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November 17, 2022

VIA E-FILING

Cynthia T. Brown Chief, Section of Administration Office of Proceedings Surface Transportation Board 395 E Street SW Washington, DC 20024

Re: STB Docket No. FD 36575, Townline Rail Terminal, LLC

– Construction and Operation Exemption of a Line of Railroad –
In Suffolk County, NY

Dear Ms. Brown:

Enclosed for filing in the above referenced docket is a petition for Townline Rail Terminal, LLC to construct and operate a line of railroad. The filing fee has been paid via pay.gov.

If you have any questions related to this filing, please let me know.

Sincerely,

Justin J. Marks

Counsel to Townline Rail Terminal, LLC

Justin J. Marks

Enclosure

FEE RECEIVED
November 17, 2022
SURFACE
TRANSPORTATION BOARD

FILED
November 17, 2022
SURFACE
TRANSPORTATION BOARD

Before the

SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36575

TOWNLINE RAIL TERMINAL, LLC - CONSTRUCTION AND OPERATION OF A LINE OF RAILROAD - IN SUFFOLK COUNTY, NY

PETITION FOR EXEMPTION UNDER 49 U.S.C. §10502 FROM THE REQUIREMENTS OF 49 U.S.C. §10901

(includes color images)

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Counsel for Townline Rail Terminal, LLC

Dated: November 17, 2022

Before the

SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36575

TOWNLINE RAIL TERMINAL, LLC - CONSTRUCTION AND OPERATION OF A LINE OF RAILROAD IN SUFFOLK COUNTY, NY

PETITION FOR EXEMPTION UNDER 49 U.S.C. §10502 FROM THE REQUIREMENTS OF 49 U.S.C. §10901

Pursuant to 49 U.S.C. §10502, Townline Rail Terminal, LLC ("Townline"), an affiliate of CarlsonCorp, Inc. ("CarlsonCorp"), hereby petitions the Board for an exemption from the prior approval requirements of 49 U.S.C. §10901 to construct approximately 5,000 feet of new rail line (the "Proposed Line") on a portion of CarlsonCorp's industrial property in Smithtown, NY. Townline also seeks operating authority to operate the new rail line. A map of the Proposed Line is attached hereto as Exhibit A. This petition is supported by the Verified Statement of Toby Carlson, attached as Exhibit B.² This petition is also supported by local political leaders and industrial entities. *See* Exhibit C.

Townline's Proposed Line is under environmental review by the Board's Office of Environmental Analysis.

I. BACKGROUND

A. PURPOSE, AND NEED

Townline intends to construct and operate the Proposed Line in Smithtown, Suffolk

County, NY parallel to the Long Island Railroad ("LIRR") Port Jefferson Line. The New York

& Atlantic Railway ("NYAR") operates freight service on the Port Jefferson Line and has

¹ Referred to as the "Proposed Line".

² Referred to herein as the "Carlson VS" and attached as Exhibit B.

entered into an agreement with CarlsonCorp on behalf of LIRR to install a new switch connecting the Proposed Line to the Port Jefferson Line.

Townline will construct the Proposed Line on the northern most portion of its affiliate CarlsonCorp's 82-acre parcel that will run along the boundary line adjacent to the Port Jefferson Line.³ Townline will acquire from CarlsonCorp the necessary real property rights to exercise the construction and operation authority it seeks in this proceeding. Townline, and not CarlsonCorp, will hold the common carrier obligation to operate the Proposed Line.

Townline will construct the Proposed Line on Carlson Corp property where CarlsonCorp currently operates a New York State Department of Environmental Conservation permitted waste transfer facility for the recycling and processing of recognizable uncontaminated concrete, asphalt pavement, rock, brick, and soil, woody yard waste, un-adulterated wood, yard waste, and horse manure. ⁴ The Proposed Line will serve a transloading facility that CarlsonCorp will construct independently from Townline's Proposed Line. The construction and operation of the CarlsonCorp transloading facility will be subject to state and local regulation.

