

# Shortline Railroads Keep Small Towns Humming

Ben Dobbin, AP Business Writer

AVON, N.Y. (AP) — After an hour of shunting rail cars aside, a 1964-vintage locomotive operated by Tim "Brown Dog" Carney nudges six hopper-loads down an embankment into a pasta factory. It's a routine delivery: 540 tons of semolina flour milled in St. Louis from durum wheat grown in North Dakota.

The Livonia, Avon & Lakeville Railroad, a scrappy private firm with 30 employees and \$4.5 million in sales, owns just 27 miles of track in a pocket of rural western New York. But it offers bulk freight shippers like Parma, Italy-based Barilla Group customized access to America's 140,000-mile rail network.

Never mind tax breaks, cheap land or owner Guido Barilla's delight at the proximity of the Finger Lakes wine region. Without that rail ribbon, the world's biggest pasta maker wouldn't have contemplated putting a \$100 million-plus Northeast hub in this neck of the woods in 2007.

"It was a must for us," said Kirk Trofholz, president of Barilla's U.S. subsidiary.

Spawned by a grass-roots "Save the Railroad" campaign in 1964, the LA&L is a vital ingredient in keeping a namesake trio of small towns humming in farm country some 20 miles south of Rochester.

With patrons like Kraft Foods, Archer Daniels Midland, Cargill and Perdue churning out Cool Whip, corn sweeteners, cereal grains and chicken feed, the little railroad helped hatch a "food corridor" that has once again ducked hard times hitting vast sectors of the economy— not least, the bellwether rail industry.

As big carriers abandoned old branch lines considered too short or remote to be profitable, micro-enterprises conjuring a bygone era filled the vacuum, bearing quirky or parochial names like the Wiregrass Central in Enterprise, Ala., and the Middletown & Hummelstown near Harrisburg, Pa.

Since federal deregulation in 1980, so-called shortline railroads have surged in number from 200 to roughly 520. Dwarfed by behemoths like Omaha, Neb.-based Union Pacific, each has freight revenues below \$28 million a year. Two-thirds operate along less than 50 miles of track and only 50 extend beyond 250 miles.

But they employ nearly 20,000 people, own 30 percent of track and handle a quarter of all freight, although it's often just the first and last few miles of a transcontinental journey. They offer businesses big and small — foundries, grain elevators, power plants, mines — high-volume advantages that trucking can't match. A rail car can carry up to 125 tons, triple the capacity of a truck.

Overall rail volumes have slumped 15 to 20 percent this year, the steepest drops on

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lines hauling metals, lumber and other raw materials and industrial products for manufacturing and construction.

Spread across every state but Nevada, few shortlines have folded but employees' hours have been chopped back, said Adam Nordstrom, a lobbyist with the American Short Line and Regional Railroad Association in Washington, D.C. "We've been hit very hard. If our customers aren't moving goods, they're in trouble, too."

One bright spot is food.

"That's been fortunate for us because obviously, even in an economic downturn, it has to get pretty bad to stop eating," says LA&L Chief Executive Gene Blabey.

Blabey, 70, switched to rail management after retiring from United Press International in 1987. He's a major stakeholder in the LA&L, the Bath & Hammondsport subsidiary with 42 miles of track in nearby Steuben County and the Western New York & Pennsylvania, a 300-mile-track affiliate.

"Were it not for these boutiques, often locally owned, rural and small-city America would have lost its railroad infrastructure," he said. "The trend in every aspect of business is bigger is better. Yet rail, one of the first major industrial enterprises in the world, has, since the 1980s, gone to smaller is better."

Each of the seven mammoth Class 1-category railroads has annual revenues exceeding \$346 million. The LA&L links with three: CSX at a Rochester junction, and Norfolk Southern and Canadian Pacific via a regional line to Silver Springs, N.Y.

The resulting bidding between long-distance carriers translates into cheaper costs for LA&L customers whose wide mix of commodities — lumber, plastic, food, fertilizer — arrive from all across North America.

While there are far fewer miles to traverse, LA&L crews eat up the hours moving empty cars back to Rochester, picking up new ones and often parking them for days along two short sidings in Avon until a factory calls looking for a fresh delivery.

With its dozen aging locomotives, the LA&L has gone from 50 carloads a year to nearly 5,000, helped by unusual levels of flexibility.

It's a Monday-to-Friday daytime routine but "we can jump through hoops," said executive Vince Milliken. "If a customer needs someone to bail them out on a weekend, they've got our home telephone numbers."

At Barilla, conductor Greg Peffers is unhooking the semolina cars when a plant manager walks out with a freebie assortment of spaghetti and macaroni. The tedium dissolves in an instant.

"We haven't gotten any in a while!" cried Carney, 46, waving from the cab window of a rebuilt diesel locomotive that once ferried Long Island commuters to New York City.

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As his train chugs along at 25 mph through rolling terrain, Carney compared his 11-hour workdays on a shortline with those of his brother, a fellow engineer whose long hauls with Canadian Pacific keep him away. Carney said he earns less than \$50,000 a year — half what his brother, Scott, pulls down.

"He probably laughs at me," Carney said, "but he's gone all the time."

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