

County Lines

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Empire Valley Lines – Established 1945

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Editor Note: Please contribute!

It's your Newsletter! – Thanks JM

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Atlas II Yard Opens!

Kingston, NY Oct.3,2004; 12:00 p.m. Reported by Dennis Gander

Management of the Empire Valley Railroad announced today the opening of the new Atlas II Yard. Construction and tracklaying was completed at about 10:30 this morning and by 11:00 a.m. the first train arrived in the yard. Dennis Gander, the engineer of a Union Pacific Unit Coal Train, brought his train to a stop on track # 5. When asked his opinion about the new yard engineer Gander was quoted as saying "It's a train yard, it's not Disneyworld". The 11 track yard had been designed to hold approximately 1,000 20' ore cars until it was discovered that there are not that many ore cars in existence. Designers then ran back to the drawing board and designated the yard to hold any and all types of railroad cars. The yard still requires completion of wiring and installation of Tortoise switch machines along with the accompanying control panels. These additions will increase operational ability and add more "fun" to the railroad.

Designer of the yard and President of the Empire Valley Railroad John McCluskey railroad was not present for the opening of the yard but is expected to be present at the official ceremonial opening and ribbon breaking ceremony later this month. President McCluskey was out of town and not available for comment. The Empire Valley Railroad is a regional carrier based in Kingston NY and provides service in the tri-state area. The Empire Valley is known in the industry as a progressive regional operation that "thinks out of the box". Most notable of the railroads accomplishments as of late has been the return of the steam locomotive as fuel efficient and environmentally friendly companion to diesel locomotives as well as the railroad making a major lobbying effort on a state and federal level for the return of railroad run passenger operations. The railroad is also lobbying for a ban on trucks on federal highways and seeks support for the Cross Harbor rail tunnel.

Atlas Yard Expansion Plan Announced

Kingston, NY Oct. 3,2004 12:15p.m. Reported by Dennis Gander

Management of The Empire Valley Railroad announced today that due to expected increase's in the railroads operational capability that the newly opened Atlas II Yard is expected to reach it's maximum storage capacity within one to two weeks of operations and that the railroads engineering team will be looking to acquire more real estate to build a possible Atlas III yard. The railroad credits the new "ready to run" craze that is sweeping the railroad industry as a major cause of the overcrowding. This trend is not expected to decline for the next thirty to forty years when the railroad business as we know it will cease to exist due to the current management and employees of the railroad reaching retirement age or death. Attempts to lure new blood into the hobby has been failing as of late due to concerns about " Al Katta" terrorist groups operating on LI as well as industry recognized experts doing their best to squash any interest by "newbie's". Also noted as cause's of increased traffic has been the railroads conversion to the new DCC system of operation. This system allows the engineer to actually operate his train by making it do such things as go, speed up, slow down and even stop. The Empire Valley has been a long time advocate of adding sound to locomotives which has become so popular as of late that the railroad is now planning on having "sound free" operating nights to avoid possible hearing disabilities to it's operating crews. No comment was available from President John McCluskey or Chief Financial Officer Steve Verterscher. Spokesmen for the railroad, Tom or Jason were also not available for comment.

The Road of Hubris By William Bryk

Occasionally, we contemplate the investments we might have made that would have made us rich. Armed with clairvoyance, who would not have sunk the farm into Microsoft back when Bill Gates was a nebbish? However, we probably would have put our money into AT&T, U.S. Steel or Western Union: sound investments (which became much riskier through technological change and bad management).

So it's understandable why, a century ago, an investor choosing between, say, an automobile factory promoted by an unknown Michigan mechanic named Henry Ford or the New York, Westchester & Boston Railway, backed by J.P. Morgan & Company and controlled by the bluest of blue chips, the New York, New Haven & Hartford Railroad, might stick with the known quantity.

The Westchester, the Road of Ease, ran its first train on May 29, 1912, and its last on Dec. 31, 1937. It was safe, stylish and efficient. Its trains ran on time. It never made a dime. Some of its main line survives as part of the IRT number 5 line between E. 180th St. and Dyre Ave. in the Bronx.



NYW&B at Harlem River Terminal Collection of J. McCluskey

The Westchester was an old idea. On March 20, 1872, the New York, Westchester & Boston Railway was incorporated to build from the northern border of New York City (then at the Harlem River) through the Bronx to the Connecticut border beyond Port Chester. The Panic of 1873 cut off new investment in the scheme as abruptly as the 2001 recession cut off the dotcoms, and so the Westchester slumbered as a file in its lawyers' office. In 1906, investors headed by J.P. Morgan and William Rockefeller (John D.'s roguish brother) bought control of the Westchester for \$11 million: a lot of money for a paper railroad.

