Western New York Short Line
Freight Rail Initiative

TIGER Discretionary Grant Application

Project Type: Rail (freight)
Project Location: Erie County and Niagara County, New York
Area Type: Urban and Rural
Funds Sought: $92,100,000
Docket No. OST-2009-0115
Submitted to: United States Department of Transportation
September 15, 2009
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1. Project Description

Project Name

The name of the project is “Western New York Short Line Freight Rail Initiative”

Description

America’s 545 short line and regional railroads operate 50,000 miles of track or approximately one third of the national rail network. They operate in vast areas of the country no longer served by the seven large Class I railroads and keep tens of thousands of small businesses and communities connected to the national main line rail system.

Short line railroads, often referred to as Class III railroads, are comprised of local line-haul railroads earning revenue below Regional Railroad criteria or switching and terminal railroads which join two railroads for the purpose of transferring cars between railroads or solely within a facility or group of facilities. The Surface Transportation Board defines Class III Railroads as having annual operating revenues of less than $25.5 million. Class III railroads were once branch lines of larger railroads that were spun off, or portions of mainlines that had been abandoned.

The Staggers Rail Act of 1980 revised the line sale mechanism and abandonment provisions. The effect of these changes has been to encourage sale of lines that were identified as surplus or slated for abandonment by their Class I owner. Today there are more than 500 North American short line and regional freight railroads. This is up from about 220 companies in 1980 and represents the “growth segment” of the rail industry. These small railroads have carved out specialized niches within the overall U.S. rail network.

As Class I railroads are now concentrating their business plan on main line transportation, small railroads provide the initial, cost-efficient connection to markets all over the globe. Thus, small railroads can be viewed as the “retail” portion of the railroad industry. They pick up and deliver rail traffic for a variety of shippers. Commodities like grain, coal, ores, lumber, paper products, steel and chemicals, often start their rail journeys on a small railroad. Small railroads are also involved in intermodal service and provide transfer facilities in many areas. Many short lines are diversifying into warehousing, storage and other value-added services in order to meet shipper needs.

Short line railroads compete directly for truck load traffic and that competition helps lower transportation costs for the shipping public. They allow producers to reach markets far beyond that which trucks can reach economically. One freight rail car can carry a ton of cargo 436 miles on just one gallon of fuel. Short line railroads take the equivalent of nearly 33 million truck loads off the highways, saving the country over $1.4 billion annually in highway repair costs and improving highway safety and congestion.
According to the American Short Line & Regional Railroad Association, Short lines invest nearly 30 percent of their gross revenues in infrastructure repairs and maintenance, a figure several times greater than the national average for business reinvestment. Short line railroads also serve smaller customers who do not ship the high volumes needed to generate capital for deferred maintenance or capital improvements. As a result, the majority of short line railroads do not have the financial ability or the in-house manpower to undertake these projects and must hire contractors and laborers to do the work.

The Western New York Short Line Freight Rail Initiative seeks to revitalize the region’s short line railroads by providing federal stimulus dollars to projects that will bring the region’s short line railroads back to a state of good repair, improve safety, enhance economic competitiveness, enhance sustainability and improve livability. These are also the five Primary Selection Criteria of the TIGER grant program listed under “Long Term Outcomes”.

**General Need for Project**

Over the years, millions of private investment dollars have gone into preserving service and to enhance the infrastructure on our nation’s short line railroads. There is still a lot of work to be done.

The TIGER (Transportation Investment Generating Economic Recovery) program aims to inject funds into projects that can both quickly create construction jobs and stimulate broader economic activity. The Department of Transportation has said that it will use the grants to improve existing transportation facilities and national competitiveness, boost energy efficiency and curb greenhouse emissions.

The projects listed in Appendix 2 include track and bridge improvements, safety improvements, new locomotives and new connections to relieve congestion. Each of the projects meet many, if not all of the Primary Selection Criteria identified in Docket No. OST-2009-0115.

Moving freight by rail removes trucks from already crowded highways. Trains, especially when they use the newer generation locomotives, are much more energy efficient in moving freight. Trains also produce less pollution and noise than an equivalent number of trucks. All of this enhances safety (real and perceived), sustainability and livability.

Many of the items carried by short line railroads are heavy, bulk items that cannot be easily transported by truck. This is directly linked to the economic competitiveness of industries along the short lines. Bringing these short lines to a SOGR will retain existing and attract new businesses.

Individual short line projects are often relatively small in cost. However, the large number of identified short line project needed in the region brings the total cost of improvements to over $92 million. This amount far exceeds the financial ability of the short line operators. For these short line operators to continue providing safe, economical and environmentally responsible service, these projects must be completed.
Sponsor

This TIGER grant application is sponsored by the Great Buffalo-Niagara Regional Transportation Council (GBNRTC). The GBNRTC is the Metropolitan Planning organization (MPO) for Erie and Niagara Counties.

Amount of TIGER Grant Request

The total amount of the grant application is $92.1 million.

Synopsis of Long-Term Outcome and Job Creation Benefits

The anticipated long term outcomes of these projects will be the survival of short line operators in the Western New York Region. With federal assistance in financing the listed improvements, the short line railroads will be able to remain financially stable. Existing facilities will return to a State of Good Repair (SOGR), and their efficiency and safety will improve. This will enable them to retain existing customers and encourage economic development/investment along existing lines.

Job creation and economic stimulus will consist of immediate construction work and long term retention and expansion of railroad, warehousing and factory workers.

Economically Distressed Area Status

Certain geographic areas (i.e. cities or counties) within GBNRTC planning area have significant deficient economic conditions relative to unemployment or personal income and are designated as Economically Distressed Areas (EDA). Under the American Recovery and Reinvestment Act (ARRA) of 2009 the Federal Government’s guidance on project selection included the mandate that one of the priorities to be considered for project selection for ARRA funds was whether the project was in an Economically Distressed Area.

