REPORT TO THE PRESIDENT

SOUTH BROOKLYN RAILWAY COMPANY

ON THE

CURRENT AND FUTURE

OPERATIONS OF THE RAILROAD

NEW YORK CITY TRANSIT AUTHORITY

FROM: Charles Kalkhof, Vice President, Operations
South Brooklyn Railway Company

TO: John D. Simpson, President, South Brooklyn Railway Company

SUBJECT: REPORT ON ABANDONMENT OF SOUTH BROOKLYN RAILWAY

The South Brooklyn Railway, a short freight line, operates between Gowanus Bay near 38th Street and 2nd Avenue and NYCTA's Coney Island Yard near Avenue Y and Shell Road. The question has been raised by a member of the South Brooklyn Railway Company Board whether the sale of the entire Railway might not be a feasible proposition.

The Railway which operates at a profit, is vital to the operations of the New York City Transit Authority and two other private industries in the area. However, the segment of the Railway south of Fort Hamilton Parkway, has not been used for approximately 2½ years, has no potential to attract future customers, and is not vital to Transit Authority operations. It is recommended therefore that the operation of the Railway be continued at its present level of service and only that portion of the trackage situated south of Fort Hamilton Parkway be abandoned.

The attached documents detail the history, the Railway's operations, and its effect on New York City Transit Authority operations.

Attachment I, pages 5-7, is a report explaining the history and operations of the South Brooklyn Railway.

Attachment II, pages 8-10, is a facts sheet detailing:

(a) Plant owned by the Railway
(b) The dependency of various groups on the Railway's operations.

Attachment III, pages 11-14, is a study of alternatives to the South Brooklyn Railway and its economic impact on the industries of the area and Transit Authority operations.

Recommendations are listed on pages 15 and 16.

An appendix of information considered most relevant to the subject matter is attached from pages 24 to 42.

A summary of the report (pages 3 and 4) is included herewith.

Charles Kalkhof
Vice President, Operations
South Brooklyn Railway Company

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Attachments

cc: C. F. Marczewski
E. R. Edward
File (2)

S U M M A R Y

On a proposal dated May 12, 1980, made by the Freight Manager, a recommendation has been presented to the South Brooklyn Railway Company Board, for the abandonment of the South Brooklyn Railway trackage from Fort Hamilton Parkway to Coney Island Freight Yard. This trackage has been unused for 2½ years, and has no foreseeable business potential.

The question has also been raised by one of the members of the Board whether sale of the entire South Brooklyn Railway might not be a feasible proposition.

With its present operation, the South Brooklyn Railway services three customers, the Transit Authority, Roberts Food Corporation and the Davidson Pipe Supply Company. Sale to private interests of the South Brooklyn Railway would cause no problems for the Davidson Company but would have serious negative impacts on the Transit Authority and Roberts Food Corporation.

In the event of such a sale, deliveries to the Authority and Roberts Food Corporation would have to be made by the New York Dock Railroad (NYDRR). Presently deliveries to the Roberts Food Corporation are made in tank cars by South Brooklyn Railway, making a wrong rail move over a portion of the north bound trackage of the West End Line of the BMT Division. Problems arise because the New York Dock Railroad, a private concern cannot, for safety reasons, be permitted to operate on Authority tracks as would be necessary to make deliveries to Roberts Food Corporation.

Roberts Food Corporation has eighty (80) employees of whom 20% belong to minorities. With its rail deliveries cut off, Roberts Food has stated that it will move its entire operation to New Jersey, thus depriving New York City and State of the jobs and tax revenues connected with it.

To continue equipment and material deliveries to the Transit Authority through Bush Terminal Docks, it will be necessary to acquire, operate and maintain two parcels of land containing interchanging yards. In addition track rights through private property need to be acquired and retained at no additional revenue derived from it.

A second area of concern for the Transit Authority is the possible loss of two radio frequencies assigned to the South Brooklyn Railway Company, but utilized by the Authority's "B-1" and "B-2" Divisions. Should these two frequencies be lost to the Authority, it is estimated that the cost of equipment replacement on the two Divisions would be approximately $10 million dollars.

The South Brooklyn Railroad Company is a profit making entity. For the period December 1979 to July 1980, the Company has made a profit of $23,000.

Therefore, based on the foregoing, it is recommended that the South Brooklyn Railway Company maintain its present operations and retain its properties from Gowanus Bay west of 2nd Avenue to Fort Hamilton Parkway and that original plans to abandon those tracks from Fort Hamilton Parkway to Coney Island Yard be effected.

ATTACHMENT I

HISTORY & OPERATIONS

HISTORY & OPERATIONS OF THE SOUTH BROOKLYN RAILWAY COMPANY

The South Brooklyn Railway Company is a railway corporation organized in 1900 under the railway law of the State of New York. It was one of the constituent companies of the B.M.T. System.

On May 31, 1940, the South Brooklyn Railway Company entered into a contract with the Board of Transportation, acting for the City of New York, whereby the Board of Transportation agreed to control and operate the South Brooklyn Railway, and furnish the labor, employees, material and supplies required for maintenance and operation. Such contract permitted the South Brooklyn Railway to share the use of various departments of the Board of Transportation such as Legal, Claims, Accounting, Real Estate, Personnel, Secretarial, Surface Passenger Transportation, Engineering, Mechanical, Purchasing, etc.

Since June 2, 1940, the Railway has been operated by the employees of the Board of Transportation and its successor, the New York City Transit Authority.

The South Brooklyn Railway's operations are managed and controlled by a Board of Directors which meets monthly. It has six (6) employees on its payroll at present; one Freight Manager, one Administrative Assistant, and four Crew Members.

The South Brooklyn Railway Company secures its income or revenue from two principal sources.

Freight Operations
Rental of Properties

Rental of Properties

Rentals of land and buildings, of which the South Brooklyn owns considerable, are arranged by the Real Estate Department of the New York City Transit Authority, but in the name of the South Brooklyn Railway Company.

Freight Operations

For many years, this Company has handled freight between its stations in Brooklyn, and points in other states and Canada.

As a common carrier of interstate freight, the Company is subject to the Interstate Commerce Commission Regulations and Federal Law Requirements.

The prime reason for the freight operation is to provide transportation facilities for commerce and manufacturing in Brooklyn, keep industries in Brooklyn, thereby adding to its trade, population and real estate values.

The South Brooklyn Railway connects with, and interchanges freight with:

Railroad	Junction	Location
Con Rail	Army Terminal Area	59th Street
New York Dock Railway	Bush Junction, N. Y.	38 St. nr. 2nd Ave.
Erie Lackawanna	"	N.Y. Dock Railway
Lehigh Valley	"	"
Baltimore & Ohio Railroad	"	"

Freight is handled in the freight cars of various railroads hauled by the South Brooklyn Railway's diesel engines and consists mostly of carload shipments. All freight handling and the charges, therefore, are covered by freight tariffs filed with the regulatory bodies which are the Interstate Commerce Commission, Washington, D.C. on interstate freight and the Public Service Commission, State of New York, Albany, N.Y. on intrastate freight.

The principal employee of the company is the freight manager who is responsible for all its freight operations. The Freight Department maintains the various personnel records, payrolls, payroll distributions, time reports required by the T.A. and conforms to the T.A. routine in respect of budget, accident reports, inventories, mileage reports, etc.

The Freight Department keeps in touch with traffic moving into, or out of, the territory adjacent to the line, and keeps consignees and shippers informed of its facilities, so that such traffic does not go to other transportation companies.

The South Brooklyn Railway, because of its limited mileage - 6½ mile run - is known as a "Short Line." It is a profit making operation. The latest financial report of the Railway shows a net profit of approximately $23,000 for the seven month period from December 31, 1979 to July 31, 1980. (see appendix)

ATTACHMENT II

PLANT DESCRIPTION

&

DEPENDENCY OF VARIOUS GROUPS

(1) PLANT OWNED BY THE RAILWAY

The South Brooklyn Railway tracks extend from Gowanus Bay near 38th Street and 2nd Avenue to Coney Island Yard near Avenue Y and Shell Road, a distance of approximately 6½ miles, all in the Borough of Brooklyn. (see Sketch I)

The rolling stock currently owned by the Railway consists of two diesel locomotives (General Electric) and three Singer Box cars.