Townline seeks to construct and operate the Proposed Line to serve a pending need for the transportation of construction and demolition debris ("C&D") and potentially incinerator ash off of Long Island. ⁵ Townline sees this as a pressing near-term need because the Brookhaven Landfill, the last remaining public landfill on Long Island to accept C&D, is scheduled to close in 2024. ⁶ Under the requirements of the Long Island Landfill Law, ECL 27-0704, construction of new landfills to accept C&D and incinerator ash is nearly prohibited. ⁷

³ Carlson VS.

 $^{^4}$ Id

⁵ *Id*.

⁶ *Id*.

⁷ *Id*.

Townline is building the Proposed Line to provide a rail option to local customers on Long Island. Once operational, Townline will immediately serve the CarlsonCorp transloading facility, transporting C&D.8 Townline also sees potential to provide rail service for Covanta Energy to ship incinerator ash. 9 Covanta Energy is a local waste-to-energy facility that will neighbor the property on which the Proposed Line will be constructed. Covanta Energy currently utilizes CarlsonCorp to truck incinerator ash, a byproduct of its operations, to the Brookhaven Landfill. Under the current transportation contract between CarlsonCorp and Covanta Energy, CarlsonCorp hauls approximately 12,000 truckloads of incinerator ash per year from the Covanta Energy waste-to-energy facility to the Brookhaven Landfill. Once the landfill closes, Covanta Energy will need to find a new facility to dispose of the incinerator ash. Townline will provide a rail option for Covanta Energy to find new disposal options off of Long Island.¹⁰

Other nearby customers that Townline can potentially serve are Kings Park Ready Mix Corp ("KPRM"), Kings Park Materials ("KPM") and Pelkowski Precast concrete. 11 In their respective support letters, KPRM states that it currently utilizes trucks to receive cement powder, sand, and gravel and to ship concrete to customers. And KPM says that it receives aggregates via trucks. In both instances, these customers confirm that the Proposed Line would provide a rail option for these commodities to be shipped via rail.¹²

Townline is working with the Board's Office of Environmental Analysis ("OEA") to comply with the Board's National Environmental Policy Act requirements under 49 CFR Part

⁸ *Id*.

¹⁰ *Id*.

¹¹ *Id*.

¹² See Exhibit C.

1105. Townline retained the third-party contractor VHB to work under the direction and supervision of OEA. OEA is consulting with federal, state, tribal, and local agencies. Based on information available to date, OEA has determined that preparation of an environmental assessment in lieu of an environmental impact statement in this proceeding is appropriate.

B. DESCRIPTION OF THE PROJECT AND PLANNED OPERATIONS

Townline proposes to construct approximately 5000 feet of new common carrier railroad line extending east from the switch off of the Long Island Railroad Port Jefferson Line that NYAR operates over for the handling of freight. Townline will also construct switching and side track that falls within the definition of excepted track under 49 U.S.C. §10906. The Proposed Line is shown on the map provided as Exhibit A; it will be located in Smithtown, Suffolk County, NY. Townline also seeks operating authority to operate the new rail line once it is constructed.

Once approved, Townline's Proposed Line intends to serve a truck-rail transloading facility that Townline's affiliated entity, CarlsonCorp, will build independently of Townline.

CarlsonCorp will also offer transload services to other local customers that want to ship by rail.

Townline will interchange with NYAR and anticipates an initial operation of one-train per day 5-days a week to utilize the Proposed Line.

II. TOWNLINE'S PROPOSED LINE SATISFIES THE STANDARDS FOR EXEMPTION UNDER 49 U.S.C. §10502

Under 49 U.S.C. §10901, Board approval is required for the construction of a new common carrier railroad line. The Board is required to authorize the construction of a new rail line unless, the line is "inconsistent with the public convenience and necessity." 49 U.S.C. §10901(c). The Board has recognized that "[t]his permissive licensing policy, introduced in the ICC Termination Act of 1995, establishes a clear presumption in favor of rail construction

proposals, and conforms to the broader Congressional policies to 'promote effective competition among rail carriers' and to 'reduce barriers to entry into ... the industry.'"¹³

