

Application to

**Schuyler County Industrial
Development Agency (SCIDA)**

For

Tax Exempt Bond Financing

and/or

Straight-Lease Transaction

and

Fee Schedule

**Please contact the agency for more
information
regarding project eligibility
and application process.**

Schuyler County Industrial Development Agency (SCIDA)

910 S. Decatur Street
Watkins Glen, New York 14891

INSTRUCTIONS

1. The Agency will not approve any applications unless, in the judgment of the Agency, said application contains sufficient information upon which to base a decision whether to approve or tentatively approve an action. The application must be signed and notarized by an authorized official.
2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application (the "Project").
3. If an estimate is given as the answer to a question, put "(est)" after the figure or answer, which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return this application to the Agency at the address indicated on the first page of this application.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form concerning the Project. Application is valid for a period of one (1) year from the date of IDA Board acceptance.
7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the Project which are in the nature of trade secrets or information, the nature of which is such that if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of Public Officers Law.
8. **THE APPLICANT WILL BE REQUIRED TO PAY TO THE AGENCY ALL ACTUAL COSTS INCURRED IN CONNECTION WITH THIS APPLICATION AND THE PROJECT CONTEMPLATED herein (to the extent such expenses are not paid out of the proceeds of the Agency's bonds issued to finance the project). Application is valid for a period of one (1) year from the date of IDA Board acceptance. The costs incurred by the Agency, including the Agency's general counsel and bond counsel, may be considered a part of the project and included as a part of the resultant bond issue.**
9. The Agency has established an application fee of \$3,000.00 to cover the anticipated costs of the Agency in processing this application. A check or money order made payable to the Agency must accompany each application. **THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FEE.**
10. The Agency has established a project fee for each project in which the Agency participates. **UNLESS THE AGENCY AGREES IN WRITING TO THE CONTRARY, THIS PROJECT FEE IS REQUIRED TO BE PAID BY THE APPLICANT AT OR PRIOR TO THE GRANTING OF ANY FINANCIAL ASSISTANCE BY THE AGENCY.**

This application should be submitted to the Schuyler County Industrial Development Agency,
910 S. Decatur Street, Watkins Glen, New York 14891 (Attn: Chief Executive Officer).

Schuyler County Industrial Development Agency (SCIDA)

910 S. Decatur Street
Watkins Glen, New York 14891

Taxable and Tax Exempt Industrial Development Revenue Bonds

Application Fee: A fee of \$3,000.00 is payable to SCIDA at the time the application is submitted. \$2,500 will be credited at closing; \$500 is non-refundable. If this Application is not accepted by the Agency, portions of the \$2,500 deposit may be refunded.

Fee: 1.00% of the principal amount of the bond series.

Straight-Lease Transactions

Application Fee: A fee of \$3,000.00 is payable to SCIDA at the time the application is submitted. \$2,500 will be credited at closing; \$500 is non-refundable. If this Application is not accepted by the Agency, portions of the \$2,500 deposit may be refunded.

Fee: With a PILOT:
First \$10 million – 1.00%
Second \$10-\$20 million - .5%
Anything greater than \$20 million - .25%

No PILOT – 25% of the abatement value (based on savings from mortgage tax and sales tax).

Schuyler County Industrial Development Agency (SCIDA) Application for Tax Exempt Bond Financing and/or Straight-Lease Transaction

I. APPLICANT INFORMATION

Company Name: Finger Lakes Railway Corp.

Address: 68 Border City Road (PO Box 1099)
Geneva, New York 14456

Phone No.: 315-781-1234

Fax No.: N/A

Federal Tax ID: 16-1474407

Contact Person: R. Eric Betke, President - Veronica Fields, Manager

E-Mail: info@fingerlakesrail.com

Date: September 18, 2024, Revised November 27, 2024

Form of Entity:

 X Corporation

 Partnership (General or Limited ; Number of General Partners and, if applicable, Number of Limited Partners , List Partners in section below.

 Limited Liability Company, Number of Members

 Sole Proprietorship

b. Principal Owners/Officers/Directors: (List owners with 5% or more in equity holdings with percentage of ownership)

Name	Address	Percentage Ownership/Office
Farmrail System, Inc	PO Box 1750, Clinton, OK 73601	46.81%
Genesee & Wyoming, Inc.	20 West Ave. Darien, CT 06820	46.81%
Michael V. Smith	8 Cat Alley, Gilmanton, NH 03237	6.38%

(Use attachments if necessary)

c. If a corporation, partnership, limited liability company:

What is the date of establishment? September 8, 1994 Place of organization Delaware

If a foreign organization, is the Applicant authorized to do business in the State of New York? Yes

(Attach organizational chart or other description if applicant is a subsidiary or otherwise affiliated with another entity)

- d. If the applicant entity is a subsidiary of a corporation or another entity, provide all parent information:

Form of Entity:

_____ Corporation

_____ Partnership (General ____ or Limited ____; Number of General Partners ____ and, if applicable, Number of Limited Partners ____, List Partners in section below.

_____ Limited Liability Company, Number of Members ____

_____ Sole Proprietorship

Principal Owners/Officers/Directors: (List owners with 5% or more in equity holdings with percentage of ownership)

Name	Address	Percentage Ownership/Office

(Use attachments if necessary)

- d. Attach certified financial statements for the company's last three complete fiscal years. If the company is publicly held, attach the latest Form 10K as well.

II. APPLICANT'S COUNSEL

Name/Firm: Robert Gach, Whiteman, Osterman & Hanna

Address: One Commerce Plaza, 19th Floor

Albany, New York 12260

Phone No.: 518-487-7653

Fax No.: 518-487-7777

E-Mail: rgach@woh.com

III. PROJECT INFORMATION:

- a. Please provide a brief narrative description of the Project (attach additional sheets or documentation as necessary).

Freight railroad-right-of-way-corridor. See attachment.

b. Location of Project

Project Address: Schuyler, Yates, Ontario, Seneca, Cayuga & Onondaga
Town/Village of: Multiple, including Reading, Dix, Watkins Glen in Schuyler County
Name of School District: Watkins Glen
Tax Map No.: 43.00-1-44; 65.09-6-4; 65.14-2-33 and 30' operating right of way reserved

c. Are Utilities on Site? Water: X Electric: X Gas: X Sanitary/Storm Sewer: X Telecom: X
Multiple municipal and private facilities on, over, and under Finger Lakes Railway right-of-way/property

d. Present legal owner of the site if other than Applicant and by what means will the site be acquired for this Project:
N/A

e. Zoning of Project Site:

Current: Industrial Proposed: Industrial

f. Are any zoning approvals needed? Identify: No

g. Local Permitting and Approvals – Does the project require local planning or permitting approvals? If so, please explain. Exempt, N/A Will a site plan application to be filed? N/A If so, please include copy if prepared.

h. Has another entity been designated lead agent under the State Environmental Quality Review Act ("SEQRA")?
_____; If yes, please explain:

6-County IDAs, multiple county existing freight rail corridor - exempt type 2, if required

i. Will the Project result in the removal of a plant or facility of the Applicant or a proposed Project occupant from one area of the State of New York to another area of the State of New York? No; If yes, please explain:

j. Will the Project result in the abandonment of one or more plants or facilities of the Applicant or a proposed Project occupant located in the State of New York? No; If yes, explain:

k. If the answer to either question i. or j. is yes, indicate whether any of the following apply to the Project:

1. Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry? Yes_____; No_____. If yes, please provide detail:

2. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes X; No _____. If yes, please provide detail: See attached letters from customers and suppliers attesting to the importance of Finger Lakes Railway to their future operations, businesses and expansions in upstate NY

l. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? ____; If yes, please explain:

N/A

m. If the answer to l. is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? _____%

n. If more than 33.33%, indicate whether any of the following apply to the Project:

1. Will the Project be operated by a not-for-profit corporation? Yes ____; No _____. If yes, please explain:
N/A
2. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located? Yes ____; No _____. If yes, please explain:
N/A
3. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the Project and related jobs outside of New York State? Yes ____; No _____. If yes, please explain:
N/A
4. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the City, Town or Village within which the Project will be located because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes ____; No _____. If yes, please explain:
N/A
5. Will the Project be located in one of the following: (i) an area designed as an Empire Zone pursuant to Article 18-B of the General Municipal Law; or (ii) a census tract or block numbering area (or census tract or block number area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes ____; No _____. If yes, please explain:
N/A

o. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes ____; No X. If yes, please complete the following for EACH existing or proposed tenant or subtenant:

Sub lessee name: No freight rail operations; multiple facilities (encroachments) are licensed to occupy (traverse) on, over, under FGLK's right-of-way/property.

Present Address: _____

City: _____ State: _____ Zip: _____

Employer's ID No.: _____

Sub lessee is a: _____ (Corporation, LLC, Partnership, Sole Proprietorship)

Relationship to Company: _____

Percentage of Project to be leased or subleased: N/A

Use of Project intended by Sub lessee: N/A

Date and Term of lease or sublease to Sub lessee: N/A

Will any portion of the space leased by this sub lessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes____; No____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions I. 1-5 with respect to such sub lessee.

p. Project Costs (Estimates) and Sources of Capital: Identify and list all private and public sources of capital.

Project	City/Town	Project Cost Total	Material Total	Labor Total	Equipment Total	Engineering Total	Sales Tax
Tie Replacement - 23 to 16.55	RS to Wat	\$ 2,299,000.00	1,147,201.00	921,899.00	-	229,900.00	147,136.00
Rail Change - 23 to 21	Rock Stream	\$ 458,000.00	234,496.00	177,704.00	-	45,800.00	29,312.00
Private Crossing Rehab - 23 to 21	Rock Stream	\$ 306,000.00	125,460.00	146,880.00	-	30,600.00	19,584.00
Bridge Rehabilitation - 20.02	Watkins Glen	\$ 120,000.00	62,400.00	48,000.00	-	9,600.00	7,680.00
		\$ 3,183,000.00	\$ 1,569,557.00	\$ 1,294,483.00	\$ -	\$ 315,900.00	203,712.00
State/FRA Funded							

q. Job Creation (Full Time Equivalent) : FGLK employs 45 FTE system wide, 13 of whom reside in the Labor Market Area of Schuyler (3), Steuben (3), and Yates (3)

Construction jobs created by the Project: 8-System Wide Anticipated Dates of Construction: Over 10-years

Jobs created by tenants (if applicable): N/A

Labor market from which applicant will draw (locations) U.S.A.; and number of residents and labor force within the labor market 13 FTE currently reside within labor market

Permanent jobs created by the Project

- Column A:** Insert the job titles that exist within the company at the time of application, as well as any job titles that will be established as a result of the Project.
- Column B:** Indicate the entry level wage for each listed job title either in terms of hourly pay or annual salary.
- Column C:** Indicate the percentage or dollar value of the fringe benefit package for each listed job title.
- Column D:** For each listed job title insert the number of positions that exist at the time of application.
- Column E:** Insert the number of jobs to be created during year one of the Project for each listed job title.
- Column F:** Insert the number of jobs to be created during year two of the Project for each listed job title.
- Column G:** Insert the number of jobs to be created during year three of the Project for each listed job title.
- Column H:** Indicate the total number of jobs to be created for each listed title as a result of the Project. (Column E + Column F + Column G = Column H)

MOW - Hourly	493,698	4,149	128,361	103,303	9	55,316	81,057	(E) Jobs Created: Year One	(F) Jobs Created: Year Two	(G) Jobs Created: Year Three	(H) Total Jobs Created
MOW - Salary	250,454		65,118	51,969	3	83,485	122,514	1-Transp.	1-Transp.		2-Trainees
MOE - Hourly	304,122	1,383	79,072	63,392	6	50,918	74,662		1-MOW/Signal	1-MOW/Signal	2-Trainees
MOE - Salary	70,856		18,423	14,703	1	70,856	103,982				
Trans - Hourly	1,018,429	6,915	264,792	212,759	16	64,084	93,931			1-MOE	1-Trainee
Trans - Salary	204,535		53,179	42,441	2	102,268	150,078			1-G&A	Admin
G & A (non exec) - Hourly	98,352	1,383	25,571	20,695	2	49,867	73,001				
G & A - NE - Salary	287,038		74,630	59,560	3	95,679	140,409				
G & A Exec - Salary	227,568		59,168	47,220	3	75,856	111,319				
Current emp	2,955,051	13,830	768,313	616,043	45	65,975	96,739				
				4,353,238	total wages, benefits & tax						
	Hourly/Salary Range		HR Bene	Employer Tax		Hourly/Salary Range					
	Low	High		Low	High	Low	High				
MOW - Hourly	21.5	26	6.86	4.46	5.40	32.82	38.25				
MOW - Salary	1211	1875	10.44	251.28	389.06	1,472.72	2,274.50				
MOE - Hourly	18.5	27.21	6.34	3.84	5.65	28.67	39.19				
MOE - Salary	1363	1363	8.86	282.82	282.82	1,654.68	1,654.68				
Trans - Hourly	22.47	30.57	7.96	4.66	6.34	35.09	44.87				
Trans - Salary	1790	1970	12.78	371.43	408.78	2,174.21	2,391.56				
G & A (non exec) - Hourly	20.51	25.57	6.15	4.26	5.31	30.91	37.02				
G & A - NE - Salary	1420	2384	11.96	294.65	494.68	1,726.61	2,890.64				
G & A Exec - Salary	1923	2523	9.48	399.02	523.52	2,331.50	3,056.00				

r. Financial Assistance Requested from the Agency:

Tax Benefits

1. Is the applicant requesting any real property tax exemption in connection with the Project? Yes ☒ No ☐.

2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages?
Yes ☐ No ☒. If yes, what is the approximate amount of financing to be secured by mortgages?
\$ N/A.

3. Is the applicant expecting to be appointed agent of the Agency for purposes of exemption from of New York State Sales Tax or Compensating Use Tax? Yes ☒ No ☐.

Potential SCIDA Financial Assistance

A. Estimated Project Costs eligible for Industrial Development Agency Financial Assistance

1. Sales and Use Tax

A. Amount of Project Cost Subject to Sales and Use Tax: \$ **2,546,400**
Sales and Use Tax Rate: 8.0 %

B. Estimated Sales Tax (A X .08). \$ **203,712**

2. Mortgage Recording Tax Exemption

A. Projected Amount of Mortgage: \$ **0**
Mortgage Recording Tax Rate: 1.00 %

B. Estimated Mortgage Recording Tax (A X .01): \$ **0**

3. Real Property Tax Exemption

A. Projected Increase in Assessed Value on Project: \$

B. Total Applicable Tax Rates Per \$1,000: \$

C. Estimated Annual Taxes without PILOT (A X B)/1,000: \$

4. Interest Exemption (Bond transactions only)

- a. Total Estimated Interest Expense Assuming Taxable Interest: \$ 0
- b. Total Estimated Interest Expense Assuming Tax-exempt Interest Rate: \$ 0

B. Estimated Benefits of Industrial Development Agency Financial Assistance

1. Current Company employment in Schuyler County 2-5 regularly in Schuyler, 45 FTE that work all across the rail system on any given day
2. Current Company payroll in Schuyler County \$ 96,739 avg. annual wage/fringe bene/RRR bene/tax
3. Project Jobs to be Created over 3 years

TYPE OF FINANCIAL ASSISTANCE REQUESTED:

- ☒ Sales & Use Tax Exemption \$ Amount 203,712
- ☐ Mortgage Recording Tax Exemption \$ Amount _____
- ☒ Real Property Tax Exemption \$ Amount 51,332 +/- x 10-years
- ☐ Interest Exemption (Bond transactions only) \$ Amount _____

*** Total Amount of Financial Assistance Requested** \$ 717,032

s. **For Industrial Revenue Bonds ONLY, including this project**, list capital expenditures of the company at Project location:

Category	Last Three Years	Next Three Years
Land		
Building		
Equipment		
Soft Costs		
Other		
Total		

t. List any other positive impacts that the Project may have on Schuyler County:

FGLK's rail infrastructure provides our small towns and rural communities otherwise cut off from the North American freight rail network needed access to global sources and markets. The relief afforded by the PILOT is reinvested into our infrastructure and people while maintaining our exemplary service for our rail customers, including Cargill and U.S. Salt LLC in Schuyler County. The 39 rail customers of FGLK employ approx. 4,000 in-state workers in Upstate New York.

u. Application is valid for a period of one (1) year from the date of IDA Board acceptance. Extensions may be requested.

V. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. **Job Listings:** In accordance with Section 858-b (2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "WIB Entities") of the service delivery area created by the federal Workforce Innovation and Opportunity Act (WIOA) in which the Project is located.
- B. **First Consideration for Employment:** In accordance with Section 858-b (2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in WIOA programs who shall be referred by the WIOA Entities for new employment opportunities created as a result of the Project.
- C. **Annual Sales Tax Filings:** In accordance with Section 874 (8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874 (8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.
- D. **Annual Employment Reports (NYS 45):** The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed and their related wages at the project site.
- E. **Failure To Comply:** The applicant understands and agrees that, the applicant will remain in compliance with all local, state and federal tax, worker protection and environmental laws, rules and regulation. Failure to maintain compliance will result in the return of all or a portion of the financial assistance provided for the project. Further, the applicant acknowledges that submission of any knowingly false or misleading information may lead to immediate termination of any financial assistance and reimbursement of an amount equal to all or any tax exemptions claimed as a result of the project.
- F. **Absence of Conflicts of Interest:** The applicant has received from the Agency a list of the members, officers, employees and Counsel of the Agency. No member, officer, employee, or Counsel of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:
-
-
-

- G. **Anti-Pirating Provisions:** The applicant understands and agrees that the project will not violate GML 862 anti-pirating provisions and the agency will notify the current host community before the public hearing process is initiated.

**HOLD HARMLESS AGREEMENT AND APPLICATION DISCLAIMER
CERTIFICATION PURSUANT TO NEW YORK STATE FREEDOM OF INFORMATION LAW ("FOIL")**

Applicant hereby releases the SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take

reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with the respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

Through submission of this Application for Financial Assistance (this "Application"), the Company acknowledges that the Agency, as a public benefit corporation, is subject to the New York State Freedom of Information Law ("FOIL") and Open Meetings Law ("OML"), as codified pursuant to the Public Officers Law ("POL") of the State of New York (the "State"). Accordingly, unless portions hereof are otherwise protected in accordance with this Certification, this Application, including all Company-specific information contained herein, is subject to public disclosure in accordance with applicable provisions of the POL, Article 18-A of the General Municipal Law ("GML") and the Public Authorities Accountability Act of 2005, as codified within the Public Authorities Law ("PAL") of the State. Specifically, this Application may be disclosed by the Agency to any member of the public pursuant to a properly submitted request under FOIL and the Agency is further required to affirmatively disclose certain provisions contained herein pursuant to the GML and PAL, including the identification of the Company, general project description, location proposed capital investment and job estimates.