The Railway owns the following three parcels of property between Gowanus Bay and Fort Hamilton Parkway, (see page 1 of Exhibit A)

(a) West of 2nd Avenue between 37th and 39th Streets. This property has lay-up tracks and switch connections for interchange between N.Y. Dock RR and South Brooklyn Railroad

(b) Between 3rd and 4th Avenues off 38th Street. Lay-up tracks and switch connections to the Transit Authority's West End Line are situated within this parcel.

(c) Between 9th and 10th Avenues off 37th Street in the vicinity of NYCTA's 38th Street Yard. Lay-up tracks and switch connections to the TA's 38th Street Yard are located within this parcel.

The above three parcels are situated within a distance of one and a half miles, interconnected by tracks which are at street grade on 2nd and 3rd Avenues, and below street level beyond. In addition to the above, the Railway also owns small parcels of off-line properties. A complete list of property owned by the Railway is given in the appendix at the end of this report.

(2) DEPENDENCE OF VARIOUS GROUPS ON THE RAILWAY'S OPERATION

Currently, the Railway services three (3) customers who are located between 2nd Avenue and Fort Hamilton Parkway, all within a distance of 1½ miles. They are:

1. The Davidson Pipe Co., 990 3rd Avenue,
   Brooklyn, New York

2. The N.Y.C. Transit Authority-S/R 62 in 38th Street Yard

3. Roberts Food Corporation, 1039-1060 38th Street, Brooklyn

The trackage commencing at Fort Hamilton Parkway and 37th Street, and continuing along McDonald Avenue at street level, and terminating at Coney Island Freight Yard, a distance of approximately five (5) miles, has not been in service for the last two and a half years. No customers are serviced by the Railway along this route. The connection to Con Rail at Parkville Junction (Ave. I & McDonald Ave.) has been abandoned. A consultant study, done by Wilbur Smith & Associates in 1978, has concluded that there is no potential for new customers in this area. A previous proposal dated May 12, 1980 by the Freight Manager, has already recommended the abandonment of this section of the tracks.

ATTACHMENT III

ALTERNATIVES & ECONOMIC IMPACT

The South Brooklyn Railway currently services the Davidson Pipe Company, the New York City Transit Authority's Storeroom #62 at 38th Street Yard and Roberts Food Corporation.

The three parcels of property owned by the South Brooklyn Railway Company and listed in Attachment II, under Item 1, (a) (b) and (c), and located between Gowanus Bay and Fort Hamilton Parkway, are necessary to continue the current operations of the South Brooklyn Railway Company.

Abandonment of the currently unused section of the Railway from Fort Hamilton Parkway to Coney Island will have no impact on the operation of the South Brooklyn Railway nor on any of its customers. In addition, abandonment and removal of this section of trackage will eliminate an electric current leakage problem along McDonald Avenue.

If the South Brooklyn Railway Company is eliminated totally, the logical choice for servicing its customers is the New York Dock RR which will have to purchase the two South Brooklyn Railway Company diesels and provide capital to initiate deliveries.

Sale to private interests of the entire South Brooklyn Railway Company would have the following impact upon the Authority and the other commercial establishments serviced by the South Brooklyn Railway.

IMPACT ON TRANSIT AUTHORITY

Materials intended for 38th Street Yard are delivered to Bush Terminal and thence to the South Brooklyn Railway Yard (Parcel "a", Exhibit A) by the New York Dock RR. It is then transported through property belonging to the Davidson Pipe Supply Company to the BMT West End Line and into 38th Street Yard. The tracks cross 2nd and 3rd Avenues at street grade and are below street level beyond.

Should the South Brooklyn Railway Company be liquidated, the Transit Authority would have to purchase that piece of property described as parcel (b) in Exhibit A, and the NYDRR would have to purchase South Brooklyn Railway Yard and its property off 2nd Avenue described as parcel "a" in Exhibit A and to secure track rights through the Davidson Pipe property such as the South Brooklyn Railway Company now retains. Only if both of these provisions are accomplished can the current mode of material deliveries be maintained to the NYC Transit Authority's 38th Street Yard and the System.

A second area of potential problems may arise concerning two radio frequencies assigned to the South Brooklyn Railway Company by the FCC. These two frequencies are utilized by the "B-1" and "B-2" Divisions of the Transit Authority and are equivalent to 58 base stations with approximately 1,350 mobile transmitter units and 300 portable units. Should the SBRR be liquidated and use of these two frequencies lost to the Authority, the cost to the Authority for the replacement of the affected equipment would be approximately $10 million dollars. Loss of these frequencies would also have a negative effect on the new Train and Police Two-Way Radio Systemwide Contract scheduled for 1981-82.

IMPACT ON THE ROBERTS FOOD CORPORATION

It should be noted that rail access to the delivery point for the Roberts Food Corporation is partly via the BMT West End Line, making a wrong rail move against traffic on the northbound track, between 5th and 9th Avenues as shown on page 2 of Exhibit A and property described as parcel "c" in Exhibit A page 1. The Transit Authority's Rapid Transit Transportation Department cannot, for safety reasons, allow the NYDRR, to operate over the BMT West End Line.

Roberts Food Corporation would have to be denied access to Railroad Freight Service or the Transit Authority would have to take over the deliveries to Roberts Food Corporation by acquiring parcel "c". This is contrary to the Transit Authority's mandate as a passenger carrier for New York City.

At a meeting held on December 16, 1980, Mr. Robert Barbieri, President of Roberts Food Corporation discussed the impact of the closing of South Brooklyn Railway on his operations. Roberts Food Corporation has been in operation for 30 years. It has always been serviced by South Brooklyn Railway Company. The firm employs a total of 80 people of whom approximately 20% are minorities. The company receives raw food material in liquid form directly from the source in special 150,000 pound tank cars at a rate of 16 car loads per month.

If the South Brooklyn Railway operation is totally abandoned, Roberts Food would have to use road transportation at the rate of 60 tank trucks per month. These trucks would have to be rented from middlemen with additional cost and no guarantee of deliveries on time. The nature of the raw materials require the company to go through additional expense of steaming during winter months.

Mr. Barbieri explained that he will not go through all the above additional expenses. He would rather relocate to New Jersey where the state provides low interest loans for setting up businesses. New York City would then lose jobs and tax revenue.

IMPACT ON DAVIDSON PIPE SUPPLY COMPANY

No problem is anticipated in the servicing of the Davidson Pipe Supply Company by the NYDRR since Davidson is located between 2nd and 3rd Avenues adjacent to the Bush Terminal area.

However, tracks connecting the South Brooklyn Railway lower yard and the BMT West End Line run through property belonging to the Davidson Company so that the eventual purchaser or NYC Transit Authority would be required to arrange for track rights through this property similar to those presently granted to the South Brooklyn Railway.

IMPACT ON NEW YORK DOCK RAILROAD OPERATIONS

In a recent telephone conversation, Mr. Malamud, Project Manager of the NYDRR stated that his firm would be willing to take over operation along the South Brooklyn Railway, but would not be willing to purchase its property or equipment.

This would then impose upon the Transit Authority an additional requirement to acquire and operate the South Brooklyn Railway's Yard west of Second Avenue (Exhibit A Parcel "a") for NY Dock Railroad to enable it to make deliveries to the NYC Transit Authority's System. This would be in addition to the acquisition of parcel "b", as described under "Impact on Transit Authority" and the acquisition of parcel "c" as described under "Impact on the Roberts Food Corporation".

R E C O M M E N D A T I O N S

CONCLUSION:

It is evident from the foregoing that the sale to private interests of the South Brooklyn Railway Company would have serious negative consequences for two of its customers and, in addition, would dissolve a profit-making entity.

Sale of the Railroad would greatly encumber the present system of deliveries to the Transit Authority's 38th Street Yard and would also risk a very large expense in possible replacement costs for "B" Division radio equipment. It would impose upon the NYCTA an additional burden in that it will have to acquire and maintain properties, trackage and other facilities with no incremental return.

Roberts Food Corporation would be forced by the disruption of its raw material supply, to move its operation to New Jersey which in turn will cost New York City and State the jobs and tax revenue connected with it.

