*Article unchanged from e-bulletin.

**REGIONAL ISSUES**

**Biodiesel:** Map of proposed facilities in NE.

**MMA/B&A:** Comments about both from *Trains.*

**NECR/PW:** Bellows Falls tunnel progress.*

**Class Is and rail trailers:** Trailer lessors adjusting.

**CONNECTICUT**

ConnDOT: State rail plan moving slowly.*

**MAINE**

Bucksport: Proposed biorefinery.

Bucksport: Shipyard with rail.

Searsport: Irving to open biodiesel terminal at Mack Point.

** MASSACHUSETTS**

CSXT: Moving out of Allston?

ST: Unpaid monies to EOT and Deerfield.

**NEW HAMPSHIRE**

Silver Lake Railroad: Possible new excursion outfit in New Hampshire.*

**RHODE ISLAND**

Biodiesel: Proposed facilities.

PW: Cumberland decides C&D facility improperly okayed.

**VERMONT**

Vermont: Bill to change railroad taxation.*

Amtrak: Legislature hears pitch for rail diesel.

VRS: Biofuel facility for New York.*

**MARITIMES/QUÉBEC**

MTQ: CPR calls for consensus on infrastructure.*

---

**RAIL SHIPPERS/RECEIVERS**

CN: Halifax to consider operating Chester spur.

WHRC: Rebuilding cars for gypsum operation.*

Halifax: HRM solicits bids for inland terminal plan.*

Halifax: Large auto carrier calls.*

Sydney/SCR: Donkin mine may produce 2009-2010.*

**PEOPLE, POSITIONS, EVENTS**

George Warrington.

Event: ASLRRRA is holding its Eastern Region meeting in Burlington.

---

**FROM THE PUBLISHER**

Biodiesel

To belabor the obvious, proposals for facilities to store or manufacture biodiesel are popping up like mushrooms after a spring rain. The first article has a map depicting the possibilities. My guess: not all will survive.

- Chop Hardenbergh

Next issue: 7 February.
REGIONAL ISSUES

BIODIESEL FACILITIES

Proposals for both storage and biorefinery facilities have emerged in the last 12 months.

<table>
<thead>
<tr>
<th>Location</th>
<th>Type</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashua</td>
<td>refinery</td>
<td>06#10B</td>
</tr>
<tr>
<td>Quincy</td>
<td>refinery</td>
<td>06#11B</td>
</tr>
<tr>
<td>Oceanside NY</td>
<td>storage</td>
<td>06#12A</td>
</tr>
<tr>
<td>Albany NY</td>
<td>storage</td>
<td>06#12A</td>
</tr>
<tr>
<td>South Portland*</td>
<td>storage</td>
<td>06#12A</td>
</tr>
<tr>
<td>White River J.</td>
<td>storage</td>
<td>06#12A</td>
</tr>
<tr>
<td>Swanton</td>
<td>refinery</td>
<td>06#12B</td>
</tr>
<tr>
<td>Bucksport</td>
<td>refinery</td>
<td>07#01A</td>
</tr>
<tr>
<td>Searsport</td>
<td>storage</td>
<td>07#01A</td>
</tr>
<tr>
<td>Hampton NY</td>
<td>refinery</td>
<td>07#01A</td>
</tr>
<tr>
<td>ProvPort</td>
<td>refinery</td>
<td>07#01A</td>
</tr>
<tr>
<td>Quonset</td>
<td>refinery</td>
<td>07#01A</td>
</tr>
</tbody>
</table>

* Auburn is transload for South Portland.

MMA

January. COMMENTS ABOUT PRESENT OPERATIONS AND B&A HISTORY came from the February issue of Trains. The MMA operation was previously owned by Iron Road Railways, and operated under the name Bangor and Aroostook System (B&A).

B&A history

“They had no focus,” said Larry Parsons, chair and CEO of the Wheeling and Lake Erie Railroad, and an MMA board member. “They lived in Washington, came up three days, lived large, and went home.”

“Revenues grew like Topsy, but there was weakness in the financial structure,” Dick Rushmore, MMA vice-president sales & marketing, said. “They were living on next year’s growth, added Robert Thomas, MMA assistant vice-president of sales.

MMA

Forest products, Forest products supply 60% of the railroad’s revenue. Only three of the 145 shippers provide 53% of revenue. Tafisa [see 06#06B] will resume production on line 2 by July 2007.

Katahdin Paper, Today Katahdin Paper [our Directory #s 790-791] ships 80-85% by rail, its machines #5 & 6 each produce about 350 tons daily [see 06#11A]. That fills an average of 4500 boxcars a year. For Michelle Fisher, Katahdin transportation manager, one of the most obvious differences between the B&A under IRR and the MMA is the quality of the equipment. The B&A at the time had many more cars than it needed, but they were in poor condition. As a result, paper rolls often were gouged or had water damage. “Some customers refused to receive by rail. [Now,] no customers choose not to receive by rail.”

East Millinocket has four tracks, five cars long. Although only eight cars in the mill at any one time can be high-cube. “These I love,” said Fisher. “If I could have 55 of these, I would, but the trainshed can only hold so much.”
Ed Burkhardt, head of majority owner of MMA Rail World, told Thomas, “We’ll see you have a sufficient number of cars, and we’ll look to you to fill them.” From January 2003 to autumn 2005, MMA added 1,137 cars.