The Board has determined that under 49 U.S.C. §10502, it must exempt a transaction from regulation when it finds that:

- (1) is not necessary to carry out the transportation policy of section 10101 of this title; and
- (2) either -
 - (A) the transaction or service is of limited scope; or
 - (B) the application in whole or in part of the provision is not needed to protect shippers from the abuse of market power.¹⁴

Townline's Proposed Line is intended to serve the CarlsonCorp proposed transloading facility to meet the pending need to transport C&D and potentially incinerator ash off Long Island as well as other local industries. Townline's Proposed Line and request for operating authority meet the statutory requirements for exemption. The Proposed Line is consistent with the Board's precedent for granting construction exemptions under section 10502. In addition, the statute only requires a party to satisfy either subpart (2)(A) or (2)(B). Here the proposed line satisfies both subparts.

A. The Board has jurisdiction over the Proposed Line.

Townline's Proposed Line is a "line of railroad" as the Board interprets that term and would require a license to construct and operate under 49 U.S.C. §10901. As the Board explains

¹³ 49 U.S.C. [§]10104(4), (7)." *Midwest Generation, LLC – Exemption from 49 U.S.C. 10901 – For Construction in Will County, IL*, STB Finance Docket No. 34060, slip op. at 7-8 (served Mar. 21, 2002) (footnotes omitted) ("Midwest").

¹⁴ Port of Moses Lake – Construction Exemption – Moses Lake, Washington, STB Finance Docket No. 34936, slip op. at 4 (served Aug. 27, 2009).

¹⁵ Texas Railway Exchange LLC – Construction and Operation Exemption – Galveston County, Tex., STB Financed Docket 36186 (served Jan. 17, 2020); Palmetto Railways – Construction and Operation Exemption in Berkeley County, S.C., STB Finance Docket 36095 (served July 22, 2019); Northwest Tennessee Regional Port Authority – Construction and Operation Exemption – In Lake County, Tenn., STB Finance Docket 35802 (served Apr. 21, 2016).

in *Midwest*, under 49 U.S.C. 10501(a)(1), the Board has jurisdiction over "transportation by rail carrier," and "rail carrier' is defined by 49 U.S.C. 10102(5) as "a person providing common carrier railroad transportation for compensation" *Midwest*, slip op at 6. In *Midwest*, the proposed line was deemed to be available to provide common carriage to other shippers besides the petitioner. *Id.* Here, Townline will be constructing the Proposed Line to potentially serve customers shipping C&D, incinerator ash, and aggregates. Townline is willing to accept a common carrier obligation and to "hold out" to provide rail service to the public at large.

B. Application of 49 U.S.C. §10901 is not necessary to further the National Rail Transportation Policy of 49 U.S.C. §10101.

The Board need not perform a detailed scrutiny of Townline's Proposed Rail Line because compliance with the formal requirements of Section 10901 is not necessary to accomplish the transportation policies of 49 U.S.C. §10101 (the "RTP"). As applicable here, under the RTP, it is the policy of the United States Government:

- (2) to minimize the need for Federal regulatory control over the rail transportation system and to require fair and expeditious regulatory decisions when regulation is required; ...
- (4) to ensure the development and continuation of a sound rail transportation system with effective competition among rail carriers and with other modes, to meet the needs of the public and the national defense; ...
- (5) to foster sound economic conditions in transportation and to ensure effective competition and coordination between rail carriers and other modes; ...
- (7) to reduce regulatory barriers to entry into and exit from the industry; ...

The Board should grant Townline's petition because regulation of the Proposed Line is not necessary to accomplish the RTP as stated under RTP (2) and (7) since an exemption will minimize the need for federal regulatory control over the rail transportation system in New York and will reduce regulatory barriers for Townline to enter the railroad industry.

Further, the Board should grant Townline's petition because it also meets the aims of the RTP under (4) and (5) by creating an additional transportation option for customers that are currently utilizing motor carriage to meet their transportation needs.

Finally, the grant of Townline's petition would not be inconsistent with any of the other goals of the RTP.