RECOMMENDATIONS:

It is recommended therefore:

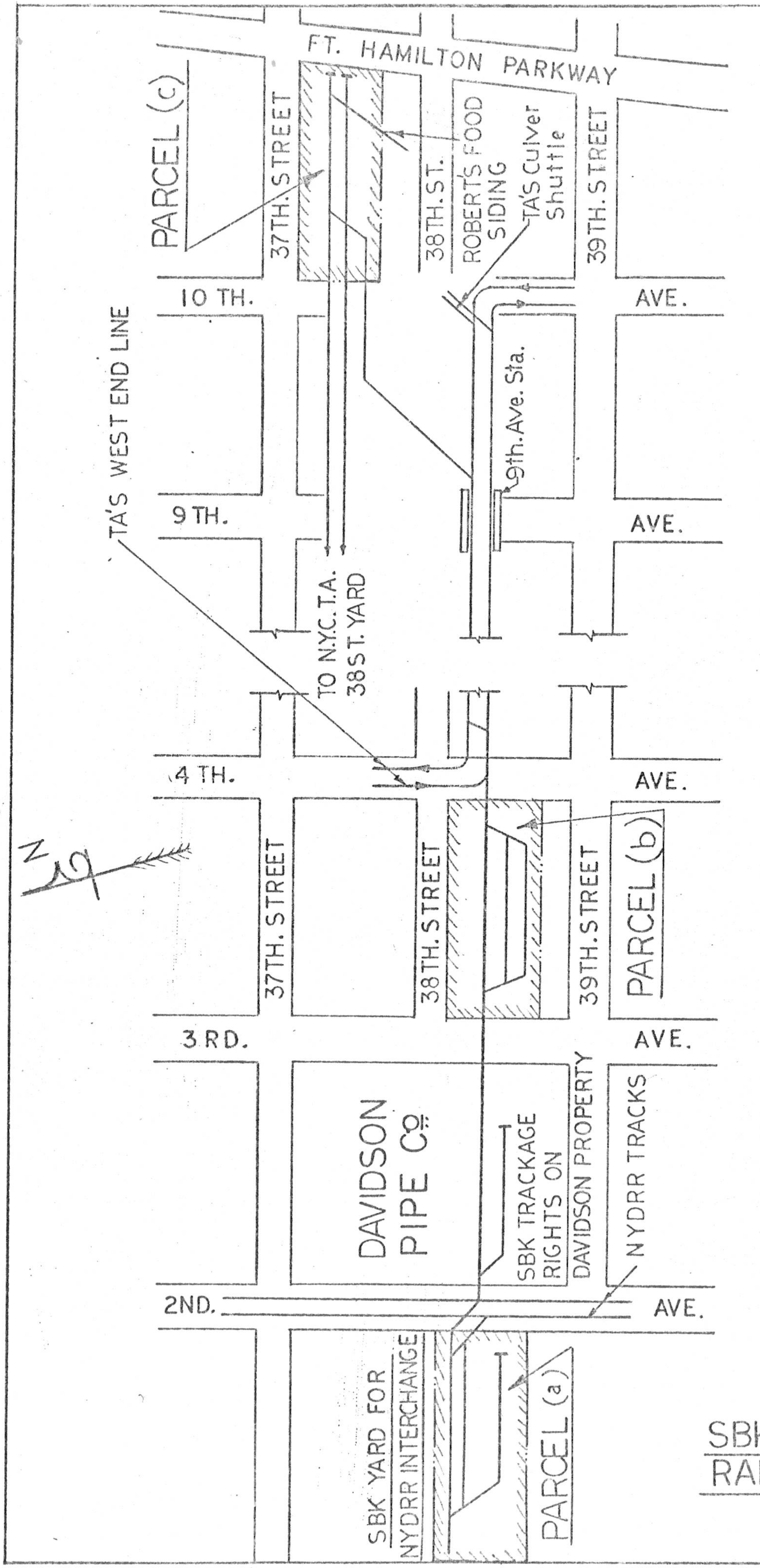
1. That the South Brooklyn Railway Company maintain its present operations and retain its properties from Gowanus Bay west of 2nd Avenue to Fort Hamilton Parkway. (Page 1, Exhibit A).

2. That the South Brooklyn Railroad tracks from Fort Hamilton Parkway to Coney Island Yard be abandoned. (Exhibit C).

3. That provisions be made to have existing tracks along the abandoned section removed in order to eliminate the electric current leakage problem along McDonald Avenue.

TABLE OF ILLUSTRATIONS

EXHIBIT "A"
PAGE 1 OF 2



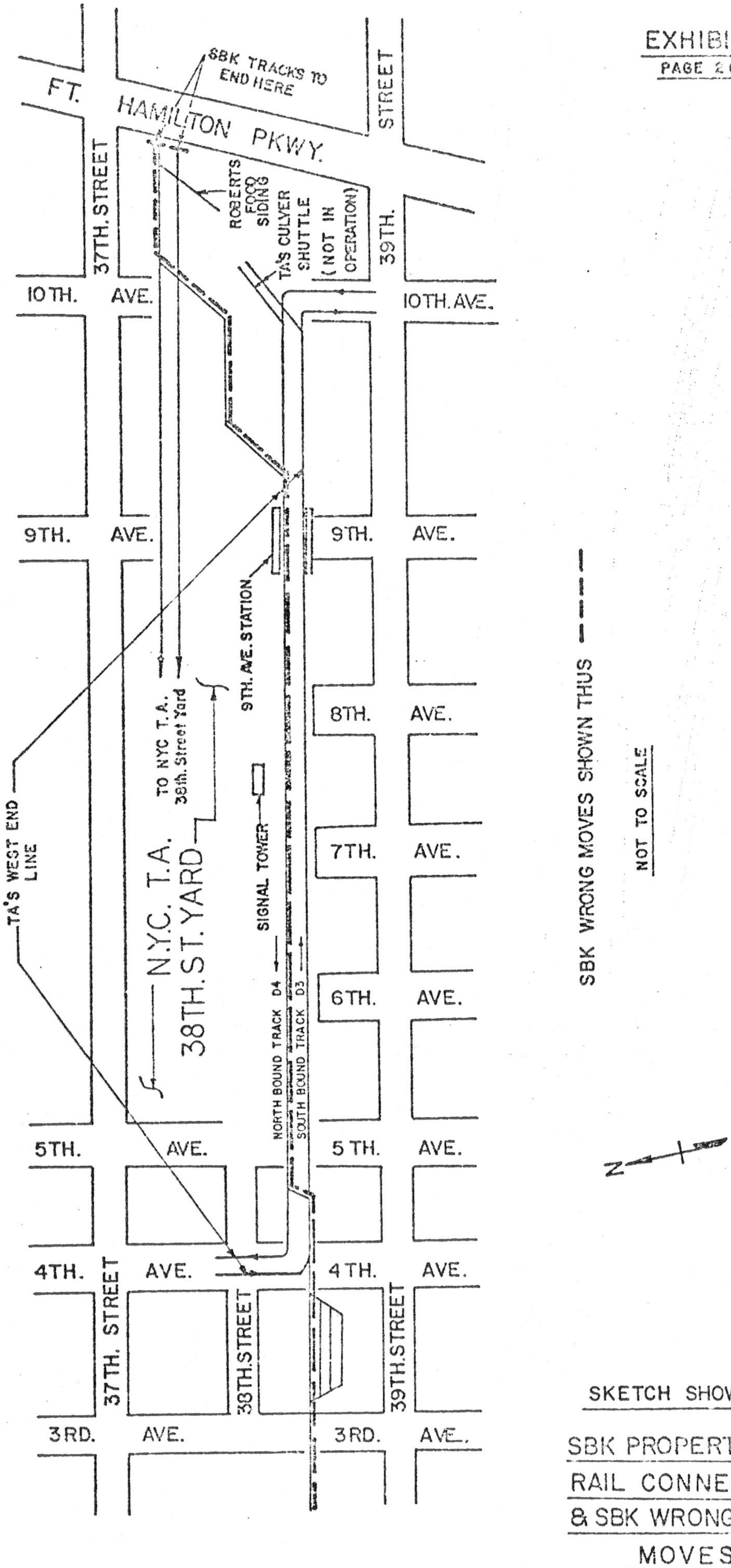
NOT TO SCALE

SKETCH SHOWING

SBK PROPERTY AND RAIL CONNECTIONS

EXHIBIT "A"

