

BY GARLAND POLLARD  
Staff Reporter of the VIRGINIA BUSINESS OBSERVER

PORTSMOUTH

**F**OR the first time in recent history, the Norfolk & Portsmouth Belt Line has begun to look forward.

The small railroad, built in 1898 to serve port and industrial interests around Hampton Roads, was founded to be an unbiased "clearing house of transportation" that would give any riverfront shipper along its lines in Norfolk, Portsmouth and Chesapeake equal access to all railroads.

But when President Dennis A. Walker, president of the railroad since June of 1989, came, he had more to worry about beyond grabbing a share of Virginia's bustling port and container traffic.

The railroad, instead, was consumed with fighting off lawsuits, shutting down track and dealing with strikes and a painful restructuring.

The railroad turned a corner this year. In April, Walker made application to the state to revamp its track, which runs roughly from Portsmouth Marine Terminals, through Berkley, to Chesapeake.

The line has also begun working closely with the City of Chesapeake to market seven large pieces of land along the Eastern Branch of the Elizabeth River, all along Belt Line track. The sites include a shuttered Texaco lubricants plant and fertilizer plant, which were once big customers.

"We have a tremendous amount going on in Chesapeake," said Walker. "We have listed seven sites that are potentially deep water served and rail served as well, that are tanned and rested and ready for somebody."

The company is selling a 25-acre parcel near Portsmouth Marine Terminals where it has company offices. Walker hopes the location will serve as a transitload location.

"We've got a couple of live wires on the hook," said Walker. "They've not stepped forward to sign contracts yet, but we're optimistic that this will be a watershed year for us."

Donald Goldberg, Chesapeake's economic development director, has high hopes for the underused Elizabeth River area, saying that there are few areas on the East Coast where there are so many sites with deep water and rail and Interstate access.

**Staying ahead in the cash-strapped short line industry means doing more with less. "Crews" are one, not two or three.**

Switching, once a back-breaking job, is now done with a solar-powered button. "We're considered low-tech. But believe it or not, the Norfolk & Portsmouth Belt Line is extremely progressive," said Walker, who has only 50 employees.

Technology is helping the Belt Line stay ahead of another expense, bridge maintenance.

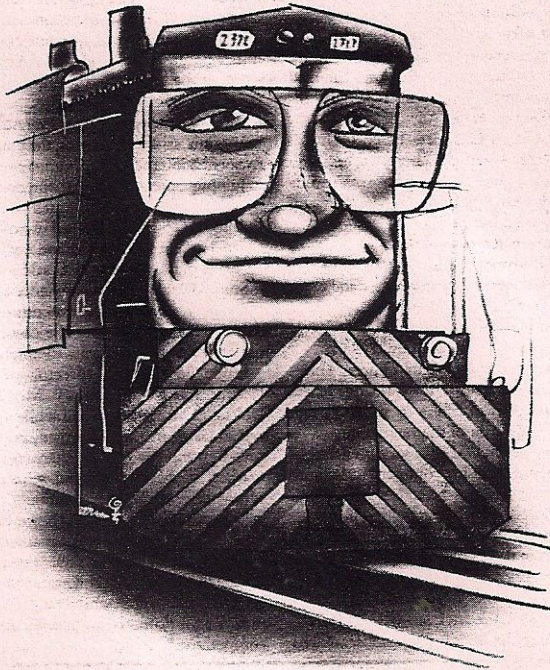
The line has recently refitted its 1950-era Elizabeth River vertical lift bridge.

With the help of Norshipco, the drawbridge will be automated, so that it won't need to be staffed. The new system will also monitor maintenance.

"The exciting thing about this newest technology is you don't have to build a

# Hanging On By A Short Line

*Dennis Walker's Norfolk & Portsmouth Belt Line Has To Be Nimble To Keep Its Parent Railways Together*



1999 bridge in order for the new technology to work. You bring the 1999 technology to the bridge and it adapts."

This mirrors a national trend for the industry of trying new techniques to stay alive.

For instance, the short line and port railroad that serves port interests in New York, the New York Regional Rail Corp., last week purchased a small short-haul trucking company.

