

NEW JERSEY SHORT LINE RAILROAD ASSOCIATION

MEETING MINUTES JANUARY 27, 2016



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

ROBERT BAILEY—President
1764 Union Avenue
Hazlet NJ 07730
(732) 264-7264

JEFF SUTCH—
Vice President
PO Box 711
Bridgeport NJ 08014
(856) 467-4800

STEVEN FRIEDLAND—
Treasurer
5 Westminster Place
Morristown NJ 07960
(973) 898-1346

KELVIN MacKAVANAGH -
Secretary
PO Box 294
Cedar Brook NJ 08018-0294
(609) 704-1270

We want to thank Ron Mathewson and Zurich for hosting the meeting and providing lunch.

TABLE OF CONTENTS

List of Attendees	Page 3
Meeting Minutes	Page 4

Next Meeting: Wednesday, April 13, 2016 at 8:00 a.m.
Location: Tropicana Casino, Resort Hotel and Conference Center, Atlantic City, NJ

UPCOMING EVENTS

March 3, 2016	Railroad Day on Capitol Hill, Washington, DC
March 6-8, 2016	CSXT Short Line Workshop, St. Augustine, FL
March 14-16, 2016	Rail Enterprise Risk Management Workshop, Rutgers University, 100 Brett Road, Piscataway, NJ
March 22-23, 2016	SafeRail Congress, Washington, DC
April 3-6, 2016	ASLRRRA Convention, National Harbor, MD
April 12-14, 2016	TransAction Conference, Atlantic City, NJ
April 26-28, 2016	North East Association of Rail Shippers (NEARS) Meeting, Baltimore, MD
May 12-13, 2016	Keystone State Railroad Association Rail Freight Seminar, Gettysburg, PA
May 15-17, 2016	Norfolk Southern Short Line Meeting, Norfolk, VA

MEETING ATTENDEES

<u>NAME</u>	<u>COMPANY/ORGANIZATION</u>	<u>TELEPHONE NUMBER</u>
Kelvin MacKavanagh	MacKavanagh RR Consulting	609-704-1270
Bob Bailey	Munro Associates	201-232-0389
Ron Mathewson	Zurich	201-602-8887
John B. Fenton	NYSW	607-592-2816
Lou Frangella	FRA	617-686-7374
Vincent Au	FRA	617-716-9427
Aaron Kaufman	Aon	410-547-2862
Michael Allen	NJ Operation Lifesaver	609-929-6421
Gordon Fuller	PTSI Transportation	908-313-4366
GeorgeAnne Tutunjian	Orgo-Thermit	732-773-5039
Anne Strauss-Wieder	NJTPA	973-639-8404
Ronald S. Weening	Ronald S. Weening Constg. & Png.	908-686-9082
Emily Traiforos	GoRail	602-330-6460
David Luvara	Railroad Construction of So. Jersey	856-423-2220
Gary Linde	Zurich	212-859-2724
Gary A. Brennfleck	NJDOT	609-530-2912
John F. Betak	Collaborative Solutions LLC	505-238-8143
Liz Babcock	Zurich	212-553-5489
Mike Fesen	NS	717-319-6870
Steven Pannucci	Zurich	617-570-8904

MEETING MINUTES

On account of travel delays after the snowstorm, NJSLRRA president Bob Bailey began the meeting at 10:53 a.m. Our host, Ron Mathewson of Zurich, then gave us a safety briefing. A round of introductions took place later.

1. Presentation on Cyber Liability.

Steve Pannucci, vice president of Zurich's management solutions group-specialty products, came down from Boston to make this presentation. Following are the highlights:

- Network security and privacy liability.
- Hacking can be done not only by outsiders but by rogue employees.
- Losses can occur through credit card exposure, general account numbers, and data plan information.
- Data breach and privacy policies can be purchased.

Physical security is just as much of an issue; a whole world of organizations are breached every day. John Betak commented that he had been in five railroad terminals recently; once you were in the building, everything was accessible.

Zurich can provide coverage for business interruption and loss of income from cyber losses. Bodily injury is not covered by cyber insurance policies.

Zurich's policies are sold through licensed insurance brokers.

