

ULSTER COUNTY LEGISLATURE

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TO: Freight and Passenger Rail Operators

FROM: Legislator David Donaldson, Chairman of the Ulster County Railroad Advisory Committee, on behalf of said Committee

DATE: September 10, 2015

RE: Seeking Expression of Interest in future Railroad Operation on the U&D Corridor

The Ulster County Railroad Advisory Committee, an advisory committee of the Ulster County Legislature, is seeking an Expression of Interest (EOI) in passenger and freight operations for the Ulster and Delaware Railroad Corridor, a 38 mile railroad corridor owned by the County since 1979. The current operator's lease expires on May 31, 2016, so the EOI is for a lease between the County and a future operator starting June 1, 2016.

EOI's should be submitted in triplicate to Victoria Fabella, Clerk of the Legislature at 244 Fair Street, Kingston, NY 12401. EOIs are due by 12 Noon, November 2, 2015.

Requirements

The Ulster County Railroad Advisory Committee will review the expressions of interest, and make recommendations to both the Ulster & Delaware Railroad Corridor Advisory Committee and the Ulster County Legislature on both the optimal segments to operate rail service, and will also recommend specific operators for an RFP to be issued by the County for an operator starting June 1, 2016.

Rail operations are subject to rehabilitation to FRA Class 1 or better track conditions and compliance with applicable FRA regulations, as well as periodic verification of conditions by an inspector selected by the County.

Background

The Ulster & Delaware Railroad Corridor (U&D) between Kingston (Mile Post 2.9) and the Ulster/Delaware County line at Highmount (MP 41.6) was purchased by Ulster County from the Penn Central Corporation in 1979. The right of way and remaining rail infrastructure were purchased with the intent of establishing recreational and economic development opportunities in the County.

In the early 1980s Ulster County entered into a series of leases with the current operator and a Design Report was developed and approved for rehabilitation of the Kingston to Phoenicia (Mile Post 27.9) segment of the line. Rights to operate over the western-most .5 miles of the line have been granted since 1983 to the Delaware & Ulster railroad based in Delaware County.

Currently two portions of the Ulster County U&D are in operation. A portion of the east end between Mile Post 3 and Mile Post 6.2 is used for short themed rides and another section between Mile Post 22.1 and Mile Post 27.9 has been rehabilitated for scenic rides along the Esopus Creek.

There is no rail connection with the national system, although the end of track at Mile Post 2.9 is within 30 feet of the CSXT River Line subdivision. The middle portion of the right of way consists of a Perpetual Easement between Mile Post 10.0 and Mile Post 21.6 with the property owned by the New York City Department of Environmental Protection.

This portion passes through DEP's Ashokan Reservoir property and watershed, providing some of the best scenery in the Catskill Park.

Train service on the U&D started in 1870 under the Rondout & Oswego, then New York, Kingston and Syracuse, Ulster and Delaware, New York Central, and Penn Central. Passenger service ended in 1954. Final operation of the U&D was by Conrail and the line was embargoed in October 1976. The railroad provided service along its entire route for:

- Common Carrier Passenger Service
- Tourist and Special Passenger Service
- Common Carrier Freight and Mail Service to Local Shippers and Communities

Passenger service was primarily of tourist and vacation travel, serving New York City residents who spent some or all of their summers in the Catskill Mountains. The U&D passenger traffic peaked in 1913 with approximately 676,000 passengers carried.

In 2011 the U&D was heavily impacted in certain areas by Tropical Storms Irene and Lee. The Boiceville Bridge at Mile Post 21.3 was heavily damaged and several areas where the track adjoins the Esopus Creek between the bridge and Phoenicia were scoured and the roadbed damaged. FEMA funding has been secured to repair most of these locations and repair the Boiceville Bridge. The current operator has repaired the most of the damage, with the exception of the FEMA covered repairs, and operates Scenic Trains between Mile Post 23.3 and Phoenicia at Mile Post 27.9.

Tourist passenger trains currently run on weekends and some weekdays between Memorial Day and New Year's Eve, including themed and licensed events on the two mile Kingston section.

Between 2008 and 2014 the railroad's annual ridership grew from 8,000 per year to over 40,000 in 2014. The railroad began operations in Kingston in 2008, which grew from 1,000 that year to over 30,000 in 2014.

