

233905

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No.35652

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March 5, 2013
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DIANA DEL GROSSO, RAY SMITH, JOSEPH HATCH,
CHERYL HATCH, KATHELEEN KELLEY, ANDREW WILKLUND,
AND RICHARD KOSIBA—
PETITION FOR DECLARATORY ORDER

Comments of Frank S. DeMasi
Support of the G&U Railroad in Response to
PETITION FOR DECLARATORY ORDER

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I am providing my comments in support of the G&U Railroad as an active advocate of rail freight in Eastern Massachusetts. I believe the G&U railroad provides a beneficial impact and importance to economic and industrial development in my region. I am a retired Department of Defense Logistics and Acquisition Professional, and I represent my municipality at state and regional level transportation planning organizations. As part of my appointment I represent the Town of Wellesley as a member of the Boston MPO's Advisory Council and its freight committee. As a result of my association and activities with state and regional planning organizations I have become aware of a high demand for rail transload facilities, and their public benefits such as those operated by the G&U RR.

Because of the changes in rail freight operations nationwide, specifically in areas such as Eastern Massachusetts where railroads have formally or informally abandoned service to feeder lines and individual shippers/consignees, there is a need for decentralized and well located transloading facilities such as the one being operated by the G&U Railroad. The G&U Railroad is well located with excellent rail and road access to eastern Massachusetts and the Boston metropolitan area. The railroad is a 16.5 mile line that runs from North Grafton to Milford and connects to CSX Transportation lines at both ends. Following a period of decline and neglect, maintenance and repairs began on the line in 2008 in order to return the line to operable condition. The revival of the G&U in operation in Upton for 135 years, is a result of a demand for rail to truck transloading in the region and the rising diesel prices that have adversely affected trucking rates changing the transportation dynamic across the US and Commonwealth.

As former chairman and member of the Freight Committee, I have advocated the need for rail facilities as developed at the G&U Railroad. I have addressed public forums and provided presentations to state legislators about the concept commonly called "Freight Villages" where various services essential to railroad transloading and distribution operations can occur. The G&U Railroad Transload operations are prime examples of the Freight Village concept as presented in PowerPoint *Intermodal Freight Village Proposal for the Commonwealth*, a copy of which is attached.

One of many consequences of the failure to divert heavy-duty long-distance trucks from our region's highways is the increased maintenance and repair costs of our region's roads and bridges. This factor was dramatically brought to light by the collapse of the I-35 bridge in Minneapolis, a contributing factor of which has been reported to be the compression-tension cycle created by heavy duty trucks resulting in added metal fatigue. Since that accident the State of Massachusetts has funded, through specific bonding, an Accelerated Bridge Program to rapidly reduce the number of obsolete and deficient structures in Massachusetts. Further, the Commonwealth has entered into several agreements with CSX railroad, Pan AM RY, and the P&W Railroads to partner in rail bridge clearance programs for Double Stack capability and a program to affect 286 K weight on rail capacity improvements in an effort to reduce the number of heavy interstate trucks on the state's highway system. The rail transload facilities developed by the G&U Railroad are an extension and accommodation to the efforts of the private/public sector's to divert trucks from our region's roads and bridges to its rail network.

My observation of the G&U RR operation shows it to be a great asset to reducing long haul trucking while creating local jobs and utilizing a long neglected short line railroad to the public benefit of eastern Massachusetts. Under Mr. Delli Priscoli's ownership and management the G&U Railroad has created a major transloading operation in the Upton yard. The G&U transloading yard in Upton currently has 4 unloading tracks totaling approximately 2000 feet and includes a pellet transloading facility. The Railroad accommodates approximately 15 customers, transloading various types of bulk liquids, such as soybean oils, bio-fuels, solvents, nitric acid, phosphorous acid, styrene and alcohols, as well as wood pellets. In a single month's operation of the yard in 2012, 84 railcars were trans-loaded, 6 of which were hopper cars with wood pellets, seventy eight (78) cars contained the types of liquid bulk materials described earlier.

Benefits of the Railroad are:

- Reduction of truck traffic on our crowded highways.
- Far fewer air pollutants emitted per mile traveled.
- Better access to out of state suppliers and receivers of materials.
- Expedited rehabilitation and reuse of an idle industrial sites and rail ROW
- New jobs and tax revenue for the Towns of Grafton, Upton, Hopedale, Milford, and the Commonwealth.

