

## **DMMIWG**

The next meeting of the DMMIWG is **Wednesday, March 5, 2003, starting at 9:30 a.m.** It will take place at the New York Academy of Sciences, 2 East 63<sup>rd</sup> Street, Manhattan. Future meetings will take place generally the first Thursday of the month, e.g., April 3, May 1 and June 5, 2003, at Environmental Defense, 257 Park Avenue South, between 20<sup>th</sup> and 21<sup>st</sup> Streets, Manhattan.

***Sorry, no coffee will be provided at the March 5 meeting.***

The agenda for the March 5 meeting will include:

1. A presentation by Colonel O'Dowd, District Commander for the New York District of the Corps of Engineers. The New York District's agenda for and outstanding issues relating to the Port, Harbor and Estuary.
2. The 50-foot navigation channel program for NY Harbor – status, schedule, cost, dredged material disposal, environmental and economic implications – Joe Seebode and Len Houston.
3. Local sponsors comments – ESDC, NJ Maritime Resources, Port Authority.
4. Updates:
  - a. HARS interim rule and peer review process
  - b. CPIP, including status of key work products and schedule for EIS process
  - c. Staten Island RR access to the Chemical Coast line
  - d. Arthur Kill 8-knot speed limit proposal
  - e. HEP goals and targets

**At the February 5 meeting we discussed the following:**

1. Freight rail projects. Presentations by Don Lotz, Steve Brown and Tom Hannan of the Port Authority, and Andrew Genn of EDC.

Don Lotz, Commerce Department, Port Authority – Port rail freight improvements for future port development. The Port has five major marine container terminals at Newark, Elizabeth, Global Marine (not a PA terminal), Howland Hook and Red Hook. 2001 key trade statistics include: general cargo, 19.8 million tons, up 5.6%, total containers 1.9 million tons (multiply by 1.7 for TEUs); contribution to the regional economy, \$14.6 billion.

Land-side access is critical for future port development. Express rail volume is climbing rapidly with an aggressive program for over 10 years, from 50,000 annual container lifts 10 years ago to 227,000 lifts last year. 75 to 80% of all rail business is express rail. Rail has steadily gained at the expense of truck. Barge traffic has been steady. Projected rail growth is 1 million rail lifts by 2020 and 2 million by 2040. The basic reasons for rail growth are increasing demand for rail transport, the PIDN program, overall growth in the port business and rail's increasing role in port growth.

The intermodal rail program of the PA includes: dedicated rail facilities for the major container terminals, including Elizabeth (express rail), Port Newark, Howland Hook (Port Ivory), yards and tracks necessary to support on-dock activities, including the Corbin Street Yard (Newark and Elizabeth) and the Arlington Yard on Staten Island, and regional rail capacity enhancements. With almost three miles of trains per day, there is a demand for yards. Bottlenecks for the whole rail system is a concern. Galligan asked what kind of substantive analysis had been performed to compare fewer, longer trains vs. more, shorter trains that could more readily share commuter tracks. Lotz pointed out that the CSX line to Chicago is dedicated to freight, as is most of the NS line to New Orleans. NS has double track to Harrisburg and Pittsburgh.

Major rail projects for the PA include: the NJ Marine terminals express rail at Newark and Elizabeth Corbin Street grade crossing. The PA is constructing a grade crossing via the McLester Street realignment, compressing the roadway and constructing a rail bridge. A test run took place in December 2002. Express rail at these facilities is almost at the capacity limit. We have just added a third shift. The PA is planning a new express rail facility with five to six times the amount of track, with capacity to handle one million lifts per year, with 40,000 linear feet of track compared to 7500 feet today. We just built 12,000 feet of track and tested the flyover. This last fall we opened a second dedicated rail terminal for Port Newark. In 2003 the construction of the first phase of new express rail trackage will be completed right out on the dock for the Maher and Maersk terminals. The PA will have three tracks over 10,000 feet each at Newark and Elizabeth in this first phase. This is enough for the longest train, with no at grade crossings. In 2004-06 the rest of the new express rail system will be completed, with the Corbin Street Yard first phase open and rail support facilities.