However, a corporate charter and a franchise to build north through the Bronx to Westchester justified the expense to Charles Sanger Mellen, the arrogant, sharp-tongued and audacious president of the New Haven railroad. Through his presidency (1904-1913), Mellen enjoyed the confidence of J.P. Morgan, who was as much a financial statesman as an investment banker. Morgan had dominated the New Haven through sheer force of personality since 1892. Mellen later testified that the New Haven's board of directors without J.P. Morgan would have been "as lacking in interest as a herd of cows deprived of a bull." Morgan's policy was eliminating competition: he saw the railroad as a means to monopoly over southern New England's surface transportation, literally controlling "everything that moved." By 1912, Mellen had achieved it. Through new construction, stock control, or lease, the New Haven operated over 2000 miles of track: nearly every inch of steam railroad and trolley in Connecticut, Rhode Island, and most of southern Massachusetts. The New Haven even controlled the coastal shipping companies such as the great Fall River Line, with its huge white wedding-cake four-decker steamers Commonwealth and Priscilla (the heroine of John O'Hara's Butterfield 8 ends her journey aboard a thinly disguised Fall River Line steamer).

The Westchester's peculiarity was that, though controlled by the New Haven, it would directly compete with its parent for commuter passengers between New York City and its northern termini, White Plains and Port Chester. Yet it wasn't an absurdity. First, Mellen believed the Westchester would eventually save the New Haven money. The Interstate Commerce Commission (ICC), which regulated railroads, required the New Haven to operate commuter trains with cheap tickets between Westchester and Connecticut and Manhattan's Grand Central Terminal, which was owned by another railroad, the New York Central. The NYC charged the New Haven up to 24 cents for each New Haven passenger passing through Grand Central. This meant the New Haven lost money on every commuter it carried.

The Westchester's planned southern terminus was at 132nd St. and Willis Ave., where its riders could board the IRT subway at 129th St. or the el train at 133rd St. This obviated paying Grand Central's

terminal charges. If the Westchester charged lower fares than the New Haven, New Haven commuters might shift to the Westchester, cutting Mellen's losses.

Second, Mellen believed that New York City's commercial center would continue advancing northward. Between 1800 and 1850, the commercial district had grown from the tip of Manhattan to Canal St.; by 1900, it had passed 42nd St. Mellen expected that it would reach the South Bronx between the 1930s and 1950s. The city fathers anticipated this, too, as evidenced by a map of the roads, railroads, and subways that converge in the South Bronx neighborhood nicknamed "The Hub" at 149th St. The Westchester would be right there, waiting for it.

The Westchester drove its first spike in 1909. Mellen spared no expense: Roger Arcara described it in *Westchester's Forgotten Railway* as "the culmination of railway development: the most modern and efficient design, the most solid and sturdy construction, the greatest capacity (for its amount of trackage), and the most attractive layout and appearance of any line in the world." It cut through rocks and hills and filled gullies and bogs to keep a straight, level right of way. Its bridges, viaducts, embankments and retaining walls were designed to last for the ages. Although most of its route was then rural, the line was built as a four-track heavy-duty electric railroad, solidly built with the finest technology of the day. It opened on May 29, 1912. From the beginning to the end, it was a first-class operation. Its 72-foot-long olive-green steel cars, with upholstered double-seat benches and a toilet compartment, could reach 57 mph within a minute. At E. 180th St., Morris Park, Pelham Parkway, Gun Hill Rd., Baychester Ave. and Dyre Ave. the railroad built fabulously ornate stations of poured concrete and steel, designed in a Spanish Renaissance style (called "modified Mission"), several of which still serve the MTA today. It carried 2.8 million passengers in 1913, 4.5 million in 1916 and 14 million in 1928.

Yet the Westchester never quite caught on. Its elegant trains were rarely more than five coaches long, by contrast with the 14-coach commuter trains run by the NYC and the New Haven. Commuters preferred a one-seat ride to midtown over changing to the subway at E. 133rd St. Then the city's zoning laws, adopted four years after the Westchester opened, effectively set the northern limit of commercial development at 59th St. And the Westchester never developed much freight traffic: indeed, it operated only one freight locomotive throughout its existence. Some said it only hauled a train of coal up to White Plains in the fall and took out the ashes in the spring.

Fourth was the fall of Charles S. Mellen. The New Haven's press bureau made the railroad seem a financial Rock of Gibraltar. Yet as early as 1907, Louis Brandeis, later a justice of the United States Supreme Court, had argued that Mellen's profits were mere bookkeeping magic. Few paid attention then. In May 1912, a few days before the Westchester accepted its first paying passenger, an ICC routine review of New Haven records found confusing transactions between the New Haven and its 336 identified subsidiaries. The review became a full-scale investigation.

