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Before the Surface Transportation Board

STB Docket No. AB-167 (Sub-No. 1189X)

CONSOLIDATED RAIL CORPORATION – ABANDONMENT EXEMPTION –
IN HUDSON COUNTY, NJ

STB Docket No. AB-55 (Sub-No. 686X)

CSX TRANSPORTATION, INC., -- DISCONTINUANCE OF SERVICE EXEMPTION –
IN HUDSON COUNTY, NJ

STB Docket No. AB-290 (Sub-No.306X)

NORFOLK SOUTHERN RAILWAY COMPANY – DISCONTINUANCE OF SERVICE
EXEMPTION – IN HUDSON COUNTY, NJ

PUBLIC FILING OF STATEMENT OF PACE GLASS, INC.

As ORDERED by the Commissioners of the US SURFACE TRANSPORTATION BOARD

Decision Served July 1, 2016

DANIEL E. HORGAN, DC BAR #239772

Waters, McPherson, McNeill, P.C.

300 Lighting Way

Secaucus, NJ 07094

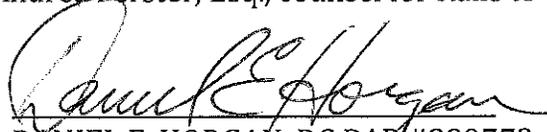
Phone: 201-330-7453

Counsel for LLC Intervenors

DATED: JULY 1, 2016

CERTIFICATION OF SERVICE

I, Daniel E. Horgan, hereby certify that I have caused a copy of the foregoing to be served by First Class Mail upon those on the attached Service List by having same deposited with the U.S. Postal Service on July 1, 2016 and on counsel Charles H. Montange, Esq., counsel for the City of Jersey City, the Coalition and RTC, Robert M. Jenkins, Esq., counsel for Conrail, and Andrea Ferster, Esq., counsel for Rails to Trails Conservancy.



DANIEL E. HORGAN, DC BAR #239772
Waters, McPherson, McNeil, P.C.
300 Lighting Way
Secaucus, NJ 07094
Phone: 201-330-7453
Counsel for Intervenors

SERVICE LIST

Counsel for Jersey City, Coalition, RTC:
Charles H. Montange
426 NW 162nd Street
Seattle, WA 98177
(Via e-mail as well)

Counsel for Rails to Trails Conservancy (RTC)
Andrea Ferster, Esq.
General Counsel
2121 Ward Court NW, 5th floor
Washington, D.C. 20037

Counsel for Conrail:
Robert M. Jenkins, III, Esq.
Mayer Brown LLP
1999 K Street, NW
Washington, D.C. 20006-1101
(via e-mail as well)

Daniel D. Saunders
NJ Department of Environmental Protection
State Historic Preservation Office
P.O. Box 404
Trenton, NJ 08625-0420

Michael D. Selender
Vice President
Jersey City Landmarks Conservancy
P.O. Box 68
Jersey City, NJ 07303-0068

Jill Edelman
President
Powerhouse Arts District Nbd Ass'n
140 Bay Street, Unit 6J
Jersey City, NJ 07302

Robert Crown
President
The Village Neighborhood Association
365 Second Street
Jersey City, NJ 07302

Gretchen Scheiman
President
Historic Paulus Hook Ass'n
121 Grand Street
Jersey City, NJ 07302

Gregory A. Remaud
Conservation Director
NY/NJ Baykeeper
52 West Front Street
Keyport, NJ 07735

Sam Pesin
President
Friends of Liberty State Park
580 Jersey Avenue, Apt. 3L
Jersey City, NJ 07302

Daniel H. Frohwirth
Jersey City Economic Development Corp.
30 Montgomery Street, Suite 820
Jersey City, NJ 07302

Eric S. Strohmeyer
Vice President, COO
CNJ Rail Corporation
81 Century Lane
Watchung, NJ 07069

Maureen Crowley
Embankment Preservation Coalition
263 Fifth Street
Jersey City, NJ 07302

U.S. Fish and Wildlife Service
927 N. Main Street
Building D
Pleasantville, NJ 08232-1451

Robert Crowell
Monroe County Planning Department
Courthouse - Room 306
Bloomington, IN 47404

Kenneth Koschek
New Jersey Department of Environmental Protection
P.O. Box 402
Trenton, NJ 08625