At Howland Hook, the City owns and has rebuilt the Arthur Kill lift bridge. The PA Board will be approving the connection of the SI railroad to the Chemical Coast line north-bound in March. This is a PA/EDC partnership to revitalize freight rail to Staten Island. This will involve the construction of a new terminal at the Proctor & Gamble site, with the Arlington Yard providing support facilities. The PA has acquired the property for the connector to the existing Conrail Chemical Coast line. There will have to be a minor street relocation with local benefits. Express rail has not displaced any regional rail service. Triple Crown pulled out for its own reasons. That is the only rail service that has moved out of the port region. A question was posed as to whether the PA is developing a broader regional rail market strategy. In general, the answer is not really, although the PA is working with the railroads to enhance regional rail capacity on both sides of the Hudson River. Gottheim commented that the PA is investing in freight rail on the west side of the Hudson River, not the east side.

Steve Brown, Office of Policy and Planning, PA, then continued the presentation. 500 million tons of freight move in the region annually. This will grow 30% over the next 25 years. Nationally railroads handle 12% of interregional freight traffic. There are three major class 1 railroads serving the region. NS comes in on the Lehigh Line serving markets to the south and west. CSX comes from the north and west via Selkirk coming down both sides of the Hudson River. Canadian Pacific is serving from the north on the CSX right-of-way or the NS right-of-way through Pennsylvania to the Lehigh line. Support facilities are predominantly on the west side of the Hudson River. The PA's

freight rail initiative has looked at ways to reduce truck traffic and restore the cross-Harbor float system. Regional stakeholders have told the PA that a major impediment to using the float is inadequate rail access. When Conrail took over the region's rail freight system it reduced the rail infrastructure to meet the needs of a single operator. The railroads are suffering from old infrastructure on the east side. The PA's \$50 million freight rail initiative is designed to address some of these problems on both sides of the Hudson River.

On the New Jersey side the PA has been meeting with the railroads to increase the use of freight rail. Phase 1 includes a list of improvements to be financed with \$25 million from the PA and \$25 million from the railroads. The projects are aimed at furthering competitive rail service to the NY/NJ region. This includes a second track along the Chemical Coast line and a second track along portions of the Lehigh line from Bound Brook to PN/EMT and other major yards in north Jersey. The main boxcar terminal yard at Oak Island would be expanded also. They are awaiting NJDOT approval. There is a need to make close-in destinations as attractive to the railroads as possible. Galligan asked whether the railroads are exploring the use of shorter trains that could be competitive with trucks in the region. Is the attractiveness of port-related business being used to stimulate interest on the part of the railroads in more flexible, competitive services?

On the NY side, CSX is the primary class 1 railroad. CP, Providence and Worcester railroads are also coming in. CSX is at the Oak Point yard with access to the Hunts Point market. Fresh Pond is the main switching yard for the New York & Atlantic RR. Track and yard inadequacies prevent the railroads from bringing modern refrigerator cars and TOFCs into NYC. The PA's \$25 million along with NYSDOT's \$15 million are being invested to accommodate heavier cars, improve clearances, and reduce conflicts with passenger rail service. Improvements will include replacing tracks and ballasting along railroad lines in Brooklyn and Queens, a new power station at Spuyten Duyvil, addition of a second intermodal track at the Harlem River Rail Yard in the Bronx, increases in Oak Point yard clearances, access for heavier cars in Queens through upgrading the Hell Gate Bridge, upgrading the Freemont line from Hellgate to Fresh Pond, improvements at Maspeth Yard, a new siding along the Freemont line north of East NY tunnel and upgrading for 286 clearance along the Bushwick line. The program will also identify improvements required to allow TOFC service on the Bay Ridge Branch. NYS has approved this package. The PA is about to enter an agreement with the MTA for clearance work on the Metro North Hudson line, up to 23 feet. NYS is about to start the EIS on the Pilgrim State intermodal facility.

A question was asked as to whether the PA has a concept for improved freight rail east-of-Hudson and whether its forecast of traffic growth of 79% by 2025 is looking at more trans-Hudson capacity, including additional bridge and tunnel capacity for trucks. Brown responded the PA is investing in rail and waterborne infrastructure to provide attractive alternatives to moving goods from the port terminals by truck and that the PA is awaiting EDC's EIS. The PA is one of the stakeholders. Lisa Baron added that CPIP is looking at this issue.