Notwithstanding the foregoing, the Company, pursuant to this Certification, may formally request that the Agency consider certain information contained within this Application and other applicable supporting materials proprietary information and "trade secrets", as defined within POL Section 87(2)(d). To the extent that any such information should qualify as trade secrets, the Company hereby requests that the Agency redact same in the event that formal disclosure is requested by any party pursuant to FOIL. Application Sections or information requested by Company for Redaction*:

(* - Please indicate specific sections within Application that the Company seeks to qualify as "trade secrets". Additional correspondence or supporting information may be attached hereto. Please also note that notwithstanding the Company's request, the Agency shall make an independent determination of the extent to which any information contained herein may be considered as such)

In the event that the Agency is served with or receives any subpoena, request for production, discovery request, or information request in any forum that calls for the disclosure of the Application, in entirety, specifically including but not limited to any demand or request for production or review of Company-designated trade secrets, the Agency agrees to notify the Company as promptly as is reasonably possible, and to utilize its best efforts to: oppose or decline any such request; preserve the confidentiality and non-disclosure of such requested confidential material; and maintain such information and prevent inadvertent disclosure in responding to any such discovery or information request. The Company understands and agrees that all reasonable costs, including attorney's fees, associated with any such formal undertaking by the Agency to protect the trade secrets from disclosure shall be reimbursed by the Company to the Agency.

The undersigned officer of the applicant deponent acknowledges and agrees that the applicant shall be and is responsible for all costs incurred by the Agency and legal counsel for the Agency, whether or not the Application, the proposed project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the proposed project described herein and (C) any further action taken by the Agency with respect to the proposed project; including without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing.

By executing and submitting this Application, the applicant covenants and agrees to pay the following fees to the Agency, the same to be paid at the times indicated:

(a) A fee of \$3,000.00 is payable to SCIDA at the time the application is submitted. \$2,500 will be credited at closing; \$500 is non-refundable. If this Application is not accepted by the Agency, portions of the \$2,500 deposit may be refunded. This application is valid for a period of one (1) year from the date of IDA Board acceptance.

(b) An amount equal to 1.00% of the total project costs for projects with bond financing, and an amount reflecting the scaled fee noted on page 3 for Straight-Lease Transactions for all other projects for which the Agency provides financial assistance, to be paid at transaction closing;

(c) An amount determined by Agency Staff payable to the Agency's bond/transaction counsel for the preparation and review of the inducement resolution, the environmental compliance resolution, TEFRA hearing proceedings and the tax questionnaire assuming no further activity occurs after the completion of the inducement proceedings, to be paid within ten (10) business days of the receipt of bond/transaction counsel's invoice;

(d) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, and (2) other consultants retained by the Agency in connection with the proposed project; with all such charges to be paid by the applicant at the closing or, if the closing does not occur, within ten (10) business days of receipt of the Agency's invoices therefore please note that the applicant is entitled to receive a written estimate of fees and costs of the Agency's bond/transaction counsel;

(e) The cost incurred by the Agency and paid by the applicant, including bond/transaction counsel and the Agency's general counsel's fees and the processing fees, may be considered as a costs of the project and included in the financing of costs of the proposed project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.

The applicant further covenants and agrees that the applicant is liable for payment to the Agency of all charges referred to above, as well as all other actual costs and expenses incurred by the Agency in handling the application and pursuing the proposed project notwithstanding the occurrence of any of the following:

- (a) The applicant's withdrawal, abandonment, cancellation or failure to pursue the Application;
- (b) The inability of the Agency or the applicant to procure the services of one or more financial institutions to provide financing for the proposed project;
- (c) The applicant's failure, for whatever reason, to undertake and/or successfully complete the proposed project; or
- (d) The Agency's failure, for whatever reason, to issue tax-exempt revenue bonds in lieu of conventional financing.

The applicant and the individual executing this Application on behalf of applicant acknowledge that under penalties of perjury as true, accurate and complete, the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading. Submission of any knowingly false or misleading information may lead to immediate termination of any financial assistance and reimbursement of an amount equal to all or part of any tax exemptions claimed.

Company Acknowledgment and Certification:

By: Finger Lakes Railway
Name: R. Eric Betke
Title: President

Sworn to before me this 18th day of September 2024

Tammy M. Spina
Notary Public

TAMMY M SPINA
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 01SP0011873
Qualified in Seneca County
Commission Expires August 09, 2027

**Schuyler County Industrial Development Agency
Project Summary and Financial Assistance Cost Benefit Analysis**

(This page to be completed by SCIDA Staff)

Company Name: _____

Project Description: _____

Project Location: _____

Town/Village: _____

School District: _____

Estimated Cost of Industrial Development Agency Financial Assistance

1. Sales and Use Tax Exemption
 - A. Amount of Project Cost Subject to Sales and Use Tax: \$
 - Sales and Use Tax Rate: 8.0%
 - B. Estimated Exemption (A X .08): \$
2. Mortgage Recording Tax Exemption
 - A. Projected Amount of Mortgage: \$
 - Mortgage Recording Tax Rate: 1.0%
 - B. Estimated Exemption (A X .01): \$
3. Real Property Tax Exemption
 - A. Projected Increase in Assessed Value on Project: \$
 - B. Total Applicable Tax Rates Per \$1,000: \$
 - C. Total Annual Taxes without PILOT (A X B)/1,000: \$
 - D. PILOT Exemption Rate (see SCIDA Uniform Tax Exemption Policy): %
 - E. Average Annual PILOT Payment (C X D): \$
 - F. Net Exemption over PILOT term ((C-E) x 7, 10 or 15): \$
4. Interest Exemption (Bond transactions only)
 - a. Estimated Interest Expense Assuming Taxable Interest: \$
 - b. Estimated Interest Expense with tax-exempt Interest Rate: \$
 - c. Interest Exemption (a - b): \$

Estimated Benefits of Industrial Development Agency Financial Assistance

1. Jobs to be retained in Schuyler County
2. Current Company payroll in Schuyler County \$
3. Project Jobs to be Created over 3 years
4. Total Project Investment \$
5. Non IDA financing leveraged \$
6. Other project benefits:



FINGER LAKES RAILWAY CORP.

P.O. BOX 1099

GENEVA, NY 14456

Phone: (315) 781-1234 Fax: (315) 781-2505

www.fingerlakesrail.com

ATTACHMENT SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY APPLICATION FOR FINANCIAL ASSISTANCE

G) Applicant Business Description:

PERTINENT BACKGROUND INFORMATION

Finger Lakes Railway (FGLK) was founded in 1995 in a precedent-setting public-private initiative to preserve essential rail freight service in the aftermath of a regional carrier that had neglected marketing and maintenance of its upstate railroad properties. In order to achieve sustainable operating economics in light of established railroad property taxation that contributed to the predecessor's shutdown, FGLK's experienced railroad owner-operators reached agreement on annual payments in lieu of taxes (PILOTs) among Industrial Development Agencies of the six affected host counties. The current renewal of these formalized agreements is due for review in 2025.

FGLK is a Class III (small-business) railroad that operates, maintains and markets over 130 miles of track serving 39 active customers situated in Cayuga, Onondaga, Ontario, Oswego, Seneca, Schuyler and Yates counties. FGLK owns or leases 17 locomotives and more than 600 railcars to meet customer shipping needs. Since inception, it has grown from 6 to 45 full-time employees and from 5,642 first-year carloads to an annual range of 16,000-18,000, depending on general economic conditions. The cost-effectiveness of moving heavy bulk commodities by rail involves environmental side benefits from fuel efficiency (about three times better per ton-mile than trucking), dramatically reduced exhaust emissions and associated noise, and motor carrier diversion from damage-prone highway travel. A 2016 American Short Line & Regional Railroad Association study indicated that short line railroads in New York saved the counties and local communities \$22-million statewide in roadway maintenance. A typical loaded 100-ton railcar is equivalent to about three truckloads.

The key to a coordinated effort to reduce costs of service to permit regular reinvestment lies in mutual commitment to a cluster of rail lines that differ in mileage, customers and traffic in each county but constitute a coordinated regional rail system for moving traffic from origins and to destinations throughout the United States and Canada. Extended customer reach is exemplified by inbound plastics from Texas, soda ash from Wyoming, and wines from California. Outbound paperboard is delivered to destinations as distant as Alberta, canned goods to Arizona, and salt to Florida. Movements are accomplished by means of direct connections with long-distance carriers CSX at Solvay, Norfolk Southern at Geneva and their affiliate, The New York, Susquehanna and Western Railway at Syracuse. Using an anatomical analogy, FGLK's cluster of lines represents capillaries in a North American network of arteries and veins, and the whole of FGLK has far greater economic impact than its individual parts. The formularized PILOT

arrangement recognizes that commonality of interests and associated value of transportation service accrues to the benefit of all counties, customers and consumers.

Consistent with the counties' interests in expanding the base of employment, FGLK's mission remains one of increasing market shares for existing customers while developing additional on-line industrial sites, accompanied by continuing reinvestment to update its infrastructure to the modern gross weight standard of 286,000 pounds. A single treated wooden crosstie replacement costs about \$120, and around 3,000 of them support each mile of line. Funds saved under the PILOT facilitate investment in track and bridges with expected lifespans of 50-100 years.

Railroading inherently is a highly competitive, complex and capital-intensive business dependent on maximizing volume to realize relatively low returns, particularly in an inflationary economic environment. Over the past five years, FGLK has experienced a progressive decline in profitability, culminating in a reported 2023 loss of \$265,236 and potential repeat this year. Major revenue-related expense categories included maintenance of way (26.4%), maintenance of equipment (10.6%), transportation (47.3%), and general and administrative (16.6%), a total of 100.9%. FGLK nonetheless has continued to reinvest in its rail properties, a total of \$2.3-million in 2023.

The 39 dispersed beneficiaries of FGLK service include a diversified mix of businesses employing around 4,000 in-state workers that depend on competitive transportation pricing. Among the more prominent are U.S. Salt's and Cargill's underground reserves, Nucor Steel's modern electric-furnace mill, glass container specialist Owens-Illinois, flat-glass producer Guardian Industries, Smurfit-WestRock's paper mill and box plant, Seneca Foods' cannery and distribution center, and Pactiv Evergreen and Silgan container-manufacturing facilities.

Others reflect a cross-section of the regional industrial economy and include Birkett Mills, CaroVail, DeLong, E&J Gallo, Finger Lakes Agronomics, Liquid Products, Maybury, Phelps Supply, and several other fertilizer suppliers in support of New York agriculture, DuMond and other farms (soybeans, corn and other grains), Heidelberg (stone quarry, sand, ballast, rip-rap, asphalt), CertainTeed (shingles, roofing), Messer (beverage grade CO₂), LPG suppliers (heating fuel), Tomra (glass recycling), Henkel/Zotos (cosmetics), Scepter (salt cake and aluminum ingots), Builders Choice Lumber (a new lumber yard), and Leonard's Express (a new freight forwarder).

Fertilizer rail customers benefit under FGLK's special fertilizer program for storage in lieu of demurrage charges. FGLK has provided \$59,406 in savings to fertilizer purchasers for the year 2023. This program benefits the rail shippers and farmers in upstate New York regions.

Attached are letters from FGLK's rail customers and suppliers attesting to the importance of rail to their future operations and expansions in upstate New York.

Without a PILOT, the additional costs associated with the increased property taxes will be passed on to customers in the form of rate increases that FGLK cannot absorb and remain viable. In turn, our customers must assess the economic impacts of the rate change and adjust their business models accordingly. Should rates no longer be truck-competitive, the mode of transportation may shift to trucks, leading to greater road congestion and pavement damage. The worst-case scenario would be a customer's choice

to relocate. It is much more cost effective to retain Schuyler's industrial base and grow it organically than to invest in attracting new business.

FGLK's rail line runs east to west starting at Solvay (Syracuse), through Auburn to Geneva and continues west to Canandaigua and Shortsville, and includes a branch line between Penn Yan and Watkins Glen connected to the rest of the rail system via trackage rights on the Norfolk Southern Coming Secondary. The Watkins Glen-Penn Yan Line (Himrod Line) runs from the end of track at MP 16.55 in the Village of Watkins Glen northerly to MP 46.30. The track is out of service (OOS) for freight from the last active customer at MP 40.70 in Penn Yan to Bellona, a portion of which is used by a private business for seasonal round-trip railbike excursions through 2025. The remainder of the line is open to service five active on-line freight customers, including Cargill Salt, U.S. Salt, Birkett Mills, Lakeview Organic Grain, and Silgan Plastics. FGLK has a rail yard in Himrod for transloading from and to railcars (with below-surface pits) for lumber and grain customers, and stone for local municipalities and private contractors.

All FGLK terminating and originating traffic comes in or out through either Solvay (54%) or Geneva (46%).

III: Project Information (FGLK's Rail Infrastructure)

The project for which Finger Lakes Railway seeks PILOT relief is for the immediate and long-term capital improvements necessary for the modernization of its rail infrastructure that supports the customers in Schuyler County. Like a highway system, the rail infrastructure is in constant need of maintenance and capital investment to assure safe operations and modernization to meet current needs. The following table outlines the anticipated capital outlay over the next ten years for the county and is more fluid the further out from present day. The list includes crossing resurfacing, signals upgrades, bridge rehabilitation, track and crosstie replacement. The rail infrastructure upgrades are paid for by the railroad from its traffic revenues and by way of grants. The items highlighted in blue will be supported in part by state or federal grants and FGLK must fund the grant projects prior to reimbursement putting a strain on the company's cash flow. The relief afforded by the PILOT is reinvested into our infrastructure and people while maintaining our exemplary service for our customers.

Schuyler County Projects													
Project	City/Town	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Total
Tie Replacement - 23 to 16.55	RS to Wat	\$ 2,695,000							\$ 104,000			\$ 108,000	\$ 2,817,000
Rail Change - 23 to 21	Rock Stream	\$ 458,000											\$ 458,000
Bridge Rehabilitation - 20.02	Watkins Glen	\$ 120,000											\$ 120,000
Culvert Replacement							\$ 100,000			\$ 100,000			\$ 200,000
Bridge Rehabilitation									\$ 200,000				\$ 200,000
		\$3,183,000	\$-	\$-	\$-	\$-	\$100,000	\$-	\$304,000	\$100,000	\$-	\$108,000	\$3,795,000
State/FRA Funded: \$ 3,063,000													
State/FRA Funding Request:													
		\$3,063,000	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$3,063,000

FGLK's rail infrastructure provides our small towns and rural communities otherwise cut off from the North American freight rail network needed access to global sources and markets. FGLK's rail corridor property is its asset, but is limited by its dimensions and adjacent non-industry zoning. Like most small railways, FGLK spends 26% of its freight revenues on track maintenance and as a five-year average, capital projects have run an additional \$2.66-million per year. In total for the past five years, FGLK has spent \$16.8-

million for track maintenance and \$13.3-million in capital improvements. State Sales Taxes paid for these improvements totaled \$841,743 for year 2023; \$858,680 for 2022; \$725,370 for 2021; and \$460,180 for 2020.

The entire cluster of rail corridors consists of 130 miles of track, including switching yards and sidings, 85 bridges, five buildings, 117 public highway and 132 private grade crossings. Municipal facilities occupy railroad right-of-way in Village of Watkins Glen, Dix and Town of Reading, with use of FGLK's right of way for lake access, poles and overhead and underground electric wires, and underground pipelines for water and sewer. A Facilities Agreement added to FGLK's current six-county PILOT expires in 2025. It provides offsets to the municipalities for annual rental fees for new facilities occupying railroad property. To date, the total off-sets by FGLK to municipalities are \$306,718, of which Schuyler County municipalities received \$14,866.

The reinvestments by FGLK to the railroad infrastructure in Schuyler County include capitalized improvements totaling \$2.2-million.

Railroad Liability insurance limits and rates continue to increase, and few insurance underwriters are available to railroads. Accidents at intersections where roads cross railroad tracks at grade is a leading cause of rail-related deaths in the United States. Crossing safety and trespass prevention are issues of importance to FGLK, NYSDOT, FRA and the entire rail industry. We recognize access to Seneca Lake in the Village of Watkins Glen is an important seasonal economic engine for Schuyler County and commit to continue signifying the importance of Operation Lifesaver to our local communities.

Cargill's significant expansion at its Watkins Glen location included the addition of a public highway at grade crossing. FGLK's provision of efficient rail service to Cargill requires the ability for switching with necessary headroom. Schuyler County Partnership for Economic Development (SCOPED) has provided information to FGLK about one development opportunity for a privately owned tract behind Walmart and a developer's desire for approaches on railroad property, including a highway crossing at 10th Street in the Village of Watkins Glen. FGLK has requested the developer and SCOPED to investigate and exhaust alternatives for access, including the existing property owners' current access to the public road at 4th Street, and possible redevelopment of a railroad bridge to 12th Street/Shannon. With SCOPED's commitment to funding for any expenses relating to the rail portion of any project by the developer, FGLK commits to working with Schuyler County in furtherance of the requested 10th Street public at-grade crossing.

FGLK partners with its local community first responders and fire departments for safety training as recently provided to the former in Watkins Glen. FGLK last October made two empty railcars available to train with the Confined Space Rescue Team and on May 13, 2024, provided Railroad Response Safety Training knowledge of railroad operations and associated risks to deal with rail-related emergencies.

To mitigate impacts to customers in Schuyler and Yates counties, FGLK made extensive replacements to culverts along the line due to dozens of washout events from rainstorms. For approximately 11 miles south of the Route 14 grade crossing, FGLK's Watkins Glen (Himrod) Line effectively is a dam for water flowing from the tens of thousands acres east of Route 14 that naturally drains to Seneca Lake along a portion of the rail line that includes dozens of bridges and over 100 culverts. These events are happening not only with major storms, but rainfall considered average in upstate New York.

FGLK was recently awarded federal and state monies for FGLK's Watkins Glen Rehab Project totaling \$8.6-million, which includes FGLK matching funds of \$770,000. The project is for rehabilitation of the Himrod Line (Watkins Glen-Penn Yan), that includes private and public crossings, bridge replacement and rehabilitation, rail replacement, ties and surfacing.

If PILOT financial assistance is not provided by the Agency, FGLK will continue to serve Schuyler County customers under its common carrier obligation unless extant circumstances justify a regulatory application for economic abandonment. The subject line within the County is considered to be "low-density" in terms of viability. Based on the unknowns - property taxes that would be assessed under New York practice, the costs of needed track repairs and an increased weight limit, a full review may be necessary to determine if portions of the line will become subject to embargoes or abandonment.

FGLK could no longer provide benefits to major county employers in the absence of a PILOT, which in turn, would pass to them a financial challenge. In addition, FGLK's current service level to customers will be reduced, including the ability to provide multiple switches, and multiple service days weekly for rail pickups and deliveries. Other add-ons such as storage programs in lieu of demurrage and the rental off-sets to municipalities for occupancies/facilities will become cost prohibitive for FGLK to continue.

FGLK currently leases over 600 railcars. Railcars are not free; they come with hourly car hire charges or monthly lease rates, and repair costs. FGLK's costs for railcar leases in 2023 totaled \$1,158,510, and associated costs of repairs amounted to \$325,234. Rail shippers benefit from FGLK's temporary storage programs or demurrage charges that are lower than average railroads' and more generous as to free time.