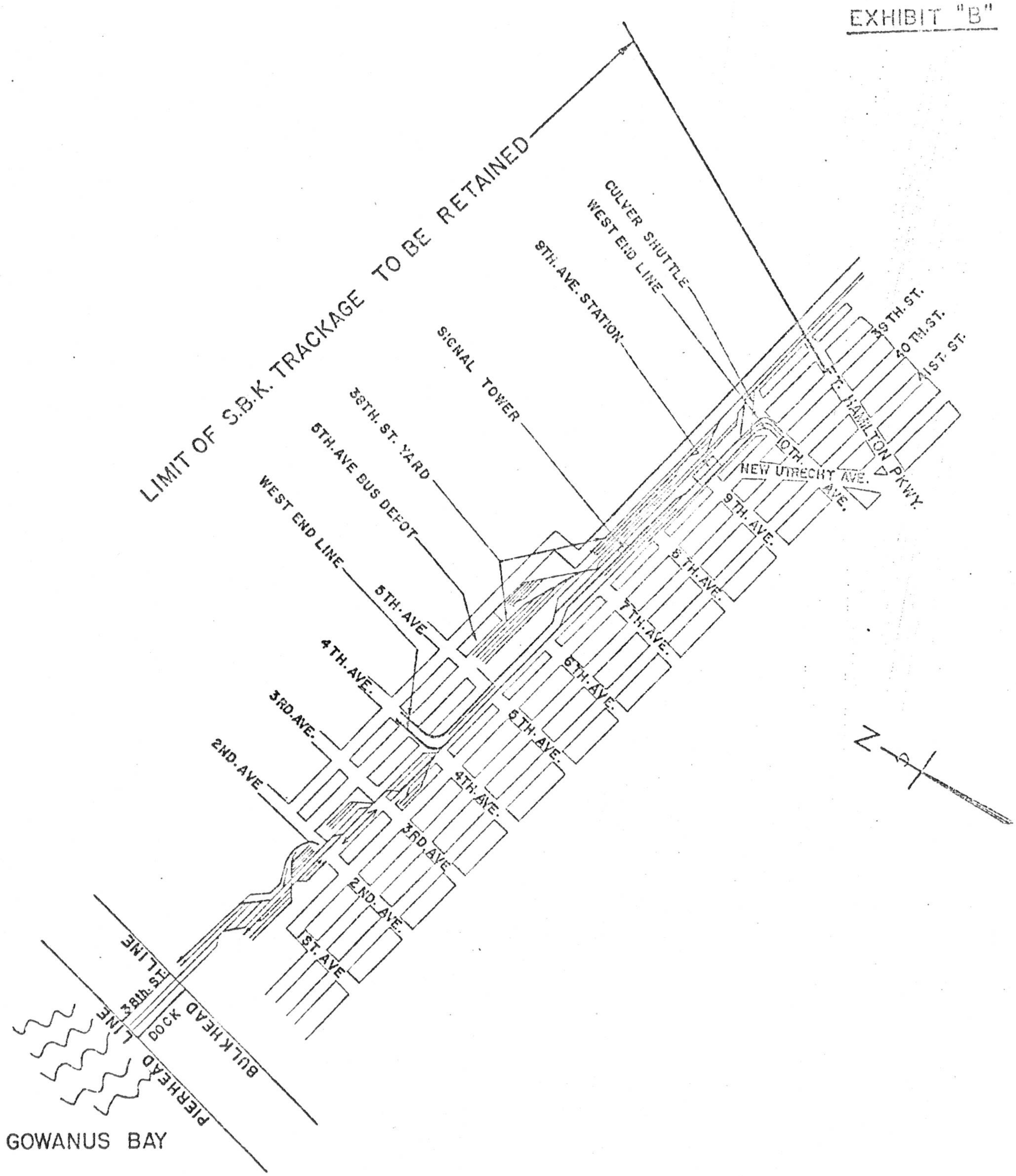
PAGE 2 OF 2



SKETCH SHOWING

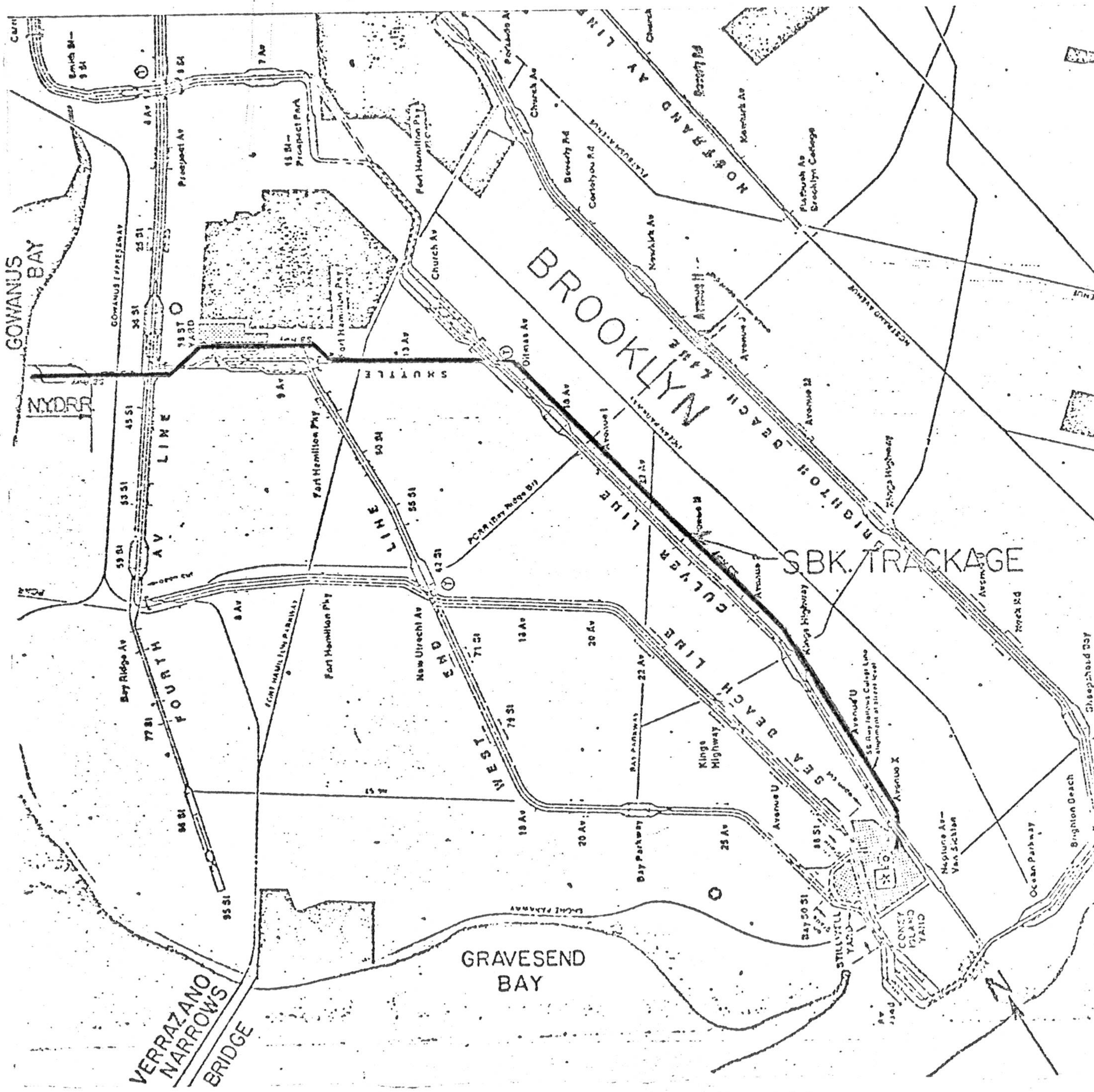
SBK PROPERTY AND RAIL CONNECTIONS & SBK WRONG RAIL MOVES

EXHIBIT "B"