My knowledge of short line railroad operation lead me to believe that the activities described by the G&U are the same sort of activities routinely performed at other rail transloading facilities, including facilities that transload bulk products by rendering that transportation more efficient, more productive, and safer. These include unloading the material at the transloading facility, storing it there temporarily until it can be loaded into containers or into trucks, or rail cars. I believe that those activities would be integrally related to transportation and therefore would be covered by the section 10501(b) preemption.

The Federal Highway Administration projects that if we do not change our transportation system freight transported by long haul truck will increase 66% in the next dozen years over Massachusetts' already congested levels. On a national average, trucks generate 10 time's sooty particulates and hydrocarbons on per ton per mile basis than rail freight, and almost 3 times the nitric oxides and carbon monoxide. Based on data compiled by the US EPA and American Association of State Highway and Transportation Officials, the health impact costs from medical bills and loss of earnings due to illness or premature death from this increased source of air pollution from long-haul trucking based on 1997 dollars equals 2 ½ cents per ton for each 10-miles traveled. Assuming that on average, a long-haul truck traveling to or from

Massachusetts hauls 20 tons of freight that equates to a hidden cost of 5 cents per mile borne by the Massachusetts residents.

Other hidden costs of long haul trucking are: pavement wear and tear, 18 cents per mile; congestion costs, 5 cents; accident costs, 27 cents; excess user costs, 8 ½ cents; and noise impacts, 8 ½ cents. These costs are based on constant highway driving and average national conditions, and do not take into account the higher costs encountered in eastern Massachusetts with greater stop-and-go traffic which increase air pollution, more overpasses and elevated roadways which increases pavement wear and tear, and higher construction and labor costs. If we are not to suffer greater air pollution, larger hidden costs borne by all of us, and reduced quality of life from time-consuming congestion, we must foster changes to our freight transportation system. A critical aspect for the revitalization of rail freight in the Boston metropolitan area as part of a healthy and robust national rail freight system is development of rail terminals like those provided by the G&U Railroad necessary to allow an interface between long-haul rail transportation to transload freight for local truck deliveries or pick-ups to serve local markets.

The G&U transload facilities are the types of facilities which will be required to revitalize rail freight transportation in the Boston metropolitan area. The G&U RR will handle a wide range of in-bound and out-bound products and materials, from lumber, steel, paper, various types of bulk liquids, such as soybean oils, bio-fuels, solvents, nitric acid, phosphorous acid, styrene and alcohols, as well as wood pellets and other bulk commodities inbound. Rail freight presents an overwhelming pricing advantage over trucking because of rail's inherent transportation efficiencies, and will save Massachusetts and its municipalities tens of millions of dollars per year in transportation and distribution costs; and will save Massachusetts, its municipalities and residents even more money from reduced impacts from air pollution, congestion, highway accidents, excess user costs, and pavement wear and tear. The G&U pellet transload facility fills a gap left by the larger railroads that continue to rationalize their branch lines and discourage local carload freight. The Class I railroads in North America use a spoke and hub strategy and eschew local rail car deliveries on low density branch lines in favor of containers or trailers on flatcars with trucks providing longer drays in large vehicles to local distribution points. This strategy while highly efficient to rail operations sees more trucks on highways burdening public sector with high bridge and maintenance costs while exacerbating highway congestion in our urban and suburban areas.

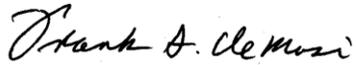
My view of bringing in commodities, including wood pellets in bulk by rail, storing temporarily and putting them into an intermodal container or truck body would all be integrally related to the aforementioned rail transportation. It is my understanding that the Interstate Commerce Act, as revised by the ICC Termination Act of 1995, vests in the Surface Transportation Board broad jurisdiction over "transportation by rail carrier," 49 U.S.C. § 10501(a)(1), which extends to property, facilities, instrumentalities, or equipment of any kind related to that transportation, 49 U.S.C. § 10102(9). The preemption provision in the Board's governing statute states that "the remedies provided under [49 U.S.C. § 10101-11908] with respect to regulation of rail transportation are exclusive and preempt the remedies provided under Federal or State law." [49 U.S.C. § 10501(b)].