C. <u>This transaction is of limited scope.</u>

The Proposed Line satisfies the second element of the Board's section 10502 exemption analysis because the transaction is of limited scope since Townline only proposes to construct and operate 5000 feet of new common carrier railroad line from its connection with the LIRR's Port Jefferson Line. The Proposed Line will be located in a single town and county. Townline's Proposed Line and its operation is intended to create a rail option for Carlson Corp, Covanta Energy, and the other potential local customers. Further, the Proposed Line is even more limited than similar rail construction projects that the Board has exempted from the formal requirements of 49 U.S.C. §10901 as limited in scope. ¹⁶

D. <u>Alternatively, application of 49 U.S.C. §10901 is not necessary to protect shippers from abuse of market power.</u>

The Proposed Line also satisfies the alternative criteria in the second element of the Board's section 10502 exemption analysis because it is intended to expand the capacity of the Long Island freight rail network by adding additional rail infrastructure in the region.

Construction of the Proposed Line will not result in any harm to shippers because it will add and

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¹⁶ See Northwest Tennessee Regional Port Authority – Construction and Operation Exemption – In Lake County, Tenn., STB Finance Docket 35802 (served Apr. 21, 2016)(5.5 miles); Port of Moses Lake – Construction Exemption – Moses Lake, Washington, STB Finance Docket 34936 (served Aug. 27, 2009) (11.5 miles); Pemiscot County Port Authority – Construction of a Line of Railroad - In Pemiscot County, MO, STB Finance Docket 34117 (STB served July 2, 2002)(5 miles).

improve transportation options off of Long Island with no reduction in service options. As noted in the support letters submitted herewith, potential shippers welcome the additional rail option that the Potential Line would offer. Therefore, application of section 10901 is not necessary to protect shippers from abuse of market power.

CONCLUSION

In conclusion, Townline respectfully requests that the Board grant this petition and issue a decision exempting the construction and operation of the Proposed Line from the prior approval requirements of 49 U.S.C. §10901.

