the SIRR to access the Class I system, it has still not restored the full connectivity that existed at the time of the line's original abandonment.

The State of New Jersey's right of first refusal is a law that goes back to the 1950s. According to law, a railroad had to file its intent to abandon with the State at the same time that it filed with the ICC. When the State receives the intent to abandon, it has 120 days to inform the railroad that it plans to exercise its right to acquire the line. In the case of the SIRR, the railroad knew prior to filing for abandonment that the State had a long-standing interest in acquiring the property. The Molinari federal earmark that was secured contributed to the state's \$25 million authorized for rail corridor acquisition. The initial purchase included all of the land and some of the assets. The Arthur Kill lift bridge was not acquired by the State of New Jersey as it was acquired directly by New York City. Following this project, there have been no other corridor acquisition projects by the State of New Jersey. Furthermore, the fund for acquiring corridors has been exhausted. Therefore, if another opportunity to acquire a corridor presented itself, a new funding source would need to be identified.

The State of New Jersey does not actively monitor traffic on existing rail corridors to see which ones might be likely candidates for abandonment. However, it has performed surveys of abandoned corridors to see which of them have encroachment issues that would prevent future rail use. After completing its assessment of corridors, the State of New Jersey put forward a general recommendation to prevent future encroachment of corridors to allow for the possibility of future use either for rail transit or freight. However, it did not go so far as to recommend a specific funding source for any future acquisitions.

At the NYCT, the rail access provided by the SIRR has provided the terminal with an element of resiliency, even in the midst of a historic falloff in cargo volume. Even as total TEU volumes at the terminal have fallen, rail traffic has continued to be robust due to modal shift from truck to rail to serve the terminal's preexisting out of state customer base. The terminal is upgrading its equipment, and currently has rubber-tired gantries on order to improve container handling efficiency. The Port of New York stated that NYCT would likely not be proceeding with their terminal expansion program ("Berth 4") without the availability of double stack rail since intermodal is a "given" for any major marine terminal development. The previous situation in which any containers moving by rail had to be trucked over the Goethals Bridge to terminals in

⁵⁷ Interview with Bob Nixon, New York Container Terminal, July 20, 2010.

⁵⁸ Interview with the M & E Railroad.

NJ was described as “costly” and “not a sustainable arrangement”.⁵⁹ The ExpressRail facility is still undergoing expansion and is expected to be fully built out by 2013. With the ship-to-rail system, NYCT can move boxes off the terminal within 48 hours of arrival.⁶⁰ Without a viable on dock rail system, the small terminal on Staten Island would have a difficult time competing with the far larger and more heavily capitalized terminals in New Jersey. The SIRR theoretically allows the NYCT to market its services to almost any customer on the East Coast or Midwest. In addition, the Staten Island waste transfer station has signed a 20 year agreement to ship waste in sealed containers by rail to South Carolina, making this cargo perhaps the most reliable future usage of the SIRR.

⁵⁹ Interview with Don Lotz, Port of New York/New Jersey

⁶⁰ Interview with Kevin Gillespie, Chief Clerk, NYCT ExpressRail.