The criterion that designates an area as economically distressed is one of the following conditions:

1. The unemployment rate average over the 24 month period is 1% or more above the national average or;
2. The per capita or personal income is 80% or less than the national average.

The map below illustrates the areas determined as economically distressed. Niagara County and the City of Buffalo are classified as “Economically Distressed” areas.
Map of Project Location
2. Project Parties

In the Buffalo-Niagara region, the Somerset Railroad (SOM), Buffalo Southern Railroad (SBOR), Falls Road Railroad (FRR), Depew Lancaster & Western Railroad (DLWR), and South Buffalo Railway (SB) are the five Short Line or Terminal Railroads operating in the region. The Somerset Railroad is owned by AES Corporation, the South Buffalo Railway (SBOR) is owned by GWRR, the Falls Road Railroad (FRR) is owned by Genesee Valley Transportation (GVT), and the Buffalo Southern and Depew, Lancaster and Western Railroads are owned by Erie County Industrial Development Agency (ECIDA).

Class III Route Miles Owned in Buffalo-Niagara Region

<table>
<thead>
<tr>
<th>Railroad Name</th>
<th>Route Miles Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Falls Road Railroad (FRR)</td>
<td>13</td>
</tr>
<tr>
<td>Depew, Lancaster &amp; Western Railroad (DLWR)</td>
<td>4</td>
</tr>
<tr>
<td>Somerset Railroad (SOM)</td>
<td>16</td>
</tr>
<tr>
<td>South Buffalo (SB)</td>
<td>0</td>
</tr>
<tr>
<td>Buffalo Southern Railroad (BSOR)</td>
<td>30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>63</strong></td>
</tr>
</tbody>
</table>

[1] Subsidiary of Genesee Valley Transportation  
[2] Owned by Erie County; operated by Genesee Valley Transportation  
[3] Operates on tracks owned by others  
[4] Owned by Erie County

Source: New York State Department of Transportation database, 2006

**Buffalo & Pittsburgh Railroad (BPRR)**

BPRR, a subsidiary of GWRR, owns and operates a single track freight line that runs from CP Draw in Buffalo southward to Eidenau, PA. The 36 mile segment of the line between Orchard Park and Ashford Junction has been out of service for a number of years. BPRR utilized NS’ Buffalo Line between Buffalo and Machias, NY under a trackage rights arrangement to bypass the 36 mile segment until 2007 when it reached agreement with NS to lease the Buffalo-Machia segment. BPRR may file to abandon the Orchard Park to Ashford Jct. segment with the completion of the Buffalo Line lease agreement.

BPRR owns and operates Buffalo Creek and South Buffalo RR C yards which adjoin the Norfolk Southern (NS) operated Tifft yard, and Buffalo Southern RR’s yard. All Class I railroads of the region have trackage rights over three tracks in this yard. This trackage rights arrangement provides interchange opportunities between all railroads and provide access to privately owned industrial sidings for delivery to local customers.

BPRR also has trackage right to NS’ SK yard and provides some yard switching and blocking service for NS.
**Falls Road Railroad (FRR)**

FRR, a subsidiary of Genesee Valley Transportation Co., owns and operates this single track route between Lockport and Brockport. Rail carloads are interchanged with CSX at Lockport Yard. Western New York Energy is constructing a dry mill ethanol plant on this line in Shelby, Orleans County.

**Depew, Lancaster & Western (DLWR)**

DLWR is owned by Erie County and operated as a subsidiary of Genesee Valley Transportation Co. The main track is about 3 miles long and runs eastward from Lancaster, NY.

**Somerset Railroad (SOM)**

Somerset Railroad, owned by AES Corp, is a short line railroad that extends 41 miles from Lockport to the Somerset power generation plant on the shore of Lake Ontario. The Somerset Railroad is a single track main line with a maximum operating speed of 30 mph. CSX provides all service over the line via trackage rights to deliver coal and limestone to the power plant. In the past, there have been discussions regarding the ability of this railroad to serve other industries in the vicinity of the power plant.

**South Buffalo Railroad (SB)**

SB is a subsidiary of the Genesee and Wyoming Inc. The terminal railroad owns 22 sidings, 2 multiple tracks and yard facilities in the South Buffalo Yard in the City of Buffalo. It interchanges with all Class I carriers in the region, with the major interchange located in CSX operated Seneca yard. SB also operates on tracks owned by Bethlehem Steel (31 sidings, 6 yards), Mittal Steel (4 sidings), Gateway Harbor (8 sidings), and Republic Technology (10 siding, 6 yard). SB provides transload facilities for lumber, metal, steel, and other commodities.

**Buffalo Southern Railroad (BSOR)**

BSOR operates this single track line from Tifft Street to Gowanda at the southern border of Erie County. The line is owned by the Erie County and has a maximum operating speed of 30 mph. BSOR interchanges traffic with Canadian National (CN), Canadian Pacific (CP), CSX, and NS.

**Multi-Agency Regional Consortium**

Due to the funding and administrative constraints inherent to MPO’s, the GBNRTC will not be the implanting agency for this project. Therefore, other agencies will be needed to serve in this capacity. In addition, the regional nature of these short line projects necessitates the involvement of two counties and other agencies.

Upon being awarded the grant, a multi-agency regional consortium will be formed with appropriate authority to administer the overall project. In addition, supplementary staff will be engaged to administer the projects and track performance measures.
3. Shovel Ready Criteria Summary

The majority of short line capital projects require no additional engineering or other lead time. Short lines are constantly installing new rail and ties and the scope of work is limited only by funding availability. In addition, the majority of short line capital investment is made on existing company owned rights-of-way, requiring no regulatory or environmental delay.

