SUMMARY STATEMENT

ITEM NO. | SUBJECT: West Jersey Shore Line Project

COMMITTEE: New Business

COMMITTEE MEETING DATE: October 19, 2005

BOARD ACTION DATE: October 19, 2005

PROPOSAL: That the Board authorizes funding in an amount not to exceed $1,750,000 to the New Jersey Department of Transportation (“NJDOT”) to assist in the reconstruction and rehabilitation of “West Jersey Shore Line” (“Rail Project”).

PURPOSE: To provide funding to assistance the New Jersey Department of Transportation to assist in reconstruction and rehabilitation of “West Jersey Shore Line.”

BACKGROUND: During the latter half of the 19th Century significant rail infrastructure was constructed radiating from Camden into Southern New Jersey. The railroad from Camden to Salem was operated by the Pennsylvania Railroad, followed by the Pennsylvania-Reading Seashore Lines, a Penn Central subsidiary, and finally by the Consolidated Rail Corporation, commonly known as Conrail.

Conrail was created by the federal government out of the ashes of a number of eastern railroads that had gone bankrupt and were on the verge of complete collapse. It began operation on April 1, 1976, with a mandate to shed unprofitable branches and become self-sufficient. It was successful in meeting its federal mandate and "went public" with a stock offering that returned proceeds to the federal treasury. It became a well-run, profitable railroad and, as such, became a target for takeover by other carriers. In order to maintain competitive balance, no single carrier was permitted to absorb it, so ownership was split between CSX Transportation and Norfolk Southern. Most of the Conrail properties in New Jersey were included in a "Conrail Shared Asset" area operated by a separate company still called Conrail but with all commercial functions provided by the two parent companies. This was done for practical operating reasons and to provide competitive rail service between the various western and southern gateways to the important New Jersey market.

When Conrail began shedding unprofitable lines, it chose to abandon a portion of its Salem Branch from Swedesboro (MP 10.86) to Salem...
(MP 27.8) and associated track for a total distance of about 17 miles. At the time there was only one significant customer on the line: Anchor Glass Container. Anchor Glass, however, was and remains the largest private sector employer in the City of Salem. Without rail service the plant would not remain competitive. To keep the plant from closing, Salem County purchased the rail property from Conrail and hired an operator to provide service under contract. No significant maintenance had been done on the line in pre-Conrail days and Conrail continued to defer maintenance as the line was clearly an abandonment candidate. In the mid 1980's the County replaced approximately 10,000 of the 50,000 wooden ties on the line but no rail replacement or track surfacing was undertaken. All but about 3.5 miles of the 17 mile total are still laid with rail weighing just 85 lbs/yard, much of it dating back 1906 and at least one "main line" track switch dating back to the final decade of the 1800s.

On April 1, 1995, the County awarded the railroad operating contract to the Southern Railroad Company of New Jersey (SRNJ). This company also operates railroad from Winslow Junction to Atlantic City/Pleasantville and Winslow Jct. south toward Vineland. As a result of business development efforts by the new carrier, traffic volume grew from just over 400 carloads per year to nearly 2000 cars in 2003. In two major successes, the SRNJ was able to convert inbound limestone from truck to rail at Anchor Glass and to persuade Mannington Mills to accept inbound raw materials by rail for the first time.

When the line was constructed using 85 lb. rail, freight cars generally carried 50-ton loads. As freight car size and carrying capacity increased, most railroads restricted 85 lb. rail to a maximum gross weight (car and lading combined) to 220,000 lbs. Modern freight cars are designed to handle up to 315,000 lbs but the Salem Branch remains restricted to 263,000 lbs. The increase from 220,000 to 263,000 was made without improving the infrastructure. Broken rails and derailments have become increasingly common caused by increased traffic volume, badly worn and bent light-weight rail, and cars weighing more than the rail were designed to handle. Anchor Glass Container has been forced to truck in material to keep its furnace operating while cars are being put back on the tracks and repairs made. The 85 lb. rail is clearly at the end of its useful life and must be replaced.
Over the past five (5) years, the rail line has recorded numerous derailments along various horizontal curves of the railroad, due to failing sub-grade ballast material. These areas are plagued with high groundwater conditions in combination with clayey sub-soils. In the wet season, the saturated soils cannot sustain the higher loads, thus resulting in a failure. These sections of rail-line will require the complete rehabilitation of the sub-grade and ballast materials, with associated drainage improvements where warranted.

In order to replace the rail with rail of an appropriate weight, install new ties and to renew the track ballast and sub-grade will require a one-time capital infusion of approximately $9,700,000. An additional $2,000,000 will be needed to replace the wooden trestle over Oldmans Creek. Failure to make these capital improvements will result in higher transportation costs for Salem County industry and the possible closure of Anchor Glass Container Company. To date, New Jersey Department of Transportation has already allocated $600,000 towards the project.

Further, NJDOT has committed to give Salem County an additional $3,000,000 for the next phase of the work. It is estimated that the Casino Reinvestment Development Authority (CRDA) and the Delaware River Port Authority (DRPA) will each contribute $1,750,000 to reconstruct and rehabilitate the railroad project.

SUMMARY:  
Amount: $1,750,000  
Source of Funds: 1999 PDP Bonds  
Capital Project #: N/A  
Operating Budget: N/A  
Master Plan Status: Subject to 2005 Master Plan  
Other Fund Sources: NJDOT & CRDA  
Duration of Contract: 1 Year  
Other Parties Involved: NJDOT & CRDA
RESOLUTION

RESOLVED: That the Board authorizes funding in an amount not to exceed $1,750,000 to the New Jersey Department of Transportation ("NJDOT") to assist in the reconstruction and rehabilitation of “West Jersey Shore Line” (“Rail Project”), and be it further resolved;

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

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