Expanded advertising and the outstanding scenic attraction that the Catskills provide resulted in high double-digit ridership increases even during the severe recession of 2007-2009. Currently more than 70% of train riders are from outside Ulster County, providing a significant and increasing outside revenue stream for the County.

Current Situation

The U&D Right of Way currently consists of the property and tracks as they existed at the conclusion of freight operations, with some minor changes. Besides the two passenger operations noted above, the current operator has cleared the railroad of brush and maintains the Kingston to Phoenicia section for movement of maintenance equipment and is actively rehabilitating the track to extend the Kingston operation westward toward the Ashokan Reservoir viewshed. Additional clearing work has been done between Phoenicia and Highmount, but the effects of Tropical Storms Irene and Lee in 2011 resulted in numerous major washouts Between Phoenicia and Big Indian and that section is not part of the current operator's plans.

The current operator's lease of the U&D expires in May, 2016. Some county residents approached the County and expressed an interest in establishing a trail on the right of way. Initial efforts by trail advocates focused on Rail-With-Trail. In 2006, a study concerning the feasibility of developing Rail-With-Trail was commissioned and a report generated that outlined several scenarios for the U&D Corridor. This study proposed several different scenarios for re-utilization of the U&D corridor, including versions with various linear and overlapping sections of Rail Trail-only, Rail-With-Trail, and Rail only.

In 2014 the Ulster County Legislature committed to implementing a Rail-With-Trail to enhance economic development, tourism, and provide for healthy outdoor activity for Ulster County residents along the Corridor. With Resolution 275 of 2014, which supported segmented Rail-With-Trail by converting the Kingston to Boiceville segment to Rail Trail, only the Boiceville to Phoenicia segment would have retained railroad operations.

In 2015 however, the Legislature passed Resolution 155, which authorized a Legislative Committee and the hiring of an independent consultant to review the current corridor development policy and determine the appropriate mix of rail and trail within the Corridor. This review was prompted by the current operator's 2014 success in Kingston segment special events trains, which brought in a high number of out-of-county patrons and a resulting economic boon to the Kingston economy, proving the benefits of retaining tourist rail in the Kingston area. The Ulster County Legislature has also recently begun accepting funding to begin trail design with the passage of Resolution No. 187 of 2015, which provides a mechanism for funding initial trail planning work in the DEP portion of the Right-of-Way.

Since the County Legislature is reviewing its corridor development policy concurrent with the approaching end of the current operators lease, the Ulster County Railroad Advisory Committee is requesting Expressions of Interest from potential rail operators to assist in determining the appropriate combination of rail and trail on the U&D, based on a combination of potential operators financial projections and operational requirements. Ulster County is interested in creating a revitalized Catskill tourism experience by providing the best combination of corridor uses for both residents and tourists.

Expression of Interest Information

General Description of Location, Condition and Background

Ulster County is a municipal corporation located in the State of New York. It encompasses much of the Catskill Park, a publicly and privately owned park and wilderness area in the lower Hudson Valley. The Ulster and Delaware Railroad Corridor (U&D) runs roughly west-northwest from the City of Kingston, which is approximately 90 miles north of the greater New York City area.

The Corridor lies entirely within New York State and the portion owned by Ulster County consists generally of four segments as listed here:

- Segment A - Mile Post 2.9 to Mile Post 5.95 (Hurley Mountain Road). Currently hosts passenger trains between Mile Post 3.7 (Westbrook Station) and Mile Post 6.25 with an equipment yard at Mile Post 3. This section meets FRA class 1 standards.

- Segment B - Mile Post 5.95 to Mile Post 21.3 (Boiceville Trestle). Currently out of service west of Mile Post 6.25, maintained for track car patrols and under rehabilitation to expand train operations westward to Mile Post 11.5. Condition of this section of the line can be viewed with these three videos:

<https://www.youtube.com/watch?v=e7yl7OUV768>

<https://www.youtube.com/watch?v=4e90hW1fCOs>

<https://www.youtube.com/watch?v=bZ2VcNeiKuA>

There are two structural issues in this segment – repair of the Butternut Cove Culvert at MP 18.57 and repair of the Boiceville Trestle at MP 21.3. Ulster County has been awarded grants to repair both of these structural issues and they will not be the responsibility of the rail operator.