Respectfully submitted,

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Washington, DC 20004

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Philadelphia, PA 19103

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Counsel for

Townline Rail Terminal, LLC

Dated: November 17, 2022

Exhibit A

Map

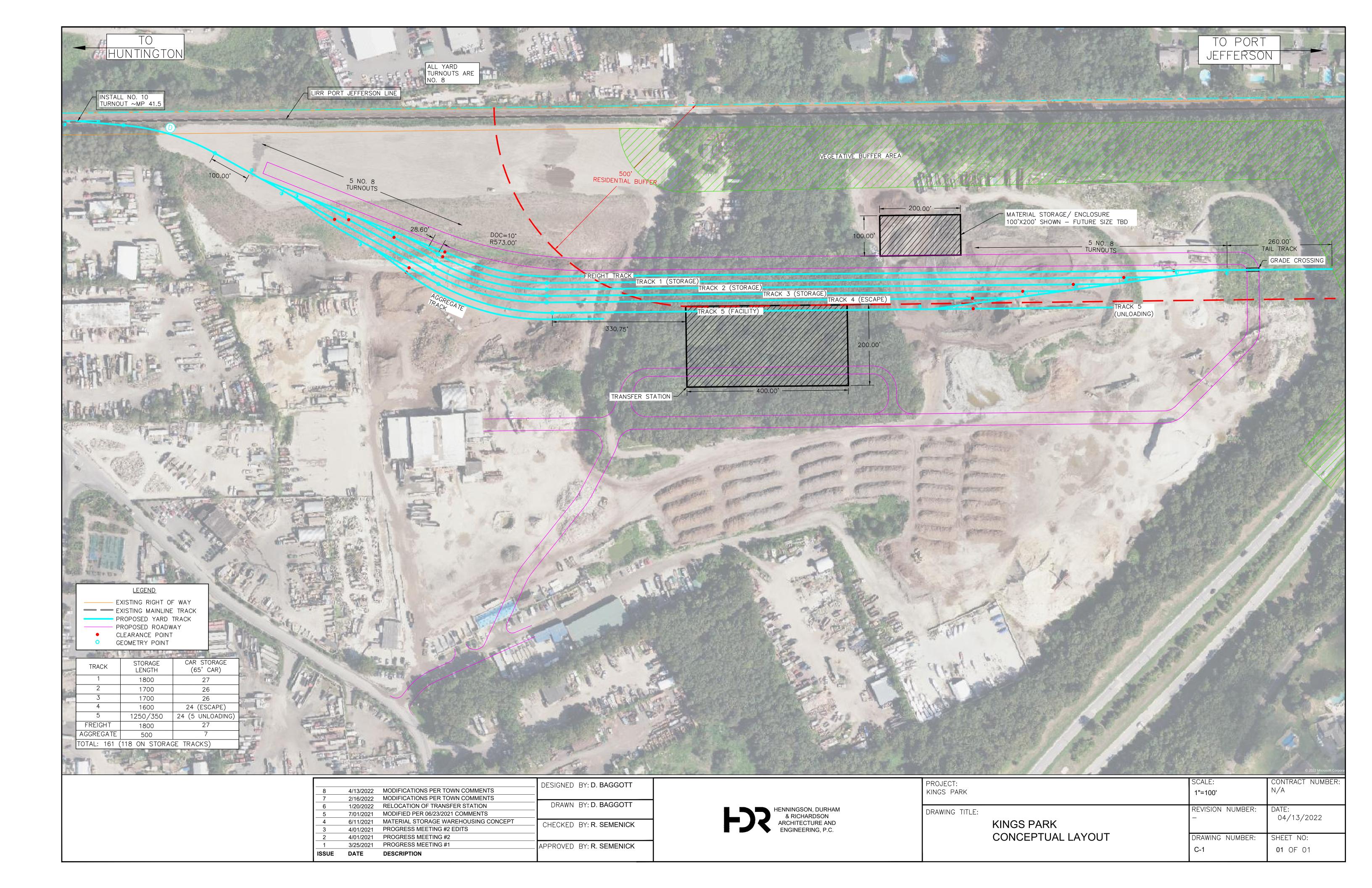


Exhibit B

Verified Statement

 \mathbf{of}

Toby Carlson

Before the

SURFACE TRANSPORTATION BOARD

STB Docket No. FD 36575

TOWNLINE RAIL TERMINAL, LLC - CONSTRUCTION AND OPERATION OF A LINE OF RAILROAD IN SUFFOLK COUNTY, NY

PETITION FOR EXEMPTION UNDER 49 U.S.C. §10502 FROM THE REQUIREMENTS OF 49 U.S.C. §10901

VERIFIED STATEMENT OF TOBY CARLSONCORP

My name is Toby Carlson, I own CarlsonCorp, Inc. and its affiliated entities (together, CarlsonCorp). My family has been in business on Long Island for over 120 years. I've led CarlsonCorp since 2000.

CarlsonCorp established Townline Rail Terminal, LLC (Townline) in 2021 to be a common carrier railroad. Townline will construct and operate the proposed rail line over property currently owned by CarlsonCorp.

CarlsonCorp operates a New York State Department of Environmental Conservation ("NYSDEC") permitted waste transfer facility for the recycling and processing of recognizable uncontaminated concrete, asphalt pavement, rock, brick, and soil ("RUCARBS"), woody yard waste, un-adulterated wood, yard waste, and horse manure. CarlsonCorp operates its NYSDEC permitted facility on 82 acres in Smithtown, NY.

Townline is seeking STB approval to develop the northern most portion of the CarlsonCorp property along the boundary line which runs adjacent and parallel to the Long Island Railroad Port Jefferson Line for the proposed line. The New York & Atlantic Railway operates freight service on the Port Jefferson Line and has entered into an agreement on behalf of

LIRR to install a new switch connecting the proposed line to the interstate network. After the switch, Townline's proposed line will extend east 5,000 feet running parallel to the Port Jefferson Line. Townline will enter into an agreement with CarlsonCorp to acquire rights to the underlying property of the proposed line.