Tom Hannan of the PA made a presentation about the PIDN. The PA developed the PIDN concept two to three years ago. As it considered the flow of container traffic, it saw clusters of origins and destinations of containers. A number of clusters were centered around port and freight rail facilities. There are nine locations in six states, well beyond a 25-mile radius. Five sites have potential for barge access: Albany, Providence in RI (previously interested in Davisville), New Haven or Bridgeport in Connecticut, the Port of Camden and the Port of Wilmington. Others, including Buffalo, Syracuse and Rochester, are rail destinations. There is a lot of growth. PIDN is a program to maximize the productive capacity of the terminals in an environmentally sustainable manner. The mode split in 2001 in terms of container transport from and to the terminals was 84% truck, 2% barge and 14% rail. The forecast for 2020 is 57%, 23% and 20%, respectively, truck, rail and barge. We will be reducing truck VMT and congestion reducing the need for \$300 million in new highway capacity in the region. This program will reduce NOx by 200 tons and fuel consumption by 30 million gallons per year. We need this inland port system since we do not have land for sufficient terminal expansion or creation on-dock distribution systems. The environmental benefits to the States are substantial since this program will eliminate almost 800,000 truck trips and 50 million vehicular miles by 2020.

The PA will also benefit in that greater use of barges and rail will increase terminal productivity by 20%. It will reduce the time that containers sit on the dock. Containers that will move by barge or rail will sit one to two days vs. five to six days for truck transport. This will result in a deferral of future investments in container terminals saving \$20 million, with increased revenues from existing terminals of \$15 million over the next 20 years.

Let's look at the Port of Albany barging program. The Port of Albany carried out the market analysis and a financial pro forma was developed. They had to ensure that the necessary infrastructure and security systems would be in place before the PA would agree to participate. Local ports must also guarantee funding for two years. They contract with container-on-barge firms. The PA has put up \$6 million to initiate barge services for five locations. For each feeder port, the PA will contribute \$25 per container that moves by barge up to 40,000 containers. Later on the feeder ports will pay the PA \$5 per container in excess of 25,000 containers transported in any calendar year. The PA is providing \$200,000 per inland port for marketing and start-up services. It will take four years for this barge service to move 40,000 containers to Albany. We have federal dollars for this program through federal CMAQ to the tune of \$3.3 million for the Port of Albany for the first two years of service.

After the first two years of service, the PA will work jointly with the Albany Port District Commission to secure additional funding if necessary. The Port of Albany contract for barging services is with Columbia Coastal for the first two years. Columbia Coastal was selected by the Albany Port District Commission due to its extensive operating experience including its existing contracts with a multitude of terminal operators. March 31, 2003 is the target date to initiate barge service to Albany. Benefits associated with the Port of Albany barge service include a reduction of 88 tons of NOx per year, reduced energy costs of \$2.5 million per year and a reduction of 20 million VMT or 150,000 truck trips per year. The Columbia Coastal contract will require barge movements twice each

week. A barge will handle 240 TEUs. After the initial two-year period, the barge operation will be open to any operators interested in competing for the service.

In Connecticut the question is whether the feeder port will be New Haven or Bridgeport. Our hope is for a decision from Connecticut within three to four months. Questions were asked about the potential anti-competitive effects of the experience requirement incorporated into the barge operator selection. Galligan asked whether the PA would be open to receive a bid from a private rail firm to perform service to Bridgeport or New Haven via rail rather than barge. He requested a copy of any economic analysis of the PA showing barge transport to be cost-effective relative to rail. NJDOT and the Delaware Valley RPC are studying five to six locations for PIDN services. Salem and Camden are the two finalists. The study is looking at infrastructure needs, cost and funding options. South Jersey may be better served by rail. Davisville, Rhode Island was interested in barge services; however, the new governor has this proposal under review.