- Segment C - Mile Post 21.3 (Boiceville Trestle) to Mile Post 27.9 (Phoenicia). Currently hosts passenger trains between Mile Post 23.6 and Mile Post 25.8. Track was rehabilitated between Mile Post 22.1 and Mile Post 27.9 and hosted passenger trains until Tropical Storm Irene in 2011. This section, prior to Hurricane Irene, met FRA class 1 standards.

- Segment D - Mile Post 27.9 to Mile Post 41.6. Currently out of service. Due mostly to Tropical Storm Irene, there are several major washouts between Mile Post 27.9 and Mile Post 33.9 and three bridges are out between Mile Post 28.8 and Mile Post 36.89, though the last half mile is leased to the Delaware and Ulster Railroad of Arkville, New York.

Repair of washouts and bridges in this segment will be the responsibility of the County. Funding for their repair has not yet been obtained.

The U&D between Kingston (Mile Post 2.8) and Highmount (MP 41.6) was purchased by Ulster County from the Penn Central Corporation in 1979. The Right of Way and remaining rail infrastructure were subject to extreme deferred maintenance for many years prior to the end of operations in October 1976. There is no rail connection with the national rail system, although the end of track at Mile Post 2.9 is within 30 feet of the CSXT River Line subdivision.

The U&D was originally constructed as a single track railroad with sidings every 3 miles between Kingston and Phoenicia. Most sidings were removed before the embargo, however portions of two original sidings remain and there are currently sidings at the Cornell Street and Phoenicia yards, and three stub sidings at Mile Post 4.2, Mile Post 10.55 and Mile Post 24.7.

Currently two segments of the U&D are rehabilitated and in operation. A portion of the east end between Mile Post 3 and Mile Post 6.25 is used for short themed rides and another section between Mile Post 22.1 and Mile Post 27.8 has been rehabilitated for scenic rides along the Esopus Creek. The middle portion of the Right of Way consists of a Perpetual Easement between Mile Post 10.1 and Mile Post 21.6 with the property owned by the New York City Department of Environmental Protection. This portion passes through DEP's Ashokan Reservoir property and watershed, providing some of the best scenery in the Catskill Park.

In 2011, the U&D was heavily impacted in certain areas by Tropical Storms Irene and Lee. The Boiceville Bridge at Mile Post 21.1 was lost and several areas where the track adjoins the Esopus Creek between the bridge and Phoenicia were scoured and the roadbed damaged. FEMA funding has been secured to repair most of these locations and repair the Boiceville Bridge. The current operator has repaired the most of the damage, with the exception of the FEMA covered sections.

The segments of the railroad where passenger trains are operating have been restored to FRA Class 1 condition under a Design Report approved by USDOT, FHWA, NYSDOT and Ulster County. The Design Report covers the portion from Kingston (Mile Post 2.9) to Phoenicia (Mile Post 27.9) and the current operator has been rehabilitating the line continuously under this document since its approval.

The portion from Phoenicia to Highmount and the County line at Mile Post 41.6 is not part of the current operator's plans, although it is leased to the operator and has seen periodic brush and debris clearing. The west end of this portion is also subject to an operating agreement with another rail operator in Delaware County between the County line and Mile Post 41.3. See maps in Appendix A for more detailed location information.

Current Tourist Train Operations

West End Operations

The Catskill Mountain Railroad's (CMRR) West End operations have grown from 7,000 riders in 2008 to 9,000 in 2014. The CMRR's scenic train operates out of Mt. Tremper and Phoenicia stations, with 45% of its ridership in October. The current west end operation is run by the CMRR's S-1 407, two open flat cars and two fully renovated 1917 former Lackawanna MU trailers. A third flat car and third coach are under restoration for future service. The CMRR currently operates from MP 23.3 to MP 27.9 at Phoenicia. A washout at MP 23.3 prevents the CMRR from reaching its former destination of Cold Brook station at MP 22.1. Funding is being pursued by the County for repair of the washout at MP 23.3 and its repair will be the responsibility of the County.

The CMRR's summary of its west end operations through 2013 can be found here: http://savetherails.org/wordpress/wp-content/uploads/2014/04/esopus_rev040714.pdf

In 2013, the CMRR found that nearly 90% of its riders on the Scenic Train were from outside Ulster County. Current fares are \$14 adult, \$8 child and free under age two. The twilight limited trains, which run one evening each month in July and August have a \$2 surcharge. Steam train events have a \$6 surcharge. Revenues for the west end of the railroad totaled approximately \$105,000 in 2014.