Townline is constructing this line to provide a rail option to CarlsonCorp and other local properties. Once operational, Townline will immediately serve CarlsonCorp via a truck-rail transloading facility that CarlsonCorp will develop and operate independently from Townline's proposed line.

Among the commodities that CarlsonCorp will ship via Townline is construction and demolition debris (C&D). CarlsonCorp sees an opportunity for Townline to haul C&D because the Brookhaven Landfill, the last remaining public landfill on Long Island to accept C&D is scheduled to close in 2024. Under the requirements of the Long Island Landfill Law, ECL 27-0704, construction of new C&D landfills is unlikely. Due to these factors, CarlsonCorp envisions Townline as a rail option to transport C&D off Long Island.

In addition, the Brookhaven Landfill also receives incinerator ash from Covanta Energy, a byproduct of its waste-to-energy facility. CarlsonCorp currently hauls Covanta Energy's incinerator ash via truck from the waste-to-energy facility that neighbors the CarlsonCorp property to the Brookhaven Landfill. Based on the current transportation contract between CarlsonCorp and Covanta Energy, CarlsonCorp currently hauls approximately 12,000 truckloads of incinerator ash to the Brookhaven Landfill per year. Covanta Energy will need to find new facilities for the disposal of this incinerator ash and the Townline proposed line will provide a potential rail option to transport it off Long Island. Due to CarlsonCorp's relationship with

Covanta Energy and the need for new disposal options, CarlsonCorp views Townline to be a potential transportation solution to Covanta Energy's pending need to haul the incinerator ash.

Townline will also offer rail service to Kings Park Ready Mix, Kings Park Materials (Asphalt plant) and Pelkowski Precast concrete. None of these shippers currently receive any rail service.

CarlsonCorp established Townline to develop this rail project because we see a transportation need for ourselves and other shippers, and we believe that Townline is the best solution to meeting this need.

VERIFICATION

I, Toby Carlson, declare under penalty of perjury that I have read the foregoing Verified Statement, that I know the facts asserted therein, and that the same are true as stated. Further, I certify that I am qualified to and authorized to submit this Verified Statement.

Executed on November 17, 2022

Toby Carlson

Exhibit C Support Letters

TOWN OF SMITHTOWN

SUPERVISOR EDWARD R. WEHRHEIM

TOWN COUNCIL
THOMAS J. McCARTHY
LYNNE C. NOWICK
LISA M. INZERILLO
THOMAS W. LOHMANN



Office of the Supervisor 99 West Main Street P.O. Box 9090 Smithtown, NY, 11787

October 28, 2022

Cynthia T. Brown Chief. Section of Administration Office of Proceedings Surface Transportation Board 395 E Street SW Washington, D.C. 20024

Re: STB Docket No. FD 36575, Townline Rail Terminal, LLC Construction and Operation Exemption

Dear Ms. Brown,

As the Supervisor of the Town of Smithtown, I am writing on behalf of the Town Board to express our support for Townline Rail Terminal, LLC's petition for exemption filed with the Surface Transportation Board concerning Townline's desire to build a railroad line in Smithtown to service its current transfer facility.

The Town is supportive of Townline's petition because there is mounting pressure on towns and villages due to the anticipated 2024 closing of the Town of Brookhaven's Yaphank landfill facility. Smithtown's residential and commercial solid waste and residential construction debris ("C&D") is currently disposed of at the Brookhaven landfill. Smithtown's solid waste is converted to ash at the Covanta waste-to-energy facility which then delivers the ash to the Brookhaven landfill.

Alternative means of disposal and carting of C&D and ash off of Long Island will be mandatory soon for municipal and non-municipal waste facilities. Shipping waste off of Long

Island by rail – provided it can be done in a manner that protects the public's health and safety - appears to be a feasible option.