All of the projects listed in Appendix 2 are slated to be started immediately and completed no later than 2013.
### 4. Grant Funds

<table>
<thead>
<tr>
<th></th>
<th>TIGER (requested)</th>
<th>State (source)</th>
<th>Federal (source)</th>
<th>Local (source)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (capital and support)</td>
<td>$91.9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$91.9</td>
</tr>
<tr>
<td>Project Administration</td>
<td>$1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$92.9</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td><strong>$92.9</strong></td>
</tr>
</tbody>
</table>
5. Long Term Outcomes/Primary Benefits Discussion

State of Good Repair

Today’s short lines were the abandonment candidates of a Class I railroad industry that could no longer make a profit operating these light density lines. As such, every new short line company began its existence with track that had received little investment under previous owners.

According to the American Short Line & Regional Railroad Association, short lines invest nearly 30 percent of their gross revenues in infrastructure repairs and maintenance, a figure several times greater than the national average for business reinvestment. Eliminating deferred maintenance is a particular challenge because short lines serve smaller customers which do not ship the large volumes needed to generate the extra revenue needed for capital investment.

The rail industry is now utilizing the 286,000 pound railcar to improve overall system efficiency. This new standard, instead of the 263,000 pound railcar, for transporting heavy bulk materials, like coal, grain and lumber, has considerably reduced some of the operating costs. However, many of the short line rail tracks were built decades ago when the maximum loads were significantly smaller. These new Heavy Axle Load (HAL) railcars demand not only an increase in maintenance costs but also, in many cases, the necessity of upgrading the entire infrastructure. Items that often need to be upgraded or replaced include:

- Rail and joints
- Ties and fastenings
- Ballast and surfacing
- Turnouts
- Bridge structures

Economic Competitiveness

- Many individual projects are located in the designated Economically Distressed Areas of Niagara County and the City of Buffalo
- Short lines are critical to the competitiveness of local industry and the economic health of communities. Short-line investments will result in increased volumes and efficiencies that will provide public and private economic benefits in communities such as Western New York in the form of lower transportation costs and enhanced transportation options.
- Rail investment also will help offset declines in the industrial sector. Skills in the two industries are readily transferable.
- Improvements in short line railroads will enable job growth in railroads, industry and warehousing

Livability

- Railroads contribute to improved air quality because they move more freight with less fuel and fewer emissions than motor carriers. However, there are situations where train operations adversely affect the environment with secondary air pollution, such as the increased emissions produced by automobiles.
Waiting in queues at grade crossings. In addition, older locomotives will be replaced to meet newer air pollution standards. Visual impacts due to the poor maintenance of railroad facilities will be addressed.

- Numerous projects address problems associated with grade crossings. Grade Crossings are a source of frustration and concern reported by many communities. Traffic delays and safety are major problems; secondary concerns include blocked routes for emergency vehicles and poor quality of crossing surfaces.
- Fewer trucks on the road will reduce congestion and improve the real and perceived safety of motorists, bicyclists and pedestrians.
- Lower transportation costs from enhanced short line service will provide blue collar jobs needed by many in the economically disadvantaged population
- Short line improvements are in accordance with the GBNRTC Long Range Plan for 2030.

Sustainability

- An environmentally sound transportation system can help to maintain health, reduce traffic congestion, and improve the quality of life.
- Increased use of railroads will contribute to improved air quality because they move more freight with less fuel and fewer emissions than motor carriers. However, there are situations where train operations adversely affect the environment with secondary air pollution, such as the increased emissions produced by automobiles waiting in queues at grade crossings. In addition, older locomotives will be replaced to meet newer air pollution standards
- Investment in brownfield redevelopment will turn abandoned, or underutilized commercial or industrial sites into productive land in cities – removing blight, contributing to the tax base and providing jobs.
- Increased use of rail for transport of freight will reduce highway congestion as well as allow economic expansion in a way that lessens the impact on the State highway system.
- Rail freight plays a vital role in economic development throughout the State. Intermodal service depends on partnerships with railroads, trucking companies, seaports, and others in the transportation logistics chain.
- Building intermodal facilities can greatly reduce freight traffic on the region’s highway system, reducing demand, congestion, and damage.

Safety

- Numerous projects address problems associated with grade crossings. Grade Crossings are a source of frustration and concern reported by many communities. Traffic delays and safety are major problems; secondary concerns include blocked routes for emergency vehicles and poor quality of crossing surfaces.
- Heavier railcar standards (286K and 315K) will require investment in rails and bridges to handle the increased loads safely
- Signal and communications equipment upgrades/modernization will improve rail safety
6. Benefit/Cost Analysis

Studies\(^1\) have determined that because there is not enough used rail to replace the network needs, new 115 lb/yd rail is needed to meet 286K standards. The cost per mile for replacing existing sub-standard track is listed below.

<table>
<thead>
<tr>
<th>Track Component</th>
<th>Quantity/Mile</th>
<th>Unit Cost</th>
<th>Cost/Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>115/yd Rail</td>
<td>1</td>
<td>$345,966</td>
<td>$345,966</td>
</tr>
<tr>
<td>Wooden Crosstie</td>
<td>1350</td>
<td>$39</td>
<td>$52,650</td>
</tr>
<tr>
<td>Ballast</td>
<td>200</td>
<td>$10</td>
<td>$2,000</td>
</tr>
<tr>
<td>Surfacing</td>
<td>1</td>
<td>$5,636</td>
<td>$5,636</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>$460,252</td>
</tr>
</tbody>
</table>

The cost of replacing the rail is significantly higher compared to the other requirements. In the case that there is no need to replace the rail, the investment cost per mile falls to $60,296 per mile.