Andrew Genn of EDC made a presentation about the freight rail tunnel study. The FRA and FHWA are the co-lead agencies. Thanks to Congressman Nadler EDC has \$7 million for the tunnel EIS study. The draft EIS will be available this summer. EDC with a National Freight Rail Coalition is working on funding of alternative analyses. The largest benefit would accrue from construction of the Cross Harbor freight tunnel. It comes down to a question of capacity. There is a huge investment in highway infrastructure that is overloaded with trucks and degraded air quality. EDC has therefore been looking at freight rail options since 1998. About one-third of freight moving into and through the downstate NY region can move by rail through Selkirk. The big challenge is providing freight rail access for the two-thirds of the freight traffic from the south and southwest. As Galligan emphasized, that points to the need for the tunnel.

As for the Cross Harbor float system, there is only one connecting track on the NJ side. EDC is trying to work with the PA. We have a problem with the Cross Harbor float operator. There is litigation. We need to break its lock on competition. It costs more because every transfer costs money. We need additional places to land in NJ. There is need for another bridge and site on the NJ side. A bridge costs about \$4 million. One issue has to do with the operator who has access to the Greenville Yards. Galligan pointed out that the Cross Harbor float is a balkanized system, beyond its physical barriers. It is in effect managed by three firms: NJ Oak Island to Greenville, the float, then railroad servicing on the Bay Ridge line, with another railroad going to Hunts Point, if that is the destination.

We are looking the potential to develop yard capacity east-of-Hudson. We had hoped that some of the PA's \$25 million would have been available for the Phelps Dodge site. Galligan commented that we need small pocket yards, not huge yards. Steve Brown stated that given limited funds, the East of Hudson rail market would be better served by the previously described immediate improvements in rail track and yard access and capacity in NYC. In addition, the size of the PA and NYSDOT investment packages is not sufficient to purchase Phelps Dodge, nor have sufficient funds been offered by other stakeholders. Genn continued that we are looking to TEA-3 for funds to generate additional capacity. Past federal transportation authorization bills have not looked at the

freight rail side at all. EDC has engaged Moffett & Nichols to figure out how to end the PA's Red Hook subsidy. The estimate for rail capacity improvements for yards and clearances east-of-Hudson is \$500 million. We need to improve the Bay Ridge clearances. The railroads have no incentive to do it. EDC has also been working with the PA on Staten Island rail access. EDC is meeting with the PA on February 7. We hope that Howland Hook will have rail access by the end of 2004. Gottheim commented that Cong. Nadler intends to submit a TEA-3 bill for the freight rail tunnel. He has been talking to the Mayor, the Governor, the PA chair and ESDC. Steve Brown added that the PA will be conducting a study on medium-term railroad improvements.

2. HEP goals and targets. Bob Nyman of EPA indicated his hope to finalize the HEP goals and targets document by April 2003. It is divided into five sections. We sent around the section on navigation and sediments. We have had a small group from EPA, the Corps, the PA and others working on this section, with an emphasis on three topics: sediment quality, sediment quantity and navigation.

The sediment quality goal is to reduce toxics input so that sediments can be beneficially used. The target for newly deposited sediments is to show reduced human and environmental risk. There are 28 indicators. One indicator is that newly deposited sediments in navigation channels meet HARS criteria. We have a set of actions to reduce toxic sediments entering the Harbor. A goal for sediment quantity is to analyze sources of sediment outside of the Harbor. A goal for navigation projects is to implement them in an environmentally sensitive manner with better coordination and with all dredged material used beneficially. The Management Committee is set to meet on February 20. We hope to approve the targets and goals for consideration by the Policy Committee at that time.

3. CPIP. Co-leaders of the EIS are meeting today to discuss its scope. Laura Shabe asked how CPIP could provide leadership on port-related transportation issues. CPIP is focused on incremental port-related cargo increases against a regional transportation background. We have a technical work group that is looking at how best to model the region. NYMTC and NJTPA have separate models. We hope to merge them. David Palmer of Halcrow added that CPIP is a major player in developing a vision for the port. We are only dealing with international, port-related traffic, not all domestic freight traffic. We are now at 2 million lifts/year, going to 12 million by 2060. Why is the demand going up? Both the international and domestic demand for moving goods is going up. Port traffic is directly responsible for 6% of truck movements in the region. A specific requirement is to look at opportunities to shift from truck to rail. The mode split will not change without a driver. Now 10 to 15% of moves are by rail. We need to determine the physical capacity of an efficient freight rail system. What are the pinch points? Costs? We are looking at both road and rail. CPIP is not dealing with background traffic.