I also understand that the statute 49 U.S.C. § 10101-11908 defines the term "transportation" broadly to encompass the facilities used for and services related to the movement of property by rail, expressly including "receipt, delivery," "transfer in transit," "storage," and "handling" of property. [49 U.S.C 10102(9)]. Thus, under STB statute, "transportation" is not limited to the movement of a commodity while it is in a rail car, but includes such integrally related activities

as loading and unloading material from rail cars and temporary storage. Accordingly, the courts and the rail industry have consistently understood that transloading operations are part of rail transportation.

I believe that the G&U Railroad's intent in establishing a much needed local transload of bulk products and finished goods for local distribution meets the above criteria. My long term knowledge of Mr. Delli Priscoli was his desire to operate the G&U as a common carrier and his assertion that all of the transloading facility proposed activities, including transportation of wood pellets would be conducted for the sole purpose of facilitating rail transportation and would therefore be integrally related to that rail transportation. In conclusion it is my understanding of the AAR policy that the G&U Transload operations meet the definition of transloading that has historically been an integral part of railroad operations.

Respectfully submitted

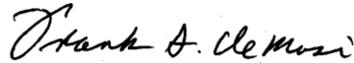
A handwritten signature in cursive script that reads "Frank S. DeMasi".

Frank S. DeMasi

Attachment: Intermodal Freight Village Proposal for the Commonwealth

Certificate of Service

I hereby certify I have served the foregoing Reply as of this 5th day of March, 2013 by causing a copy to be sent electronically to Mark Bobrowski, Blatman, Bobrowski & Mead, LLC, 9 Damonmill Square 4A4, Concord, Massachusetts 01742 and Fritz Kahn, 1919 M Street, 7th Floor, Washington, DC 20036, Borman, Keith T, American Short Line And Regional Railroad Association, 50 F Street, NW, Suite 7020, Washington, DC 20001-1564, Eric Hocky, Thorp Reed & Armstrong, LLP, One Commerce Square 2005 Market Street, Suite 1000, Philadelphia, PA 19103, James E. Howard, 70 Rancho Road, Carmel Valley, CA 93924



Frank S. DeMasi

The Intermodal Freight Village Proposal For the Commonwealth



Presented to the RTAC Freight Committee by
Frank DeMasi - 14 March 2007

Data Sources/Acknowledgements

**New York State Department of Transportation/Proposed
Long Island Truck - Rail Intermodal (LITRIM) Facility
Project P.I.N. 0339.12 - Town of Islip - Suffolk County, NY
Regional Freight Plan Project/New York Metropolitan
Transportation Council**

**Northern New Jersey Transportation Planning Authority
(MPO)**

**Federal Highway Administration (FHWA) Freight Planning
New England Transrail LLC**

Intermodal Rail Operations and Development of Freight Villages

Presentation to involve freight stakeholders/general public in a discussion of:

- Feasibility of developing Freight Villages in Industrial zoned areas in MetroWest/South Coast of the Commonwealth
- Importance of the freight rail infrastructure in Eastern Massachusetts
- Feasibility of consolidation and or relocation of Rail Road operations (Class I – CSX, Regional – Pan AM/P&W, and Branch Lines) and transportation and industrial enterprises into so called Freight Villages in Eastern Massachusetts
- Focus/Planning/setting priorities that influence future *regional freight policy*, industrial development, public policy in land use, and Public/Private investment to favorably effect our Quality of life and Economic Well Being

The EOT/Boston MPO Missing Elements:

- **A Regional Freight Plan that contains timely descriptive narratives of the current freight delivery system;**
- **Recommendations for capital projects, policies, and programs;**
- **Suggestions for further freight transportation planning; and**
- **Public education of freight transportation characteristics/issues from point of view of shippers, carriers, other affected stakeholders**

The EOT/Boston MPO Missing Elements:

Solicit public and industry input

- **1 - Defining the regional freight system**
- **2 - Definition of assessment of needs**
- **3 - Assessment of improvements and solutions**
- **4 - Selection and implementation of freight strategies**

Develop a constituency for implementation of a freight action plan

The EOT/Boston MPO Missing Elements:

■ Metropolitan freight planning “best practices” from other MPOs from four perspectives