It is difficult to estimate the viability of an infrastructure upgrade since the number of carloads and the number of miles within the short line class varies from railroad to railroad. Logic dictates that the upgrade should be done if the internal rate of return is higher than the rate of return that the railroad can get from an alternative investment. According to a study done by the Upper Great Plains Transportation Institute, the internal rate of return is influenced by five factors:

1) The number of periods over which the upgrade is expected to yield benefits.
2) The increased traffic expected as a result of the upgrade.
3) Increased revenues and costs as a result of increased traffic caused by the upgrade.
4) Service improvements as a result of the upgrade that increase revenues.
5) The cost of the upgrade

Other studies\(^2\) have shown that the reduction/elimination/underperformance of short line service will cause a transfer from rail to a competing mode, such as highways or waterways. This will produce several negative economic consequences, including:

- Increase in shipping costs;
- Decrease in local gross business volume;
- Decrease in local employment and property value;
- Discourage economic development opportunities;
- Increase in highway maintenance costs;
- Increase in highway user costs;
- Environmental impacts; and
- Safety impacts.

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7. Job Creation and Economic Stimulus

The Western New York economy cannot grow without transportation capacity and choices. Demand for freight transportation that is cost effective and environmentally friendly will grow sharply in the coming years. To meet this demand, short line rail capacity must grow and years of deferred maintenance must be performed.

Unlike trucks, ships and planes, US freight railroads operate over infrastructure that they must build, and maintain themselves. From 1980 to 2007, the freight railroads in the US have invested 40 cents out of every revenue dollar in infrastructure improvements and maintenance, yet they are still unable to fund all of the projects needed to bring them to a Good State of Repair.

The 286,000 rail car is quickly becoming the industry standard. If the short line railroads do not improve their infrastructure to handle the heavier loads, several local communities will be cut off from the national mainline rail system.

Any federal investment in short line railroad improvements would generate a multiplier effect to the region’s economy due to new investment, purchases and employment. It will also make our highways wore efficient by reducing vehicular congestion and delay. The American Association of State Transportation and Highway Officials have demonstrated that “Relatively small investments in the nation’s freight railroads can be leveraged into relatively large benefits for the nation’s highway infrastructure, highway users and freight shippers.”

Rail provides shippers of heavy materials or large volumes of materials with a transportation option that is much more efficient and cost effective than trucks. One railcar can carry as much as five trucks. In addition, the cost of moving freight by rail has gone down by 29% since 1981. Every dollar saved in transportation costs can be used by businesses to reinvest and expand.

Modern rail service also enables the redevelopment of urban corridors and brownfield sites by creating logistics centers. These logistics centers combine warehousing, distribution and manufacturing facilities all connected by rail.

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4 American Association of Railroads
8. Secondary Benefits Discussion

Innovation

- The certified engine repowered locomotive replacements will be an Ultra Low Emissions Locomotive (ULEL) equipped with what is known in the rail industry as twin Generator Set (GenSet) technology. By using two smaller engines to replace the larger legacy engine, GenSet technology incorporates state-of-the-art engine emissions and idle reduction technologies which eliminate unnecessary idling reducing overall locomotive exhaust emissions. The new ultra low-emitting GenSet engines are EPA certified to Tier II rail Page 2 April 20, 2009 emissions standards by the engine manufacturer and are projected to reduce fuel consumption, oxides of nitrogen (Nox), hydrocarbons (HC), carbon monoxide (CO) and particulate matter (PM). The GenSet employs off-the-shelf EPA-certified emissions reduction technology using two engines controlled by a microprocessor that manages engine idling, as well as the operation of the engines either in tandem for 1400 HP or alternatively as one engine operated independently for 700 HP according to the load and demand.
- Upgraded signal and dispatch systems will enhance train control, greatly improving train dispatching efficiency and reliability.
- Construction of intermodal “Smart Port” freight village on former Bethlehem Steel site will rehabilitate a large brownfield site. Smart Port is a concept that introduces technology into the operation of a logistics complex. A Smart Port serves the entire region’s logistics stakeholders with the purpose of facilitating growth of international and domestic trade. State of the art technology is leveraged to efficiently provide customer-focused logistics operations that streamline freight processing. Kansas City Smartport is a modern example of a modern, functioning intermodal center.
- Upgrading existing short line infrastructure allows the use of 286K cars. This provides increases in capacity, loading/unloading speed and economies of scale resulting in cost savings for the railroads and their customer.

Partnership

- With the exception of the Depew, Lancaster and Western Railroad (DLWR) and the Buffalo Southern Railroad (BS) which are owned by Erie County, the short line railroads in Western New York are privately owned.
- While the benefits to the private short line railroads are easy for the general public to see, public benefits are not so clear. However there are many benefits the public will realize by a government investment in the short lines. These include improvements in livability, safety and sustainability as well as increased job opportunities in the railroad, warehousing and manufacturing sector.
- Short line railroads began their existence with substandard track and equipment cast off by Class 1’s and have had to defer maintenance on many of these facilities due to limited cash flow. Without public assistance, this maintenance will continue to be deferred, posing safety issues and hampering efficiency.
- Deregulation removed many rail lines and bridges which were considered unprofitable/unnecessary at the time. Increased use of rail has created choke points that require rerouting/alternative tracks and bridges to improve efficiency.
9. Evaluation of Project Performance

The performance of short line project improvements can be easily measured. The following categories can be used to quantify project performance by comparing results after improvements are made to those before the improvements were made (baseline results).

- Safety – measured by accident numbers/rates occurring at facilities, on rails and at crossings
- Cost – measured in dollars needed to move commodities on short line railroads
- Train Performance – measurement of delays/bottlenecks and on-time performance
- Loads Hauled – measured by the number of trains, cars, tons moved and value of goods moved daily
- Reduction in deferred maintenance – measured in number of projects and dollar amount
- Reduction in pollution – measured by emissions of new/retrofitted locomotives
- Shipper Satisfaction – measured by surveys to shippers using the short lines
- Economic Development – measured by jobs, businesses and trade
10. Certifications

TIGER APPLICATION SUBMITTAL
FEDERAL WAGE RATE REQUIREMENTS

RE: Western New York Short Line Freight Rail Initiative
DATE: September 2, 2009

As applicant for the referenced TIGER Grant Initiative, GBNRTC staff states agrees to compliance with the requirements of subchapter IV of chapter 31 of title 40, United States Code (Federal Wage Rate requirements). This requirement will be included in all contractual documentation associated with the project.

