

# Central Pennsylvania **RAIL REPORT**

Winter 2008

## Regional Railroads Stimulate Growth

### Whiterock Quarry Track Opens after 11-year effort!



State Senator Jake Corman cuts the ribbon, officially opening the Whiterock Quarry Track.

An effort of over eleven years, but the results are worth it – increased business at the Whiterock Quarry and the potential for new jobs, fuel savings, and less impact on area roadways. Ribbon cutting ceremonies late last year marked the opening of the Whiterock Quarry Track.

The quarry, located near Pleasant Gap in Centre County, is owned by Centre Lime and Stone and operated by its parent company, G. O. Hawbaker, Inc. For years the company sought to expand its shipments of limestone aggregate by rail, rather than truck. But it needed better access to the Nittany & Bald Eagle Railroad (NBER).

The original rail line into the Whiterock Quarry meandered through the village of Pleasant Gap. Over several decades the line had fallen into disuse. Now it is surrounded by homes, schools, and more. In addition, use of the line would have meant reopening five grade crossings. An alternative route had to be found.

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### New Propane Facility for UGI

A conversation in late 2006 about hauling coal to Hunlock Creek has come full circle with the opening of UGI Energy Services' new propane "peaking" plant in Williamsport's Newberry rail yard. Ribbon cutting ceremonies in late January marked the opening of this multi-million dollar facility.

The facility will provide two distinct services – first as a propane air peaking plant that will supplement natural gas supplies during very cold weather and, second, as a liquid propane terminal for local suppliers. Propane will be shipped to the site via the Lycoming Valley Railroad (LVRR) and offloaded into a bank of three 90,000 gallon horizontal storage tanks.



With UGI's storage tanks in the background, the group gathered for the ribbon-cutting.

In late 2006, Todd Hunter, the railroad's Marketing Director, met with UGI officials to discuss transporting coal to the utility's Hunlock Creek facility in Luzerne County. UGI's propane business came up in

See **UGI** Page 3

### Short Lines of the SEDA-COG Joint Rail Authority

Juniata Valley Railroad  
— Burnham-Lewistown-Maitland

Lycoming Valley Railroad  
— South Avis-Williamsport-Muncy

Nittany & Bald Eagle Railroad  
— Tyrone-Lock Haven-Bellefonte-  
Pleasant Gap

North Shore Railroad  
— Northumberland-Berwick

Shamokin Valley Railroad  
— Sunbury-Mount Carmel

The five short lines are owned by the SEDA-COG Joint Rail Authority and operated by a private contract operator. The 200 mile rail system serves 65 customers in Central Pennsylvania that, in aggregate, employ over 8,000 persons. In 2006, the five lines handled nearly 30,000 carloads of freight.

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in the Susquehanna Valley

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## Railroads' Business Reflects Local Economies

A review of the SEDA-COG Joint Rail Authority's five railroads for 2007 offers a good look at general business conditions in Central Pennsylvania. Business is up for some commodities, down for others. Some companies are doing better than others, which is always the case, and government regulations have an impact, too.

### *Juniata Valley Railroad (JVRR) - Mifflin County*

Another record year in 2007 with over 2,000 carloads. Business has doubled on the JVRR since 1996 when the Rail Authority acquired the eleven mile line, formerly the Milroy and Maitland industrial tracks. Anchor customers include Standard Steel, which manufactures forged railroad wheels and axles. According to Todd Hunter, Director, Marketing and Sales, North Shore Railroad Co., "Standard's success is a reflection of a general increase in rail use which is growing because of congested interstates and soaring fuel prices." The North Shore RR Co. is the operator on all five lines in the Authority's system.

Continued growth on the Juniata line is also attributed to Sylco Service & Terminal Company, which underwent a major expansion in 1999. Sylco is the distribution center for Sylvite Sales (USA) which markets a variety of fertilizer and agricultural products for the farming, turf, and landscape industries.

### *Lycoming Valley Railroad (LVRR) - Clinton and Lycoming counties*

Government regulations contributed to a slight decrease in 2007's carload total on the LVRR. One of the line's shippers, Koppers Inc., burns old railroad ties for fuel. But due to a new U.S.-Canadian trade agreement, the number of ties that can be imported to the United States had been drastically reduced, and they were coming in on the Lycoming line.