FGLK was awarded state monies for FGLK's Coordinated Yard Improvement Project (continuous linear yard) totaling \$3.6-million, which includes FGLK's required matching funds of \$750,000. This project will provide railcar storage and staging tracks and an additional runaround track for deliveries and receipts. Due to a lack of adjacent land for expansion by FGLK, this linear yard project is unique among railroad facilities in New York State and will improve rail service to every rail customer in the six counties served.

Knowing its tax liability each year enables FGLK to budget it as a percentage of revenue allowing reinvestment. If FGLK is not successful in extending all 6-county PILOTs, it may need to review and determine how it will need to phase the above-referenced projects or if certain scopes of its reinvestments and capital projects will have long-term delays and cancellations

At an operating loss and in the interest of community goodwill, FGLK occasionally has conducted passenger excursions as fundraisers for several local organizations. Some of these current popular sponsored trips include Seneca Falls Historical Society and Women's Rights National Park, The Rotary Club and Seneca Falls' "It's a Wonderful Life Festival" Committee. Without a 6-county PILOT extension, these trips will become unaffordable for FGLK to continue.

Current Assessed Value of Property

Under Non-RR Ceiling, the current taxable value assessments by Schuyler County are shown below under Property Tax ID#.

Under RR Ceiling, there is a different formulation used to determine the maximum allowable assessment and taxing for a railroad, which includes MASS (track, grading, turnouts, communication), STRUCTURE (bridges, buildings, culvert, signal towers), and PROP (tax parcel, acreage, location, assessment data). FGLK is not under RR Ceiling and understands that the ceiling assessment laws that significantly lowered rail property value for tax assessments are beneficial to the larger railroads, such as CSX and NS.

A railroad identifies its property through valuation mappings, stationing and mileposts. From Milepost 16.55 to Milepost 23.03 of FGLK's Watkins Glen-Penn Yan (Himrod) Line is within Schuyler County. The following identification numbers were provided to FGLK as the assigned parcels:

Property Tax ID#

TOWN	PARCEL	2024 NON-CEIL RR	ACRES
Reading	43.00-1-44	\$1,524,927	47.10
Reading/ Village Watkins Glen	65.09-6-4	\$224,300	3.5
Dix/ Village Watkins Glen	65.14-2-33	\$215,300	3.35

K) 2. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York?

FGLK's rail customers employ over 4,000 in New York State and benefit from competitive pricing to and from all U.S. and Canadian markets.

Attached are letters from FGLK's rail customers and suppliers attesting to the importance of rail to their future operations and expansions in upstate New York.

Q. Job Creation / Employment

FGLK employs 45 full-time employees; 13 of whom reside in the Labor Market Area of Schuyler (3), Steuben (3) and Yates (7) counties. FGLK estimates all those positions will be retained and anticipates hiring up to six additional personnel over the next three years.

Salary and Fringe Benefits for Jobs to be Retained and/or Created

MOW - Hourly	493,698	4,149	128,361	103,303	9	55,316	81,057
MOW - Salary	250,454		65,118	51,969	3	83,485	122,514
MOE - Hourly	304,122	1,383	79,072	63,392	6	50,918	74,662
MOE - Salary	70,856		18,423	14,703	1	70,856	103,982
Trans - Hourly	1,018,429	6,915	264,792	212,759	16	64,084	93,931
Trans - Salary	204,535		53,179	42,441	2	102,268	150,078
G & A (non exec) - Hourly	98,352	1,383	25,571	20,695	2	49,867	73,001
G & A - NE - Salary	287,038		74,630	59,560	3	95,679	140,409
G & A Exec - Salary	227,568		59,168	47,220	3	75,856	111,319
Current emp	2,955,051	13,830	768,313	616,043	45	65,975	96,739
4,353,238 total wages, benefits & tax							
	Hourly/Salary Range		HR Bene	Employer Tax		Hourly/Salary Range	
	Low	High		Low	High	Low	High
MOW - Hourly	21.5	26	6.86	4.46	5.40	32.82	38.25
MOW - Salary	1211	1875	10.44	251.28	389.06	1,472.72	2,274.50
MOE - Hourly	18.5	27.21	6.34	3.84	5.65	28.67	39.19
MOE - Salary	1363	1363	8.86	282.82	282.82	1,654.68	1,654.68
Trans - Hourly	22.47	30.57	7.96	4.66	6.34	35.09	44.87
Trans - Salary	1790	1970	12.78	371.43	408.78	2,174.21	2,391.56
G & A (non exec) - Hourly	20.51	25.57	6.15	4.26	5.31	30.91	37.02
G & A - NE - Salary	1420	2384	11.96	294.65	494.68	1,726.61	2,890.64
G & A Exec - Salary	1923	2523	9.48	399.02	523.52	2,331.50	3,056.00

FGLK's available job positions are safety-sensitive and *federally* regulated. Applicants who receive conditional offers of employment must complete successful background investigations, job-function testing, medical examinations, and drug/alcohol screens.

FGLK's current 45-person employment roster averages 12 years of service, of which nine have been with FGLK for over 20 years. FGLK's average annual wage with fringe benefits is \$96,739. Full-time hourly employees are paid for overtime. Qualified hourly and salaried employees receive paid time off for illness, vacation and holidays, as well as other paid time off. In addition, FGLK provides an annual \$1,500 IRA match to all personnel. Railroad worker's unemployment benefits, sickness benefits, and retirement benefits are administered by the Railroad Retirement Board. Employers and employees pay higher retirement taxes than those covered by the Social Security Act. Railroad retirement benefits are higher than social security benefits, especially for career employees. The Railroad Retirement Act also provides supplemental railroad retirement annuities, which are payable to employees who retire directly from the rail industry. Railroad Retirement taxes at 20.75% are paid by FGLK, totaling \$650,951.

FGLK's contribution for all employee medical premiums (88%), HRA medical deductible (100%), and vision, dental and life insurance premiums (100%) totaled \$1,025,696 in 2023, \$917,602 in 2022, \$783,752 in 2021, \$688,569 in 2020, and \$702,403 in 2019.

NYS Withholding Taxes for year 2023 totaled \$186,599; for year 2022, \$175,727; for year 2021, \$160,252; and for year 2020, \$150,815.

Local Labor Policy

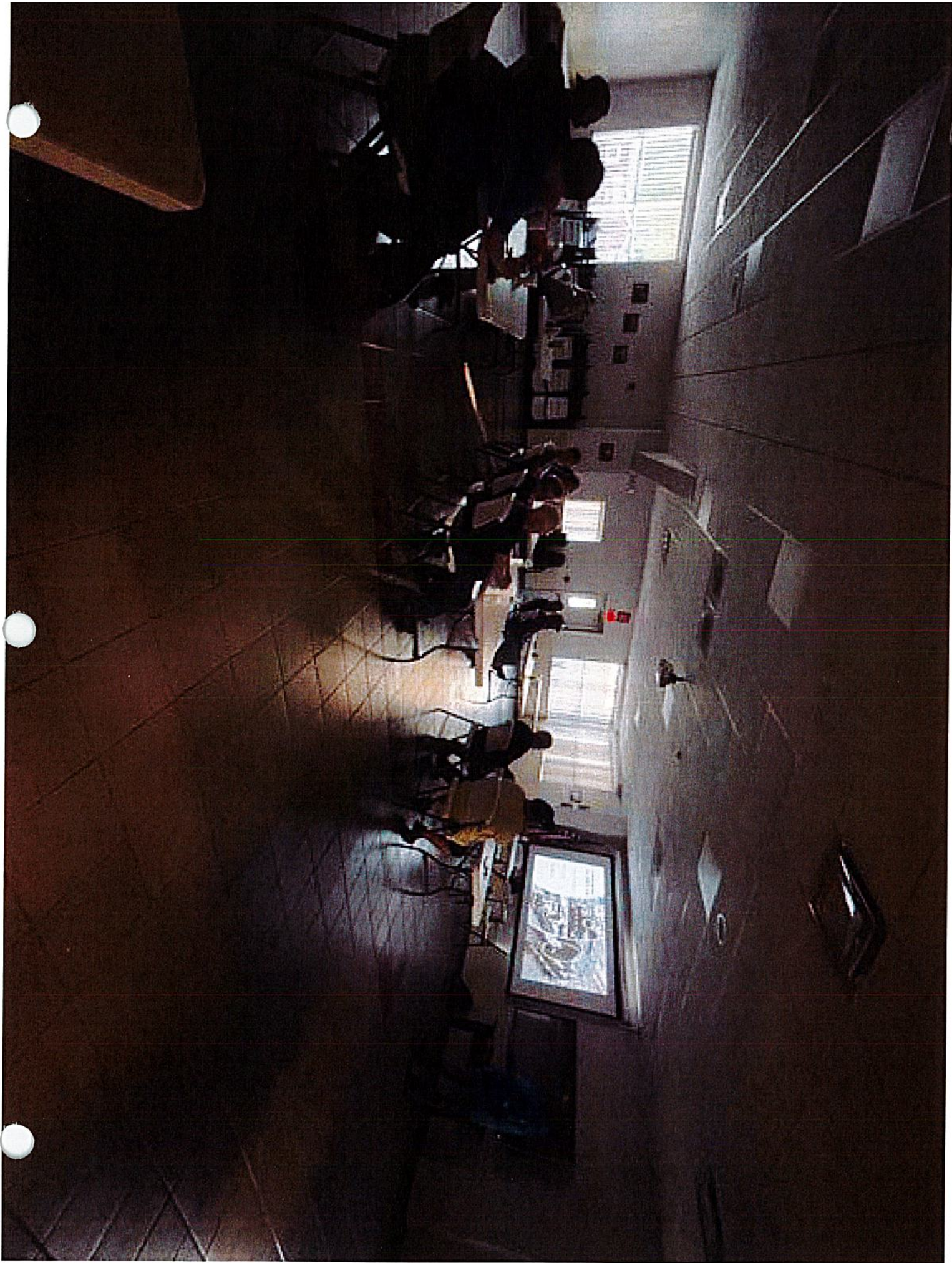
The New York State Rail Plan for investment strategies was developed in cooperation with New York's freight railroads. The plan stresses the commitment to the State's rail transportation infrastructure that serves businesses and industries, that it creates jobs for New Yorkers, and also transports many of the goods that we use each day.

All common-carrier railroads are authorized to operate by the Surface Transportation Board in intrastate or interstate commerce and therefore are covered by the Federal Employer Liability Act (FELA) and prohibited from coverage under the State Workers Compensation Act.

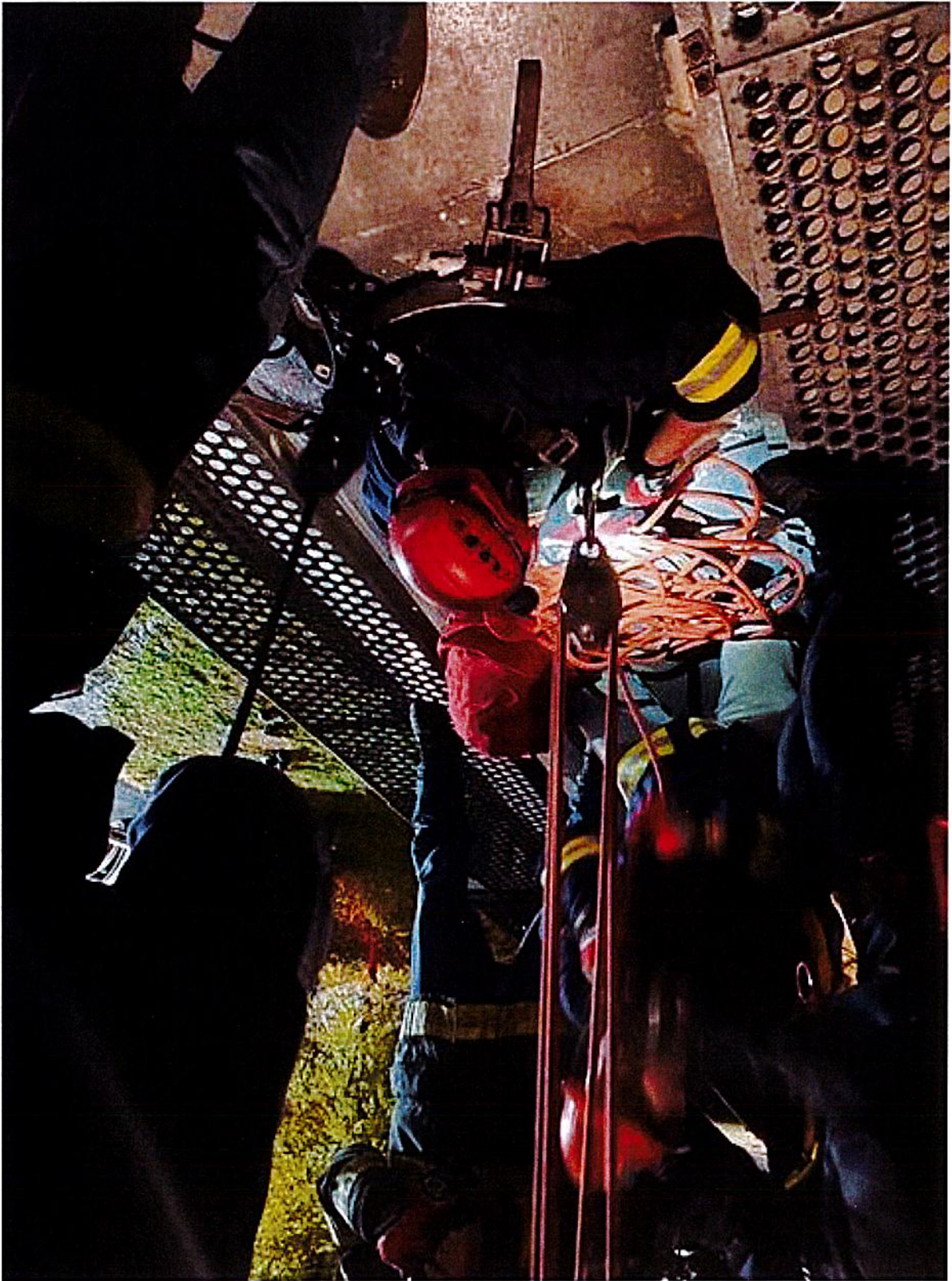
FGLK makes every effort to use local contractors, suppliers, and its own railroad forces for projects, maintenance, inspections and upgrading. State and federal funding assistance includes requirements for bidding, certifications for MWBE/DBE, Buy America certifications, and other requirements under U.S. Department of Labor and the Railroad Retirement Board.

Supplemental Materials Attached

1. Watkins Glen First Responder Training Pictures.
2. A copy of FGLK's System Map.
3. Letters from FGLK customers of the significance of the rail to their industries/businesses.
4. Letters from FGLK suppliers/vendors of the significance of the rail to their businesses.









Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **CARGILL SALT WATKINS GLEN NY** considers FGLK a reliable operator critical to operations here that employ 135 workers, contribute an annual payroll of \$12-million, ship **661** carloads of outbound product and **112** carloads of inbound materials by rail, and rank among FGLK's #7 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **2,706** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Chaffin", written over a horizontal line.

Cargill Watkins Glen, NY Plant Manager



Fancy Quality Buckwheat & Wheat Products
THEBIRKETTMILLS.COM

163 Main Street
P.O. Box 440
Penn Yan, NY 14527

P: (315) 536-3311
F: (315) 536-6740
contact@thebirkettmills.com

To Whom it May Concern:

I am reaching out regarding Finger Lakes Railway's (FGLK) application to renew the payment in lieu of taxes (PILOT) agreement. Since 1995, FGLK has provided essential rail freight services to our six-county upstate region. The Birkett Mills relies on FGLK as a dependable operator, vital to our operations that employ 40 workers and ship 25 carloads of inbound materials by rail. As one of FGLK's top 30 customers, the annual rail tonnage to and from our facility equates to approximately 88 truckload equivalents, reducing traffic on local roads and highways. We source as much local buckwheat as possible, but not enough is grown in the surrounding region to help us reach our global markets. The rail service provided by FGLK is essential for our company as it allows us to cost-effectively source raw grain from across the United States.

The replacement of the former Conrail with FGLK has led to more attentive service, encouraging greater use of rail transport. FGLK's key personnel are highly accessible and easier to work with compared to their Class I carrier counterparts, especially when special needs arise. The company consistently prioritizes customer service and reinvests in critical infrastructure to enhance operational efficiency and public safety. Bruce Habberfield has been our point of contact for the railroad for a long time. He is an invaluable asset for FGLK & has helped our business grow by helping us source grain from new railhead locations. He has been a valuable partner to us. We understand that FGLK allocates about 25% of its operating revenue annually for infrastructure maintenance and has invested an average of \$2.6 million per year over the past five years in capital projects across its 130-mile regional network.

FGLK has established itself as a vital transportation asset for the industrial base of this region. We fully support the renewal of its operating authority for another 10 years under the existing, successful PILOT terms. Thank you for considering this proposal, which has consistently proven to benefit the six counties it serves.

Sincerely,

Kyle Gifford
President & COO
The Birkett Mills

August 26, 2024



Penn Yan facility
40 Powell Lane
Penn Yan, NY 14527
Telephone: (315) 536-9833

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **SILGAN PLASTICS PENN YAN NY** considers FGLK a reliable operator critical to operations here that employ 160 workers, contribute an annual payroll of \$7.6-million, ship 0 carloads of outbound product and 37 carloads of inbound materials by rail, and rank among FGLK's #26 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 130 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

A handwritten signature in black ink, appearing to read "Stacy Fisher".

Stacy Fisher | Plant Manager

Silgan Plastics

40 Powell Lane

Penn Yan, NY 14527

Office: (315) 536-9833 ext. 1750 | Toll-free: (877) 550-2844

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **R.K HOWELL GRAVEL PRODUCTS DUNDEE NY** considers FGLK a reliable operator critical to operations here that employ **3** workers, contribute an annual payroll of \$~~1.00 million~~ ^{ship} ~~hundred thousand~~ **247** carloads of outbound product and 0 carloads of inbound materials by rail, and rank among FGLK's **#13** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **865** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Roy K. Howell
(Pres)



Farm Fresh Goodness Made Great

Aaron Girard
SVP Logistics
Seneca Foods Corporation
418 East Conde Street
Janesville, WI 53546

Tel. (608) 743-8338

To Whom It May Concern

Aug 29, 2024

I am contacting you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **SENECA FOODS CORP** considers FGLK a reliable operator critical to operations here that employ 200 workers, contribute an annual payroll of \$11.2-million, ship **79** carloads of outbound product and **1,150** carloads of inbound materials by rail, and rank among FGLK's **#5** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **4,302** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Aaron Girard

SVP Logistics

Seneca Foods Corp

(608) 743-8338

agirard@senecafoods.com



294 Gambee Road
Geneva, NY 14456
(315)577-0823

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **BFIELD'S ENTERPRISES GENEVA NY** considers FGLK a reliable operator critical to operations here that employs 4 workers, ship 0 carloads of outbound product and 26 carloads of inbound materials by rail, and rank among FGLK's #28 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 91 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Regards,

Billie Broomfield



11 Lamb Road
Seneca Falls, NY 13148

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **SCEPTER INC SENECA FALLS NY** considers FGLK a reliable operator critical to operations here that employ 70 workers, contribute an annual payroll of \$3-million, ship **287** carloads of outbound product and **5** carloads of inbound materials by rail, and rank among FGLK's **#12** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **1,022** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

John Bond
Plant Manager
Scepter New York, Inc
11 Lamb Rd
Seneca Falls, NY 13148

(315) 568-4225

FINGERLAKES AGRONOMICS, INC.