[Signature]
GBNRTC Executive Director
TIGER APPLICATION SUBMITTAL
FEDERAL WAGE RATE REQUIREMENTS

RE: Western New York Short Line Freight Rail Initiative
DATE: September 2, 2009

As applicant for the referenced TIGER Grant Initiative, GBNRTC staff states agrees to compliance with the requirements of subchapter IV of chapter 31 of title 40, United States Code (Federal Wage Rate requirements). This requirement will be included in all contractual documentation associated with the project.

[Signature]

GBNRTC Executive Director
TIGER APPLICATION SUBMITTAL REFERENCE

RE: Western New York Short Line Freight Rail Initiative

At the September 2, 2009 meeting of Planning and Coordinating Committee of the Greater Buffalo-Niagara Regional Transportation Council (MPO for the Buffalo-Niagara Region of New York State), the Committee voted to authorize staff to submit the referenced application. In addition the Committee supports the application and will cooperate in carrying out the activities to be supported by the TIGER Discretionary Grant.

[Signature]

Chair, Planning and Coordinating Committee
11. Application and Project Contact Information

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Appendix 1 – Constraints on Short Line Operations in Western New York

**CP Draw Bridge**

“CP Draw” is the railroad designation for one of the most congested locations in the Buffalo-Niagara freight rail network. “CP” is short for “Control Point” or interlocking where train movements can be controlled remotely by a train dispatcher and “Draw” is short for “drawbridge” as this is one of four active railroad bridges spanning the Buffalo River.

The northern bridge at CP Draw (on right in upright position in photo) is the former Nickel Plate Railroad Bridge that was determined to be redundant abandoned 25 years ago by NS due to its deteriorated condition as a move to avoid its operating and maintenance costs. NS entered into an agreement with Conrail for use of the parallel bridge to the south (on left in photo) to preserve rail access across the Buffalo River. Today, CP Draw is a heavily used, double-track mainline drawbridge controlled by CSX train dispatchers that handles approximately 70 CSX and 30 NS trains each day, as well as inter-yard and interchange movements with regional and short line railroads.

The Genesee & Wyoming Railroad (GWRR) currently enters the Buffalo terminal area via their Buffalo Line. GWRR typically incurs delays at CP Draw while attempting to reach the interchange yard on the other side of the Buffalo River.

CP Draw is another location where a bottleneck was created when infrastructure was abandoned that would later prove to be a vital part of the restructured railroad network when Conrail was acquired by CSX and NS. A major capacity improvement plan was developed to relieve congestion at CP Draw by constructing a new, fixed span bridge north of the existing draw bridge. However, in order to make the plan operational, significant track and signal system modifications would be required in order to realign the CSX mainline tracks (on the north) and NS mainline tracks (on the south) to line up with the new CP Draw bridge configurations.

**Falls Road Bridge over Erie Canal**

Genesee Valley Transportation (GVT) currently operates the Falls Road Railroad in Lockport, NY. The Falls Road Bridge over the historic Erie Canal in Lockport is currently used for rail cars
carrying various commodities including coal and corn. The bridge is nearly 100 years old and has numerous structural deficiencies including section loss and cracks in critical members and connections. These structural deficiencies can lead to sudden failures or even collapse.

The Falls Road Railroad is now hauling significant numbers of grain cars each week to support the new Ethanol plant in Shelby, NY. The bridge, which has not experienced such extensive use in the past 25 years, is now even more susceptible to fatigue and cracking.

As a result the bridge has load capacity and speed restrictions requiring frequent inspections to monitor the rate of deterioration and assess whether operations can be safely performed. In the meantime, GVT has applied for funding assistance from NYSDOT in order to rehabilitate this bridge.

**Buffalo-Niagara Logistics Complex**

By virtue of its location and regional freight transportation system, the Buffalo Niagara region is well positioned to expand its role in international and domestic logistics. The availability of industrial land such as the former Bethlehem Steel plant site and other real estate assets with access to rail, highway and water transportation provides significant logistics development opportunity.

Although both existing intermodal (Seneca and Bison) facilities are currently operational and are included in existing intermodal networks, each has the limitation that the parcel may not be large enough to accommodate on-site logistics facilities. To realize all the potential benefits and economies of scale, any proposed intermodal site should be sufficiently large, have good highway access for trucks, be in the right location to support local shippers and regional
economic development as well as offer competitive access by rail. A site in the Buffalo Niagara region that meets all of these criteria is the former Bethlehem Steel site in Lackawanna, NY. Not only does it offer effective rail and highway access, it also has access to the Port of Buffalo. Another benefit of this location is that portions of the site fall within an Empire Development Zone. The former Bethlehem Steel site consists of over 1,100 acres, and is currently owned by the International Steel Group (ISG).

**Buffalo-Niagara Logistics Complex Site**

The proposed site is directly served by the South Buffalo Railroad. As a short line carrier with a limited network, it would provide a connection to the facility for each of the major carriers of the region. This improved, cross-border rail access scenario would make the relatively short (under 100-mile) container trip between Brampton, ON and Buffalo, NY more attractive for rail than truck by reducing costs, pollution, and trip times.

The Bethlehem Steel site has significant advantages over Seneca Yard and Bison Yard as an intermodal facility anchoring the developments of a multiple location logistics complex. In addition to competitive rail access, it has waterside frontage, and land for development of
logistics facilities. Multimodal rail truck-water transfer facilities could also be developed on the available property.