Valerio Luccio
Harsimus Cove Association
298 Second Street, Apt. 4L
Jersey City, NJ 07302

James Riffin
P.O. Box 4044
Timonium, MD 21094

Stephen Marks
County of Hudson
583 Newark Avenue
Jersey City, NJ 07306

Brian P. Stack
411 Palisade Avenue
Jersey City, NJ 07307

Dan Webber
Vice President
Van Vorst Park Association
289 Varick Street
Jersey City, NJ 07302

Carmelo G. Garcia
NJ General Assembly
80 River Street
2nd Floor
Hoboken, NJ 07030

Mayor Steven M. Fulop
City of Jersey City
City Hall
280 Grove Street
Jersey City, NJ 07302

Mike Greely
State Capitol
Helena, MT 59601

Andy Hamilton
1099 Pebble Hill Road
Doylestown, PA 18901

BEFORE THE
SURFACE TRANSPORTATION BOARD

DOCKET # AB-167 (Sub No. 1189) X

CONSOLIDATED RAIL CORPORATION
- ABANDONMENT EXEMPTION -
IN HUDSON COUNTY, NEW JERSEY

PACE GLASS, INC.

VERIFIED STATEMENT
OF
GEORGE E. VALIOTIS

Respectfully Submitted By,



George E. Valiotis
Principal

Pace Glass Inc.
73 Cornelison Avenue
Jersey City, NJ 07304
Tel: (718) 267 - 0300

Dated: November 6th, 2014

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STB Docket# AB 167 (Sub. No.# 1189) X

Verified Statement
of
George Valiotis

For filing with the US Surface Transportation Board:

My name is George Valiotis. I am a citizen of the United States. I am over the age of 18. I am qualified and authorized to make this statement. I am aware that this statement is made under penalty of perjury and that all of following facts are true; and that totality of the information contained herein below is accurate to the best of my personal knowledge and belief.

I am preparing this statement in support of the City of Jersey City's ("City") Offer of Financial Assistance ("OFA") in the above titled proceeding.

I am one of the principles of Pace Glass Inc. (PGI). PGI is a glass recycling business located in Jersey City, NJ. Our business is currently located at 73 Cornelison Avenue. PGI purchased the assets of a now-defunct business which was operating at the same location in the summer of 2014. The transaction closed in July.

[REDACTED]

[REDACTED]

████████████████████

Pace Glass Inc.

PGI is a privately held company whose primary business is the recycling of glass. The principals involved in PGI were previously involved in the glass industry a number of years ago in Europe. Having been involved in the construction industry here in the United States for well over a decade, the principals see PGI as a natural extension and outgrowth of their vertically-integrated construction businesses.

PGI is backed by a reputable, long established firm based in New York City. Alma Realty LLC ("Alma"), a large, well respected real estate and investment firm, provides PGI with significant financial support and resources. Alma has significant real estate², banking³, and commercial holdings⁴ located throughout the New York and New Jersey metro area. The total financial investment in the Jersey City facility is approximately \$10 million dollars.

PGI is strategically located in Jersey City. PGI hopes to capitalize on the recent "green" movement in recycling by becoming a recycling conduit for a portion of the New York City metro area's used glass. As an easily recycled commodity, glass is truly a renewable resource. Glass recycling is widely practiced throughout the world, and generates billions of dollars per year in the world-wide market place.

Glass recycling is the process of turning waste glass into usable products. Glass makes up a large component of household and industrial waste due, in part, to its weight and density. The glass component in municipal waste is usually made up of bottles, broken glassware, light bulbs

² Alma Realty currently has significant real estate holdings in New York and New Jersey. To see just a few of their many properties, or to find additional information, visit Alma's website at: <https://www.almarealty.com/>

³ Alma Bank is an affiliated organization held by the same principles as Alma Realty. Alma Bank, a fast growing community bank, is currently nearing *one billion dollars* in assets and deposits. For additional information, visit: <https://www.almabank.com/>

⁴ Alma Realty has a number of subsidiaries and other affiliates which support their vast real estate holdings. They also maintain very close commercial relationships with a number of other organizations who provide critical services to their various development projects.

[REDACTED]

and other items. Just a few of the most common types of recycled glass are colorless glass, green glass, and brown/amber glass. Glass that is crushed and ready to be re-melted is called cullet.