"However," says Hunter, "the LVRR is now the largest distribution point for utility poles in the northeast. In 2006, one of several national suppliers of utility poles started shipping on the railroad. In 2007 one of that company's competitors signed up, too."

### *Nittany and Bald Eagle Railroad (NBER) - Blair, Centre, and Clinton counties*

Last year was one of change on the NBER. Gradually, shipments of such commodities as crushed stone and gravel have been replaced with other commodities, a trend that's expected to continue in 2008. Increased business is anticipated this year due to completion of the Whiterock Quarry track near Pleasant Gap, and the industrial

expansion of a rail freight shipper in the Lock Haven area.

NBER continues to serve as a "bridge" for northbound shipments of sand on Norfolk Southern (NS). Basically the Nittany line acts as the go between for NS carloads of sand coming up from the south and heading into New York.

### *North Shore Railroad (NSHR) - Columbia, Montour, and Northumberland counties*

A general downturn in business resulted in fewer carloads on the NSHR in 2007.

Suppliers to the North Shore's customers don't always ship enough raw material to fill a rail car. "They may only be shipping enough to fill a truck," according to Brigid Rich, Manager, Marketing and Car Hire, North Shore RR Co. However, in the case of scrap metal and various agricultural products, shipments were up, a trend likely to continue on the Nittany line, as well as the North Shore.

### *Shamokin Valley Railroad (SVRR) - Northumberland County*

The smallest of the Rail Authority's five lines, SVRR enjoyed its third consecutive year of growth in 2007. Primary commodities shipped on the line include anthracite coal and agricultural products, and both are expected to increase in the coming months. In addition, shipments of plastics saw a year-over-year increase in 2007, and have been steadily rising for the last three years.

"Due to its small size," said Hunter, "SVRR probably would not survive if it were an independent or 'stand alone' line. But as one of five short line railroads in a five line system, it is able to share manpower and equipment like engines and rail cars with the other lines. As a result, a valuable piece of industrial infrastructure is maintained for the region."

Also adding to the continued stable growth of the region's short line system is the diverse mix of commodities and other material shipped on the line. Hunter said, "No one is responsible for more than 10% of the rail lines' business. If any one customer suffers a major downturn, the five rail lines will still be running."



Last year was one of change on the Nittany & Bald Eagle RR.

## Savoy Loading Dock

This recently improved transload facility near Williamsport allows John Savoy and Son furniture company to receive inbound plywood from Canada. Previously it was trucked in from Toronto. The loading dock is a public facility, available to any business. It is on Commerce Park Drive, off of I-180.

Transload facilities like this permit firms that are not served directly by rail to ship or receive product by truck

and still reap the benefit of rail freight services. Significant safety improvement were undertaken at this facility in 2007 through a project funded by PennDOT and the Joint Rail Authority. Among the improvements were the roof, bumper blocks to prevent forklifts from running off the dock, and a truck dock plate to make the transition from dock to truck much safer and smoother.



## Whiterock Track from Page 1

The solution was a track alignment through mainly open areas, but requiring a bridge to carry Route 26 traffic over the track. Funds were secured through former state Senator J. Doyle Corman, his successor, Senator Jake Corman, and Representative Kerry Benninghoff. Construction of the new bridge also received important support from the Pennsylvania Department of Transportation and Centre Region Metropolitan Planning Organization.

In addition to the bridge, the project includes a 5,000 ft. rail spur, and additional rail-related facilities for loading, unloading, and storage – in all, 8,713 feet of track. The total project cost was \$5.8 million, including \$4.1 million from the Commonwealth. The balance of the cost was provided by G. O. Hawbaker, Nittany & Bald Eagle Railroad, and the SEDA-COG Joint Rail Authority.

Completion of the Whiterock Quarry Track is a demonstration of the results that can be achieved when private enterprise and public entities work together. G. O. Hawbaker was determined to make the project happen, determination matched by the Rail Authority, NBER and three state legislators.

## UGI from Page 1

conversation and Hunter mentioned the Newberry rail yard site, which he believed was tailor-made for a gas storage facility due to its shape and proximity to Williamsport. It also has the attributes required by UGI – rail, road, and utility access.