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. FINGERLAKES AGROMOMICS SENECA FALLS NY considers FGLK a reliable operator critical to operations here that employ 15 workers, contribute an annual payroll in excess of one million and receive 34 carloads of inbound materials by rail, and rank among FGLK's #26 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 119 truckload equivalents not moving over county roads or highways.

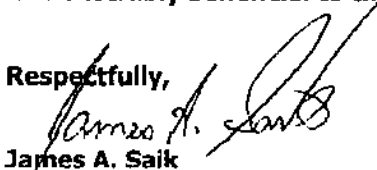
This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise.

FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions.

Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Respectfully,


James A. Saik
President



2904 Rodman
Dr.
Seneca Falls,
New York,
13148

PHONE 315.568.0555

FAX 315.568.0556

EMAIL fingerlakesagronomics@gmail.com



1536 Yellow Tavern Road

Waterloo, NY 13165

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **MAYBURY FARMS WATERLOO NY** considers FGLK a reliable operator critical to operations here that employ 25 workers we unload train cars for a few individuals besides ourselves. We average 11 carloads of inbound materials by rail per year, and rank among FGLK's #35 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 39 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bruce Maybury", written in a cursive style.

Bruce Maybury

Managing Member

Maybury Farms LLC



Liquid Products, LLC
Nutrient Solutions for Ag and Industry

631 Waterloo-Geneva Road
Waterloo, New York 13165-1207
(315) 789-5550
(315) 789-5060 (Fax)

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **LIQUID PRODUCTS LLC WATERLOO NY** considers FGLK a reliable operator critical to operations here that employ **5** workers, contribute an annual payroll of \$ **.4**-million, ship **0** carloads of outbound product and **139** carloads of inbound materials by rail, and rank among FGLK's **#16** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **487** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Sincerely,

Jeff Cassim *GC*

Seneca County IDA

2456 NY 414

Waterloo, NY 13165

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **BLOWERS AGRA SERVICE, INC. HALL, NY (WATERLOO RAIL SITE)** considers FGLK a reliable operator critical to operations here that employ 12 workers, contribute an annual payroll of \$5-600,000, ship 0 carloads of outbound product and 63 carloads of inbound materials by rail, and rank among FGLK's #19 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 221 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Respectfully,



Stephen J Blowers

Blowers Agra Service Inc.

Hall, NY 14463



1615 Maryland Road ☐ Phelps, New York 14532
Tel: (315) 548-9271 ☐ Fax: (315) 548-2410

Whom it May Concern:

I support Finger Lakes Railway's ("FGLK") application for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. SHEPHERD GRAIN ENTERPRISES, LLC (SGE), PHELPS NY considers FGLK a reliable operator and critical to our operations. SGE employs 15 workers, contributes an annual payroll of \$1.3 million, shipped 6 carloads of outbound product 1 carload of inbound material and ranks among FGLK's #36 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 25 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and more responsive than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand approximately 25% of operating revenues are spent annually for infrastructure maintenance and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration FGLK's application. I am confident FGLK will continue to be an essential partner and demonstrably beneficial to the six counties involved.

John Sheppard
President, SGE
8/26/2024

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **PACTIV EVERGREEN, CANANDAIGUA, NY** considers FGLK a reliable operator critical to operations here that employ approximately 650 workers, contributing an annual payroll of approximately \$35,000,000.00 - million, ship **0** carloads of outbound product and **328** carloads of inbound materials by rail, and rank among FGLK's **#11** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **1,148** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.



Terry Lafferty

Canandaigua Plant Manager

Pactiv Evergreen

5250 North St | Canandaigua, NY, 14424

O: 585.393.3389 | M: 414.828.3532 |

Terry.Lafferty@pactivevergreen.com

PactivEvergreen.com

Friendly Blends
4126 Yautzy Rd
Canandaigua NY 14424

[Sample customer support letter for modification]

8-26-24

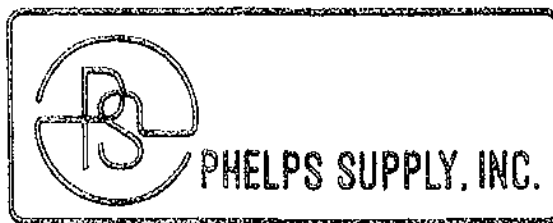
Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **FRIENDLY BLENDS SENECA FALLS NY** considers FGLK a reliable operator critical to operations here that employ 4 workers, contribute an annual payroll of \$132,339 ship 0 carloads of outbound product and 2 carloads of inbound materials by rail, and rank among FGLK's #38 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 7 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Cleason Horst



P.O. Box 190
Phelps, New York 14532
Phone (315)548-3525 * Email : psupply190@hotmail.com

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **PHELPS SUPPLY PHELPS NY** considers FGLK a reliable operator critical to operations here that employ 16 workers, contribute an annual payroll of \$1.4-million, ship 0 carloads of outbound product and 332 carloads of inbound materials by rail, and rank among FGLK's #10 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 1,162 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

In short, FGLK is totally essential to our company and all concerned!

D. Gregg Bodine
President
Phelps Supply, Inc

August 23, 2024

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **SMURFIT WESTROCK - CAMILLUS NY** considers FGLK a reliable operator critical to operations here that employ 146 workers, contribute an annual payroll of \$10.288 million, ship **711** carloads of outbound product and **501** carloads of inbound materials by rail, and rank among FGLK's **#8** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **4,243** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.



Mark Ambrusko
General Manager

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. SMURFIT WESTROCK facility in Solvay NY considers FGLK a reliable operator critical to operations here that employ ~285 workers, contribute an annual payroll of \$31.3 million, ship 2866 carloads of outbound rail materials, 900 carloads of inbound materials by rail, and rank among FGLK's #1 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 13,181 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Tim McNarey



WM. E. DeLONG
1875 - 1951
JESSIE E. DeLONG
1880 - 1951
F. B. DeLONG
1906 - 1979
WM. DeLONG, JR.
1907 - 1982
WM. B. DeLONG
1928 - 1992
DELMAR E. DeLONG
1931 - 1999
DANIEL A. DeLONG
1959 - 2010

WM. C. DeLONG
DAVID D. DeLONG
CHARLES R. DeLONG



The DeLong Co., Inc.

608-676-2255 • PO Box 552 • CLINTON, WI 53525 • WWW.DELONGCOMPANY.COM

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **THE DELONG CO. INC. all facilities** consider FGLK a reliable operator critical to operations here that employ **13** workers, contribute an annual payroll of **\$800** thousand, ship **1030** carloads of outbound product and **0** carloads of inbound materials by rail, and rank among FGLK's **#6** largest customers. The annual tonnage moving from and to our facility by rail equates to approximately **3605** truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the five counties involved.

Detail by Location:

DeLong Geneva, NY - 896 carloads = 3136 truckloads

DeLong Clifton, NY - 79 carloads = 277 truckloads

DeLong Manchester, NY - 55 carloads = 193 truckloads

OFFICES AND PLANTS

CLINTON, WI SHARON, WI EVANSVILLE, WI JANESVILLE, WI
CHANNAHON, IL GARDEN PRAIRE, IL JOLIET, IL MARENGO, IL MCHENRY, IL MINOOKA, IL
TROXEL, IL WATERMAN, IL WINNEBAGO, IL KIRBY, OH



BUILDER'S CHOICE
LUMBER COMPANY
315-252-5814

Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. **BUILDERS CHOICE LUMBER COMPANY AUBURN NY** considers FGLK a reliable operator critical to operations here that employ 10 workers, contribute an annual payroll of \$670,000 ship 0 carloads of outbound product and 12 carloads of inbound materials by rail, and rank among FGLK's #33 largest customers. The annual tonnage moving from and to our facility by rail equates to approximately 42 truckload equivalents not moving over county roads or highways.

This replacement operator for the former Conrail has resulted in more attentive service and consequently greater use of the rail mode. FGLK's key people are readily accessible and easier to deal with than Class I carrier counterparts, particularly when special needs arise. FGLK has consistently emphasized attentive customer service and programmed reinvestment in essential infrastructure in the interest of operating efficiency and public safety. I understand that approximately 25% of operating revenues are spent annually for infrastructure maintenance, and an average of \$2.6 million annually (over the past 5 years) on capital projects on its 130-mile regional cluster of lines.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority for an additional 10 years under the proven PILOT terms and conditions. Thank you for your consideration of a proposal that should continue to be demonstrably beneficial to the six counties involved.

Thank You,

Jon Geherin

Vice President



neighbors taking care of neighbors

HOMETOWNE ENERGY

www.hometownenergy.com

500 Holley Street
Brockport, NY 14420
Tel (585) 637-2920
Fax (585) 637-5065

768 Brooks Avenue
Rochester, NY 14619
Tel (585) 436-7503
Fax (585) 328-3989

110 East Pearl Street
Newark, NY 14513
Tel (315) 331-8830
Fax (315) 331-0421

2300 Milo Mill Road
Penn Yan, NY 14527
Tel (585) 526-7011
Tel (315) 694-7396
Fax (315) 694-7165

July 26, 2024

To Whom It May Concern,

Since 2014, Hometown Energy has been supplying locomotive diesel fuel to Finger Lakes Railway and 40 of their locations within 6 counties across NYS. Hometown Energy is a local business that employs over 80 staff members in New York State. Our business supports many industries in NYS including farming customers, gas stations and fuel customers, transportation customers, and construction companies. We rely on diesel fuel product sales for over 50% of our business. In 2023, Finger Lakes Railways purchased approximate 308,000 gallons of locomotive diesel fuel amounting to revenues of over \$2,200,000, representing a significant part of our business.

Finger Lakes Railways is a strong partner and significant revenue source for our company that helps us continue to support our business, our employees, and our communities. Our business faces challenges of our economy that has stemmed from lower margins due to competition from large national conglomerates, and the growth of the electric industry. We hope to continue our partnership for many years and to grow our business with Finger Lakes Railways. We look forward to a bright future working together.

Sincerely,

Steven Roth
Director of Sales
Email: sroth@hometownenergy.com
phone: (585-738-4024

Fuel Oil • Propane • Motor Fuel • Energy Equipment • Sales and Service

August 28, 2024

Cayuga County IDA
Onondaga County IDA
Ontario County IDA
Schuyler County IDA
Seneca County IDA
Yates County IDA

SUBJECT: Finger Lakes Railway Corp.
PILOT Reauthorization

Please accept this correspondence in strong support of Finger Lakes Railway's application for PILOT reauthorization.

Erdman Anthony was established in 1954 to provide cost-effective infrastructure, engineering, and building systems solutions for government and private-sector clients. In 1991, the managers of Erdman Anthony were given the opportunity to acquire the company, which they did effective January 1, 1992. Since then the firm has been an employee-owned company. Erdman Anthony employs over 250 people companywide, including 121 engineers, surveyors, construction inspectors, and support staff in New York State. The firm is headquartered in Rochester, NY and has seven branch offices in six states.

Transportation and site engineering have been mainstays of Erdman Anthony's service offering for 70 years. Our firm has provided planning, engineering, and surveying services to railroads and rail-served industries for over five decades and has worked with Finger Lakes Railway since 2013. Services provided to the Railway have included survey, grant writing, planning, engineering, cost estimating, construction observation, and project management in support of capital improvement projects. In the last four years, our firm has been contracted to assist with eight projects totaling \$753 thousand in consulting costs. This work is directly attributed to the employment of five staff over the period.

Our company looks forward to many continued years of partnership with Finger Lakes Railway and, more importantly, in assisting the Railway with the professional it needs to provide industries in the Finger Lakes Region with the alternative transportation options that their businesses require to remain competitive.

Sincerely,



Dennis J. Elias, PE
Principal Associate

ERDMAN ANTHONY

Rotary

Club of Geneva NY



Jason D. Haag

President 2024-2025

To Whom It May Concern,

I am writing on behalf of the Rotary Club of Geneva, NY, but also as a community member, parent, Cub Scout Leader, and member of other community organizations.

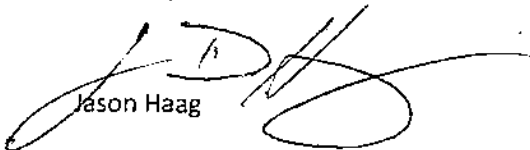
Finger Lakes Railway is a gem to our community in so many ways. The first, and most obvious, is the valuable freight service it brings to the area to support local commerce. This is clearly evident by multiple trains going over the tracks in Geneva daily. However, Finger Lakes Railway is much, much, more than just a freight service.

The passenger train service offered by Finger Lakes Railway is what truly makes the organization the gem I spoke of. The cars are beautiful. The staff is second to none. And more importantly, it is something that unites our diverse community. My 10-year-old son has been a passenger on the Santa Train since his first Christmas in 2014. I have volunteered on the train at least that long. As President of our Rotary Club the impact is not just isolated to the hundreds of children and families who experience the joyful ride on the Santa Train every year, but also includes the many non-profit organizations the Rotary Club of Geneva is able to provide grants to every year. This year alone, the Club has been able to give out just over \$16,000 in grants to non-profits in the greater Geneva area.

This important financial support to these groups would not be possible without the long history of an outstanding relationship the Club has with Finger Lakes Railway. The relationship has been responsible for countless smiles, Christmas wishes, fond memories, and the ability for local groups, many focused-on youth, to be funded year after year.

We sincerely hope Finger Lakes Railway will continue to operate their passenger car service for years to come and remain our valued and cherished partner in our efforts to make the Geneva area an even better place to live, work, and play.

Sincerely,



Jason Haag

President, Rotary Club of Geneva

August 19, 2024

To Whom It May Concern:

HealthWorks has been working with Finger Lakes Railway since 1995. We are an Occupational Medicine Practice, part of Thompson Health, which is comprised of over 2,000 employees whose mission is to improve the health of the residents and communities of the Finger Lakes and surrounding communities.

Finger Lakes Railway provides us with the opportunity to offer Federal Railroad and Federal Highway Administration regulated services (e.g. Physical Exams, Audiometry, Vision Exams, Physical Capacity Testing) to their employees. We have witnessed the growth of this "short line" railroad into many communities in our region. Their business throughout central New York and the Finger Lakes connects us with many customers and is very important to our success.

Professionally,

A handwritten signature in black ink, appearing to read "David R. Carlson".

David R. Carlson, M.D., M.R.O. CDME
Medical Director, HealthWorks

MARCHIONDA EXCAVATING, INC.

P.O. BOX 527 44 POWELL LANE

PENN YAN, NEW YORK 14527

Established in 1984

PHONE: 315-536-2301

FAX: 315-536-3769

August 28, 2024

To Whom it May Concern,

We have an ongoing business relationship with Finger Lakes Railway where we supply goods and services as listed below:

1. Excavation related for such things as access, site maintenance, storm water drainage systems, etc.
2. Trucking of material from ballast to crusher run and any related bedding material
3. Trucking of their equipment as needed from site to site
4. Assistance with our 50-ton heavy duty wrecker for removal and setting of equipment on and or off the rails as needed
5. Excavation and reconstruction of road and street railroad crossings
6. 24-hour emergency response with equipment and manpower for things such as storm washouts
7. Supplying FRA drug tested employees for work on or near the actual rail areas as needed to supplement the Finger Lakes Railway crews

The above are some of the many services we supply to Finger Lakes Railway. In the last 24 months alone, we have done more than \$125,000.00 of such work for them. As the years pass by, they have become one of our major Customers. We have come to depend on our business relationship with Finger Lakes Railway to help ensure **our continued successful operation.**

Sincerely,

Marchionda Excavating, Inc.



Douglas G. Marchionda Sr.
Pres.

Cell: 315-277-0611

Email: dmarchiondasr@gmail.com



RENTAL
SALES
SERVICE
PARTS

Equipment You Need, When You Need It.

To whom it may concern:

This is a letter of support for Finger Lakes Railway Corporation. I have been working with Finger Lakes Railway for about 15 years now, we have had a great working relationship. Finger Lakes Railways is one of our high profile customers they have tracks in 6 counties in the Finger Lakes Region. They have a need for all types of equipment from small hand held tools to heavy equipment, such as excavators, backhoe's, air compressors and Stihl products. Admar Supply has branches in three states with over 300 employees.

Mark Statt | Sales Representative
ADMAR Construction Equipment & Supplies
2390 Rochester Road
Canandaigua, NY 14424
(585) 396-0031 | m: (585) 509-4842
mstatt@admarsupply.com | www.admarsupply.com

www.admarsupply.com



a DiMarco Group company

ALBANY	518.690.0750	f 518.690.0757	878 Old Albany Shaker Road, Latham, NY 12110
BUFFALO	716.873.8000	f 716.873.8455	1394 Military Road, Tonawanda, NY 14217
BINGHAMTON	607.798.0333	f 607.798.0833	49 Commerce Road, Vestal, NY 13850
CANANDAIGUA	585.396.0031	f 585.396.0038	2390 Rochester Road, Canandaigua, NY 14424
CLEVELAND	216.465.3737	f 216.465.3633	16000 Brookpark Road, Cleveland, OH 44135
ERIE	814.833.7761	f 814.838.5048	3001 West 17 th Street, Erie, PA 16505
PITTSBURGH	412.458.4421	f 412.458.4190	1990 McKees Rocks Road, McKees Rocks, PA 15136
ROCHESTER	585.272.9390	f 585.424.5699	330 Metro Park, Rochester, NY 14623
SYRACUSE	315.433.5000	f 315.431.0548	7800 Brewerton Road, Cicero, NY 13039
WILKES-BARRE	570.299.5505	f 570.299.5504	121 Armstrong Road, Pittston, PA 18640



ROCHESTER
428 State Street
Rochester, NY 14608
Tel: 585-546-1650
Fax: 585-546-2195

DEPEW
4525 Broadway
Depew, NY 14043
Tel: 716-871-1650
Fax: 716-871-1651

SYRACUSE
6729 Commerce Blvd
Syracuse, NY 13211
Tel: 315-634-4031
Fax: 585-546-2195

On behalf of Harmco Fastener, I would like to express our gratitude for the strong partnership we have built with Finger Lakes Railway over the years. Your business has been instrumental in supporting our operations and growth.

Services and Products: Harmco Fastener is proud to supply Finger Lakes Railway with high-quality tools, fasteners, and safety accessories. Your purchases are essential to maintaining your equipment and ensuring the safety and efficiency of your operations. We are committed to providing top-notch products that meet your needs and help your railway run smoothly.

Business History: Harmco Fastener has been working with Finger Lakes Railway for over 20 years. Throughout this long-standing relationship, we have appreciated the consistent, dependable service that has facilitated our growth and expansion in the region.

Employment: We are proud to employ 23 personnel across three locations in upstate New York, contributing to the local economy and providing stable jobs in the community. Your support and partnership enable us to continue our operations smoothly, supporting these jobs and our commitment to the region.