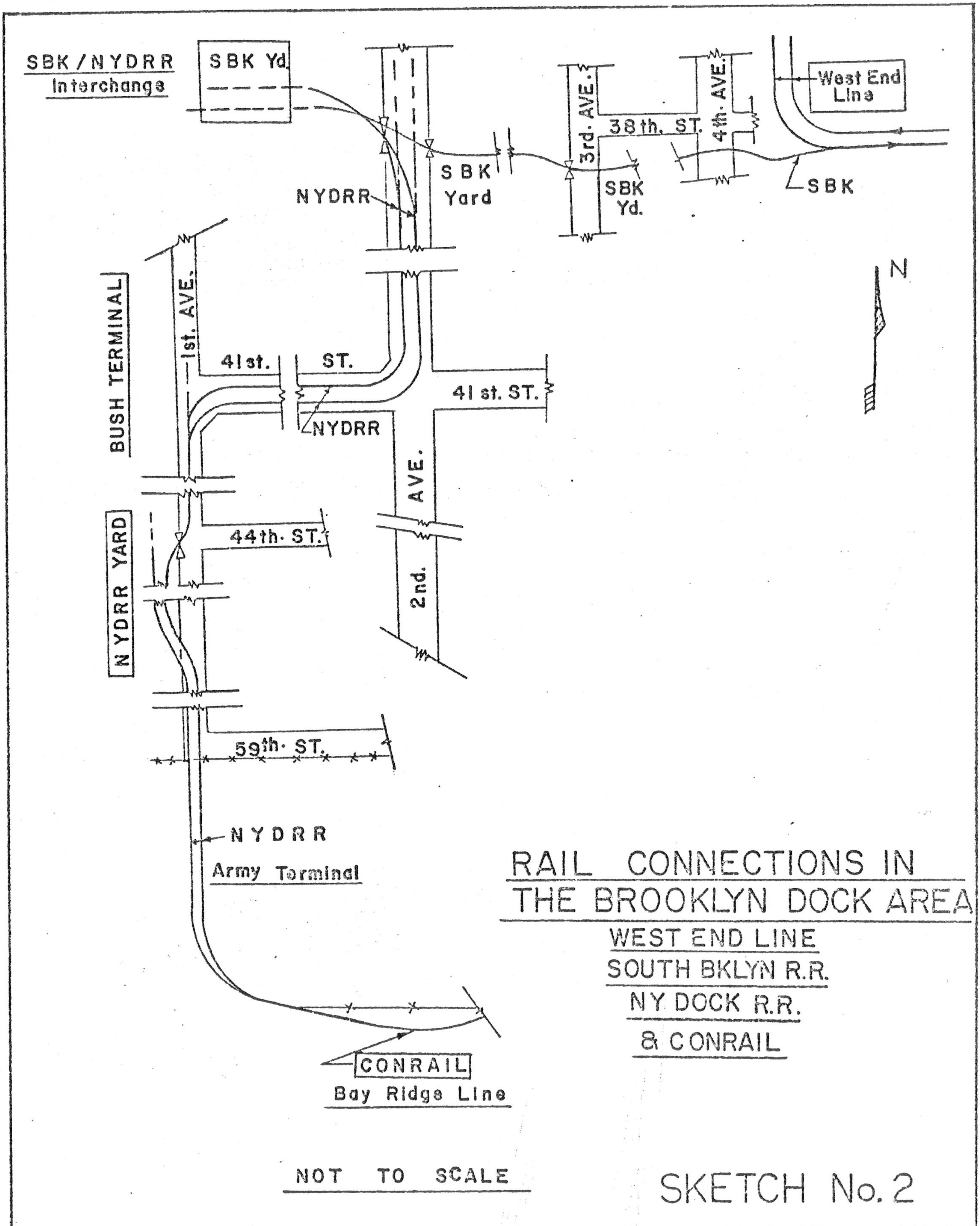


S.B.K. TRACKAGE TO REMAIN OPERATIONAL

NOT TO SCALE



SBK TRACKAGE RELATIVE TO N.Y.C. T.A. SYSTEM
SKETCH NO. 1



RAIL CONNECTIONS IN THE BROOKLYN DOCK AREA

WEST END LINE

SOUTH BKLYN R.R.

NY DOCK R.R.

& CONRAIL

SKETCH No. 2

A P P E N D I X

- LISTING OF SBK PROPERTIES
- FINANCIAL STATEMENT FOR PERIOD DECEMBER 31, 1979 TO JULY 31, 1980
- MINUTES OF MEETING OF BOARD OF DIRECTORS, SOUTH BROOKLYN RAILWAY COMPANY, HELD OCTOBER 1980

LETTERS FROM:

- ANDREW F. DE LUCA, FREIGHT TRAFFIC MANAGER TO CHARLES KALKHOF, VICE PRESIDENT, SOUTH BROOKLYN RAILWAY ON PROPOSAL FOR ABANDONMENT OF A PORTION OF TRACKAGE
- CHARLES KALKHOF, GENERAL SUPERINTENDENT, RAPID TRANSIT TO STEVEN K. KAUFFMAN, GENERAL MANAGER ON RECOMMENDATION TO ABANDON A PORTION OF SOUTH BROOKLYN RAILWAY
- THOMAS D. STEWART, JR., ASSISTANT GENERAL SUPERINTENDENT, TO CHESTER F. MARCZEWSKI, ASSISTANT GENERAL SUPERINTENDENT, MAINTENANCE OF WAY, ON SOUTH BROOKLYN RAILWAY
- JOHN D. MOMBACH, ASSISTANT GENERAL SUPERINTENDENT (POWER) TO CHARLES KALKHOF, GENERAL SUPERINTENDENT, RAPID TRANSIT, ON CURRENT LEAKAGE IN McDONALD AVENUE
- ANDREW F. DE LUCA, FREIGHT TRAFFIC MANAGER, SBK TO CHESTER F. MARCZEWSKI, ASSISTANT GENERAL SUPERINTENDENT, ON SOUTH BROOKLYN RAILWAY
- E. R. EDWARD, CIVIL ENGINEER, TO J. LOPATIN, DEPUTY DIVISION ENGINEER, ON ROBERTS FOOD CORPORATION
- K. A. MOONEY, DEPUTY DIVISION ENGINEER, TO C. J. BUSH, DIVISION ENGINEER, ON RADIO FREQUENCY ASSIGNED TO SBK

South Brooklyn Railway Company Properties

Taken from 1981-82 Tentative Assessment Tax Record dated January 25, 1981 found in Room 200, Real Property Assessment Bureau, N.Y.C. Finance Department, Brooklyn Municipal Building, Fulton Street.

Block	Lot	Owner
662	130	South Brooklyn Railroad Terminal Req. 97004 N.Y.C. Dept. of Ports & Terminals Water Front Cont. Port Foot of 38th & 39th Streets
662	136	South Brooklyn Railroad Terminal Transit Authority Maintenance of Way Dept. 370 Jay Street Brooklyn, N.Y. 11201
704	7	South Brooklyn Railroad Co.
705	6	South Brooklyn Railroad Co. N.Y.C. Dept. of Real Estate
5295	4	* P. P. & South Brooklyn Railroad Co. N.Y.C. Transit Authority
5300	9	* P. P. & South Brooklyn Railroad Co. N.Y.C. Transit Authority
5348	9	South Brooklyn Railroad Co. N.Y.C. Transit Authority
5367	8	South Brooklyn Railroad Co. N.Y.C. Transit Authority
5369	50	South Brooklyn Railroad Co. N.Y.C. Transit Authority
5384	6	South Brooklyn Railroad Co. N.Y.C. Dept. of Real Estate

* P.P. = Prospect Park

Block	Lot	Owner
7212	2	City of New York South Brooklyn Railway Co. 370 Jay St.-Bklyn., N.Y. 11201
7212	3	South Brooklyn Railroad Co.
7212	50	N.Y.C. Dept. of Real Estate South Brooklyn Railroad Co.
7212	103	South Brooklyn Railroad Co. N.Y.C. Dept. of Real Estate
7232	80	South Brooklyn Railroad Co. N.Y.C. Transit Authority Maintenance of Way Dept.
7233	20	South Brooklyn Railroad Co. N.Y.C. Dept. of Real Estate
7266	249	South Brooklyn Railroad-Exempt N.Y.C. Dept. of Real Estate
7268	254	South Brooklyn Railroad Co. N.Y.C. Dept. of Real Estate
7279	24	South Brooklyn Railroad Co.

SOUTH BROOKLYN RAILWAY CO.