2. NJTPA Freight Rail Industrial Opportunity (FRIO) Corridors Program.

Anne Strauss-Wieder, director of freight planning for the North Jersey Transportation Planning Authority (NJTPA), began by describing the NJTPA, the metropolitan planning organization for the 13 counties in northern and central New Jersey. The NJTPA has commodity profiles and freight profiles for each of the 13 counties; maps will be coming in the near future.

Anne said that the FRIO program has been underway for about eight months. It is looking at the 286K gross weight on rail and Plate F access issues, especially the width issue on Plate F cars. Plate F cars can have a maximum height of 17'0" and a maximum weight of 10'8". Anne remarked that the Plate F issue is easier to resolve than the 286K problem.

The FRIO program has a freight subcommittee which includes NJ TRANSIT and Amtrak. The program is identifying industrial opportunities and developing a GIS data base of land zoned for industry. The NJTPA will want help from the railroads, including existing railroad users. Saving freight for the corridor is very important.

There will be a presentation about rail freight at the NJTPA Freight Initiatives Committee meeting on April 18, 2016 at 1:00 p.m. at the NJTPA offices in Newark.

3. Impact of the new FAST Act (Fixing America's Surface Transportation Act-Public Law 114-94) on railroads.

Kel MacKavanagh said the chronology of this act illustrates how Congress works:

- H.R. 22, the bill number kept throughout the process, was introduced in the House on January 6, 2015 as the *Hire More Heroes Act of 2015*. It had to do with Department of Defense health care protection.
- The bill was passed in the House, 412-0, on the same day.
- The bill went to the Senate on February 12, 2015.
- It was agreed to and passed in the Senate on July 30, 2015 by a vote of 65-32. The bill was amended in the Senate and the title of the bill changed to *An act to authorize funds for Federal-aid highways, highway safety programs and transit programs, and for other purposes*.
- On November 3, 2015 the House began consideration of the Senate amendments.
- House changes went back to the Senate on November 10, 2015.
- The bill came back to the House on December 1, 2015 in a conference report.
- On December 3, 2015 the conference report was agreed to in the House by a vote of 359-65.
- Also on December 3, the conference report was agreed to in the Senate by a vote of 83-16.
- The bill was presented to President Obama on December 4, 2015 and signed into law by him on the same day.

150 amendments to the bill were considered by the House and Senate; most were not agreed upon, usually by voice vote. An amendment to increase truck sizes and weights was one of the amendments defeated.

This act shows how Congress begins with a 'safe' bill to which representatives and senators cannot really object. Then amendments are made to the bill rather than having to justify passage of the amendment as a 'stand alone' bill.

The 45-G investment tax credit bill is an example of this. Despite having a majority of the House and Senate as co-sponsors, the 45-G tax credit has never passed as a 'stand alone' bill; it has been attached to other legislation.

A summary of the rail-related provisions of the FAST Act is attached to the minutes. The entire FAST Act runs 490 pages in pdf format.

4. Update on other federal and state rail-related legislation.

Kel MacKavanagh said that there are 181 bills in Congress which have 'railroad' somewhere in their text. Now that the FAST Act has become law and the deadline for installation of Positive Train Control has been extended, other proposed legislation remains in committees.

In the New Jersey Legislature (the second session of the 216th New Jersey Legislature just began in January 2016) the following bills have been introduced:

- Assembly Resolution No. 20 has been introduced by seven North Jersey members of the Assembly (6 Democrats, 1 Republican) urging the USDOT to promulgate regulations concerning transport of crude oil by rail that ensures safety of NJ residents who live along railroads.
- Assembly Resolution No. 36 which urges Congress to enact legislation imposing greater safety requirements on shipments of crude oil by rail.
- Assembly Bill A. 2360 would require the owner of a railroad bridge to submit bridge inspection records to the NJDOT.
- Senate Bill S. 806 which requires the owner or operator of certain trains to have discharge response, cleanup, and contingency plans to transport certain hazardous materials by rail.
- Senate Bill S. 815 which would impose a tax on petroleum received by rail at marine terminals, storage or transfer terminals, and refineries, to fund local emergency preparedness and response to spills.