Glass recycling uses less energy than manufacturing glass from sand, lime and soda. Since glass is easily recycled, its re-use can provide manufacturers with considerable cost savings compared to producing glass from all raw materials. Plus, using recycled glass is a more environmentally friendly practice. Every metric ton (1,000 kg) of waste glass recycled into new items saves 315 kilograms (694 lb) of carbon dioxide from being released into the atmosphere during the creation of new glass.

Currently, our facility is being renovated and expanded. Work currently being performed on site includes the erection of a new pre-fabricated steel building, the installation of processing machinery, and the construction of additional support infrastructure, such as our new truck scale.

Construction is expected to be completed by the end of the first quarter of 2015. We anticipate that we will begin receiving and processing raw materials on, or around, April 2nd, 2015. PGI intends to source its raw material for processing from a variety of different locations, including from both local and regional sources. Inbound raw materials are expected to arrive primarily by truck. However, in order to best utilize our railcar fleet, PGI expects to be able to bring a portion of our raw materials in by rail.

When construction is completed, the facility will initially be equipped to process up to [REDACTED] of material per day. The facility is actually designed to be able to accommodate additional volume in the future, should demand for our material increase. PGI is projecting to produce approximately 110,000 tons of recycled glass during the last three quarters of 2015. PGI anticipates it will produce no less than 150,000 tons of recycled glass in 2016.

[REDACTED]

Harsimus Rail Line

PGI first learned about the Harsimus Line through our company attorney, Mr. William Matsikoudis. He⁵ invited us to a special meeting which was held at City Hall in Jersey City. The event, which was called an information gathering meeting, introduced us to the City's plan to restore rail freight service on the Harsimus Line.

At the meeting, the City solicited some general information from those participants who were present. The City stated it was interested in obtaining the information so that the City could determine what level of interest the attendees might have in either; using, rebuilding, or operating the Harsimus Line. It was explained to the attendees what the City was hoping to accomplish.

It was a fairly large meeting. A number of other interested parties were in attendance as well. They included representatives from a local concrete company, a railroad construction company, and a local bridge building company. From our standpoint, the most interesting and informative party present at the meeting were the two representatives from CNJ Rail Corporation ("CNJ").

The reason for our high interest in the Harsimus rail line is straight forward and simple. In order to move the volume of material which we are anticipating, we need a suitable location to load railcars which is in fairly close proximity to our plant. We also would like a spot to be able to receive product by rail as well.

The City has outlined its desire to assist businesses in Jersey City with reducing transportation costs by providing trans-loading locations located along a portion of the Harsimus Line. The city-provided facility will greatly reduce our capital costs, since the City is proposing to build and finance the trans-load sites. In addition, the City anticipates it will hire a

⁵ Mr. Matsikoudis is a partner in the law firm of Matsikoudis & Fanciullo, LLC. Prior to re-entering private practice, Mr. Matsikoudis was the Corporation Counsel for the City of Jersey City for many years. He is acutely aware of the details surrounding the Harsimus Line and understands the City's goals and objectives.

Public Filed Version - Confidential Material Redacted

“designated operator” to manage and run the facility for the City. This will provide PGI access to the “value-added” services of a short-line railroad.

The location at which the City is considering developing rail infrastructure along the Harsimus Line is ideal from our perspective because it sits within two miles of our plant, can be easily accessed by our trucks, and can be easily configured to load 4 to 8 railcars per day.

As result, PGI has a real, genuine, and significant interest in rail service. We outline our needs in greater detail below:

Rail Shipping Needs

With our processing and manufacturing facility nearing completion, PGI has turned its attention to finalizing its inbound and outbound transportation contracts.

PGI is currently finalizing volume commitments with [REDACTED] large manufacturer of glass containers [REDACTED] will receive our material by rail at one of six manufacturing plants located around the country. We have provided a list of the various traffic lanes in which we are currently negotiating rates and service levels with CNJ, hereto attached as Exhibit # 1. Specific traffic volumes to each plant are undetermined at this time.

In addition to the contracts we are finalizing with [REDACTED], PGI is also negotiating similar contracts with two additional customers. PGI anticipates it will reach an agreement with both [REDACTED] and [REDACTED] as well. [REDACTED] is a large US-based manufacturer of glass containers. [REDACTED] is an international producer of glass containers, with operations in [REDACTED] different countries. Identification of the various traffic lanes for each customer is currently underway. Negotiations for freight rates will begin as soon as the traffic lanes are finalized.