Impact and Support: The impact of Finger Lakes Railway on our business cannot be overstated. Your continued purchases help sustain our operations and drive our growth.

We are grateful for the partnership we have with Finger Lakes Railway and look forward to many more years of collaboration. Thank you for your continued support and the exceptional service you provide.

Chad Collier
Operations Manager
Harmco Fastener
C- 585-478-6579
Serving Rochester, Buffalo, Syracuse & the Southern tier

Tartaglia

RAILROAD SERVICES Tartaglia Services • 315.455.0100
5867 East Molloy Road • Syracuse, New York 13211-2099

August 21, 2024

Finger Lakes Railway Corporation
PO Box 1099
Geneva, NY 14456

To Whom it May Concern:

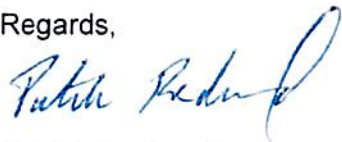
Tartaglia Railroad Services has been in business in Upstate New York for over 100 years.

We are a year-round all-inclusive provider of railroad construction services and repair for both track and equipment. Maintenance, inspection, repair, and heavy-duty equipment modification for use on the rail, are some of our areas of expertise.

Tartaglia Railroad Services employs 35 people and estimates that we do approximately 8 million dollars of business in the Northeast annually. Over the course of years, Tartaglia has done millions of dollars of business for Finger Lakes Railway Corporation.

We are pleased to continually provide Finger Lakes Railway with quality, dependable services.

Regards,



Patrick Redmond
Office Manager

PR/ma



The New York, Susquehanna and Western Railway Corporation

1 Railroad Avenue, Cooperstown, NY 13326
(607) 547-2555 | jbonner@nysw.com

August 23, 2024

RE: Letter of Support for FGLK PILOT program

To Whom It May Concern:

I am writing in support of Finger Lakes Railway's (FGLK) application to renew the Payment in Lieu of Taxes (PILOT) agreement, a partnership that has facilitated local rail freight service in the upstate New York region since 1995. At the New York, Susquehanna, and Western Railway Corporation (NYSW), we regard FGLK as a reliable partner that is vital to our seamless joint line operations.

NYSW employs over 100 workers across New York, Pennsylvania, and New Jersey and has interchanged nearly 300 carloads of goods with the FGLK railroad in the last five years, removing more than 1100 truckload equivalents from local roads and highways.

Since replacing Conrail, FGLK has significantly improved service attentiveness, leading to increased use of rail transport. Their key personnel are consistently available, reliable, and responsive to our needs. FGLK strongly emphasizes customer service and has invested substantially in infrastructure to ensure operational efficiency and public safety. According to FGLK, they allocate approximately 25% of their operating revenues annually to infrastructure maintenance and have invested an average of \$2.6 million annually over the past five years in capital projects across their 130-mile regional network.

FGLK is an essential component of our region's industrial base. We strongly support the renewal of FGLK's operating authority for an additional ten years under the established PILOT terms and conditions. This renewal is in the best interest of our region and will continue to benefit the counties involved.

In conclusion, NYSW strongly endorses the renewal of FGLK's PILOT agreements. We believe this renewal is crucial for the continued economic and logistical support of upstate New York.

Sincerely,

James Bonner
President New York, Susquehanna & Western Railway



Whom it May Concern:

I contact you in connection with the application submitted by Finger Lakes Railway ("FGLK") for renewal of the payment in lieu of taxes ("PILOT") agreement under which it has provided local rail freight service to our six-county upstate region since 1995. NS considers FGLK a reliable operator/partner who is critical to our joint line seamless operations. NS interchanges 2007 carloads of outbound product and 5086 carloads of inbound materials by rail, for a total of 7093 carloads and ranks as FGLK's major interchange partner. The annual tonnage moving from and to our facility by rail equates to approximately 24,826 truckload equivalents not moving over county roads or highways.

The FGLK acts as the operator succeeding Conrail, leading to improved service quality and an increased reliance on rail transportation. Key personnel at FGLK tend to be more accessible and flexible when compared to Class I counterparts, especially when addressing specific requirements. FGLK consistently prioritizes exceptional customer service and strategic reinvestments in critical infrastructure to enhance operational efficiency and ensure public safety. FGLK reports that around 25% of operating revenues are allocated each year for infrastructure upkeep, along with an average annual investment of \$2.6 million over the last five years for capital projects across its 130-mile regional network.

FGLK has earned an ongoing role as an essential transportation element of this area's industrial base. We endorse the renewal of its operating authority, in all six affected counties, for an additional 10 years under the proven PILOT terms and conditions.

Thank you for your consideration of a proposal that will continue to be demonstrably beneficial to the six counties involved.

A handwritten signature in black ink, appearing to read 'Ryan Kemp'.

Ryan Kemp
Group Manager – Short Line Performance
NORFOLK SOUTHERN Short Line Marketing



CSX Transportation - 500 Water Street - Jacksonville, FL 32202

To Whom it May Concern:

The purpose of this letter is to offer our support for the application submitted by Finger Lakes Railway ("FGLK") for a new payment in lieu of taxes ("PILOT") agreement.

FGLK has provided local rail freight service for close to 30 years to a six-county region in the Finger Lakes since 1995. CSXT, a major Class I railroad operating in 26 states and 2 provinces, considers FGLK a strong short line railroad partner and a reliable operator, important to the seamless operations between our two railroads.

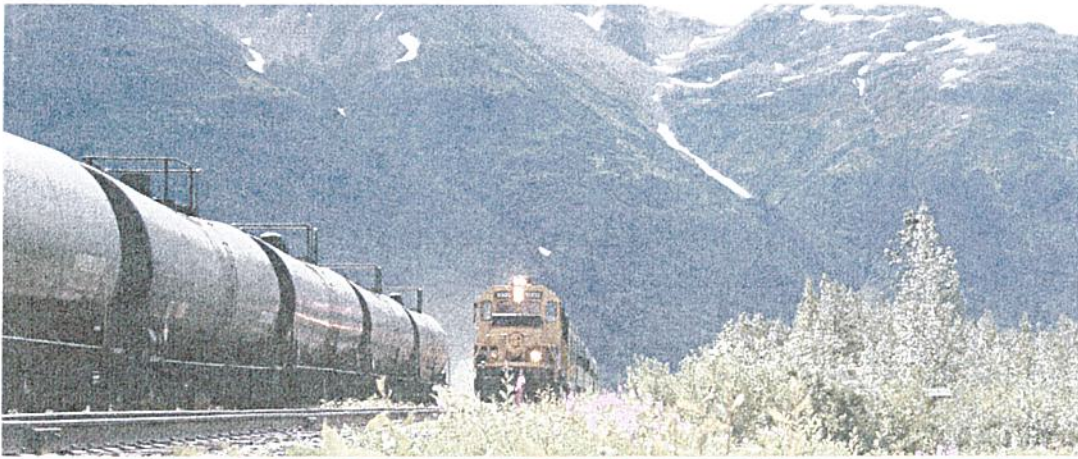
Each year we at CSXT interchange almost 8,200 carloads with the FGLK (5,455 carloads of outbound product and 2,729 carloads of inbound materials by rail), ranks our railroad as the largest interchange partner for FGLK. These rail shipments remove nearly 29,000 truckloads from state highways and county and local roads.

FGLK has been a great partner for CSXT and the local economy: Over the five years of the most recent PILOT agreement, they have consistently dedicated about \$2.6 million each year (about 25 percent of their operating revenues) to capital reinvestment in their essential infrastructure and its maintenance, in the interests of both operating efficiency and public safety. FGLK has nearly quadrupled the number of shipments over the past 30 years through their attentive rail services.

Thank you for your consideration of this letter of support. FGLK is an essential transportation provider for the area's industrial base. We support the issuance of a new 10-year PILOT to enable them to remain a valuable partner to CSXT and the local economy.

Kurt Miles
Sr. Manager Short line Development
CSX Transportation
500 Water Street
Jacksonville, FL 32202
Kurt_Miles@csx.com
Tel: 904-366-4750 | Cell: 302-354-2243





SHORT LINE AND REGIONAL RAILROAD Facts and Figures



Note on Definition of Class I, II, and III Railroads

Class I, II, and III designation refers to the definitions created by the Surface Transportation Board (STB) based on railroad freight revenue. Data included in this publication is based on the class definitions in place in 2015, which are:

Class I – freight revenue greater than \$475.75 million

Class II – freight revenue less than \$475.75 million, and greater than \$38.06 million

Class III – freight revenue less than \$38.06 million, plus all railroads operating in a terminal setting regardless of revenue

Future editions of Facts and Figures will continue to rely on the STB class definitions that are in effect for the most recent year the data is sourced from. For reference, the STB revised its class definitions in 2017:

Class I – freight revenue greater than \$447.62 million

Class II – freight revenue less than \$447.62 million, and greater than \$35.81 million

Class III – freight revenue less than \$35.81 million, plus all railroads operating in a terminal setting regardless of revenue

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Who We Are

Short line rail freight is a critical part of the U.S. freight network. The nation's 603 short lines provide the first and last mile service for one in five cars moving each year. Operating 47,500 route miles, or 29% of freight rail in the U.S., these small railroads play a vital role in the hub-and-spoke transportation network, providing the connection between farmers, manufacturers and other industries, and ultimately, the consumer. For large areas of rural and small town America, short line and regional railroads are the only way shippers can be directly connected to the national network, helping business and employment stay local.

Most short lines meet the definitions of small business. On average, short line railroads employ fewer than 30 people, run an average of only 79 miles, and have \$7.7 million or less in revenue.

Short line rail service provides safe, efficient, competitive, and environmentally responsible access to transportation for nearly 10,000 rail customers.

The Role We Play

Short lines provide high value to their customers and to the seven North American Class I railroads. In their service areas, short lines place cars, consolidate shipments, and move the goods to the main lines. At the junction point, it is often the short line that manages adding the carloads to a larger train for the next leg of the journey. At the destination, the process is reversed and short lines deliver the cars to the customer or to another form of transportation, such as barges, container ships or trucks.

Together, short lines and Class I railroads provide seamless service for the movement of American goods.

PROFILE OF SHORT LINE AND REGIONAL RAILROADS

Hallmarks of the Short Line Industry



Customer Focus

As the first and last mile of the shipment, short lines provide flexibility and responsiveness to the unique needs of each customer.



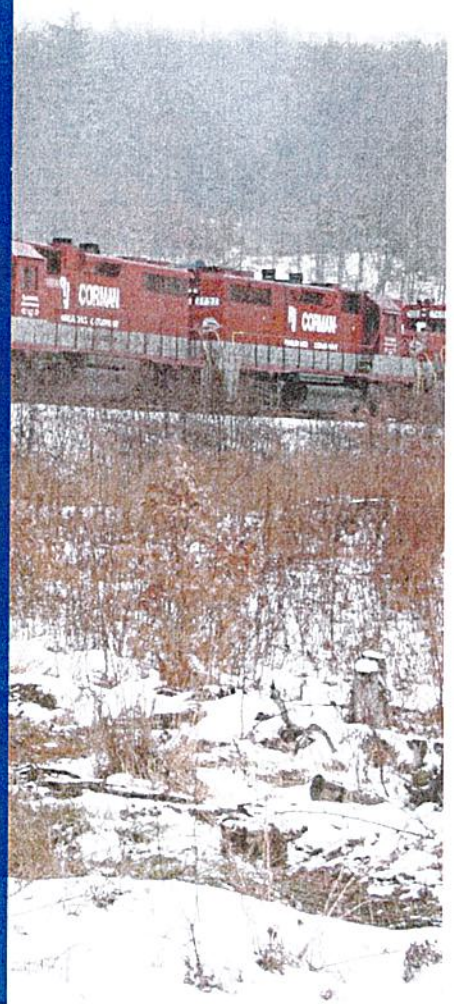
Entrepreneurial Spirit

These small businesses operate the most vulnerable segments of the railroad system. They succeed by competing aggressively for business, and investing significant revenues in rail infrastructure.



Connecting Customers to Markets

For large parts of rural and small town America, short line and regional railroads are the only direct connection to the national rail network.



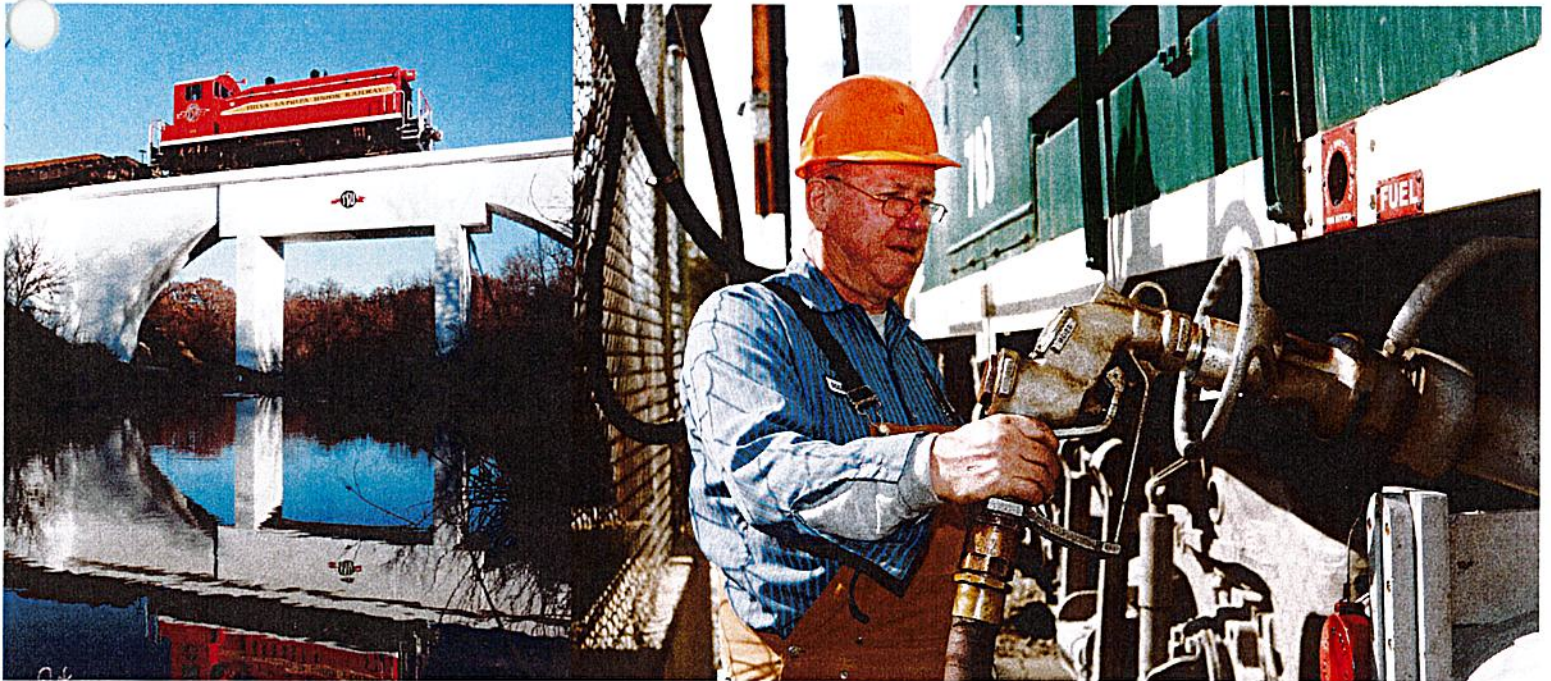
PROFILE OF SHORT LINE AND REGIONAL RAILROADS

Short Line and Regional Railroad Challenges

Short line railroads are small businesses. The majority of these businesses were created by entrepreneurs who purchased or leased marginal or unprofitable segments of large Class I railroads. They preserved service and jobs on rail lines that were otherwise deteriorating and headed for abandonment.

Short lines inherited track that had experienced years of deferred maintenance by their previous owners and must therefore devote a significant portion of revenue to rehabilitating their infrastructure. Most short lines must invest a minimum of 25% of their annual revenues in such rehabilitation, which is a percentage far higher than almost any other industry in the country.

The majority of short line customers are also small businesses that ship modest volumes. In other words, short lines must do more with less. They compete aggressively for business in order to achieve the kind of carload volumes necessary to succeed. They do so by providing flexible local service, by utilizing their real estate assets to attract new business to the line and by working closely with their customers to provide high quality and cost-effective freight service. They are the local workhorses of the national rail network.



Industry Overview



SHORT LINE AND REGIONAL RAILROAD EVOLUTION

Short lines were in business as early as the mid-1800s. Two of the earliest were the Granite Railway, incorporated in 1826 in Quincy, Massachusetts, developed to carry stone from the Bunker Hill Quarry three miles, to the Neponset River, and the 13-mile long Baltimore & Ohio Railroad (B&O) in 1827. The original B&O is now part of CSX Corporation, a Class I railroad. But it was the Staggers Act of 1980 that saved the national railroad industry from near total collapse. It did so by eliminating much of the suffocating regulation that made it impossible for railroads to operate in a free market system.

In many respects, the Staggers Act is also the genesis of the short line industry as it exists today. The economic freedoms and regulatory flexibility embodied in that Act allowed entrepreneurs to save light-density branch lines rather than abandon them. The results were quite remarkable. Short lines have grown from 8,000 miles of track in 1980 to 47,500 miles today. They operate in 49 states. In five states, short lines operate 100% of the state's total rail network. In 15 states, they operate more than 50% of the railroad network and in 36 states, at least one quarter of the rail network.

In saving the Class I industry, the Staggers Act preserved the private national railroad network. In creating the modern-day short line industry, the Staggers Act ensured that huge areas of rural and small town America would stay connected to that national railroad network. For the small businesses and farmers in those areas, the ability to take a 5-car train 15 miles to the nearest Class I interchange is just as important as the Class I's ability to attach that block of traffic to a 100-car train and move it across the country. Thousands of rail customers cannot make the journey across the country without Class I railroad service. But they often cannot start or end that journey without short line service.

THE STAGGERS ACT
is widely hailed
as a successful
implementation of
federal regulation,
benefitting all
participants in the
freight rail
transportation
network.