● Mandate

-Freight planning missions, visions, and goals

● Organization

-Public/private sector coordination

● Resources

-Funding and staff resources for freight planning

● Projects and programs

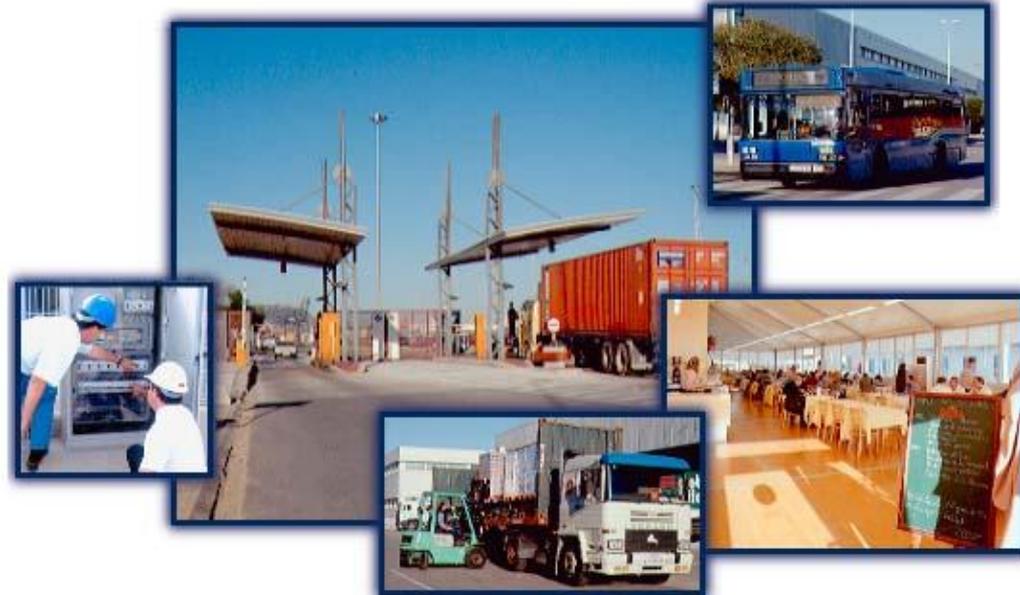
-Innovative freight planning activities

The EOT/Boston MPO Missing Elements:

- **There are many examples of excellent metropolitan freight planning programs, all with similar characteristics**
 - **Clearly defined, attainable goals for the region's freight transportation system**
 - **A high degree of public agency and private sector involvement in the freight planning process**
 - **A designated “freight expert” within the organization**
 - **A move toward the development of freight-specific models and databases**
 - **A willingness to “think outside the box” in developing and funding freight improvement projects**

Freight Villages

- **Multi-modal options**
- **Intermodal transfer**
- **Logistics services**
- **Rich in freight options**



Intermodal Rail Issues/Goals

- *Freight transportation provides goods/services the economy depends on and people rely on*
- *Cost of consumables/manufactured goods/raw materials are more expensive in this region*

Goal 1: Improve the Movement of Goods in Eastern Massachusetts

Goal 2: Create a Balanced System for Goods Movement in Eastern Massachusetts

Goal 3: Improve Environmental Quality

Goal 4: Promote Economic Development

Intermodal Yard Site Selection Criteria

Sufficient available land: (Approx 100 Acres)

- **The capacity to accommodate current and projected freight shipment service levels for South Eastern Massachusetts and Metro West Regions (rail cars/hour and trucks/hour).**

Rail system access:

- **Intermodal yard site must be in close proximity/easy access to rail line**
- **The intermodal yard must operate without impact to existing MBTA commuter rail service**

Intermodal Yard Site Selection Criteria

Suitability of site:

- **The intermodal yard must have adequate buffers/avoid negative impact on residential neighborhoods**
- **Must facilitate rail use/decreases long haul truck for shipment in the MetroWest Region/South Eastern Massachusetts**
- **Must handle projected growth in intermodal operations**

Access to major truck routes:

- **Must have easy access to major arterials, such as I-495/95/93 and the MassPike (I-90), State Routes 2/3/24/44 and include consideration for Bypass Route(s) to avoid Business Districts**

Centrally located to effectively distribute goods:

- **Must maintain or improve travel time/cost for movement of goods to/from eastern Massachusetts**
- **Must be located to reduce truck travel miles in the MetroWest Region and South Eastern Massachusetts**

Freight Villages: Defined FHWA Data Source

- **Cluster of freight-related business**
- **In a secure perimeter**
- **Single management**
- **Master planned**
- **Near cities**
- **High quality settings**
- **Support services**



Long Island NY Proposed Freight Village Template



Freight Villages: What is the US Impetus?