**Burrows Lot Yard**

The Burrows Lot Yard is currently owned by CSX Transportation and leased to Buffalo Lakeport LLC for its grain handling operations in the Lake and Rail elevator and to RiverWright LLC, for a proposed ethanol plant. The yard is served by CSX, switched by Buffalo Southern, and maintained by Hulcher. The 26 sidings in the yard are classified as ‘excepted track’ due to several years of non-use. All of the trackage needs to be modified and renewed with materials to bring it up to current operating standards. Furthermore, movement of Class 1 combustibles and flammables requires the track be maintained to a minimum of FRA Class 1 track standards. Approval of this grant will facilitate the reuse and renewal of this long abandoned rail yard.

**Burrows Lot Yard on Buffalo River**

This project will resurrect a long abandoned rail yard to serve as a catalyst for economic development in a distressed area of the City of Buffalo. The tracks need to be upgraded to current operating and safety standards in order to serve the new Buffalo Lakeport and RiverWright operations that will create 65+ new jobs to benefit the local economy. It will also improve the safety of movement of hazardous materials (ethanol) and improve the yard operations and efficiencies by providing for the storage of full 91 car unit trains. The project will
enhance the local community by providing much needed jobs. Also, 4 long abandoned historic grain elevators will be restored back into service as part of the merchandising and ethanol operations that the rail improvements will provide.

**High Axle Load Deficiencies**

Railroads have been able to reduce their costs and, in some cases, recapture freight traffic lost to other modes by using increased axle load cars. These increased load case can handle gross weights of 286,000 pounds and up to 315,000 pounds. For Class III railroads to handle this traffic, investments are needed to return the track structure to a state of good repair. With the exception of the major Class I freight railroads, most of the rail lines in New York State are not physically capable of handling high axle load rail cars.

**Rail Car Weight Limits in Western New York**

![Source: New York State Rail Plan 2009](image)
**Maintenance Issues**

Railroad infrastructure must accommodate existing and future traffic safely and efficiently. This requires dedicating necessary resources to ensure well-maintained track and bridge structures.

Many Class III railroads have suffered from years of deferred maintenance and do not have the resources to bring them into a state of good repair. Their limited resources are often set aside for emergency repairs rather than bridge and track maintenance.

**Clearance Issues**

Outdated overhead clearances hinder the ability of railroads to serve the market with larger freight cars. These restrictions must be addressed by a combination of raising bridges and lowering tracks.

*Allowable Railcar Clearances in Western New York*

Source: New York State Rail Plan 2009
Siding Issues

Prior to being sold to a short line railroad, the excess sidings and yard tracks of Class 1 branch lines were often removed to minimize maintenance costs and tax burdens. Today, under the management of short line operators, traffic has returned to many of these branch lines. The lack of runaround sidings, rail yards and interchange tracks increases inefficiency and decreases safety.

Environmental/Energy Concerns

The Environmental Protection Agency (EPA) has adopted a comprehensive national program to reduce emissions from future non-road diesel engines. The Clean Air Non-Road Diesel Rule calls for integrated engine and fuel controls to reduce emissions. All new and rebuilt diesel locomotives and locomotive engines must include the new advanced emission control technologies. The EPA also finalized new idle reduction requirements for newly built and remanufactured locomotives.
# Appendix 2 – Listing of individual Short Line Rail Projects