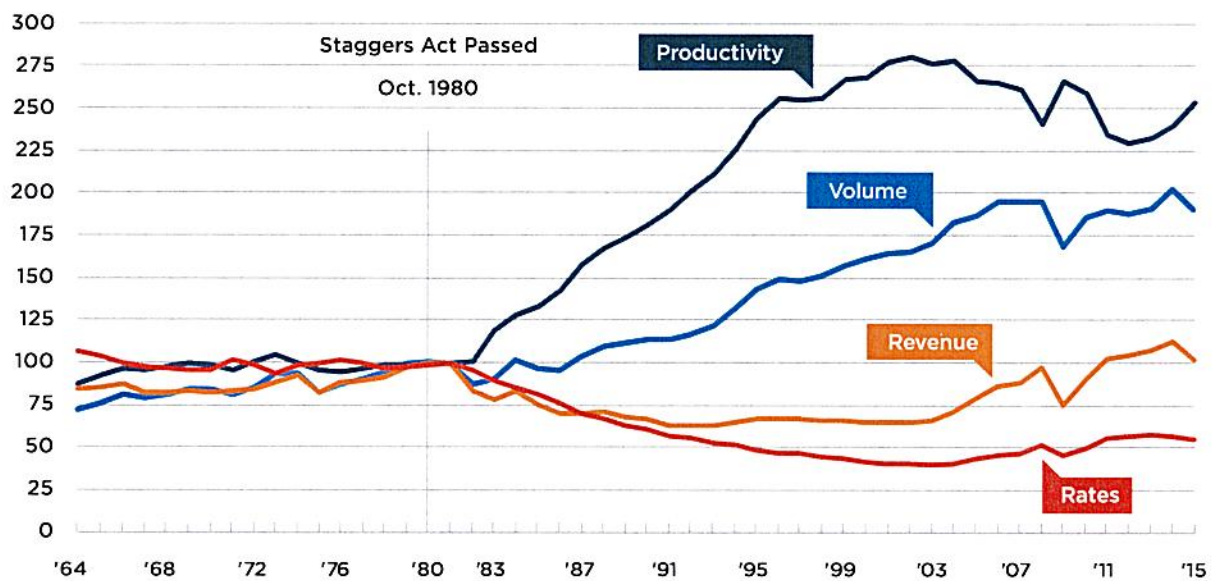
SHORT LINE AND REGIONAL RAILROAD EVOLUTION

The Staggers Act has also been good for the customers and suppliers of the short lines. The Association of American Railroads (AAR) reports that the Staggers Act has led to a 45% reduction in average shipping rates, a doubling of rail traffic, and an investment of \$600 billion into the rail system. *

*Source: America's Freight Railroads Under Balanced Regulation, AAR, 2016.

U.S. FREIGHT RAILROAD PERFORMANCE SINCE THE STAGGERS ACT

Today's Balanced Regulatory System Has Benefited Shippers and Allowed Railroads to Flourish



Source: AAR

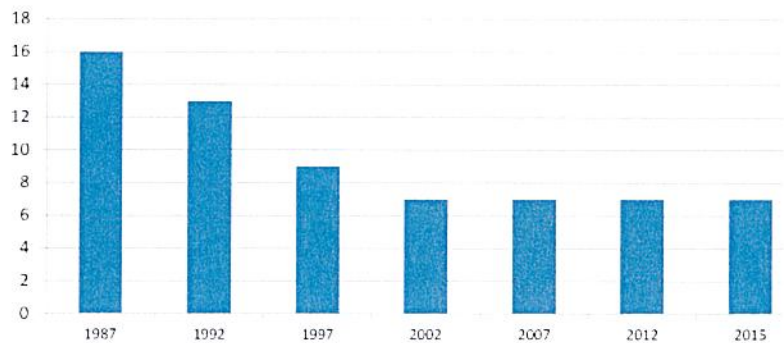
SHORT LINE AND REGIONAL RAILROAD EVOLUTION



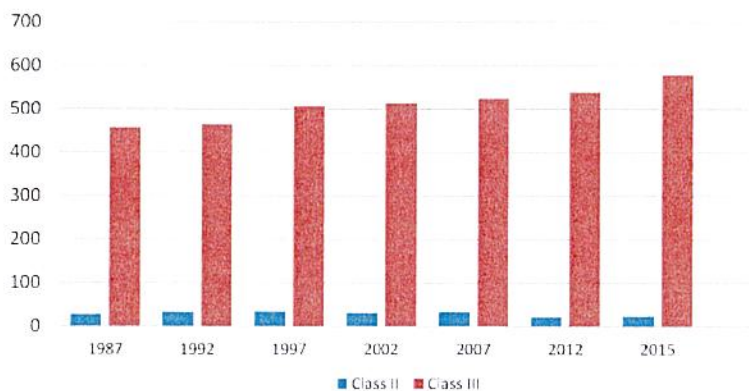
Growth Over Time

In 1976, there were 56 Class I railroads organized into 30 separate systems. By 1987, as a result of a long series of mergers and acquisitions, Class I railroads had declined to only 13 and today, there are seven Class I railroads, a reduction of 46%.

Number of Railroads Over Time
Class I Railroads



Number of Railroads Over Time
Regional and Short Line Railroads



To the contrary, since 1987 short line and regional railroads have increased 20% over the same time period.

Source: AAR, *Railroad Facts*, various years; 2016 ASLRRA Data Survey

THE SHORT LINE AND REGIONAL RAILROAD INDUSTRY

Nearly
10,000
customers

49
states

Invest 24%
of revenue in
capital &
maintenance

47,500
route
miles

Nearly
18,000
employees

\$4.64
billion in
revenue

603
short
lines

29%
of total
route miles
in U.S.

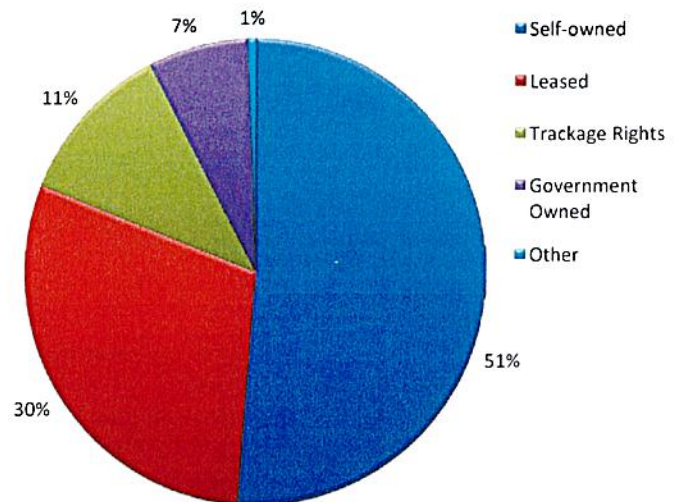
1 in 5 cars are moved by short lines

SHORT LINE AND REGIONAL RAILROADS TODAY

The short line industry is a vibrant and hard-working part of the national transportation network, moving one in five carloads annually in origination or destination.

Short line railroads operate over 47,500 route miles, or approximately 29% of the national railroad network. They serve customers in 49 states. In 36 states, they operate over 25% of the state's total rail network. Short lines contribute \$8.3 million in state and local taxes, while supporting small businesses and keeping jobs local. The availability of rail transport is of great benefit in attracting new business to an area – particularly in rural regions. The short line industry's state-by-state impact can be found on pages 19-22.

Short Line Railroad Miles Operated By Type



Source: 2016 ASLRRA Data Survey

Short line and regional railroads operate under many types of agreements in order to provide service. The majority of route miles (51%) are wholly-owned and 31% are leased from Class I's and other entities. The remaining 20% of miles used are owned by the government or made available via interchange agreements.

Relationship to Class I Railroads

Short line railroads are the business partners of Class I railroads. Short lines interchange with Class I's to enable their customers' goods to flow through the national freight rail system to their ultimate destination – often another short line railroad delivers the goods on the other end. On average, a short line has four interchange agreements.

Rates charged for the shipment of goods and services are often managed by agreement with the Class I railroads. In that sense, short lines are both a provider to, and a customer of, Class I railroads.

A short line can be considered a Class I partner under a cooperative interchange or trackage rights agreement, a competitor as a self-owned independent in control of origin and destination of a shipment, or a tenant, operating track under a lease agreement.

SHORT LINE AND REGIONAL RAILROADS TODAY

Short lines in the U.S. today are widely varied in operating practices and metrics. Some small railroads operate passenger lines. Many offer additional revenue generating opportunities, such as car storage, right-of-way leasing and providing storage yards for construction materials. Class II's are more similar to one another, with an average length of 567 route miles. Class IIs operate 29% of short line route miles.

Class III's, the smallest railroads, represent 71% of short line and regional railroad miles. Class III railroads have the widest range of operations. Switching and terminal operations typically operate a much lower number of miles than local carriers.

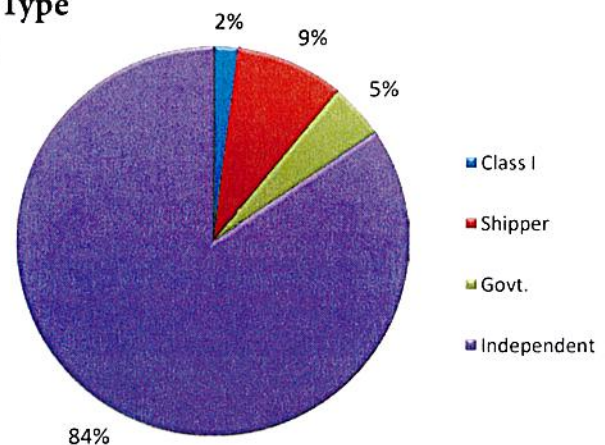
Network Size of Small Railroads

	Class II	Class III	Total
Total Route Miles	13,600	33,900	47,500
% of Route Miles	29%	71%	100%
Total RRs	24	579	603
Average Route Miles	567	59	80

Source: See Page 12

Railroad Ownership by Type Class II & Class III

The vast majority of short line and regional railroads are independently owned. Only 16% are owned by shippers, government entities or Class I's.



SHORT LINE AND REGIONAL RAILROADS TODAY

TRAFFIC TYPE

LOCAL

moved completely on a short line's rail.



9%

ORIGINATED

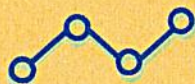
33%

moved partially on a short line and shipped to the final destination by another transportation mode.

TERMINATED

transferred from a Class I train to a short line for final delivery.

48%

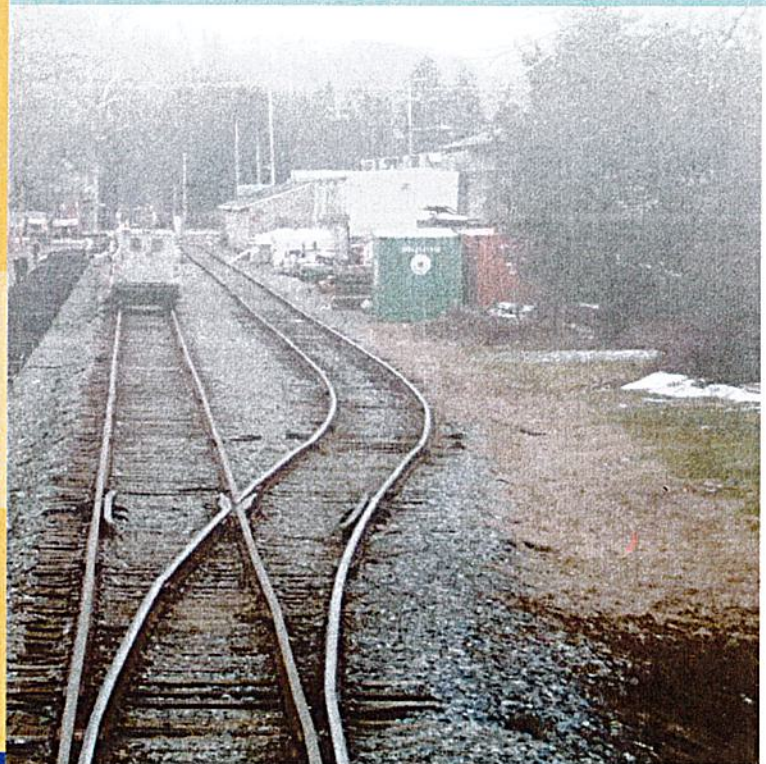


10%

BRIDGED

moved from one Class I line to another by an intermediate short line.

Short line and regional railroads are a critical part of the freight transportation network. Of the carloads moved on their rails, the majority either begin or end their journeys on short lines. A smaller percentage (10%) are transferred (bridged) from one Class I to another by a short line, and 9% move solely on a short line or regional railroad network.



SHORT LINE AND REGIONAL RAILROADS TODAY

Commodities Moved

Although railroads are typically more efficient than trucks for moving extremely heavy or bulky goods, short lines move all types of commodities.

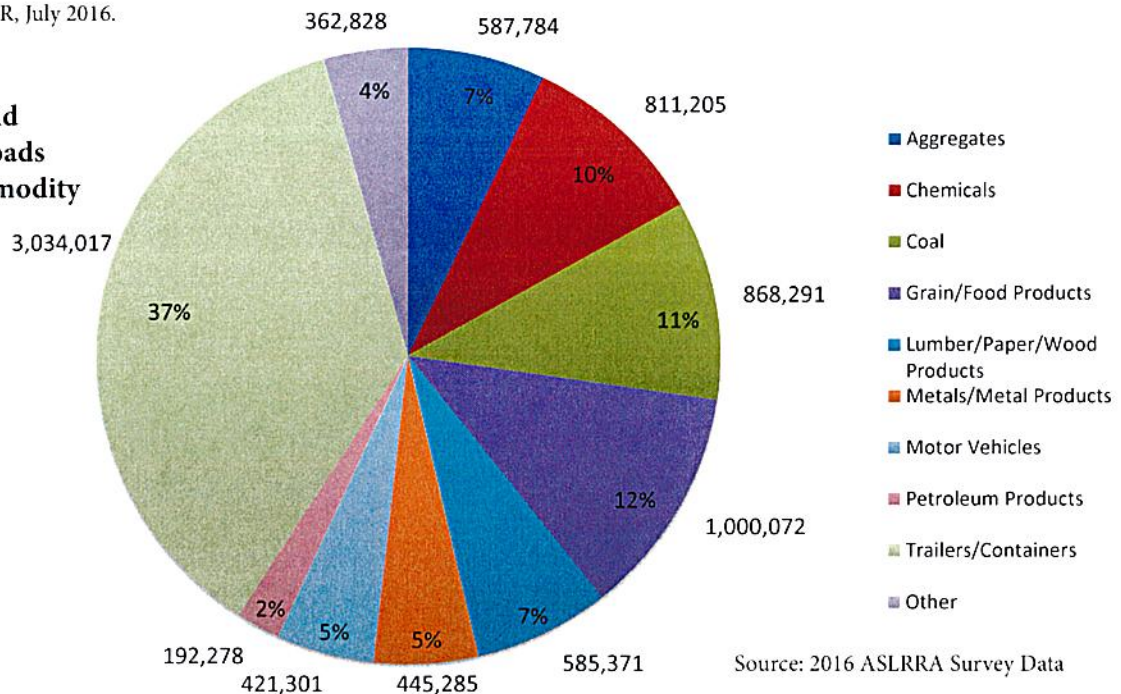
Short lines are sensitive to economic trends. Because of the physical constraints of fixed assets, such as a railroad, they are limited to seeking customers only along their routes. When one commodity is impacted negatively, short lines must be adept at either replacing the business, or being prepared to ramp up to handle new types of business.

An example in recent years is coal, which declined from a high of roughly 140,000 carloads per week in January of 2009, to 70,000 carloads per week in January of 2016.* This volume had to be made up with creative approaches to service in order to attract new business.

*"Railroads and Coal," AAR, July 2016.

Grain production saw bumper crops in 2015-2016. Nimble short lines sought additional containers and worked with Class I's to move the significant overages into position for export. Short lines are often able to react more quickly to market conditions than Class I railroads.

Short Line and Regional Railroads Carloads By Commodity 2015



SHORT LINE AND REGIONAL RAILROADS TODAY

Short Line Industry Highlights

	Class II	Class III	Total
Network Characteristics			
Number of Railroads	24	579	603
Route-Miles Operated	13,600	33,900	47,500
Traffic Volume			
Carloads Handled	2.57 million	6.52 million	9.09 million
Average per Railroad	107,083	11,226	15,075
Median per Railroad *	142,000	9,300	10,050
Customers Served			
Average per Railroad	73	15	18
Median per Railroad *	85	10	11
Freight Revenue			
Total	\$1.89 billion	\$2.75 billion	\$4.64 billion
Average per Railroad	\$79 million	\$4.75 million	\$7.68 million
Average per Mile	\$139 thousand	\$81 thousand	\$97 thousand
Average Taxes Per Railroad *			
Federal Income	\$10.0 million	\$1.6 million	\$2.1 million
Railroad Retirement	\$3.2 million	\$467 thousand	\$581 thousand
State	\$4.1 million	\$316 thousand	\$463 thousand
Employment			
Total Employees	4,900	12,900	17,800
Average per Railroad	204	22	30
Median per Railroad *	211	8	8
Union Members *	69%	50%	58%
Locomotives *			
Total Number	493	1,687	2,180
Median per Railroad	48	6	6
Length of Haul *			
Average	147	32	37.5
Median	111	25	24

Source: Network characteristics are based upon 2015 AAR data. Total employees, average employees per railroad are provided by AAR, *Railroad Facts*, 2012 edition. *2016 ASLRRA Data Survey. All others are short line industry figures.

Average Class II Railroad Highlights

Local Haul
147 miles

Customers
Served
73

Locomotives
48

Combined
Tax Bill
\$17.3 million

Annual
Revenue
\$79 million

Employees
204

Average Class III Railroad Highlights

Local Haul
32 miles

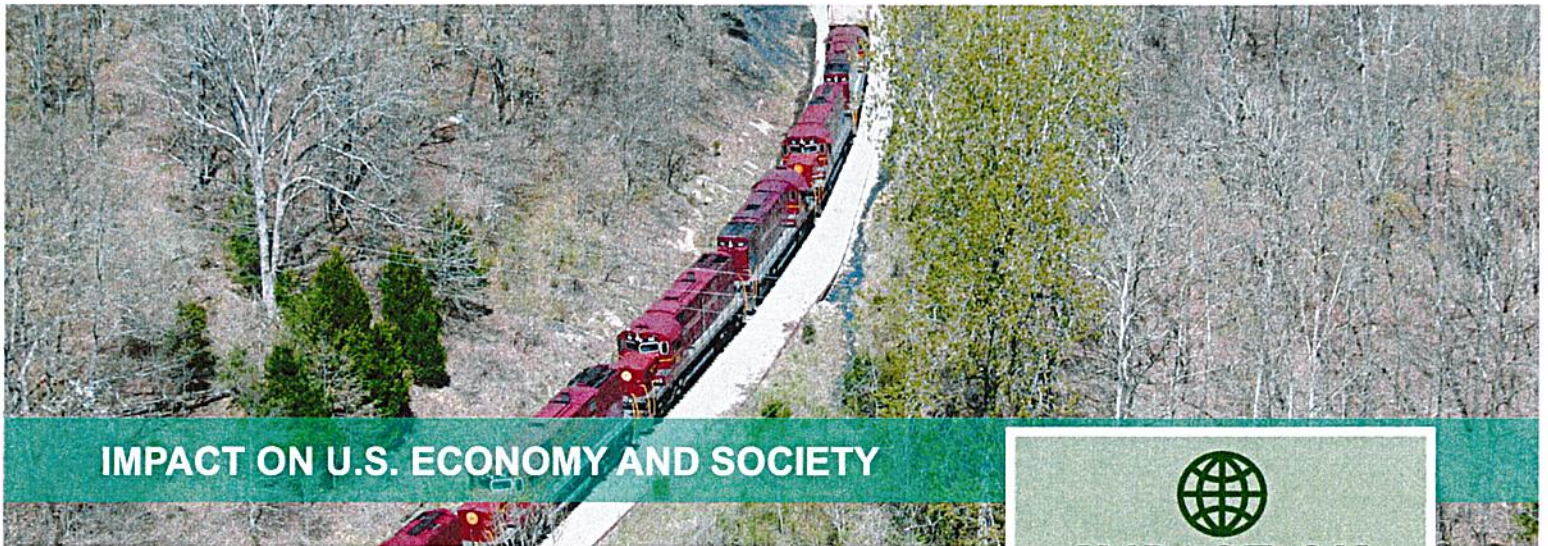
Customers
Served
15

Locomotives
6

Annual
Revenue
\$4.75 million

Employees
22

Combined
Tax Bill
\$2.38 million



IMPACT ON U.S. ECONOMY AND SOCIETY

Short Line and Regional Railroad Contributions:

- Serve a broad mix of industries, and nearly 10,000 customers;
- Keep jobs and industry local, employing 17,800 railroaders nationwide;
- Provide cost effective, or the only, transportation to market;
- Provide the safest mode of transportation;
- Avert wear and tear on the nation's highways by keeping heavy goods and congestion from the nation's aging highway infrastructure;
- \$4.64 billion in revenue to the U.S. economy;
- Over \$83 million in tax revenue in 2015.