Other lines are farming out crews to industrial customers, to perform switching in industries off site, something Walker wants to try, too.

"Many of the short lines around the country are doing some very inexpensive sideline type switching," said Walker. "What it does is allow our employees to work, to even out the low spots."

**One frustration for Walker is that he has not been able to snag more of the port's growing container traffic.**

"What I would like to see more of is rail transportation between the two ports - in other words, have these 150 to 200 trucks a day that go between NIT and PMT be on the rail instead of on highways," said Walker, who sees a "lack of port participation" as the culprit.

"I realize these are fighting words," Walker said.

Walker, though, concedes the cost issue.

"If the container is taken off the ships and mounted on a chassis, there's one

cost involved. But what the ports tend to do is take the container off the ships, mount it on the chassis, and drive it away from the water," said Walker. "That second lift helps subsidize the truck move."

Walker says it is hard to get around thin trucking margins.

"It's the type of perishable traffic that will disappear with a 10-cent-per-ton difference in price."

That the railroad, low margins and all, survived at all is something of a miracle.

Every bad thing that could have happened to the Belt Line seems to have happened, including losing the outgoing automobile traffic from Ford's Norfolk plant, which is now sorted for CSX off-site, because the plant does not have the room. The Belt Line, though, still carries incoming traffic to the Ford plant.

The company is regularly bombarded with lawsuits, a result of special federal railroad rules.

To pay for the lawsuits, and deferred maintenance, it has had to sell off property, and deplete reserves.

"That's one of the sad things about this company; years and years ago we had some resources," said Walker. "A company doesn't remain in business by selling off assets."

Railroads, being landlocked, are captive to their geography, and the Belt Line, consigned to declining industrial areas, has been hit hard. Six years ago, the railroad took 17 miles of track out of Portsmouth.

Walker hopes it is all behind him, and sees the breakup of Conrail as a positive.

Larry LeMond, of the Eastern Shore Railroad, which operates both on the Eastern Shore and in Norfolk, agrees, and says that because of the geography of Norfolk Southern and CSX's route systems, the north has been neglected in Hampton Roads.

"They're going after I-95 and I-81 traffic," said LeMond.

Still, railroad consolidation has hurt the Belt Line, owned 57 percent by Norfolk Southern and 43 percent by CSX.

"Years ago, we had eight owners, and with eight owners, each owner had one eighth of a say in how the company would operate. The company had great autonomy in those days," said Walker. Now, the companies have a close relationship. Walker is a Norfolk & Western Railroad alum, and joined N&W's management trainee program in the 1960s after studying engineering.

Norfolk Southern also helps the line when it can, and in 1998, the company began leasing MP-15 locomotives from Norfolk Southern.

"The savings in fuel the first month that we leased the new motive power just about paid the lease cost," said Walker.

The company acts separately, though it can go to its owner if needed.

"We can [go], but they're under no obligation to provide any funds for us," said Walker. "We operate as a separate company and we're responsible for our own payroll and our own internal paper flows," said Walker. "We try not to be a strategic advantage to any one party."

**Recently, the big railroads put another burden on the small railroads — super-size cars that ruin conventional rails under their weight.**

For the last five years, the company has worked to slowly upgrade its aging track, but the effort has not kept up with the arrival of new 286,000-pound cars, which are much heavier than traditional rail cars, forcing small railroads like the Belt Line to upgrade, or close.

The state, fearful of the latter, has stepped in with aid.

In April, the Belt Line applied for VDOT money to upgrade its track.

Billy D. Ketron, of Virginia's Department of Rail and Public Transportation, said that while railroads are privately owned, the state saves by getting trucks off the road, preserving right of ways, which are expensive to reassemble if lost.

"We were seeing a lot of railroads being abandoned," said Ketron.

This year is the first year there have been track rehab funds available, most of which will convert 70-pound rail to stronger 132-pound rail.

Walker said getting the money was not about large profits, but about keeping the rail for the next generation.

"Rail infrastructure, once lost, does not reappear again.

"We've had to, for economic necessity, take a lot of rail out of service," Walker said. "Unfortunately, the longer the time goes, the harder it is to put things back."