<table>
<thead>
<tr>
<th>ID</th>
<th>Project Type</th>
<th>Owning Railroad</th>
<th>Proposed By</th>
<th>Other Involved</th>
<th>Project Location</th>
<th>Capital Project</th>
<th>Description</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Track</td>
<td>BPRR</td>
<td>2007 PFRAP Application</td>
<td>Erie County – BPRR main line MP 0 to 5</td>
<td>Construct a new 2000 foot rail connection between the BPRR Main Line and former NS Buffalo Line south of Buffalo Creek Yard</td>
<td>This project will allow BPRR trains direct access between Buffalo Creek Yard and the former NS Buffalo Line, thereby eliminating the need to cross over the congested CP-DRAW bridge and improve transits times for BPRR customers.</td>
<td>$ 2.40</td>
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<tr>
<td>2</td>
<td>Track/Yard</td>
<td>BPRR</td>
<td>2007 PFRAP Application</td>
<td>Buffalo Creek Yard, Erie County</td>
<td>Rehabilitate Buffalo Creek Yard, to include ties, rail, surfacing and turnouts.</td>
<td>This project will improve transit times of customer’s cargo, thereby helping them grow business and jobs.</td>
<td>$ 1.80</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Track</td>
<td>BPRR</td>
<td>2007 PFRAP Application</td>
<td>Buffalo Line MP 0 to MP 50, Erie and Cattaraugus Counties</td>
<td>Install Ties and Surface; renew some highway-rail grade crossing surfaces.</td>
<td>This project will reverse the deteriorating condition of the line and increase its operating speeds from 10 MPH to 25 MPH</td>
<td>$ 3.50</td>
<td></td>
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<tr>
<td>4</td>
<td>Equipment</td>
<td>BPRR</td>
<td>NYS DOT</td>
<td>Erie and Catt County</td>
<td>Acquire 4 Low-Emission Locomotives</td>
<td>Reduce Emissions</td>
<td></td>
<td>$ 6.00</td>
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<tr>
<td>5</td>
<td>Track Rehab</td>
<td>BPRR</td>
<td></td>
<td>Erie and Catt County</td>
<td>Preserve 75 miles of track and 100 structures</td>
<td>This project directly supports the many rail customers in New York served by the BPRR Railroad. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 2.00</td>
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<tr>
<td>6</td>
<td>286</td>
<td>BPRR</td>
<td></td>
<td>Erie and Catt County</td>
<td>Upgrade 2 miles of track and structures to carry 286k lb. rail cars</td>
<td>Through improving grade crossings on the BPRR Railroad, public road safety and ride quality will be directly improved. This project directly supports the many customers served by the railroad in New York State. These customers depend on freight services provided by this railroad. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 1.00</td>
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<tr>
<td>7</td>
<td>Grade Crossing</td>
<td>BPRR</td>
<td>Erie and Catt County</td>
<td>Upgrade 50 grade crossings</td>
<td>Through improving grade crossings on the BPRR Railroad, public road safety and ride quality will be directly improved. This project directly supports the many customers served by the railroad in New York State. These customers depend on freight services provided by this railroad. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 1.00</td>
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<tr>
<td>8</td>
<td>Safety</td>
<td>BPRR</td>
<td>Erie and Catt County</td>
<td>Upgrade signal &amp; Dispatch systems</td>
<td>Improving train control on the BPRR Railroad will greatly improve train dispatching efficiency and reliability. This project directly supports the many customers served by the railroad in New York State. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 2.00</td>
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<tr>
<td>9</td>
<td>Bridge Rehab</td>
<td>BPRR</td>
<td>Erie County</td>
<td>Highway Bridges over Railroad</td>
<td>Maintain Status Quo: This project directly supports the 12 customers served by the BPRR Railroad. Efficient and competitive freight services provided by these railroads keep almost 88,000 truck shipments every year off of state and local roads and highways. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 1.00</td>
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<tr>
<td>10</td>
<td>Bridge Rehab</td>
<td>BPRR</td>
<td>Erie County</td>
<td>Highway Bridges over Railroad</td>
<td>State of Good Repair: This project directly supports the 12 customers served by the BPRR Railroad. Efficient and competitive freight services provided by these railroads keep almost 88,000 truck shipments every year off of state and local roads and highways. This has a direct impact improving highway safety and air quality, and reducing highway congestion and highway deterioration.</td>
<td>$ 2.00</td>
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<tr>
<td>11</td>
<td>Bridge Rehab</td>
<td>BPRR</td>
<td>Erie County</td>
<td>Highway Bridges over Railroad</td>
<td>Enhancement</td>
<td>$ 2.00</td>
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<tr>
<td>12</td>
<td>Bridge Rehab</td>
<td>BSOR</td>
<td>MP 28.12 and 28.18</td>
<td>Bridge Rehab</td>
<td>Rehab bridges including replacing approaches, certain ties, ballast, bridge timbers, tamp approaches, clean bridge seats and bearings and repaint abutments and piers</td>
<td>$0.19</td>
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<tr>
<td></td>
<td>Project Description</td>
<td>Work Scope</td>
<td>Cost</td>
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<tr>
<td>13</td>
<td>Bridge Rehab</td>
<td>Rehab bridge including constructing a ballast wall to retain slope, tamp approaches, and replace ties</td>
<td>$0.7</td>
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<tr>
<td>14</td>
<td>Track</td>
<td>Rehab track including tie replacement, adding ballast, resurfacing, and aligning track and tamp. Furnish and install #10 turnout to existing siding to create a run-around.</td>
<td>$0.82</td>
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<tr>
<td>15</td>
<td>Load Rating</td>
<td>Federal requirement to conduct analysis of loading capacity</td>
<td>$0.01</td>
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<tr>
<td>16</td>
<td>Facility Improvement</td>
<td>The Burrows Yard needs to be upgraded to current operating and safety standards. This includes: ballast reconstruction, replacement of ties and replacement of 80 to 100# rail with 115 to 130# rail. The new layout will replace the defective and non standard rail lengths, replace the 20 degree curves and existing 12 foot track centers with ideal track geometry.</td>
<td>$5.2</td>
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<tr>
<td>17</td>
<td>Equipment</td>
<td>Acquire standby power supplies for 4 locomotives</td>
<td>$0.10</td>
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<tr>
<td>18</td>
<td>Grade Crossing</td>
<td>Provides a safe separation of vehicles and increasing train traffic</td>
<td>$0.25</td>
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<tr>
<td>19</td>
<td>Track Rehab</td>
<td>Insures rail transportation options to 8 companies in Erie and 11 in Genesee. Preserves assets, safety, reliability, economic competitiveness</td>
<td>$0.33</td>
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<tr>
<td>20</td>
<td>Grade Crossing</td>
<td>Provides a safe separation of vehicles and increasing train traffic</td>
<td>$0.25</td>
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<tr>
<td>21</td>
<td>Track</td>
<td>Will facilitate 315K loadings and continue to serve existing shippers.</td>
<td>$0.38</td>
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<tr>