STATEMENT OF SOURCE AND APPLICATION OF CASH AND SHORT TERM INVESTMENT
FOR PERIOD FROM DECEMBER 31, 1979 TO JULY 31, 1980

CASH FROM OPERATIONS		
NET PROFIT FOR PERIOD		$ 22,949
CASH RETENTION CONSISTS OF:		
Decrease in Fixed Capital Assets	$ 5,833	
Increase in Accounts Payable - Other	3,861	
Increase in Reserves	189	9,883
		$ 32,832
CASH DEPLETION CONSIST OF:		
Increase in Accounts Receivable	$ 5,078	
Increase in Rents Receivable	29	
Decrease in Accounts Payable - NYCTA	23,606	
Increase in Prepayments	1,046	29,759
NET INCREASE IN CASH AND SHORT TERM INVESTMENTS		$ 3,073

Accounting Department
October 13, 1980

SOUTH BROOKLYN RAILWAY COMPANY

COMPARATIVE BALANCE SHEET AS AT July 31, 1980 AND December 31, 1979

ASSETS

	July 31, 1980	December 31, 1979	Increase Decrease
Current Assets			
Cash (Includes $400,000.00-Short Term Securities Short Term Securities)	$436,987.48	$433,914.32	+ $3,073.16
Accounts Receivable..........	51,429.14	46,350.93	+ 5,078.21
Interest and Rents Receivable.	1,252.86	1,223.43	+ 29.43
Total Current Assets..	$489,669.48	$481,488.68	+ $8,180.80
INVESTMENTS			
Securities Deposited with State of N.Y. Workmen's Compensation Board, at Cost................	$108,777.42	$108,777.42	$ -
Fixed Capital..................	$2,307,794.15	$2,307,794.15	$ -
Less: Reserve for Depreciation.	535,991.59	530,158.26	+ 5,833.33
Net Fixed Capital...........	$1,771,802.56	$1,777,635.89	+$5,833.33
Deferred Charges			
Prepayments.................	1,068.95	$ 23.34	+$1,045.61
Custodial Deposits............	10,378.00	10,378.00	$ --
Total.........	$2,381,696.41	$2,378,303.33	+$3,393.08

SOUTH BROOKLYN RAILWAY COMPANY
COMPARATIVE BALANCE SHEET AS AT JULY 31, 1980 AND DECEMBER 31, 1979

L I A B I L I T I E S

CURRENT LIABILITIES	JULY 31, 1980	DECEMBER 31, 1979	INCREASE+ DECREASE-
Accounts Payable-N.Y.C.T.A.	$ 63,436.30	$ 87,042.08	-$23,605.78
Accounts Payable-Other	21,996.08	18,135.23	+ 3,860.85
TOTAL CURRENT LIABILITIES	$ 85,432.38	$ 105,177.31	-$19,744.93
RESERVES			
Damages	$ 26,077.90	$ 25,888.50	+$ 189.40
Unadjusted Credits	1,299.99	1,299.99	--
TOTAL RESERVES AND OTHER CREDITS	$ 27,377.89	$ 27,188.49	+$ 189.40
LIABILITY FOR CUSTODIAL DEPOSITS	$ 10,378.00	$ 10,378.00	$ --
CAPITAL STOCK			
5,000 Shares at $100.00 Par Value	$ 500,000.00	$ 500,000.00	$ --
SURPLUS	$1,758,508.14	$1,735,559.53	+$22,948.61
TOTAL	$2,381,696.41	$2,378,303.33	+$ 3,393.08

Accounting Department
General Accounts Section
October 13, 1980

SOUTH BROOKLYN RAILWAY COMPANY

COMPARATIVE INCOME STATEMENT

	MONTH OF JULY			SEVEN (7) MONTHS ENDED JULY 31st		
	1980	1979	INCREASE + DECREASE -	1980	1979	INCREASE + DECREASE -
OPERATING REVENUE:						
Freight Revenue	$11,496.68	$23,514.48	-$12,017.80	$105,103.20	$ 96,359.36	+ $ 8,743.84
OTHER STREET RAILWAY OPERATING REVENUE						
Rent of Land, Buildings, etc.	$ 5,225.00	$ 5,219.00	+$ 6.00	$ 34,144.00	$ 35,738.00	- $ 1,594.00
Rent of Tracks and Facilities	625.00	626.00	- 1.00	4,375.00	3,776.00	+ 599.00
Miscellaneous Revenue	920.00	100.00	+ 820.00	7,226.00	2,470.00	+ 4,756.00
Total Street Railway Operating Revenue	$18,266.68	$29,459.48	-$11,192.80	$150,848.20	$138,343.36	+ $12,504.84
STREET RAILWAY OPERATING EXPENSES						
Maintenance of Way and Structures	$ 833.33	$ 833.88	-$ .55	$ 7,605.53	$ 6,336.84	+ $ 1,268.69
Maintenance of Equipment	800.45	-	+ 800.45	12,881.75	-	+ $12,881.75
Operation of Cars	13,884.02	12,426.09	+ 1,457.93	88,261.99	100,379.00	- 12,117.01
Injuries to Persons and Property	114.96	235.14	- 120.18	1,051.03	963.59	+ 87.44
Traffic Expenses	-	-	-	-	-	-
General and Misc. Expenses	8,681.58	13,036.20	- 4,354.62	68,686.40	63,258.14	+ 5,428.26
Total Street Railway Operations Expenses	$24,314.34	$26,531.31	-$ 2,216.97	$178,486.70	$170,937.57	+ $ 7,549.13
INCOME FROM STREET RAILWAY OPERATIONS	$(6,047.66)	$ 2,928.17	-$ 8,975.83	$(27,638.50)	$(32,594.21)	+$ 4,955.71
NON-OPERATING INCOME	6,033.50	$ 7,044.11	- 1,010.61	50,587.11	48,401.48	+ 2,185.63
NET INCOME	$ (14.16)	$ 9,972.28	-$ 9,986.44	$ 22,948.61	$ 15,807.27	+$ 7,141.34
MILEAGE	293 mi.	175 mi.	+ 118 mi.	1,678 mi	1,658 mi.	+ 20 mi.

Accounting Department
October 13, 1980

SOUTH BROOKLYN RAILWAY COMPANY

MINUTES OF MEETING

OF

BOARD OF DIRECTORS

HELD October 14, 1980

A meeting of the Board of Directors of the South Brooklyn Railway Company was held on Tuesday, October 14, 1980 at 2:30 P.M. at the offices of the New York City Transit Authority at 370 Jay Street, Brooklyn, New York. Vice-President Andrew T. O'Rourke presided at the meeting.

In addition to Mr. O'Rourke, present Board members were Mr. Kalkhof, Mr. Ameruso, Mr. Chudd, Mr. Levine and Mr. Freidrich. Non-members in attendance were Henry C. Sloan, Assistant Commissioner, Department of Transportation, Bureau of Highway Operations, John Lopuch, Deputy Director of Engineer, New York City Department of Transportation, Andrew F. DeLuca, Freight Traffic Manager and Martin B. Schnabel, Acting Secretary.

There being a quorum present, the Chairman proceeded with the business before the Board. The reading of the minutes of the last meeting was dispensed with.

The first order of business was the election of new members of the Board to fill the two (2) vacancies resulting from the resignations of Messrs. William Wood and Peter Solomon. Messrs. Anthony Riccio and Ira Levine, the nominees of Mayor Koch to fill such positions, were thus unanimously elected by the Board and formally welcomed by the Chairman.

The next matter on the agenda was the election of a new Secretary, an office vacated by the retirement of Mr. Samuel Katz. Mr. Kalkhof accordingly moved the nomination of Mr. Martin Schnabel who was thereupon unanimously elected by the Board.

Mr. O'Rourke then offered the financial condition of the Company. He reported that, in the seven-month period ending July 31, 1980, the Company reflected a net profit of $23,000. Mr. O'Rourke concluded that the financial condition of the Company was generally stable, with no major changes anticipated.

The Board then proceeded to consideration of the proposal of Mr. Kalkhof that the company abandon the line from Fort Hamilton Parkway to Coney Island. Mr. Kalkhof advised that such an action would have no impact upon the operation of the railroad. Mr. DeLuca agreed, indicating that the track in question has not been used for 2-1/2 years; that our present freight customers could still be served; that there was no real prospect of further business arising from that area, and that any loss of rental income would be minimal. Mr. DeLuca further noted that the State is requiring the placement of 62 cross-buck signs along the line which would cost $500/sign and would ultimately never last.

