THAT WORKS

CONRAIL JUGGLES SERVING TWO CLASS I RAILROADS, AND ITS EMPLOYEES ENJOY BEING PART OF THE SHOW

Story and photos by John Gruber
have a great passion for my work,” says Richard Mercado, a yardmaster for Conrail at its Oak Island Yard in New Jersey. He is speaking in 2016, 40 years since Conrail was organized and 17 years after it was turned into a 1,209-mile switching and terminal service company.

“I love the movement of trains. I see the power in these engines and the materials we receive and how important it is for this side of the country. How people really need this stuff. At the place where I am now, Oak Island [a former Lehigh Valley yard], there is so much going on. We got the airport, we got the turnpike, we got the ships, we make deliveries to the ports. So it is a lot,” adds Mercado, a tall man with a smile on his face. He has worked at Conrail for 17 years, since August 1999. He lives in Bayonne, N.J.

He considers himself somewhat of a buff when it comes down to switching cars. He likes the scale test car. “I don’t know what it is about those cars. It is only a pile of steel. It is my favorite car.”

Knowing what he knows now, he says he would take this job again.

“Yes, right from Day 1. I would not even think twice about it. I really, really enjoy working for the railroad.”

Off the job, he goes right to the gym. “I love going to the gym. I love working out. I love going to church. That is one thing for sure.”

Likewise, Patrick D. Woolridge from Warren, Mich., is proud of his job. “I am a conductor. I work putting together trains at the intermodal yards. I really enjoy the job I am doing now. It’s very peaceful and calm. The only person I have to deal with is the engineer.

“For me it has been a very good experience,” he says. He held a variety of jobs before going to work for Conrail in January 2006 at Livernois Yard, once operated by the New York Central. “This job is not like any other job that I have ever had. I am so proud to be a part of this great company that we call Conrail with some of the greatest people that you would ever want to work with.”

Among his favorite leisure time activities: baking cakes. “Some I do from memory. Mother taught me. I have her
recipes also,” he says. “Someone said that cakes [sic] is my passion. I say that I just like to see people enjoy the baking that I do.”

Woolridge and Mercado are among 1,116 people working for Conrail in 2016. All are individuals, with their own ideas and outlook, but overall, their productivity and performance for the organization set a precedent.

The Conrail Shared Assets Areas, starting out with 1,725 people in 1999, employs two-thirds of that total in 2016. Locomotive requirements went from 145 to 88 during the same period. Reengineering of operating and maintenance processes reduced these assets to 36 percent and 39 percent, respectively, with customer service delivery results at more than 95 percent of compliance.

During the 2008 recession, the company had to furlough about 100 employees in the Detroit area. By 2010, all had returned to the company, an indication that they considered it a good place to work.

A sense of history guides Ronald L. Batory as he talks about Conrail, organized 40 years ago. Two freight railroads, Norfolk Southern and CSX, divided most of the company on June 1, 1999. The Conrail name today survives for the switching and terminal property serving the two companies in three busy industrial areas. When it was first proposed, some naysayers said this arrangement could not succeed. Commonly called Conrail Shared Assets Areas (“Conrail Lives!” TRAINS, October 2012), it is a 21st century success story.

Batory, president and chief operating officer since 2004, has the strongest emotion toward the people side of the business. He has been a railroader for more than four decades and went through the era of asset rationalization, mergers, and bankruptcies. “I was fortunate enough in my career to work alongside many people in different companies. During this tenure of mine at Conrail — what I joined back in 1998 and what is here today — I am very proud to stand alongside all of the people because they have done an excellent job in transforming it from a stand-alone profit entity to a high-performance, service-driven, joint facility for CSX and Norfolk Southern,” he says.

As evidence of its commitment, Conrail paid for two electronic billboards along the busy New Jersey Turnpike, and on I-75 in Allen Park, Mich., commemorating employees and families on its 40th anniversary. This could be a first for a railroad to use this means for public exposure.
Conductor Patrick D. Woolridge is dressed for the weather and for safety as he goes about his job in Detroit, Mich.

How did all this come about? The U.S. government created Consolidated Rail Corp. (Conrail) in 1974 and provided interim funding while The United States Railway Association Final System Plan was developed for seven bankrupt eastern railroads. After Congress approved the plan, Conrail began operations on April 1, 1976. Its recovery started in 1980 when the Staggers Act largely deregulated railroads. In 1987, an initial public offering returned Conrail to the private sector. Ten years later, after various failed acquisition strategies, Norfolk Southern and CSX agreed to buy Conrail and split its assets. The Surface Transportation Board approved the acquisition and restructuring; NS and CSX took control on Aug. 22, 1998.

Conrail began its new role as a switching and terminal railroad on June 1, 1999, in three geographic areas: northern New Jersey, southern New Jersey/Philadelphia, and Detroit. In 2007, it expanded its operations to Staten Island, N.Y. NS and CSX competitively solicit...
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traffic in the geographic areas, and Conrail provides the two companies their own specifically designed terminal services. Before the split in 1999, Conrail operated 20,942 miles with 19,611 employees.

Batory moved from president of The Belt Railway Co. of Chicago to become vice-president of operations at Conrail in March 1998 to help plan the split. He looks back to 1997 and 1998 when Conrail was sought by CSX and then CSX and NS. The shared areas evolved as the two were dividing Conrail. “There were a lot of articles back then being written,” Batory recalls. “This is wrong; it’s not going to work, splitting a railroad that big had never been done before. And hosting two competing railroads in the most complex terminals of Conrail will be an instant failure.”

There was no proving the decision to jointly operate the complex terminals wrong or right at the time. “We have shown over the last 16 years that sharing assets has been successful. Hosting CSX and NS road trains in and out of the shared areas as well as their overhead trains that operated through some of the territories give a service that was nothing less than what they would expect if they were doing it themselves.”

“From my career past, and my first-hand understanding of joint facilities, I knew joint facilities were nothing new to the railroad industry. The Conrail Shared Assets Areas really was a reinvention of the past.”

“Joint facilities have a valuable purpose for businesses that elect to use them. They lend themselves to sharing the operating and capital expenses of the assets based on use of those assets. As long as the parties participating in the joint facility all have purposeful use of those assets it is much more efficient than each entity having its own portfolio of assets. It has the potential of reestablishing itself throughout the railroad industry on an as needed and warranted basis.”

“Everything that I have seen and experienced working with CSX and NS leadership teams and their organizations has been nothing short of spectacular. The jointly operated properties are integrated seamlessly into their respective systems. Naturally, railroading is a people business, and the Conrail employees have proven their worthiness to a business arrangement authored by two very strong and competitive railroads. I see a bright future going forward,” he concludes.