In a little over a year the new facility was constructed, with the support of the SEDA-COG Joint Rail Authority, LVRR, and numerous public agencies. The total project cost topped \$4 million. The existing rail facilities required significant improvement. With the help of a \$231,000 grant from PennDOT's Rail Freight Assistance Program, over a thousand feet of new and rehabilitated track were added to the facility.



*Cutting the ribbon at UGI! (left to right) Commissioner Ernest Larson, Jerry Walls, JRA, Commissioner Rebecca Burke, Mayor Gabreil Campana, Williamsport, Commissioner Jeff Wheeland, Mike Marra, UGI, and Matt Dutzman, UGI.*

## Rail Projects are Okayed by State

The SEDA-COG Joint Rail Authority received two of 12 rail-related grants announced by Governor Edward Rendell late last year. The Authority will receive \$1.5 million for track work for the Lycoming Valley Railroad's intermodal facility at the Newberry rail yard in Williamsport, and for construction of a comprehensive bulk-transfer facility for food products, plastics, and other commodities.

The Authority will also receive \$1.33 million for track rehabilitation and construction on the Juniata Valley Railroad's West Park Track which will serve the new First Quality Enterprises plant in the Mifflin County Industrial Park.

The 12 grants state-wide, valued at a total of \$20 million, will help seven railroads and five businesses undergo rail-freight improvement projects, stimulate economic development and reduce traffic congestion. The Governor said, "Dependable rail service helps businesses expand their markets, and this investment will help create and maintain jobs in communities throughout the Commonwealth. Moving products by rail also lowers the number of trucks on the roadways, which in turn reduces the wear and tear on our state's highways, relieves traffic congestion, and improves air quality."

The State Transportation Commission approved the grants which are administered by PennDOT's Bureau of Rail Freight, Ports & Waterways.

# Summit's Message — Rail, Now More than Ever

Shipping by rail can have a significant, positive impact on fuel costs, traffic congestion, and highway construction. That was the loud, clear message of the Central Pennsylvania Rail Freight Summit, sponsored by the SEDA-COG Joint Rail Authority late last year.

Speaker after speaker offered figures on freight fuel savings and highway construction costs while extolling the virtue of intermodal transport or transload, whereby products are transferred from truck to rail car or vice-versa.

According to one speaker, Don Matzzie of Linare Consulting, rail-truck intermodal transport could reduce the number of annual truck trips in Central Pennsylvania by 80,000. He said a new intermodal terminal at the Newberry Rail Yard, near Williamsport, will reduce annual long-distance truck trips by 19,000.

According to Matzzie, based on the current amount of trucking in Central Pennsylvania, an additional 14,000 truckloads could be diverted to rail, an increase of 75% from current levels. This would result in a reduction of 3.3 million truck miles traveled.

Jerry Vest, of Genesee & Wyoming, Inc., illustrated potential fuel savings

with the numbers 1,1, and 423. "One gallon of fuel," he said, "moves one ton of freight 423 miles by rail." By comparison, said Vest, his SUV weighs two tons and gets less than 20 miles per gallon.

Railroads' potential impact on highway construction was the focus of Todd Hunter's presentation.

According to Hunter, Marketing Director, North Shore Railroad Co., "A mile of railroad costs between \$1 million and \$3 million. Highway's cost ten times more." He said in terms of volume, one rail car equals four truckloads.

In the last 20 years highway travel is up by 78%, while highway capacity is

up only 1%. Millions of dollars will be needed to expand that capacity.

Looking to the future, John Friedman, Norfolk Southern, said fuel costs and congestion are driving more freight to rail. Record rail volumes were reported in 2006, he said. "After 75 years of decline," said Friedman, "rail freight is transitioning to growth."

Summing up the conference Jeff Stover, Executive Director of the Rail Authority, said, "We wanted to raise the profile of rail in the region, and this is the perfect time with growing concerns about energy use, traffic congestion, and infrastructure. Rail can play an important role in addressing those issues.



*A crowd of over a hundred shippers, railroad executives, public officials, and others associated with the industry attended the Rail Freight Summit.*