<td>22</td>
<td>Track Rehab</td>
<td>Safe Operation and facilitates 286K and 315K loadings</td>
<td>$0.43</td>
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<tr>
<td>23</td>
<td>Industrial Park</td>
<td>Expands industrial Park and allows park access to rail</td>
<td>$0.33</td>
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<tr>
<td>Project Name</td>
<td>Funding Agency</td>
<td>Location</td>
<td>Description</td>
<td>Benefits</td>
<td>Cost</td>
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<tr>
<td>Rail Yard</td>
<td>FRR</td>
<td>Lockport</td>
<td>Expand Yard to handle ethanol and corn by-products</td>
<td>Fulfills need for car handling taking trucks off of the highway while providing convenient run around for passenger trains</td>
<td>$0.73</td>
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<tr>
<td>Grade Crossing</td>
<td>FRR</td>
<td>Niagara and Orleans</td>
<td>Upgrade 18 signal system gate lights and bells</td>
<td>Provides for safe transportation through villages of ethanol and corn and passenger trains</td>
<td>$1.00</td>
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<tr>
<td>Extend Engine House</td>
<td>FRR</td>
<td>Niagara County</td>
<td>Addition of engine house for 3rd locomotive ethanol plant</td>
<td>Allows reduced emissions dust and saves fuel &amp; provides power for passenger trains</td>
<td>$0.14</td>
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<tr>
<td>Track Rehab</td>
<td>FRR</td>
<td>Niagara, Orleans and Monroe Counties</td>
<td>Preserves 41 miles of track and 26 bridge structures. Replace ties, spot surface work, cut brush and spray</td>
<td>Insures rail transportation options to 14 companies in the service area, while providing trackage for Medina RR museum year around passenger operations</td>
<td>$0.55</td>
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<tr>
<td>Bridge Reconstruction</td>
<td>GVT</td>
<td>Lockport</td>
<td>Rehabilitate Falls Road Bridge over Erie Canal</td>
<td>Bridge is currently structurally deficient and has weight restrictions. Rehabilitation would enhance safety and capacity of bridge</td>
<td>$1</td>
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<tr>
<td>Rail Line</td>
<td>GWRR</td>
<td>Erie County</td>
<td>Construct new route to relieve congestion by avoiding CP Draw Bridge. Better route for NS to CP Draw as well</td>
<td>Alternative to CP draw traffic. New route will reduce delay from CSX traffic on CP Draw, but will require operating agreement with NS</td>
<td>$2</td>
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<tr>
<td>New Construction</td>
<td>RSR</td>
<td>Erie County</td>
<td>GNWR connection from NS Buffalo Line to BPRR line. Will relieve congestion by avoiding CP Draw. Operating agreement required with NS</td>
<td>Capacity, reliability, efficiency, expanded service, speed, improve operations, Enhance productivity</td>
<td>$2.00</td>
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<tr>
<td>Freight Facility</td>
<td>SB</td>
<td>Port of Buffalo</td>
<td>Loading Conveyor, Cold Storage Building, Lifting Equipment</td>
<td>Loading Conveyor, Cold Storage Building, Lifting Equipment</td>
<td>$5.25</td>
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<tr>
<td>Track</td>
<td>SB</td>
<td>Erie County</td>
<td>Rehabilitate the rail yard and main track to include rail, ties, turnouts, bridges and scoring of track</td>
<td>This project will insure that new and existing customers would continue to receive a price and service competitive product as well as provide access to rail-served open property for future development.</td>
<td>$2.80</td>
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<td>#</td>
<td>Description</td>
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<td>Benefits</td>
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<tr>
<td>33</td>
<td>New Construction – Intermodal Terminal</td>
<td>SB</td>
<td>Intermodal freight village. Will provide access to rail, highway and port facilities. Will provide competitive access to NS and short lines, expand intermodal capabilities, increase warehousing/distribution.</td>
<td>$25.00</td>
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<tr>
<td>34</td>
<td>Equipment</td>
<td>SB</td>
<td>Acquire 4 low-emissions locomotives</td>
<td>$4.00</td>
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<td>35</td>
<td>Track Rehab</td>
<td>SB</td>
<td>Erie County</td>
<td>$2.00</td>
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<td>36</td>
<td>Track Rehab</td>
<td>SB</td>
<td>Erie County</td>
<td>$3.00</td>
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<tr>
<td>37</td>
<td>286</td>
<td>SB</td>
<td>Erie County</td>
<td>$4.00</td>
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<td>Responsible Entity</td>
<td>County</td>
<td>Description</td>
<td>Benefits</td>
<td>Budget</td>
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<tr>
<td>38</td>
<td>Grade Crossing</td>
<td>SB</td>
<td>Erie</td>
<td>Upgrade 30 private crossings</td>
<td>Improve public road safety and ride quality. Currently serves 14 employers in Lackawanna, including the largest industrial employers in Erie County. SB services keep 144,000 truck shipments off of NYS roads and highways improving safety and emissions and reducing congestion and deterioration. SB will help to redevelop brownfield properties in Lackawanna – attracting new industrial sector jobs into the region.</td>
<td>$0.30</td>
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<tr>
<td>39</td>
<td>Safety</td>
<td>SB</td>
<td>Erie</td>
<td>Upgrade signal system</td>
<td>Currently serves 14 employers in Lackawanna, including the largest industrial employers in Erie County. SB services keep 144,000 truck shipments off of NYS roads and highways improving safety and emissions and reducing congestion and deterioration. SB will help to redevelop brownfield properties in Lackawanna – attracting new industrial sector jobs into the region.</td>
<td>$0.10</td>
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<tr>
<td>40</td>
<td>Track rehab</td>
<td>SOM</td>
<td>Niagara</td>
<td>Preserve 16 miles of track and 6 structures</td>
<td>Improve safety, reliability, efficiency, retain shippers, preserve assets, and reduce operating costs.</td>
<td>$1.00</td>
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<tr>
<td>41</td>
<td>Crossing</td>
<td>SOM</td>
<td>Niagara</td>
<td>Renew a deteriorated grade crossing</td>
<td>Install a concrete crossing surface to replace deteriorated rubber surface.</td>
<td>$0.30</td>
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<tr>
<td>42</td>
<td>Track rehab</td>
<td>SOM</td>
<td>Niagara</td>
<td>Upgrade 16 miles of track and structures to SOGR</td>
<td>Preserve assets, safety, reliability, efficiency, retain shippers and expand service, improve operations, remove trucks from highways, reduce energy usage, enhance productivity.</td>
<td>$1.90</td>
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<tr>
<td>43</td>
<td>Signal Systems</td>
<td>SOM</td>
<td>Niagara</td>
<td>Upgrade signal system to SOGR</td>
<td>Preserve assets, safety, reliability, efficiency, retain shippers, improve operations, and enhance productivity.</td>
<td>$1.15</td>
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<td>44</td>
<td>Administration</td>
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<td>Front and administer projects – Agency staff time</td>
<td>Administer grant and manage projects</td>
<td>$1</td>
<td></td>
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Total Project Cost: $92.10 million