The Urban Freight Dilemma

- **Trade -- value & growth are high**
- **Urban areas as market -- benefit from cheap goods, jobs, value-added businesses**
- **Real estate for freight is scarce/expensive**
- **Congestion, VMT, emissions result**
- **Urban area loses business/quality of life**

Freight Villages: Context sensitive design and sustainability features

- **Improve land values - highest and best use**
- **Appropriate density - minimize foot print**
- **Jobs for local residents - opportunity/access**
- **Access to CBD**
- **Consolidation of deliveries possible**
- **Natural area protection/enhancement**

Freight Villages: Benefits to businesses

- **Market proximity**
- **Access to multimodal transport**
- **High quality perimeter security**
- **Efficiency**
- **Business services**
- **Synergistic business opportunities**
- **Esthetic**

Freight Villages: Public benefits

- **Support/Enable trade**
- **Relieve congestion, VMT**
- **Encourage a growth sector of the economy**
- **Provide jobs in urban area, access to jobs**
- **Restore lands to tax roles**
- **High-value use of property**
- **Landscaping and natural resource protection**
- **Esthetic**

Freight Villages

Where are they found?

- **Over 40 in Europe**
- **France, Germany, Spain, Italy, Greece, Denmark, the Netherlands, Belgium, Luxembourg, Poland**
- **Several in Planning stages in NY and New Jersey**
- **Networked as part of an intermodal freight distribution system**

Freight Villages: Functional characteristics

- **Intermodal operations**
- **Integrated distribution**
- **Smart warehousing**
- **Logistics**
- **Showrooms**
- **Customs**
- **And support services**



Freight Villages: Support Services

- **Security**
- **Maintenance**
- **Office space**
- **Meeting/conference rooms**
- **Eating facilities**
- **Banking, mail, extra warehouse**
- **Public transportation/internal transit**

Freight Villages:

Additional support services/related businesses

- **Vehicle service, repair, leasing**
- **Hotel/motel**
- **Truck stop**
- **Training facility**
- **Employment agency**
- **Insurance**
- **Communications**

Freight Villages

Inappropriate Uses:

- **Passive storage**
- **Storage of empty containers**
- **Uncontrolled public use (retail, car rental)**
- **Heavy manufacturing**

Freight Villages: Improving the concept of Context Sensitive Design

Make explicit the following values:

- **Improve environment: air emissions, VMT**
- **Improve business efficiency (reduce/avoid congestion, reduce costs, energy use)**
- **Allow urban labor access to jobs**
- **Improve work conditions of mgmt. & labor**

Freight Villages: Issues to consider and research

Making the case/improving the outcome:

- **Quantify benefits of compactness, etc**
- **Maximize public benefits (spillover)**
- **Quantify value for public/private sectors**
- **Quantify ROI for public/private sectors**
- **Design for the future**

Freight Villages

Northern New Jersey Transportation Planning Authority Study applicable to Massachusetts

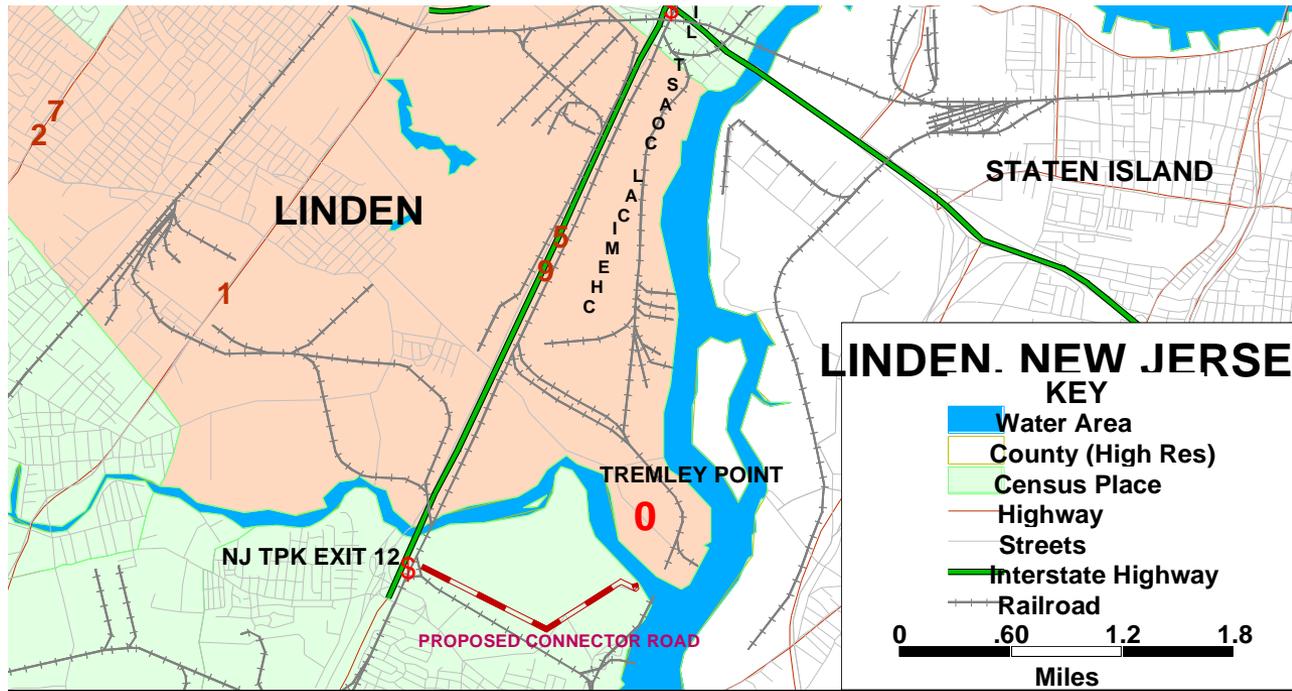
- **Brownfields: perfect for freight infrastructure**
- **High value smart warehouses**
- **Planned unit developments**
- **Ref: <www.njtpa.org>**