Mr. Chudd inquired into whether the sale of the entire railroad might be another alternative. Mr. Friedrich expressed the view that the New York Dock Railroad or other private company might be interested. Mr. DeLuca replied that the Transit Authority might well object to a private company upon the line and that, in any event, the low tunnel clearances would be beyond the capabilities of the New York Dock Railroad.

Mr. Kalkhof stated that the question of Transit Authority reaction to a private carrier would have to be explored, but that the abandonment question should yet go forward. Mr. Kalkhof thus moved, and Mr. Friedrich seconded, that the Company proceed with all dispatch to petition the Interstate Commerce Commission for permission to abandon the line from Fort Hamilton Parkway to Coney Island. The motion was carried by a rate of 5-0-1, with Mr. Ameruso abstaining. Mr. Ameruso thereupon requested that the President of the South Brooklyn Railway Company notify in writing the Commissioner of Transportation as to the Company's intention to abandon the subject line.

With respect to the discussions as to the sale of the railroad, Mr. Friedrich requested that a report be issued, detailing the following:

(1) the needs of the Transit Authority with regard to the South Brooklyn Railway's remaining a separate entity;

(2) Transit Authority policy as to a private entity taking over the line;

(3) the interest of the New York Dock Railroad in the property.

Mr. Kalkhof indicated that such a report could probably be issued within one (1) month.

There being no further business, the meeting was adjourned at 3:40 p.m.

MARTIN B. SCHNABEL
Secretary

MBS

NEW YORK CITY TRANSIT AUTHORITY

DATE May 12, 1980

FROM: Andrew F. DeLuca, Freight Traffic Manager
South Brooklyn Railway

TO: Charles Kalkhof, Vice Pres., South Brooklyn Railway

SUBJECT: PROPOSAL FOR ABANDONMENT OF DESIGNATED TRACK AREA OF THE SOUTH BROOKLYN RAILWAY

Subject matter consists of a track area commencing from Ft. Hamilton Parkway at 37th St. continuing along McDonald Ave. and terminating at our Coney Island freight yard. Area approximates a distance of 5 miles of a 6.5 mile main line trackage. Area is no longer viable for the attraction of freight business, a fact concurred to by a recent study undertaken by a consulting firm retained by the South Brooklyn Railway.

For the past two (2) years area has been subjected to an embargo, prohibiting traffic in said area. Embargo initiated by the South Brooklyn Railway due to contractual obligations of the City of New York. At the conclusion of the contractual obligations, we found that Parkville interchange (Ave. I & McDonald) was still inactive for freight interchange. Obstruction and accumulation of debris covered the switches of ConRail which deferred any resumption of the interchange. I have since learned that ConRail will not revive the Parkville interchange with the South Brooklyn Railway for varied reasons.

The debilitating condition of track area along our right of way at 37th St. and along McDonald Ave. lends credence to my proposal for abandonment of subject area. To rehabilitate track and roadway would approximate a cost of $3,000,000 or more.

Positive aspect of abandonment in designated area would be a savings in maintenance and clean-up costs. There are no negative aspects to the operating sphere of the South Brooklyn Railway if abandonment is initiated.

The railway services at the present time three (3) customers, Davidson Pipe Supply Co., Roberts Food Corp. and the N.Y.C. Transit Authority within a zone of 1.5 miles. Since the potential for attraction of future business beyond the 1.5 mile zone is practically nil, it would be ludicrous for the South Brooklyn Railway to maintain a track area which cannot be utilized.

Proposal should be presented to the Board of Directors for action at the earliest convenience of its members. I am respectfully requesting a meeting of the Board of Directors for the 1st week of June if at all possible. A pending state compliance to a uniform street grade crossing project in designated area stresses the urgency of an early meeting.

Andrew F. DeLuca
Freight Traffic Manager

017
AFD:

NEW YORK CITY TRANSIT AUTHORITY

OFFICE OF THE GENERAL SUPERINTENDENT
RAPID TRANSIT

June 25, 1980

FROM: Charles Kalkhof, General Superintendent, Rapid Transit

TO: Steven K. Kauffman, General Manager

SUBJECT: RECOMMENDATION TO ABANDON A PORTION OF SOUTH BROOKLYN RAILWAY

The portion of the South Brooklyn Railway between Ft. Hamilton Parkway and 37th St. and Coney Island Yard has not been used in at least two (2) years. The track is in very poor condition and a capital expense of approximately $3 million would be required to upgrade the tracks. In his memorandum of May 12, 1980, Mr. Deluca recommended the abandonment of this portion of the railway.

None of the railway's three (3) customers would be affected by the abandonment. There is virtually no chance for attracting customers along the portion proposed to be abandoned.

The New York City Department of Transportation must raise the level of McDonald Avenue over the Conrail Tracks to allow higher clearances. Diesel engine weight considerations, which would increase the cost of the bridge, must be included in the design if the South Brooklyn is to be retained. The project requires a timely resolution of the proposal.

IT IS RECOMMENDED that:

- The South Brooklyn Railway Board convene a meeting to discuss this proposal.
- The Board approve the proposal to abandon the Line from Ft. Hamilton Parkway to Coney Island.

C. Kalkhof

Charles Kalkhof
General Superintendent
Rapid Transit

01AJDK:01AS
Attachments

cc: D.R. Newman
RT File

APPROVED

Steven K. Kauffman Date
General Manager

1381

COPIES SENT TO

NEW YORK CITY TRANSIT AUTHORITY

DATE October 28, 1980

FROM: Thomas D. Stewart, Jr., Assistant General Superintendent

TO: Chester F. Marczewski, Assistant General Superintendent

SUBJECT: SOUTH BROOKLYN RAILWAY

This refers to the letter of October 16, 1980 from the General Superintendent to you.

South Brooklyn Railway trains operate daily over the main line tracks of the West End Line, normally used for passenger traffic. One daily move, among others, to Roberts Food Company consists of a wrong rail move against traffic on the West End D4 main line track for approximately 1/3 mile. Also assorted wrong rail drilling moves in the 10th Avenue section of 38th Street yard are involved.

The question arises, do we want trains, without protective tripping devices, manned by crews under the jurisdiction of an outside agency, operate and make complex moves on tracks used for passenger service?

The Rapid Transit Transportation Department feels that this is a totally unacceptable risk.

It must be further noted, that over 300 R-44 cars were delivered from the Parkville Junction via the South Brooklyn Railway. Again, over 700 R-46 cars were delivered via car floats through Bush Terminal and again onto T. A. property by the South Brooklyn Railway. Should the South Brooklyn Railway be abandoned or sold, we would be at the mercy of New York Dock Railway for any future delivery of rolling stock, as well as supplies for 38th Street Yard Maintenance of Way facilities.

On a different note, the RTTD, in its train to wayside radio system, uses radio frequencies originally obtained through the South Brooklyn Railway. Cessation of operations by the South Brooklyn Railway possibly could generate difficulties with the F.C.C.

Milton S. Carter

For Thomas D. Stewart, Jr.
Assistant General Superintendent

014C-014S

cc: C. Kalkhof
M. S. Carter
F. J. DeMaria
A. DeLuca, (SBR) - T. T. Liu (MOW)

COPIES SENT TO

NEW YORK CITY TRANSIT AUTHORITY

DATE October 14, 1980

FROM: John G. Mombach, Assistant General Superintendent (Power)

TO: Charles Kalkhof, General Superintendent, Rapid Transit

SUBJECT: Recommendation to Abandon a Portion of South Brooklyn Railway

Reference is made to your request for comments on the above proposal, the Power Department has in the recent past made a comprehensive investigation of electrolysis in the McDonald Avenue - Avenue T and Ave I areas. This investigation determined that substantial current was flowing on the rails running along McDonald Avenue.

This current was found to be flowing in both directions; additionally, it was found that the resistance between the elevated structure and the rails was low. The exact contact points between the structure and the rails could not be identified. This large situation coincides with the number of faults on two Power High Tension cables running parallel with the rails and out to Brighton-West 8th St. Substation. There is evidence that these rails are the conduit for return current going from Coney Island Yard to Avenue T Substation.

