



Response to 10-1-2005 Times-Reporter Pro-Panhandle Privatization Editorial

(The following original version editorial was emailed to the Dover-New Philadelphia (OH) Times-Reporter in response to its 10-1-2005 advocacy of the Panhandle Rail Line's proposed privatization to the Columbus & Ohio River RR Co. The T-R printed the article in its 10-12-2005 edition on page A4 with modifications, but did not place the article online with the rest of its edition.)

To the Editor:

Regarding Editor Steve Long's 10-1-2005 T-R opinion "Sell the Panhandle", the Ohio Rail Development Commission recently made the proper choice to indefinitely delay the Panhandle Rail Line's proposed privatization to Summit View Inc.'s subsidiary Columbus & Ohio River RR Co.

To clear up misinformation about the issue, Caprail I, Inc. (a subsidiary of Civic Finance Associates of Bryn Mawr, PA) owns the Panhandle, net leases-to-own it to ORDC until 2012, and C&OR is the line's franchised operator, not its lessee. The Pittsburgh-Columbus segment of the Panhandle route had been successful since its completion in 1868. But in a network-wide consolidation effort prior to them selling it to Caprail I in 1992, Conrail began rationalizing the line, which in 1980 hosted 50 million tons of

traffic per year. By "out-of-routing" and arbitrarily eliminating that traffic they downsized it to 1 million tons between c.1983-1991 and claimed the line was unprofitable, thus rendering it an abandonment candidate.

C&OR as part of its operating agreement is annually bound to invest between \$800K-\$1.7M for capital repairs, and \$390K-\$475K for maintenance for the whole 161-mile line. In contrast the US DOT Inspector General found the average annual maintenance expenditures of large railroads to be approximately \$20K per track mile. While C&OR is building a new junction north of Hopedale to interconnect with the OhRail Corp.'s line for new landfill and coal business, C&OR c.2000 arbitrarily removed the Uhrich Jct. interchange switch, thus limiting New Philadelphia-Newport customers' expedited rail access to the Panhandle, and further endangering that line which former owner CSX liquidated from Newport-Bridgeport.

ORDC resolution 05-X1 proposed selling the track and appurtenances to C&OR for a suggested price of \$10M, and 05-X2 proposed leasing the right-of-way to them for a suggested \$440K annually. Active rail lines are generally worth \$1M per mile, and liquidation of the line would be quite tempting as other small railroads (including one Panhandle suitor) have petitioned the Surface Transportation Board for deregulated abandonment ability. The "much-needed" revenues from the sale would have been rather insignificant for high impact rail development projects, especially when compared for example to ODOT's proposed \$300M Cadiz-Newcomerstown four-lane highway segment.

Editor Long was instrumental in involving the local media to successfully contest Conrail's abandonment plans. ORDC's meetings are open to the public, and if present at their August Retreat meeting after the commissioners' opinions were revealed to oppose the sale, the media would have witnessed Summit View owner Jerry Jacobson's verbal outburst at privatization opponent Licking Co. Port Authority Executive Director Rick Platt, and had to be forcibly restrained by C&OR President William Strawn III and ORDC staff. This unfortunate episode tarnishes Mr. Jacobson's past philanthropy of owning, restoring, and operating one of the world's largest private collections of antique steam locomotives.

In fairness, C&OR has to date doubled if not tripled Conrail's 1991 tonnages, but the operating agreement's governance and business model is not optimal for restoring the Panhandle to its former high speed and high capacity glory along with the socioeconomic benefits it provided the area over time. Due to the hurricanes and wars, the military and Homeland Security are now re-thinking their policies toward railroads. The Port of Philadelphia, PA is considering westward expansion of its market area to Columbus to expedite military transportation, and should the Panhandle's Pittsburgh-Weirton abandoned segment be restored under their proposal, look for fast freight, intermodal, and possibly intercity passenger service to return on the line once again. Fiber optic lines, wireless towers, and other utilities will be bundled into proposal to complete the infrastructure tool set necessary to retain and regain commerce and industry throughout the corridor. Be assured Tuscarawas County will participate in this plan.

See Also-

"Sell the Panhandle" http://www.timesreporter.com/left.php?external=repsearch_detail.php&ID=46224 (Courtesy of the Dover/New Philadelphia, OH Times-Reporter, <http://www.timesreporter.com>)

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