In addition to providing revenue, short lines help avert costs to the nation's infrastructure. Estimates indicate that one railcar hauls the equivalent of three trucks. Beyond the wear and tear, and the accident risk avoided, shipping by rail conserves approximately 93.3 million gallons of fuel per year.

A state-by-state impact of short line and regional railroads is provided on pages 19-22.



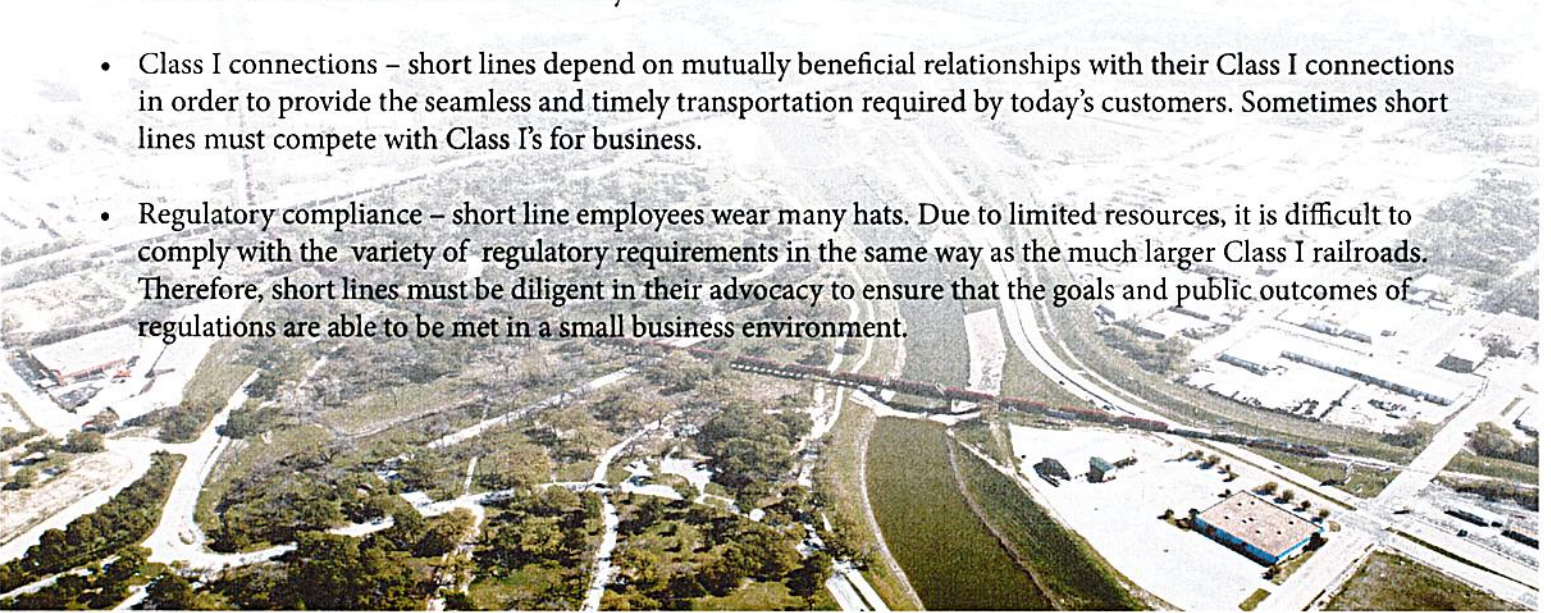
SHORT LINE AND REGIONAL RAILROADS: TOOLS FOR SUCCESS

Industry Challenges

The short line industry represents an economic story unlike any other in the country, created by entrepreneurs who took large financial risks to save marginal or money losing Class I railroad lines from abandonment.

Short lines are small businesses that face significant challenges:

- Capital-intensive operations – all railroads require significant capital investment to ensure a safe and efficient operation. Because short lines inherited the most vulnerable track in the national rail network, they must do even more to keep up. Short lines invest up to one-third of annual revenues in their infrastructure.
- Access to capital – like all small businesses, short lines cannot easily access private financing, and available financing is expensive.
- Carload traffic – in many cases, short lines serve small customers that do not ship in large volumes. Securing and managing carload traffic is labor intensive and extraordinarily competitive with truck transportation. When a current customer is adversely affected by economics or reduced product demand, the short line must attract new industry to the line.
- Class I connections – short lines depend on mutually beneficial relationships with their Class I connections in order to provide the seamless and timely transportation required by today's customers. Sometimes short lines must compete with Class I's for business.
- Regulatory compliance – short line employees wear many hats. Due to limited resources, it is difficult to comply with the variety of regulatory requirements in the same way as the much larger Class I railroads. Therefore, short lines must be diligent in their advocacy to ensure that the goals and public outcomes of regulations are able to be met in a small business environment.





SHORT LINE AND REGIONAL RAILROADS: TOOLS FOR SUCCESS

45G Tax Credit

Short line operations are a capital intensive proposition. Short lines reinvest an average of 25-33% of revenues annually in capital expenditures and maintenance of way costs. As small business entities relying on a limited geographic customer base, access to the capital markets is very challenging.

To address the gap in financial need, Congress has provided the short line industry with a tax credit that has enabled short lines to invest \$4 billion back into their businesses since 2004. The tax code provision, 26 U.S. Code § 45G provides a tax credit of \$.50 on every dollar spent up to \$3,500 per mile on track and bridge improvements.

KEYS TO SUCCESS

ACCESS TO CAPITAL

45G TAX CREDIT

CLASS I COLLABORATION

STRONG SAFETY CULTURE

JUSTIFIED REGULATION

This investment has significantly improved efficiency and safety. Rehabilitated track allows short lines to move the heavier and longer trains that the Class I network requires. Rehabilitated track is essential for the safety of employees and the general public and for the reliable movement of goods for customers.

Since the implementation of 45G, freight railroads have upgraded miles of track to handle a 286,000 pound gross rail load, maintained bridges, and installed miles of welded rail. In 2015 alone, 2,140 miles of rail were upgraded and 5.27 million ties were replaced. Altogether, short lines spent \$1.12 million, or 24% of revenue, in capital expenditures and maintenance in 2015.

SHORT LINE AND REGIONAL RAILROADS: TOOLS FOR SUCCESS

Track Maintenance and Technology Improves Safety

Short line and regional railroads have made safety improvements a priority over the last decade. The significant investment in improvements and track maintenance have driven monumental advancements. Since 1998, small railroads have reduced the total number of injuries on their operations by two-thirds, to just over 500. Fatalities are also trending downward with the injury rate descending to an all-time low of 2.9 per 200,000 man-hours worked.

Source: 2015, Federal Railroad Administration Office of Safety

Creation of the Short Line Safety Institute (SLSI)



While maintenance, technology improvements, and compliance with regulations assist in providing safe operations, there is also the people side of the equation, or the safety culture of a railroad. Safety culture is defined as the shared values, actions, and behaviors that demonstrate a commitment to safety over competing goals and demands.

ASLRRA had identified safety culture as a top priority for the short line and regional railroad industry. Following a series of unfortunate and tragic accidents in 2013, the strategic plan was accelerated. Members of ASLRRA's leadership team approached the Federal Railroad Administration with a proposal supported by Senators Susan Collins (R-Maine) and Patty Murray (D-Washington), Ranking Member and Chair of the Senate Appropriations Subcommittee for Transportation respectively, to create an Institute charged with evaluating safety culture on short line and regional railroads.

Toward that end, the Federal Railroad Administration's (FRA) Office of Research and Development put forward \$250,000 to develop a pilot project to conduct safety culture assessments of short line railroads. A comprehensive safety culture assessment program was developed and tested during a Pilot Phase. In late 2015, the SLSI was incorporated as a non-profit organization, and its first Executive Director was hired.

Today, the SLSI is extremely active in building awareness of the importance of a strong safety culture in the short line and regional railroad community. The Institute provides resources such as safety culture assessments, education and training, communication, and research to further develop short line and regional railroad safety culture. For more information on the Short Line Safety Institute, visit www.shortlinesafety.org.

APPENDIX

Short Lines and State Rail Networks

Small railroads operate 29% of the rail network in the nation, but they operate the entire rail network in five states: Alaska, Maine, New Hampshire, Rhode Island and Vermont.

State	# Small Railroads	Track Miles Operated			
		Total	Class I	Small RR	% Small Railroad
Alabama	20	3255	2299	956	29.4%
Alaska	1	611	0	611	100.0%
Arizona	7	1679	1237	442	26.3%
Arkansas	22	2801	1681	1120	40.0%
California	21	5240	4019	1221	23.3%
Colorado	12	2663	2019	644	24.2%
Connecticut	7	364	6	358	98.4%
Delaware	4	227	183	44	19.4%
District of Columbia	1	23	18	5	21.7%
Florida	12	2908	1701	1207	41.5%
Georgia	20	4675	3309	1366	29.2%
Idaho	9	1591	967	624	39.2%
Illinois	36	7119	4468	2651	37.2%
Indiana	36	4371	2714	1657	37.9%
Iowa	13	3902	1982	1920	49.2%
Kansas	10	4890	2815	2075	42.4%
Kentucky	9	2559	1979	580	22.7%
Louisiana	11	2884	2106	778	27.0%
Maine	7	895	0	895	100.0%
Maryland	7	759	569	190	25.0%
Massachusetts	10	929	276	653	70.3%
Michigan	21	3582	721	2861	79.9%
Minnesota	17	4480	2019	2461	54.9%
Mississippi	21	2296	1036	1260	54.9%
Missouri	12	4050	3327	723	17.9%

Source: AAR *Railroad Facts*, 2013. Note: Total miles above reflect track-miles, or miles of physical track on a railroad, and includes double-tracked line, and sidings. For example, if a railroad has a siding that is one mile long, they have two track miles – one of mainline track, and one of siding. Therefore, the totals will not be the same as route mile totals listed in other areas of the Fact Book. There were no short lines reported as operating in Hawaii.

APPENDIX

Short Lines and State Rail Networks

State	# Small Railroads	Track Miles Operated			
		Total	Class I	Small RR	% Small Railroad
Montana	6	3173	2034	1139	35.9%
Nebraska	8	3215	2412	803	25.0%
Nevada	0	1192	1192	0	0.0%
New Hampshire	9	426	0	426	100.0%
New Jersey	15	983	189	794	80.8%
New Mexico	3	1835	1431	404	22.0%
New York	33	3161	1534	1627	51.5%
North Carolina	20	3246	2336	910	28.0%
North Dakota	7	3346	1716	1630	48.7%
Ohio	33	5305	3248	2057	38.8%
Oklahoma	16	3275	2011	1264	38.6%
Oregon	15	2394	1102	1292	54.0%
Pennsylvania	51	4942	2171	2771	56.1%
Rhode Island	1	19	0	19	100.0%
South Carolina	12	2292	1947	345	15.1%
South Dakota	9	1747	897	850	48.7%
Tennessee	20	2641	1679	962	36.4%
Texas	41	10403	8375	2028	19.5%
Utah	5	1348	1254	94	7.0%
Vermont	8	590	0	590	100.0%
Virginia	7	3212	2772	440	13.7%
Washington	19	3162	1738	1424	45.0%
West Virginia	7	2255	1879	376	16.7%
Wisconsin	7	3503	864	2639	75.3%
Wyoming	2	1860	1844	16	0.9%
TOTAL		138,278	86,076	52,202	37.8%

Source: AAR *Railroad Facts*, 2013. Note: Total miles above reflect track-miles, or miles of physical track on a railroad, and includes double-tracked line, and sidings. For example, if a railroad has a siding that is one mile long, they have two track miles – one of mainline track, and one of siding. Therefore, the totals will not be the same as route mile totals listed in other areas of the Fact Book. There were no short lines reported as operating in Hawaii.

APPENDIX

Short Lines and State Economics

Short line and regional railroads provide an efficient mode of transportation in 49 states. Freight rail provides significant tax revenue, and avoids wear and tear on our nation's highways, saving taxpayers and local government more than \$1.5 billion per year.

State	Estimated State Employment	State & Local Taxes	Carloads Handled	Truck Equivalents	Estimated Pavement Damage Savings
Alabama	545	\$18,038,000	402,000	1,154,000	\$50,000,000
Alaska	385	Not reported	76,000	218,000	\$9,000,000
Arizona	191	\$600,000	130,000	373,000	\$16,000,000
Arkansas	283	\$1,246,000	199,000	571,000	\$25,000,000
California	506	\$1,734,000	2,684,000	7,704,000	\$333,000,000
Colorado	77	\$637,000	33,000	96,000	\$4,000,000
Connecticut	107	\$347,000	71,000	203,000	\$9,000,000
Delaware	35	Not reported	11,000	30,000	\$1,000,000
Florida	1,112	\$9,458,000	705,000	2,024,000	\$87,000,000
Georgia	212	\$717,000	208,000	598,000	\$26,000,000
Idaho	682	\$487,000	465,000	1,336,000	\$58,000,000
Illinois	1,407	\$5,108,000	953,000	2,734,000	\$118,000,000
Indiana	1,323	\$3,181,000	835,000	2,397,000	\$104,000,000
Iowa	494	\$9,056,000	309,000	888,000	\$38,000,000
Kansas	312	\$2,133,000	145,000	417,000	\$18,000,000
Kentucky	316	\$6,916,000	185,000	530,000	\$23,000,000
Louisiana	377	\$549,000	250,000	718,000	\$31,000,000
Maine	260	\$996,000	48,000	268,000	\$6,000,000
Maryland	85	\$196,000	37,000	106,000	\$5,000,000
Massachusetts	132	\$45,000	55,000	157,000	\$7,000,000
Michigan	482	\$1,353,000	271,000	777,000	\$34,000,000
Minnesota	469	\$832,000	176,000	504,000	\$22,000,000
Mississippi	231	\$2,267,000	167,000	480,000	\$21,000,000
Missouri	200	\$1,521,000	138,000	397,000	\$17,000,000

Source: 2016 ASLRRRA Data Survey. Note: If a railroad runs in a number of states, employees and carloads handled are listed for each state that the railroad operates in. For example, if a railroad has ten employees and runs through Maryland and Virginia, the ten employees will be listed in both Maryland's and in Virginia's totals. Therefore, the Total Employees or Total Carloads may include some employees or carloads multiple times. There were no short lines reported in D.C., Hawaii, or Nevada.

APPENDIX

Short Lines and State Economics (Continued)

Formula for determining pavement damage provided by the Texas Transportation Institute

- 1 carload = 2.87 truck (1 truck = 0.348 carloads)
- 1 truck = \$43.17 pavement damage

State	Estimated State Employment	State & Local Taxes	Carloads Handled	Truck Equivalents	Estimated Pavement Damage Savings
Montana	688	\$46,000	405,000	1,163,000	\$50,000,000
Nebraska	453	Not reported	163,000	467,000	\$20,000,000
New Hampshire	134	Not reported	63,000	180,000	\$8,000,000
New Jersey	980	\$31,000	72,000	205,000	\$9,000,000
New Mexico	136	\$46,000	45,000	129,000	\$6,000,000
New York	951	\$1,976,000	177,000	508,000	\$22,000,000
North Carolina	147	\$704,000	88,000	253,000	\$11,000,000
North Dakota	217	\$371,000	53,000	151,000	\$7,000,000
Ohio	531	\$1,493,000	247,000	710,000	\$31,000,000
Oklahoma	302	\$886,000	182,000	522,000	\$23,000,000
Oregon	310	\$1,372,000	114,000	328,000	\$14,000,000
Pennsylvania	841	\$1,759,000	174,000	498,000	\$22,000,000
Rhode Island	147	Not reported	28,000	79,000	\$4,000,000
South Carolina	98	\$774,000	43,000	124,000	\$5,000,000
South Dakota	388	\$620,000	106,000	306,000	\$13,000,000
Tennessee	183	\$31,000	59,000	169,000	\$7,000,000
Texas	971	\$1,208,000	357,000	1,024,000	\$45,000,000
Utah	68	\$379,000	52,000	148,000	\$6,000,000
Vermont	425	\$970,000	100,000	286,000	\$12,000,000
Virginia	169	\$223,000	57,000	162,000	\$7,000,000
Washington	796	\$1,772,000	580,000	1,666,000	\$72,000,000
West Virginia	502	Not reported	215,000	617,000	\$27,000,000
Wisconsin	218	\$1,094,000	70,000	200,000	\$9,000,000
Wyoming	223	\$11,000	71,000	203,000	\$9,000,000
TOTAL	20,101	\$83,183,000	12,074,000	34,778,000	\$1,501,000,000

Source: 2016 ASLRRRA Data Survey. Note: If a railroad runs in a number of states, employees and carloads handled are listed for each state that the railroad operates in. For example, if a railroad has ten employees and runs through Maryland and Virginia, the ten employees will be listed in both Maryland's and in Virginia's totals. Therefore, the Total Employees or Total Carloads may include some employees or carloads multiple times. There were no short lines reported in D.C., Hawaii, or Nevada.

GLOSSARY OF INDUSTRY TERMS

Abandonment – permission sought by or granted to a carrier by a state or federal agency to cease operation of all or part of a route or service.

Bridged – a car moved from one Class I line to another by an intermediate short line.

Carload Traffic – measurement of number of railcars shipped.

Class I, II, III Railroad – see inside front cover for definitions.

Commodity – any article of commerce or foods shipped.

Consist – a list of all of the cars in a train in standing order (from engine to caboose/marker).

Interchange Agreement – a contractual arrangement between two railroads that stipulates the terms by which they will hand off goods to one another at specified junction points.

Lease Agreement – a contractual arrangement where trackage is assigned to a railroad, and will be treated the same as private track, but owned by another entity.

Local Move – a shipment of cars moved completely on a short line's rail.

M.O.W. – maintenance of way. The department which repairs, replaces and maintains tracks, structures and physical plant on a railroad property.

Originated – a car moved partially on a short line and shipped to the final destination by another transportation mode.

Regional Railroad - Class II railroad.