PGI needs to secure a railcar loading facility no later than **March 1st, 2015**. PGI anticipates it will need approximately 30 days to install the necessary railcar loading facilities on the trans-loading site. The loading system will be a simple conveyor system which will elevate our material into a loading silo located above the tracks. Railcars would be moved into position under the silo and loaded from the top. Material will be transferred from our plant to the loading location via tandem dump trucks.

PGI would also like to see a facility be developed which would permit PGI to receive inbound raw material by rail. PGI anticipates that the unloading facility would be able to handle multiple commodities which are transported in bottom-discharge hoppers. Such a facility would need to be able to elevate product high enough to be loaded into our dump trucks for transport over to our processing plant.

Based upon our projected sales and estimated rail transit times, PGI will require an initial fleet of approximately [REDACTED] covered hopper cars to support our operations. Depending on actual sales and growth, the size of our fleet might fluctuate. PGI will be focused on fine tuning the size of our car fleet during our first two years in full operation.

Rail Traffic Volume

PGI anticipates it will ship approximately 80-90% of its outbound traffic by rail in our first year. We expect that traffic volumes will grow substantially in the 3rd and 4th quarters of 2015. We are projecting our total number of rail shipments to be in the range of approximately [REDACTED] carloads in 2015.

In our second year, we are projecting to ship between [REDACTED] annual rail car shipments in our second year and beyond. Like any new business, projects might not be reached. However, the contracts PGI is currently negotiating are expected to contain certain volume commitments which should reduce the risk of not meeting projections.

Service Requirements

In order to meet the needs of our customers, PGI's trans-load facility will require daily switching. PGI expects to load approximately 4-8 railcars per day. PGI will also require additional storage capacity for empty railcars if transit times become unreliable. Since new material will always be arriving at the processing plant, the transfer of our finished product to the waiting railcars is essential in keeping the manufacturing process from bogging down due to an inability to load out material.

Alternatives

PGI has only one concern with regards to the City's proposed facilities along the Harsimus Line. Given our need to begin shipping by April 1st, 2015, PGI is concerned that the City might not be able to complete the Harsimus facilities in a timely manner sufficient for us to meet our immediate transportation needs. As such, PGI may need to look at alternative locations until the City facilities can come online.

CNJ Rail has indicated to us that there are a number of ways to provide us with an interim solution. However, those alternatives require us to provide the capital to construct the loading facility. The City's proposal is very attractive to PGI in so far as the City is willing to provide rail trans-loading facilities for the benefit of shippers located within Jersey City.

Conclusion

In closing, I would like to reiterate PGI's support for the City's plans for the Harsimus Line. PGI hopes that this Verified Statement is adequate enough to demonstrate our immediate need for rail service, and our desire to have access to that service in Jersey City.

Respectfully Submitted,

VERIFICATION

State of New York

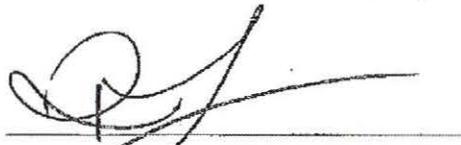
STB Docket# AB 167 (Sub No.#1189)X

City of New York

I, George E. Valiotis, being duly sworn according to law, hereby deposes and states that I am a principal in Pace Glass, Inc.; and that I am authorized to make this verification; that I have read the foregoing document, and know that the facts asserted therein are true and accurate as stated to the best of my personal knowledge, information and belief.


George E. Valiotis

Subscribed to and sworn to be me, a Notary Public, in and for the City of New York, County of Queens, State of New York, this 6th day of November, 2014.


Notary Public

My commission expires on:

RISA R. LANDER
NOTARY PUBLIC, STATE OF NEW YORK
NO. 02LAG293380
QUALIFIED IN KINGS COUNTY
COMMISSION EXPIRES JUNE 03, 2017

~~*** Highly Confidential Material ***~~

Public Filed Version - Confidential Material Redacted

Exhibit 1

Valiots - Verified Statement

Contents of Exhibit 1 - Origin and Destination Pairs -
REDACTED IN THEIR ENTIRETY

~~*** Highly Confidential Material ***~~