Sincerely,

Edward R. Wehrheim

Award R. Whichein

Supervisor

cc: Thomas J. McCarthy, Councilman Lynne C. Nowick, Councilwoman Lisa M. Inzerillo, Councilwoman Thomas W. Lohmann, Councilman

OFFICE OF THE COUNTY LEGISLATURE

COUNTY OF SUFFOLK

ROBERT TROTTA LEGISLATOR, 13TH DISTRICT



59 LANDING AVENUE SMITHTOWN, NY 11787 (631) 854-3900 FAX (631) 854-3903

e-mail: Robert.Trotta@suffolkcountyny.gov

September 27, 2022

To Whom It May Concern:

I am writing to offer my support for Townline Rail Terminal, LLC's proposed commercial rail spur project to be located in Kings Park. The proposed project will go a long way toward helping to address the construction waste and ash disposal issues currently confronting our region. With the Brookhaven ash landfill expected to reach capacity by 2024, this spur would provide a viable alternative for the county's ash disposal needs. Additionally, the spur could pave the way for responsible economic growth while also helping to reduce costly and environmentally unfriendly long-haul truck traffic.

While I recognize that there are some residential homes located in the vicinity of the proposed spur project, and while maintaining the character of communities and the quality of life of our residents are among my top priorities, I am confident that the substantial mitigation measures proposed by the developer will adequately address any potential noise, odor and traffic concerns so as not to unduly burden area residents. This needs to be a responsible endeavor, and all I have seen to date suggests that it will be.

Townline Rail Terminal, LLC's rail spur project has the potential to be a game changer for Suffolk County in helping to address its construction material and ash disposal needs. Therefore, provided that this project can meet all regulatory requirements, which it believe it can, I am firmly behind the advancement of this all-important initiative.

Sincerely,

Robert Trotta

Legislator, 13th District



140 Old Northport Road Kings Park, NY 11754

Tel# (631) 269-4330 Fax# (631) 269-4639

September 26, 2022

Cynthia T. Brown Chief, Section of Administration Office of Proceedings Surface Transportation Board 395 E Street SW Washington, DC 20024

Re: STB Docket No. FD 36575, Townline Rail Terminal, LLC – Construction and Operation Exemption-In Suffolk County, NY

Dear Ms. Brown,

I am writing on behalf of Kings Park Ready Mix Corp. in support of the Petition for Exemption filed by the Townline Rail Terminal, LLC (Townline) with the Surface Transportation Board seeking authority to construct and operate a new line of railroad in Smithtown, NY.

Our company is a concrete ready mix supplier for Suffolk County and the adjacent towns. All of our raw products are presently shipped via trucks. With the addition of a new line of railroad, our company would greatly benefit from our raw products being delivered via railroad. I am sure it will greatly reduce the truck traffic on materials being received to produce our concrete product which will result in a cleaner environment. We are a decent sized manufacturing company on the north shore of Long Island and I believe it will be a great benefit to the surrounding areas.

Kings Park Ready Mix Corp. currently receives cement powder, sand, gravel and ships out concrete via trucks. Once complete, the new Townline railroad will provide our company with a rail option that will provide us with a valuable transportation alternative. For this reason, we respectfully request that the Board approve the Townline Petition for Exemption.

Sincerely,

Jason Berchoff President

Kings Park

Materials Emulsion Recycling

PO Box 530 Old Bethpage, NY 11804 Phone (631) 293-6210 Fax (631) 293-6849

September 21, 2022

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20024

Re: STB Docket No. FD 36575, Townline Rail Terminal, LLC – Construction and Operation

Exemption-In Suffolk County, NY

Dear Ms. Brown:

I am writing on behalf of Kings Park Materials, Rason Materials, and Scatt Materials in support of the Petition for Exemption filed by the Townline Rail Terminal, LLC (Townline) with the Surface Transportation Board seeking authority to construct and operate a new line of railroad in Smithtown, NY.

The above-mentioned companies operate a total of 3 hot mix asphalt plants located within a 10-mile radius of the proposed rail terminal. These companies currently receive aggregates via trucks from New Jersey and Rockland County New York.

Once complete, the new Townline railroad will provide our company with a rail option that will provide us with a valuable transportation alternative. For this reason, we respectfully request that the Board approve the Townline Petition for Exemption.

Sincerely

Tames Haney

Plant: 137 Old Northport Road, Kings Park, NY 11754