Hopefully the FAST Act will satisfy many of the legislators' concerns about the safety issues and contingency plans.

5. Railroad Day on Capitol Hill on March 3, 2016.

A number of NJSLRRA members will attend Railroad Day on Capitol Hill again this year; it has always been a very successful day for us. Further details and registration information are on the ASLRRRA website, www.aslrra.org, under 'Events'.

6. Status of NJDOT rail grants.

Gary Brennfleck said that the NJDOT is moving forward on the awards for the FY 2015 applications. Ten (10) applications were received for FY 2016; the application deadline was January 15, 2016. \$8M in grants will be available for FY 2016; applications will be reviewed during the next 30 days.

7. Topics selected for TransAction 2016 sessions.

TransAction 2016, the annual NJ Transportation Conference, will be at the Tropicana in Atlantic City on April 12-14. Information about TransAction is on the website, www.njtransaction.com. Over 900 persons are expected to attend TransAction.

Kel MacKavanagh reported that the TransAction Steering Committee met on January 8, 2016 in Stirling, NJ. 165 topics were suggested for sessions; after eliminations and merging of topics, the final session count was 62.

Kel said that he is coordinating the following sessions:

- Railroad Education and Research at Rutgers University (April 12).
- Crude by Rail Update (April 12).
- First Responder Training for Rail Incidents (April 13).
- The NTSB and Lawyers (April 13).

- Positive Train Control: Where Are We? (April 13).

8. NJSLRRA 2016 dues.

Dues invoices were sent out in December 2015; Steve Friedland, the NJSLRRA treasurer, has advised that he has received approximately 50% of the dues payments thus far.

9. SafeRail Congress in Washington, DC on March 22-23, 2016.

Information about this meeting is attached to the minutes. Michael Allen noted that it is free for railroaders. There will be a couple of sessions about grade crossings.

10. Rutgers Rail Enterprise Risk Management Workshop on March 14-16, 2016.

John Betak, who is one of the organizers and presenters, said that this 2 ½-day workshop is done by many industries. It will encompass all types of risk including, for example, the upside risk of 286K and Plate F cars.

Carmen Bianco, Sr. VP at the Department of Subways at NYC Transit, will be the keynote speaker.

Information about the Workshop is attached to the minutes. Each session will have questions and answers.

11. ASLRRA Convention in National Harbor, MD on April 3-6, 2016.

Information about the Convention is on the website, www.aslrra.org under 'Events'. This is the first ASLRRA Convention in the area since we were in Baltimore, MD in April 2007; next year's Convention is in Grapevine, TX.

12. Member reports.

a. Norfolk Southern.

Mike Fesen stated that the Canadian Pacific (CPRS) wants to acquire Norfolk Southern; the CPRS has made three purchase offers thus far; all have been declined.

The NS earnings report which came out during the morning of January 27, is OK.

Jim Squires is the new Norfolk Southern chairman and CEO.

NS is trying to get the operating ratio below 70. Since coal traffic is way down, the Virginia and Pocahontas Divisions are being merged. Headcount is also being reduced by 1,200 persons. NS is still pushing intermodal and carload business; there is a lot less crude oil moving.

All kinds of help for first responders will be coming from NS.

b. Federal Railroad Administration.

Lou Frangella said that the FAST Act has added Section 130 funds for grade crossing improvements; NJ railroads needing these should get in touch with Todd Hirt at NJDOT.

Railroads should update their grade crossing inventory by March 7, 2016.

Emergency notification telephone numbers on bungalows on NJ TRANSIT are accepted until 2017.

13. New business.

Arrangements for a meeting with the NJ legislators were discussed; Bob Bailey is working on this. Assemblyman John Wisniewski, chair of the Transportation and Independent Authorities Committee, is a strong supporter of railroads.

Next meeting:

The next meeting will be on **Wednesday, April 13, 2016 at 8:00 a.m.** at the Tropicana in Atlantic City during TransAction. This will only be a one-hour meeting. We will return to the Conrail offices in Mount Laurel, NJ in June; the best date will be decided at the April 13 meeting.

The meeting was adjourned at 12:44 p.m.

Kel MacKavanagh
Secretary, NJSLRRA
609-704-1270