Freight Villages: Case Study

Tremley Point, Union County, New Jersey

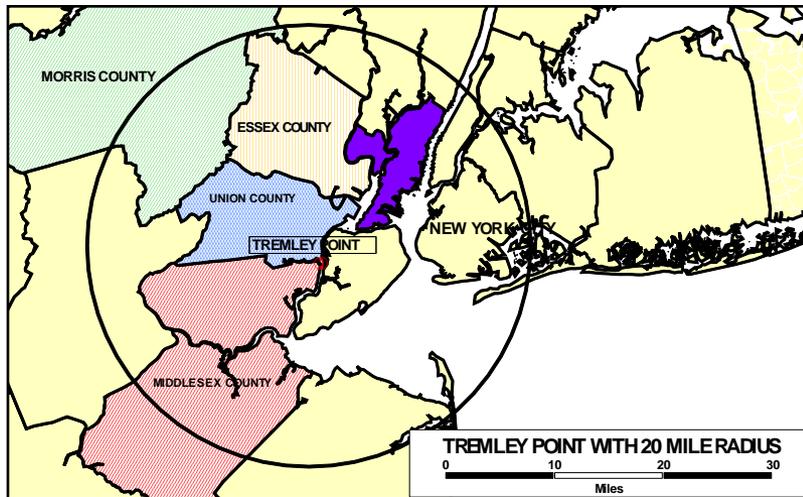
- **County is rich in freight transport**
- **Near major market**
- **Classic Brownfield**
- **Wetlands**
- **Investment anticipated**

Freight Villages: Map showing Tremley Point



Freight villages: Tremley Point feasibility

Apply to Mass Gateway Cities & Inland Ports:



- **In the center of a major market**
- **Freight transport-rich**
- **Classic brownfield**
- **Wetlands**
- **Investment anticipated**

Freight Villages: Tremley Point

Drivers for Tremley Point freight village

Apply to Mass Gateway Cities:

- **Local roads truck traffic**
- **Waves of brownfield redevelopment**
- **Port growth**
- **Need for freight-related real estate**
- **Garbage intermodal proposal**
- **Northern New Jersey Transportation Planning Authority study**
- **Creative leap**

Freight Villages: Coming to Massachusetts?

Actions for developing Freight Villages

- **Develop land use plans with Mass Gateway Cities (Boston, Fall River, New Bedford, Salem, Gloucester) and...**
- **Inland Port Intermodal Rail Facilities (at Springfield, Worcester, Framingham, Ayer, Lowell, Wilmington, Woburn, others...)**
- **Encourage state interest/support: EOT, MBTA, MAPC, MassHighway, Office of Commonwealth Development, Office of Economic Development, Seaport Advisory Council**
- **Encourage/meet with private investors (CSX/Pan AM/P&W) Trucking Firms/Logistics Providers, Warehousemen**
- **Work with New England and adjacent States (NY-NJ-CT)**
- **Improve Rail/Highway access to Ports**