

Surface Transportation Board Conrail Shared Asset Area Public Hearing

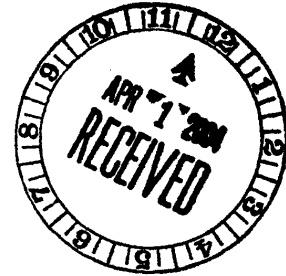
ENTERED
Office of Proceedings

APR 01 2004

Part of
Public Record

Speaking Points
Donald S. Shanis, Ph.D.
Director of Transportation
Delaware Valley Regional Planning Commission
April 2, 2004

210447

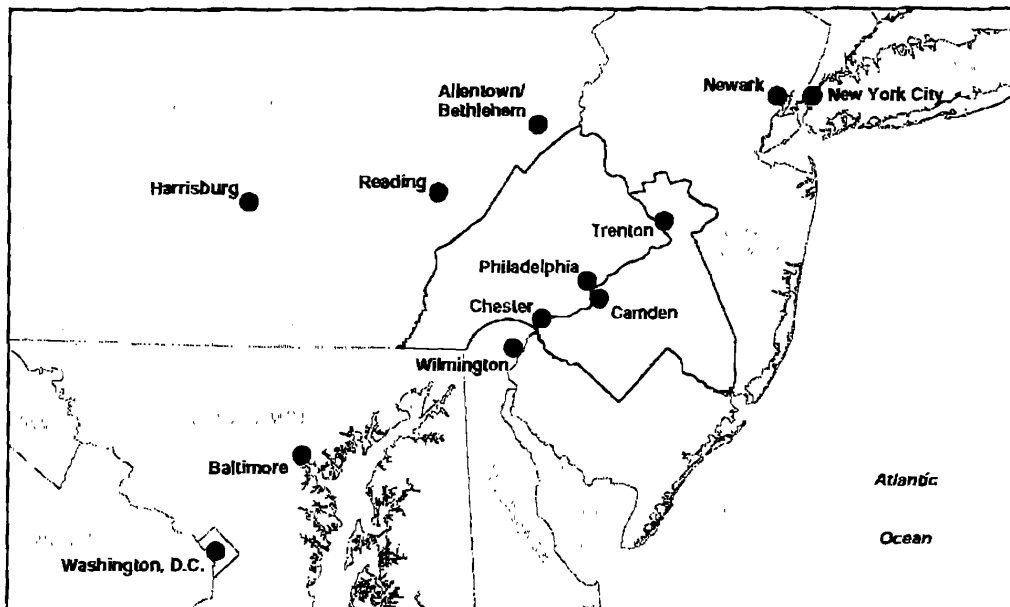


STB Finance Docket No. 33388
Sub-No. 91

Introduction

Good afternoon, Chairman Nober, and ladies and gentlemen. My name is Donald Shanis and I am the Director of Transportation for the Delaware Valley Regional Planning Commission (DVRPC). DVRPC is the Metropolitan Planning Organization for the South Jersey-Philadelphia region, and it guides transportation planning in the nation's sixth largest region to improve the quality of life for its 5.4 million residents.

The Delaware Valley has a great railroad tradition. Today, the hallmarks of the rail freight network are three Class I railroads, a set of vigorous short lines, a high and wide clearance route, and modern intermodal and bulk facilities. These assets are a key to combating congestion and sprawl, re-building the central core, and improving air quality.



Surface Transportation Board Public Hearing: April 2, 2004Page 2The South Jersey/Philadelphia Shared Asset Area

The South Jersey/Philadelphia Shared Asset Area covers or directly impacts much of the Delaware Valley's rail freight network. At the time of the filing, the shared area consisted of 240 route miles and 16 rail yards.

The Transaction and Stakeholder Outreach

From the outset, DVRPC has been actively involved in the Conrail transaction. Our agency supported technical efforts prior to the split, and we filed official comments with the Surface Transportation Board.

Last month, we held a special meeting to discuss the Conrail Shared Asset Area. The meeting attracted over 40 representatives of the region's rail freight community such as shippers and receivers, the ports, and warehousing operators.

Concerns of Delaware Valley Stakeholders

Based on DVRPC's ongoing outreach efforts, I would like to bring to the Board's attention five local concerns regarding the Shared Asset Area.

Our first concern is **transaction commitments**. During the transaction negotiations, CSX and Norfolk Southern committed to undertake a number of initiatives in the Delaware Valley. The commitments took on heightened importance because of the closure of the Conrail headquarters and the loss of 1,800 direct jobs.

As of now, it is uncertain if the railroads have fulfilled all of their commitments in the areas of:

- economic development
- job creation
- capital expenditures
- passenger rail
- civic/charitable/corporate citizenship

Our second concern is **transaction benefits**. The anticipated benefits of the Conrail transaction were greater competition for shipper business, better service, reduced rates, and the removal of trucks from the highway. However, it is uncertain if these benefits have been realized in the Shared Asset Areas.

One view is that the benefits have not occurred in South Jersey and Philadelphia and that, in fact, the area is de-emphasized and rail traffic is diverted by creating intermodal facilities and locating captive shippers outside the shared area.

Surface Transportation Board Public Hearing: April 2, 2004

Page 3

Concern number three is **infrastructure investment**. Rail infrastructure requires continuous investment. For example, 286,000 pound cars are becoming the industry standard and this may necessitate strengthened track and bridges. While the public sector is increasing funding for rail freight, the two parent railroads must not let competition prevent them from making improvements that maintain the viability of the shared area.

The fourth concern is **real estate holdings**. Within South Jersey and Philadelphia, Conrail possesses extensive land holdings, some of which are not in active use. With the potential to commit some parcels to redevelopment (such as at waterfront locations), local officials desire more cooperation from Shared Asset Area real estate personnel.

Our fifth and final concern is **the future of Conrail**. In the Shared Asset Areas, Conrail has no commercial presence. This institutional arrangement may stifle new or expanded business.

Moving forward, greater utilization of the Shared Asset Area should be fostered. One possible approach would be to create sales and economic development staff positions at Conrail so that they can attempt to attract and develop business in the shared areas.

Requests to the Surface Transportation Board

Based on our constituent concerns relating to commitments, projected benefits, lack of investment, real estate underutilization, and the future of Conrail, DVRPC staff recommends that the STB **undertake a review of the transaction commitments and projected benefits** to assure their fulfillment and achievement within the South Jersey/Philadelphia Shared Asset Area. These items formed the basis for the initial approval of the transaction and they are, therefore, worthy of review. We believe that the reviews will verify the positive strides made by the railroads since 1999, and that they will also highlight opportunities for additional gains.

Conclusion

In concluding, the Delaware Valley has a great stake in the Conrail transaction. All of us should now be promoting cooperation and steps to make the fullest utilization of our vital rail freight assets.

Thank you very much for your time and for the opportunity to discuss our concerns in South Jersey and Philadelphia.