It is believed that this problem cannot be solved by cutting the rails at certain points to isolate and eliminate the flow of current from the structure. There appears to be too many areas of contact between the rails and the structure.

Therefore, the Power Department recommends that the rails be removed from the roadbed and be replaced with a foundation of concrete and a topping of asphalt. It is further recommended that consideration be given to resorting to a scrap contract to have the work done at little or no expense to the South Brooklyn Railway.

John G. Mombach
Assistant General Superintendent (Power)

3-31 013/snh

58-67-0130—200M—5/79

COPIES SENT TO C. J. Bush

NEW YORK CITY TRANSIT AUTHORITY

DATE December 16, 1980

FROM: E. R. Edward, C.E., M/W

TO: J. Lopatin, Deputy Division Engineer, M/W

SUBJECT: ROBERTS FOOD CORPORATION

Andy DeLuca of the South Brooklyn Railroad and I met with Mr. Robert Barbieri, President of Roberts Food Corporation, today to discuss the impact of the closing of South Brooklyn Railroad on his operations.

Some Facts:

1. Roberts Food Corp. has been in operation for the past 30 years. It has been serviced all along by South Brooklyn.

2. The firm employs a total of 80 people of whom approximately 20% belong to minority groups.

3. Company receives raw food material, in liquid form, directly from the source, in special tank cars, capacity 150,000 lbs. each, sixteen cars a month.

Impact:

1. If the South Brooklyn operation is totally abandoned, using road transport, 60 tank trucks will have to be used per month. These trucks will have to be hired from middlemen with additional cost and no guarantee of deliveries on time.

2. The nature of the raw material is such that during winter the firm has to go through additional expenses for steaming.

3. He will not go through all the above additional expenses but rather move out to New Jersey where the state provides low interest loans for setting up business.

4. New York City will lose jobs and tax revenue.

Attach.

Edward

COPIES SENT TO

NEW YORK CITY TRANSIT AUTHORITY

DATE October 29, 1980

FROM: Andrew F. DeLuca, Freight Traffic Manager, South Brooklyn Railway

TO: Chester F. Marczewski, Asst. Gen'l. Supt., M of W

SUBJECT: SOUTH BROOKLYN RAILWAY

Elimination of the South Brooklyn Railway would have an adverse effect to the N.Y.C. Transit Authority and for the following reasons:

1 - Rail shipments would be eliminated and with a heavy preponderance of truck deliveries, freight costs, plus labor costs will rise.

2 - Possible reclaimation of radio frequency assigned to South Brooklyn Railway by I.C.C. Frequency is utilized by N.Y.C. Transit Authority.

Transfer of ownership of the South Brooklyn Railway to private enterprise to service the Roberts Food Corp. and the N.Y.C. Transit Authority in my opinion will not be accomplished and I base this opinion on the following enumerated cost factors.

1 - Purchase of the two (2) Diesels of the South Brooklyn Railway (clearances).

2 - Expenditures concommitant to initiating deliveries to customer:

Payment for use of towerman and motorman pilot for travel on the N.Y.C. Transit Authority subway system.

3 - Restrictive hours for deliveries - 10 A.M. to 3 P.M.

Revenues generated from freight traffic will not offset additional labor and investment costs to private enterprise. It therefore becomes an unprofitable operation which would not be pursued by private enterprise.

I base my opinions and observations on the cost factors to private enterprise which would normally be assessed by the N.Y.C. Transit Authority (no free ride).

Andrew F. DeLuca

Andrew F. DeLuca
Freight Traffic Manager

017
AFD:

Local firms get EDA loans for expansion

[illegible]ued from Page B-1

[illegible] will be financed by bonds purchased by the [illegible] Community Bank in Rutherford.

[illegible]pletion set

[illegible] A. Associates in Carlstadt expects to buy [illegible] 61,400-square-foot building and [illegible] on which it stands with a $1.4- [illegible]. The building, a warehouse, is now [illegible] tenants employing 41 people.

[illegible] loan will give Joseph Barrett, cur- [illegible] property, the chance to complete the [illegible] The tenants told the EDA that if it [illegible] completed they would have to move to [illegible].

[illegible]ency expects 33 jobs to be created by the [illegible] completion, to be financed by bonds bought by [illegible] Casualty and Surety Co. of Hartford, Conn.

[illegible] $625,000 loan will go to Garfco Urban Renewal of Paterson to buy two acres of redevelopment [illegible] from Paterson, build an 18,600-square-foot struc- [illegible] on it, and buy the mechanical equipment needed when Peter Garafano and Son, Inc. — a tank truck and trailer sales, service, and manufacturing business — occupies the site.

Garafano will expand its 13-person work force by 21 upon the project's completion. It will be financed by bonds bought by the First National Bank of New Jersey, Totowa.

A $535,000 loan was approved for Wollen Chemical and Supply Co. of Paterson to purchase and renovate four buildings on 1.26 acres of land in Paterson. Prospect Park National Bank in Wayne will buy the bonds that will finance the expansion, which will add 12 new jobs to the firm's staff.

VA and FHA mortgages will increase today

WASHINGTON D.C. (AP) — Loan rates on government-backed mortgages will rise as much as one percentage point today, reflecting the recent surge of most other interest rates, the Carter administration said Friday.

The rate for single-family and multi-family home mortgages backed by the Veterans Administration and Federal Housing Administration will go from 12 percent to 13 pe[illegible]

Rates [illegible] home improvement and home loans will rise from 15 percent [illegible] percent, land development loans from [illegible] cent to 14 [illegible] combination mob[illegible] and lot loans [illegible] 14.5 percent to 15 and graduated payment loans from [illegible]

State giving loans to 8 local companies

The New Jersey Economic Development Authority has approved nearly $7 million in loans to eight Bergen and Passaic County businesses for expansion projects that will add 285 employees to their payrolls.

The largest loan, for $1.6 million, will be used by the Supreme Oil Co. Inc. in New York to buy a 48,800-square-foot building on a 3.2-acre lot in Englewood. The firm, which makes mayonnaise and packs salad oil and condiments, will relocate its 36-year-old office and manufacturing and distribution facilities from Manhattan, bringing its 160 jobs to Englewood.

Midlantic National Bank/Citizens in Englewood will buy bonds worth $1.2 million to help finance the move. Robert P. Flach Realty Corp. in Fort Lee will buy the remaining $400,000.

Farm Lawn Dairies Inc. will use a $1.5-million loan to renovate its 55,000-square-foot facility on 26 acres in Wallington and to buy dairy processing equipment. Earlier this year, the company received approval for a $2-million loan to finance construction of an addition to the facility, improvements to the property, and acquisition of other processing equipment.

The new loan will allow Fair Lawn to increase its 210 worker staff by eight. Another 17 laborers will be needed to construct the pro-

See EDA, Page B-5

58-67-0130—200M—5/79

COPIES SENT TO

NEW YORK CITY TRANSIT AUTHORITY

DATE February 17, 1981

FROM: K. A. Mooney, Deputy Division Engineer

TO: C. J. Bush, Division Engineer

SUBJECT: SOUTH BROOKLYN RAILWAY CO. RADIO FREQUENCY LICENSEE

There are two frequencies assigned to the City of New York, N.Y. - South Brooklyn Railway Co. that are being utilized by the New York City Transit Authority. These frequencies are assigned for use by the Rapid Transit Transportation Department on the B1 and B2 Divisions main line and for all yards. The "B" Divisions communicate on 161.565 MHZ for main line communications and the "A" and "B" Divisions communicate on 160.845 MHZ for yard communications.

The loss of these frequencies for whatever reason, would place on the Authority a tremendous burden both in time and in monies, in obtaining new frequencies and refitting the present radio system with new equipment. The present B Divisions main line radio system consist of forty-eight (48) underground Base Stations, ten (10) outdoor Base Stations, 1,347 mobile radios and 133 portable radios. The yard system consists of 156 portable radios.

Assuming new frequencies were required and available and able to work with the present Police Radio System and Antenna Cable System, it is estimated, to change the RTTD systems would cost approximately ten million dollars.

The loss of these frequencies will have an effect on the new Train and Police Radio System, Contract S32210 in that the design was predicated on these frequencies being available.

K. A. Mooney
Deputy Division Engineer

012C/EJV:cp

cc: File