The report, issued in early 1913, proved Brandeis correct. The New Haven was insolvent: it had lent money to its money-losing subsidiaries, which they used to pay dividends, which were returned to their parent as income. Worse, Mellen had constantly shuffled assets between subsidiaries to inflate profits. One relatively clear example, outlined in George H. Foster and Peter C. Weiglin's *Splendor Sailed the Sound*, was the New Haven's coastal steamship operations. The ships themselves were sold in 1907 by one subsidiary, New England Navigation, to another, Consolidated Railway. They were bought with Consolidated Railway stock, worth \$20 million because Mellen said it was. The New Haven's accountants showed a paper profit on the sale for New England Navigation, which was reported as real income, and an increase in the assets of Consolidated Railway. These unreal paper gains looked just like the real thing on the books. With each transfer, the corporate books became works of fiction, showing explosive growth without any real increase in value. The steamboats alone shuttled from subsidiary to subsidiary (Consolidated Railway to New England Steamship to New England Navigation and back) over the next five years, pumping up the asset values on one or another set of books, depending on which one needed to be made attractive to investors at any point in time.

An immediate result of the investigation was Mellen's resignation in August 1913. Within the year, the Interstate Commerce Commission offered and Mellen accepted immunity from prosecution in exchange for his testimony. He described the steamboat deals and numerous other secret transactions. The New Haven's treasurer, Hiram Kochersperger, was taken ill; his doctors advised him to travel to Europe for a rest, rendering him regrettably unable to testify. Mellen, when asked how long Kochersperger had been ill, replied, "Since the Commission began to get after the New Haven's accounts." On Nov. 2, 1914, a federal grand jury indicted 21 New Haven directors; Mellen spent 31 days on the stand at their trial.

Meanwhile, the Westchester lost money on its day-to-day operations from 1912 until 1921 and from 1932 through 1937. Even in the good years, it never made enough to pay the bond interest, which was paid by the New Haven. Much as dotcoms relied on infusions of fresh venture capital, so the Westchester relied on advances from its parent. In 1935, six years into the Great Depression, the New Haven went broke. The advances stopped. In its annual report for 1935, the New Haven wrote off the Westchester, stating that "The advances made to the New York, Westchester & Boston Railway Company amount to \$21,460,494.87, but as the prospect of their being repaid is very remote, they have

been reduced to a nominal value of \$1.00." On the next day, the Westchester defaulted on its bonds and filed for bankruptcy.

By April 15, 1937, the Westchester's receiver determined the line was hopelessly insolvent. On Dec. 31, 1937, the Westchester made its final run. In June 1939, scrappers began removing the tracks in Westchester County; a year later, the City of New York purchased the line between E. 174th St. and Dyre Ave. for \$1.7 million—much less than it had cost to build—and began operating it on May 15, 1941.

Traces of the Westchester survive. The E. 180th St. and Morris Park stations on the #5 line bear the initials "N.Y.W.B." The overpass at Brady and Matthews Aves. bears the railroad's symbol: a caduceus, a staff entwined with coiled snakes, which symbolized Mercury, the swift messenger of the gods. According to Cox Rail, an online site for collectors of obsolescent railroad securities, one of the Westchester's handsomely engraved bonds, meant to be redeemed in 1946 for \$1000 in gold, is worth about \$50.



NYW&B along mainline Collection of J. McCluskey



NYW&Bfreight Collection of J. McCluskey

Calendar of Events

Please let us know of any upcoming events that the Club might be interested in.

Club:

Fri, 11/5/04 Club meeting & op. session
Fri, 11/12/04 Video night
Fri, 11/19/04 Op. Session
Fri, 12/3/04 Club meeting & op. session
Fri, 12/10/04 Video night
Fri, 12/17/04 Op. Session
Fri, 1/7/05 Club meeting & op. session

1/7/05 – Deadline for material for next newsletter.

Train Shows:

11/28 Greenwich CT Train Meet
11/26,27,28, 12/3,4,5,10,11,12 Garden State MRRC (O gauge guys too), North Haledon, NJ
12/11 & 12 – Worlds Greatest Hobby at NJ Expo Center, Edison, NJ
11/26 thru 12/31 Layout at Citigroup Center
11/19 thru 12/9 Holiday Train Show at the NY Botanical Garden

Web Sites of Interest:

The Holiday Season will soon be upon us, with that in mind our Annual Donation for the New York and Atlantic Railroad Santa Train will be collected at the December Meeting on 12/3/2004, Please help support the NY&A Santa Train!



Recent Changes at the Club.

Here's a photo showing the new skirting being installed around the layout. Thank to Fintan (and his Wife) for getting the material, and thank to those who are installing it. This, along with a new coat of paint and recent cleaning make the place look fantastic!

We need some new Club Photos or other photos for the news letter!