Short Lines - collectively Class II and III railroads, unless otherwise noted.

Short Line Railroad - Class III railroad.

Siding - track that stores stationary cars, especially for loading and unloading, or holds one train in order for another to pass.

Staggers Act – 1980 legislation that eliminated regulatory burdens, credited with saving the private freight rail industry.

Switching – the transfer of cars from one place to another within a terminal, a yard, or an industry.

Tenant Railroad – a railroad that leases facilities or rail.

Terminal Railroad – a freight railroad company whose primary purpose is to perform local switching services or to own and operate a terminal facility to connect carloads to other modes of transport or other carriers.

Terminated – a car transferred from a Class I train to a short line for final delivery.

Trackage Right – right obtained by one railroad to operate its train over the tracks of another railroad.

Unit Train – also called a block train or a trainload service, carries all cars from the same origin to the same destination, without being split up or stored en route.

Waybill – a customer's commercial and transportation requirements used by the railroad to effect the movement of a car from origin to destination, and to generate the freight bill.



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ATTACHMENT (Revised 11/29/2024) SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY APPLICATION FOR FINANCIAL ASSISTANCE

G) Applicant Business Description:

PERTINENT BACKGROUND INFORMATION

Finger Lakes Railway (FGLK) was founded in 1995 in a precedent-setting public-private initiative to preserve essential rail freight service in the aftermath of a regional carrier that had neglected marketing and maintenance of its upstate railroad properties. In order to achieve sustainable operating economics in light of established railroad property taxation that contributed to the predecessor's shutdown, FGLK's experienced railroad owner-operators reached agreement on annual payments in lieu of taxes (PILOTs) among Industrial Development Agencies of the six affected host counties. The current renewal of these formalized agreements is due for review in 2025.

FGLK is a Class III (small-business) railroad that operates, maintains and markets over 130 miles of track serving 39 active customers situated in Cayuga, Onondaga, Ontario, Oswego, Seneca, Schuyler and Yates counties. FGLK owns or leases 17 locomotives and more than 600 railcars to meet customer shipping needs. Since inception, it has grown from 6 to 45 full-time employees and from 5,642 first-year carloads to an annual range of 16,000-18,000, depending on general economic conditions. The cost-effectiveness of moving heavy bulk commodities by rail involves environmental side benefits from fuel efficiency (about three times better per ton-mile than trucking), dramatically reduced exhaust emissions and associated noise, and motor carrier diversion from damage-prone highway travel. A 2016 American Short Line & Regional Railroad Association study indicated that short line railroads in New York saved the counties and local communities \$22-million statewide in roadway maintenance. A typical loaded 100-ton railcar is equivalent to about three truckloads.

The key to a coordinated effort to reduce costs of service to permit regular reinvestment lies in mutual commitment to a cluster of rail lines that differ in mileage, customers and traffic in each county but constitute a coordinated regional rail system for moving traffic from origins and to destinations throughout the United States and Canada. Extended customer reach is exemplified by inbound plastics from Texas, soda ash from Wyoming, and wines from California. Outbound paperboard is delivered to destinations as distant as Alberta, canned goods to Arizona, and salt to Florida. Movements are accomplished by means of direct connections with long-distance carriers CSX at Solvay, Norfolk Southern at Geneva and their affiliate, The New York, Susquehanna and Western Railway at Syracuse. Using an anatomical analogy, FGLK's cluster of lines represents

capillaries in a North American network of arteries and veins, and the whole of FGLK has far greater economic impact than its individual parts. The formularized PILOT arrangement recognizes that commonality of interests and associated value of transportation service accrues to the benefit of all counties, customers and consumers.

Consistent with the counties' interests in expanding the base of employment, FGLK's mission remains one of increasing market shares for existing customers while developing additional on-line industrial sites, accompanied by continuing reinvestment to update its infrastructure to the modern gross weight standard of 286,000 pounds. A single treated wooden crosstie replacement costs about \$120, and around 3,000 of them support each mile of line. Funds saved under the PILOT facilitate investment in track and bridges with expected lifespans of 50-100 years.

Railroading inherently is a highly competitive, complex and capital-intensive business dependent on maximizing volume to realize relatively low returns, particularly in an inflationary economic environment. Over the past five years, FGLK has experienced a progressive decline in profitability, culminating in a reported 2023 loss of \$265,236 and potential repeat this year. Major revenue-related expense categories included maintenance of way (26.4%), maintenance of equipment (10.6%), transportation (47.3%), and general and administrative (16.6%), a total of 100.9%. FGLK nonetheless has continued to reinvest in its rail properties, a total of \$2.3-million in 2023.

The 39 dispersed beneficiaries of FGLK service include a diversified mix of businesses employing around 4,000 in-state workers that depend on competitive transportation pricing. Among the more prominent are U.S. Salt's and Cargill's underground reserves, Nucor Steel's modern electric-furnace mill, glass container specialist Owens-Illinois, flat-glass producer Guardian Industries, Smurfit-WestRock's paper mill and box plant, Seneca Foods' cannery and distribution center, and Pactiv Evergreen and Silgan container-manufacturing facilities.

Others reflect a cross-section of the regional industrial economy and include Birkett Mills, CaroVail, DeLong, E&J Gallo, Finger Lakes Agronomics, Liquid Products, Maybury, Phelps Supply, and several other fertilizer suppliers in support of New York agriculture, DuMond and other farms (soybeans, corn and other grains), Heidelberg (stone quarry, sand, ballast, rip-rap, asphalt), CertainTeed (shingles, roofing), Messer (beverage grade Co2), LPG suppliers (heating fuel), Tomra (glass recycling), Henkel/Zotos (cosmetics), Scepter (salt cake and aluminum ingots), Builders Choice Lumber (a new lumber yard), and Leonard's Express (a new freight forwarder).

Fertilizer rail customers benefit under FGLK's special fertilizer program for storage in lieu of demurrage charges. FGLK has provided \$59,406 in savings to fertilizer purchasers for the year 2023. This program benefits the rail shippers and farmers in upstate New York regions.

Attached are letters from FGLK's rail customers and suppliers attesting to the importance of rail to their future operations and expansions in upstate New York.

FGLK's rail line runs east to west starting at Solvay (Syracuse), through Auburn to Geneva and continues west to Canandaigua and Shortsville, and includes a branch line between Penn Yan and Watkins Glen connected to the rest of the rail system via trackage

rights on the Norfolk Southern Corning Secondary. The Watkins Glen-Penn Yan Line (Himrod Line) runs from the end of track at MP 16.55 in the Village of Watkins Glen northerly to MP 46.30. The track is out of service (OOS) for freight from the last active customer at MP 40.70 in Penn Yan to Bellona, a portion of which is used by a private business for seasonal round-trip railbike excursions through 2025. The remainder of the line is open to service five active on-line freight customers, including Cargill Salt, U.S. Salt, Birkett Mills, Lakeview Organic Grain, and Silgan Plastics. FGLK has a rail yard in Himrod for transloading from and to railcars (with below-surface pits) for lumber and grain customers, and stone for local municipalities and private contractors.

All FGLK terminating and originating traffic comes in or out through either Solvay (54%) or Geneva (46%).

III: Project Information (FGLK's Rail Infrastructure)

The project for which Finger Lakes Railway seeks PILOT relief is for the immediate and long-term capital improvements necessary for the modernization of its rail infrastructure that supports the customers in Schuyler County. Like a highway system, the rail infrastructure is in constant need of maintenance and capital investment to assure safe operations and modernization to meet current needs. The following table outlines the anticipated capital outlay over the next ten years for the county and is more fluid the further out from present day. The list includes crossing resurfacing, signals upgrades, bridge rehabilitation, track and crosstie replacement. The rail infrastructure upgrades are paid for by the railroad from its traffic revenues and by way of grants. The items highlighted in blue will be supported in part by state or federal grants and FGLK must fund the grant projects prior to reimbursement putting a strain on the company's cash flow. The relief afforded by the PILOT is reinvested into our infrastructure and people while maintaining our exemplary service for our customers.

Project	City/Town	Project Cost Total	Material Total	Labor Total	Equipment Total	Engineering Total	Sales Tax
Tie Replacement - 23 to 16.55	RS to Wat	\$ 2,299,000.00	1,147,201.00	921,899.00	-	229,900.00	147,136.00
Rail Change - 23 to 21	Rock Stream	\$ 458,000.00	234,496.00	177,704.00	-	45,800.00	29,312.00
Private Crossing Rehab - 23 to 21	Rock Stream	\$ 306,000.00	125,460.00	146,880.00	-	30,600.00	19,584.00
Bridge Rehabilitation - 20.02	Watkins Glen	\$ 120,000.00	62,400.00	48,000.00	-	9,600.00	7,680.00
		\$ 3,183,000.00	\$ 1,569,557.00	\$ 1,294,483.00	\$ -	\$ 315,900.00	203,712.00
	State/FRA Funded						

FGLK's rail infrastructure provides our small towns and rural communities otherwise cut off from the North American freight rail network needed access to global sources and markets. FGLK's rail corridor property is its asset but is limited by its dimensions and adjacent non-industry zoning. Like most small railways, FGLK spends 26% of its freight revenues on track maintenance and as a five-year average, capital projects have run an additional \$2.66-million per year. In total for the past five years, FGLK has spent \$16.8-million for track maintenance and \$13.3-million in capital improvements. State Sales Taxes paid for these improvements totaled \$841,743 for year 2023; \$858,680 for 2022; \$725,370 for 2021; and \$460,180 for 2020.

The entire cluster of rail corridors consists of 130 miles of track, including switching yards and sidings, 85 bridges, five buildings, 117 public highway and 132 private grade crossings. Municipal facilities occupy railroad right-of-way in Village of Watkins Glen, Dix and Town of Reading, with use of FGLK's right of way for lake access, poles and overhead and underground electric wires, and underground pipelines for water and sewer. A Facilities Agreement added to FGLK's current six-county PILOT expires in 2025. It provides offsets to the municipalities for annual rental fees for new facilities occupying railroad property. To date, the total off-sets by FGLK to municipalities are \$306,718, of which Schuyler County municipalities received \$14,866.

The reinvestments by FGLK to the railroad infrastructure in Schuyler County through 2023 include capitalized improvements totaling \$2.2-million.

Railroad Liability insurance limits and rates continue to increase, and few insurance underwriters are available to railroads. Accidents at intersections where roads cross railroad tracks at grade is a leading cause of rail-related deaths in the United States. Crossing safety and trespass prevention are issues of importance to FGLK, NYSDOT, FRA and the entire rail industry. We recognize access to Seneca Lake in the Village of Watkins Glen is an important seasonal economic engine for Schuyler County and commit to continue signifying the importance of Operation Lifesaver to our local communities.

Cargill's significant expansion at its Watkins Glen location included the addition of a public highway at grade crossing. FGLK's provision of efficient rail service to Cargill requires the ability for switching with necessary headroom. Schuyler County Partnership for Economic Development (SCOPED) has provided information to FGLK about one development opportunity for a privately owned tract behind Walmart and a developer's desire for approaches on railroad property, including a highway crossing at 10th Street in the Village of Watkins Glen. FGLK has requested the developer and SCOPED to investigate and exhaust alternatives for access, including the existing property owners' current access to the public road at 4th Street, and possible redevelopment of a railroad bridge to 12th Street/Shannon. With SCOPED's commitment to funding for any expenses relating to the rail portion of any project by the developer, FGLK commits to working with Schuyler County in furtherance of the requested 10th Street public at-grade crossing.

FGLK partners with its local community first responders and fire departments for safety training as recently provided to the former in Watkins Glen. FGLK last October made two empty railcars available to train with the Confined Space Rescue Team and on May 13, 2024, provided Railroad Response Safety Training knowledge of railroad operations and associated risks to deal with rail-related emergencies.

To mitigate impacts to customers in Schuyler and Yates counties, FGLK made extensive replacements to culverts along the line due to dozens of washout events from rainstorms. For approximately 11 miles south of the Route 14 grade crossing, FGLK's Watkins Glen (Himrod) Line effectively is a dam for water flowing from the tens of thousands acres east of Route 14 that naturally drains to Seneca Lake along a portion of the rail line that includes dozens of bridges and over 100 culverts. These events are happening not only with major storms, but rainfall considered average in upstate New York.

FGLK was recently awarded federal and state monies for FGLK's Watkins Glen Rehab Project totaling \$8.6-million, which includes FGLK matching funds of \$770,000. The project is for rehabilitation of the Himrod Line (Watkins Glen-Penn Yan), that includes private and public crossings, bridge replacement and rehabilitation, rail replacement, ties and surfacing.

Knowing its tax liability each year enables FGLK to budget it as a percentage of revenue allowing reinvestment. If PILOT financial assistance (real estate/sales tax abatement) is not authorized or extended by the IDA, the projects as represented would not move forward.

Current Assessed Value of Property

A railroad identifies its property through valuation mappings, stationing and mileposts. From Milepost 16.55 to Milepost 23.03 of FGLK's Watkins Glen-Penn Yan (Himrod) Line is within Schuyler County. The following identification numbers were provided to FGLK as the assigned parcels:

Property Tax ID#

SWIS	Tax Map. No.	Prop. Cls	Cd	County	Town_Village	Village_Name	Taxable_AV	Equal_Rate	EqualzdTax	AV	School_District	Sch_Lib_Tx_Rt	Cnty_Tx_Rt	Town_Tax_Rt	Vill_Tax_Rt	Tot_Tax_Rts	Tot_Tax_Pmt	SpecDist_Rt	SpDist_Tx
443289	43.00-1-44	843_NonCeilRR		Schuyler	Reading_No		1980425	0.77	2571981		Watkins Glen	11.391575	6.338978	2.625454	0	20.3560	40313.55	0.623229	1234.26
443201	65.09-6-4	843_NonCeilRR		Schuyler	Reading_Yes	Watkins Gler	175000	0.77	227273		Watkins Glen	11.391575	6.338978	1.831628	8.538092	28.1003	4917.55	0	0.00
442201	65.14-2-33	843_NonCeilRR		Schuyler	Dix_Yes	Watkins Gler	215300	1	215300		Watkins Glen	11.391549	6.359254	2.049896	8.538092	28.3388	6101.34	0	0.00
							2370725		3014553										
																	Total Taxes	51332.43	1234.26

K) 2. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York?

FGLK's rail customers employ over 4,000 in New York State and benefit from competitive pricing to and from all U.S. and Canadian markets.

Attached are letters from FGLK's rail customers and suppliers attesting to the importance of rail to their future operations and expansions in upstate New York.

Q. Job Creation / Employment

FGLK employs 45 full-time employees; 13 of whom reside in the Labor Market Area of **Schuyler (3), Steuben (3) and Yates (7) counties**. FGLK estimates all those positions will be retained and anticipates hiring up to six additional personnel over the next three years.

Salary and Fringe Benefits for Jobs to be Retained and/or Created

MOW - Hourly	493,698	4,149	128,361	103,303	9	55,316	81,057
MOW - Salary	250,454		65,118	51,969	3	83,485	122,514
MOE - Hourly	304,122	1,383	79,072	63,392	6	50,918	74,662
MOE - Salary	70,856		18,423	14,703	1	70,856	103,982
Trans - Hourly	1,018,429	6,915	264,792	212,759	16	64,084	93,931
Trans - Salary	204,535		53,179	42,441	2	102,268	150,078
G & A (non exec)- Hourly	98,352	1,383	25,571	20,695	2	49,867	73,001
G & A -NE-Salary	287,038		74,630	59,560	3	95,679	140,409
G & A Exec - Salary	227,568		59,168	47,220	3	75,856	111,319
Current emp	2,955,051	13,830	768,313	616,043	45	65,975	96,739
				4,353,238	total wages, benefits & tax		
	Hourly/Salary Range		HR Bene	Employer Tax		Hourly/Salary Range	
	Low	High		Low	High	Low	High
MOW - Hourly	21.5	26	6.86	4.46	5.40	32.82	38.25
MOW - Salary	1211	1875	10.44	251.28	389.06	1,472.72	2,274.50
MOE - Hourly	18.5	27.21	6.34	3.84	5.65	28.67	39.19
MOE - Salary	1363	1363	8.86	282.82	282.82	1,654.68	1,654.68
Trans - Hourly	22.47	30.57	7.96	4.66	6.34	35.09	44.87
Trans - Salary	1790	1970	12.78	371.43	408.78	2,174.21	2,391.56
G & A (non exec)- Hourly	20.51	25.57	6.15	4.26	5.31	30.91	37.02
G & A -NE-Salary	1420	2384	11.96	294.65	494.68	1,726.61	2,890.64
G & A Exec - Salary	1923	2523	9.48	399.02	523.52	2,331.50	3,056.00

FGLK's current 45-person employment roster averages 12 years of service, of which nine have been with FGLK for over 20 years. FGLK's average annual wage with fringe benefits is \$96,739. Full-time hourly employees are paid for overtime. Qualified hourly and salaried employees receive paid time off for illness, vacation and holidays, as well as other paid time off. In addition, FGLK provides an annual \$1,500 IRA match to all personnel. Railroad workers' unemployment benefits, sickness benefits, and retirement benefits are administered by the Railroad Retirement Board. Employers and employees pay higher retirement taxes than those covered by the Social Security Act. Railroad retirement benefits are higher than social security benefits, especially for career employees. The Railroad Retirement Act also provides supplemental railroad retirement annuities, which are payable to employees who retire directly from the rail industry. Railroad Retirement taxes at 20.75% are paid by FGLK, totaling \$650,951.

FGLK's contribution for all employee medical premiums (88%), HRA medical deductible (100%), and vision, dental and life insurance premiums (100%) totaled \$1,025,696 in 2023, \$917,602 in 2022, \$783,752 in 2021, \$688,569 in 2020, and \$702,403 in 2019.

NYS Withholding Taxes for year 2023 totaled \$186,599; for year 2022, \$175,727; for year 2021, \$160,252; and for year 2020, \$150,815.

Local Labor Policy

The New York State Rail Plan for investment strategies was developed in cooperation with New York's freight railroads. The plan stresses the commitment to the State's rail transportation infrastructure that serves businesses and industries, that it creates jobs for New Yorkers, and also transports many of the goods that we use each day.

All common-carrier railroads are authorized to operate by the Surface Transportation Board in intrastate or interstate commerce and therefore are covered by the Federal Employer Liability Act (FELA) and prohibited from coverage under the State Workers Compensation Act.

FGLK's available job positions are safety-sensitive and *federally* regulated. Applicants who receive conditional offers of employment must complete successful background investigations, job-function testing, medical examinations, and drug/alcohol screens.

FGLK makes every effort to use local contractors, suppliers, and its own railroad forces for projects, maintenance, inspections and upgrading. State and federal funding assistance includes requirements for bidding, certifications for MWBE/DBE, Buy America certifications, and other requirements under U.S. Department of Labor and the Railroad Retirement Board.

Supplemental Materials Attached

1. Watkins Glen First Responder Training Pictures.
2. A copy of FGLK's System Map.
3. Letters from FGLK customers of the significance of the rail to their industries/businesses.
4. Letters from FGLK suppliers/vendors of the significance of the rail to their businesses.