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STATE FISCAL YEAR 2014
UPDATE REPORT OF THE
NEW JERSEY RAIL FREIGHT
ASSISTANCE PROGRAM

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CHAPTER I INTRODUCTION

The State of New Jersey has a vital interest in preserving and improving the rail freight system as part of the transportation network and its support of economic development. Since 1975, the New Jersey Department of Transportation has produced annual updates of the *New Jersey State Rail Plan* (SRP) and has been disbursing State funds for eligible projects since 1983.

The program has grown to include fourteen short lines and one regional railroad operating in New Jersey to enhance their efforts to continue and improve rail freight services. The program continues to be a major factor in supporting short line viability as these railroads sometimes have difficulty in securing private funding for capital projects.

This edition of the annual update to the *New Jersey State Rail Plan* presents the Fiscal Year 2013 list of eligible projects for the preservation, rehabilitation and enhancement of New Jersey's rail freight network. All the projects meet the requirements for funding as established in N.J.A.C. 16:53C.

To implement the projects recommended in this report, it has been requested that State Transportation Trust Funds be appropriated for State Fiscal Year 2014 for the period from July 1, 2013 through June 30, 2014.

CHAPTER II PLAN GOALS AND OBJECTIVES

The **New Jersey State Rail Plan** is one component of a wide range of activities undertaken by the New Jersey Department of Transportation to advance the following freight movement goals:

- **Integrated Planning:** To foster increased cooperation and coordination among public agencies and between public agencies and the private sector.
- **Economic Development:** To retain and generate jobs, maintain and increase revenue, and help maintain and enhance the State's competitive position through strategic freight initiatives.
- **Mobility:** To improve access to the national freight system and improve the efficiency of goods movement.
- **Sustainable Investment:** To cultivate and protect freight initiatives which provide lasting returns on public investment.
- **Community and Environment:** To promote freight as a good neighbor and the movement of freight in a socially and environmentally responsible manner.
- **Safety and Security:** To protect people, cargo, and infrastructure.

Building upon the broader State freight goals, the primary objective of the New Jersey Rail Freight Assistance Program is to support economic activity in the State by providing a strong, multi-modal transportation system that makes rail service available and effective for as many businesses as possible.

CHAPTER III

PLANNING PROCESS AND SELECTION CRITERIA

A basic two – step process must be completed before any proposed project or improvement may be initiated. First, each project must be declared eligible for funding. Second, eligible projects must be prioritized and programmed for funding.

PROJECT ELIGIBILITY

The New Jersey Rail Freight Assistance Program is intended to provide funding for capital improvements that result in the continuation of economically viable rail freight services. All projects must show a positive benefit/cost ratio, taking into consideration such factors as job creation and increased railroad revenues. Sponsors are also required to continue freight service on the improved line for at least five years after completion of the project. Additionally, proposed projects must be consistent with the following State Policies to be deemed eligible:

- Freight transportation systems will be encouraged which will emphasize operation within the private sector.
- State assistance for rail freight service will be limited to the following types of projects:
 - Acquisition Assistance: Funds for the acquisition of a railroad line or property for rail freight service.
 - Rehabilitation or Improvement Assistance: One-time investment of funds to cover the cost of reconstruction, improvement or rehabilitation of rail properties.
 - Rail Facility Construction Assistance: Funds for the construction of rail related facilities for the purpose of improving the quality and efficiency of rail freight service, or providing the benefits of rail service to industries not located on existing rail lines.
 - Rail Bridge Rehabilitation or Reconstruction Assistance: Funds for railroad bridge rehabilitation or reconstruction.
 - Demonstration Projects: Those instances where the quality and efficiency of rail freight service can be improved through a demonstration project having the potential for a long-term cost savings. Such projects will be funded at the discretion of the Commissioner.
- State financial assistance will not be used to subsidize the operating costs of rail freight service.
- Acquisition assistance is limited to those properties identified as part of the State Core Rail System, and only when continued operation of these properties cannot be maintained through ownership within the private sector. Sources other than the State Rail Plan will be sought before SRP funds are expended for ROW purchase.
- Financial assistance for rehabilitation or construction requires contributions to be made by the beneficiaries of the improvement project. Currently, State funding is provided in amounts ranging from 90% of the total cost with a 10% match by the sponsor to 50% of the total cost with a 50% match by the sponsor.
- Financial assistance may be made available to designated public agencies or private railroads for improving rail and intermodal facilities when the public benefits derived exceed the costs incurred for the specific improvement.