West end operations begin on Memorial Day weekend and end in the last weekend in October. The trains generally run on weekends and holidays, and on Fridays in July, August, and the leaf season in October.

East End Operations

The CMRR's east end operations have grown from nearly 1000 riders in 2008 to over 31,000 in 2014. Currently the CMRR runs from MP 3.78 (Westbrook Lane) to the Body Shop private crossing at MP 6.29. The current east end operation is powered by an RS1 locomotive, two open flat cars, a caboose, and three former Long Island Railroad P72 cars, with capacity of about 80 each. An additional coach, former N&W 1727 is under renovation and purchase of a fifth coach is being studied by the CMRR.

The CMRR installed temporary flashing lights at the 209 crossing at MP 5.42. The State may install full flashers at this crossing and the Washington Avenue crossing at MP 4.4 once the lease for a new rail operator is completed.

The CMRRs runs from Memorial Day to the end of the year in Kingston. Normal ride pricing is \$10 adult and \$7 child, though special events are higher - \$19 for Thomas the Tank engine and up to \$45 for Polar Express. The CMRR had ticket revenue of over \$800,000 in 2014 and over 30,000 riders in Kingston in 2014 – 11,000 from Thomas the Tank engine and over 16,000 from Polar Express. Over 70% of the ridership in Kingston was from outside of Ulster County, mainly from Orange, Sullivan, Dutchess, Putnam and Westchester Counties, with significant ridership from New Jersey, New York City, and Long Island.

Further information on the CMRR's current operations in Kingston can be found here:

http://catskillmtrailroad.com/cmrr_business_plan_kingston.pdf

http://savetherails.org/wordpress/wp-content/uploads/2014/04/kingston_rev042314.pdf

The Catskill Mountain Railroad has been all-volunteer from its inception in 1983. It should be considered that though a for-profit organization, if it is not selected as the future operator it is willing to become a non-profit that will support the new operator in any way needed. It is also willing to sell its current equipment to the new vendor, or be purchased by the new vendor.

Market Potential

Market Overview

Ulster County and the U&D corridor are within two hours driving time of the New York City and northern New Jersey market area, a target group of over 20 million people. The Kingston operation is quickly and easily accessible from the New York State Thruway and the Phoenicia operation from NY Route 28 at Phoenicia and Mount Tremper.

The current operator has shown continuous double-digit growth since 2006 when its management changed and continues to add value to Ulster County tourism opportunities and economic growth. Passenger numbers have increased from approximately 4700 in 2005 to over 40,000 in 2014.

The current operator runs most of its event trains such as Polar Express and Thomas the Tank in Kingston, with its leaf trains, twilight limited and steam engine events focused on its West end.

Over 70% of the CMRR's riders are from outside the County, mostly between Ulster County and New York City. There are no competing tourist railroads in this area, giving the U&D corridor high potential to increase ridership further.

Operational Derivatives

This Request for Expression of Interest seeks to determine interest in operating any one, or a combination of the following scenarios.

Other reasonable and serious proposals may be submitted for consideration.

- Kingston/Phoenicia Short Segment - Chandler Drive to Hurley Mountain Road (MP 3.5 to MP 5.95) and Boiceville to Phoenicia (MP 21.3 to MP 27.9).
- Kingston/Phoenicia Long Segment - Kingston to Glenford Dike (MP 2.9 to MP 11.3) and Boiceville to Phoenicia (MP 21.3 to MP 27.9).
- Full Segment - Kingston to Phoenicia (MP 2.9 to MP 27.9)
- Phoenicia Only - Boiceville to Phoenicia (MP 21.3 to MP 27.9)
- Kingston to Highmount (MP 2.9 to 41.6)

In general, Ulster County will be responsible for washout and bridge repair, with track repair being the responsibility of the applicant. In the area from MP 6.29 to 21.3, the County will attempt to find grant money to make repairs to this section, but if not it will be the responsibility of the applicant to make the repairs necessary for train operations (except the Butternut Cove and Boiceville Bridge repairs).

The Railroad Advisory Committee requests that all proposals include a clear description of the potential operator's proposal if different from the scenarios stated above, and such proposals should include supporting information documenting the advantages of the proposal over the given scenarios.