PRIORITIZATION AND PROGRAMMING

Proposed projects which meet the minimum eligibility standards enter a project pool and must compete for funding. The cost of all eligible projects in the pool currently exceeds the available resources. In selecting eligible projects to receive funding, the New Jersey Department of Transportation evaluates each according to the degree that they advance the following criteria:

A. ECONOMIC CRITERIA

- Supports and promotes economic activity in New Jersey by preserving and improving the freight transportation system.
- Increases employment potential with new/improved rail freight services and intermodal facilities.
- Increases the number of businesses served by rail freight.
- Protects the Core Rail System.

B. EFFICIENT AND RESPONSIVE FREIGHT DISTRIBUTION CRITERIA

- Ensures freight movement within the State serves customers efficiently and effectively.
- Supports rail and intermodal services that exhibit potential for long-term economic viability.
- Supports competitive freight transportation services where economically viable.
- Provides transportation facilities that satisfy the requirements of freight shippers and the industries they serve.
- Promotes joint private and public funding of rail freight and intermodal improvement projects.

C. ENERGY AND ENVIRONMENTAL CRITERIA

- Maximizes the conservation of energy and reduction in emissions by promoting the use of efficient freight systems.
- Supports energy efficient aspects of rail freight and intermodal transportation.
- Supports rail freight and intermodal services that minimize detrimental environmental impacts and support the goals of the Clean Air Act.

D. HIGHWAY CONGESTION MITIGATION CRITERIA

- Reduces vehicular traffic by providing a viable alternative to long haul over the road freight shipments.
- Supports the development of team track with freight distribution and storage facilities.
- Supports the development of transload facilities and intermodal services.

CHAPTER IV
PROJECTS ELIGIBLE FOR INCLUSION IN THE
2014 STATE RAIL FREIGHT ASSISTANCE PROGRAM

The following table lists all new rail projects deemed eligible for entry into the State Rail Freight Assistance Program for State Fiscal Year 2014. Projects may be completed in a single year or staged over a period of several years. Unfunded projects will remain in the pool for consideration for two (2) subsequent years following receipt of the application. Fourteen (14) new projects valued at **\$20,147,801.75** are being added this year for consideration to be included in the FY 2014 Program.

| FY 2014 CANDIDATE PROJECTS | | | | |
|-----------------------------------|---|------------------------------------|----------------|------------------------|
| Rail Road/ Sponsor | Project | Total Eligible Project Cost | State % | State Share |
| Salem County | Salem Branch Railroad Chestnut Run Culvert Replacement | \$490,222.00 | 90% | \$441,199.80 |
| Salem County | Salem County Shortline Running Track Rehabilitation Phase VII | \$3,294,720.00 | 90% | \$2,965,248.00 |
| NYS&W Corp. | Replace Bridge #10.73 Overpeck Creek Bridge | \$6,174,000.00 | 70% | \$4,321,800.00 |
| Winchester & Western | South Main Track Rehabilitation MP 127 to MP 129 | \$900,250.00 | 90% | \$810,225.00 |
| Conrail | Rehabilitation of Two Bridges on the Vineland Secondary | \$925,000.00 | 90% | \$832,500.00 |
| SMS Rail Service Inc. | Logan Township Expansion 1 | \$3,309,028.00 | 90% | \$2,978,125.20 |
| Winchester & Western | Rail Replacement C&M Branch | \$437,741.00 | 90% | \$393,966.90 |
| NYS&W Corp. | Replace 100# RE Jointed Rail Between MP 3.70 and MP 8.30, and Marion Yard Interchange Tracks with Welded Rail | \$3,262,099.00 | 70% | \$2,283,469.30 |
| JP Rail, Inc. | Construct Run-Around Track | \$673,880.00 | 90% | \$606,492.00 |
| Conrail | Flash Butt Welding, Beesley's Point Secondary from MP 27 to MP 30 | \$468,277.28 | 90% | \$421,449.55 |
| Belvidere & Delaware | Core Corridor - Hogtown Curve | \$429,000.00 | 90% | \$386,100.00 |
| Morris County | Dover & Rockaway Railroad Stabilization Project | \$170,000.00 | 90% | \$153,000.00 |
| SMS Rail Service Inc. | Paulsboro Refinery Improvement 1 | \$1,478,790.00 | 90% | \$1,330,911.00 |
| Cape May Seashore Lines | Woodbine Industrial Track Extension | \$2,470,350.00 | 90% | \$2,223,315.00 |
| TOTAL | | \$22,013,007.28 | | \$20,147,801.75 |