New operating schedule. In late July 2006, new VP of transportation John Schultz revised the operating schedules, eliminating the use of taxis, so crews return to their point of origin. “It’s now running better than since I walked on the property,” he said. {Kathi Kube in Trains 2.07}

NECR/PW: TUNNEL PROGRESS
11 January, Bellows Falls. THE CONTRACTOR IS STILL INSTALLING THE UNDERPINNING FOR THE TUNNEL WALLS HERE [see 06#12A]. Dick Hosking, VAOT rail manager, wrote: ‘Basically the underpinning is a series of piles and plates that keep the tunnel in place when they excavate [to lower the tunnel floor]. The tunnel sits mostly on soil so if you excavate without the underpinning, the weight of the tunnel would cause the unsupported soil to slide out, and down comes the tunnel. It is a slow process to make sure that when installing the underpinning the tunnel is still stable.’ {e-mail to NECR e-list}

Willimantic
Maintenance of way crews are working in Willimantic on the PW track, which will permit interchange to NECR of cars such as autoracks which will not fit through the Taft tunnel. {e-mail to PW list by Tom Nanos 19.Jan.07}

THE END OF THE PIGGYBACK?
January. AS CLASS Is STOPPED PROVIDING RAIL TRAILERS, OWNERS ADOPTED NEW MODELS. “The rail trailer as we have known it for the past forty years is dead,” said VTR President David Wulfson. That also spells the end of the original intermodal move: the trailer on flat car (TOFC), aka “piggy back”.

Rail trailer traffic will survive
Class Is underscored their readiness to move trailers, despite no longer providing them. Pat Hiatte, BNSF spokesperson said, “We are very committed to the trailer market and have developed a service with train schedules that are specific to trailers.” But as Mark Hallman, CN spokesperson, explained, Class Is do not need dedicated TOFC cars: trailers can move either in well cars, which normally carry containers, or on flat cars with hitches (‘hitch cars”) to hold the front end of the trailer.

The three Class Is queried on TOFC car ownership each said it did not own any TOFC cars, and obtained them from TTX as needed.

But probably not hitch cars
So owners are getting rid of the hitch cars. Dan Bigda, who follows the railcar market as president and owner of Boxcar Services, sees “those cars becoming more and more available” in the used car market. Lessors First Union, GATX, and others, plus the railroads themselves, “all have 89-footers [TOFC hitch cars] parked and for sale on the market.” He estimated the price at $15,000 to $25,000, compared with a scrap value of $3500 to $4000.

Rail trailers traffic dropping
Despite the assurances of the Class Is, the use of rail trailers is dropping: AAR figures for the last week in December 2006 show that trailer loads on US railroads dropped 16.6% versus 2005, though for the year the decline was only 3.3%. For 2006, overall US intermodal traffic grew 5.0%.

That forces the two remaining largest trailer leasing companies, GE Rail Services (GE), and the much smaller Vermont Railway (VTR), to adapt.

GE plans: service to Ayer, Massachusetts on NS
Doug Hoehn, GE intermodal leader, told Rail Business that the company two years ago knew that as the largest owner, the drop in the market “had the biggest effect on us, and we did do a lot of planning to get ready.” [CPR said in 2004 it would exit the entire trailer market—see 04#02B. The first Class I to announce it would no longer provide trailers, BNSF, did so in April 2005—see 06#12B.] GE took three steps:

- Instead of leasing to the railroads which then provided the trailers to the shippers, GE began leasing trailers directly to shippers. “We lease directly to LTL carriers and parcel package carriers such as UPS, Fedex, and Yellow,” some 55-60% of the fleet.
- **TMPZ with Norfolk Southern.** In October 2005, related Hoehn, GE Rail began a program with NS to provide 48-foot trailers in specific lanes, under the title Transportation Management Program, with marks TMPZ. A shipper in one of three markets (Chicago, Toledo, or Kansas City) orders a trailer directly from NS, picks up the empty at the NS ramp and returns it loaded. NS rails the trailer to one of a set number of destinations on the East coast (including Croxton and Ayer). If the shipper cannot provide a backhaul, NS will return the trailer empty to destination.

The shipper pays GE a per diem charge [$25/day in September 2005 per Traffic World]; pays NS a fee to move the trailer; and pays drayage firms at both ends. If the trailer returns empty, the shipper pays GE a drop charge [$130 in September 2005 per Traffic World] which GE then pays to NS for the repositioning.

The program “has worked very well in the lanes where it is offered,” said Hoehn, with IMCs (intermodal marketing companies) and 3PLs (third-party logistics providers). Before the railroads stopped providing trailers, it was hard to expand: “Why should the customer pay us for the trailer when it could get a trailer for free?” Hoehn queried. Now that railroads were no longer providing trailers, GE is “getting interest from LTL and truckload carriers.” GE is also ready to expand TMPZ to other railroads.

- Third, GE is beginning a program called ‘TMP plus’, for use outside the NS lanes, which permits a shipper to hire the trailer from GE for one trip.

Of GE’s 30,000 trailers, Hoehn projected that 10% will operate in the two TMP programs. Of the remaining 30%, Hoehn said GE “will aggressively defleet trailers, to be sold for storage or scrap.” He expects to get rid of 5,000 to 7,000 this year.

**VTR plans**

Like GE Rail, VTR saw the change coming. But Wulfson is “concerned about the 45-footers” VTR owns: “They used to be free runners” and with the demise of rail-controlled trailers, now must find another use. VTR is “talking to other companies” about how a system could work in the future. “We could set up a pool ourselves” of private trailers, just as GE Rail has done with NS. “We may know a lot more in two months. Now there’s a lot of speculation by a lot of people.”

VTR’s trailer group may have to speculate about its own future. Looking to the future, it had already taken the newest part of its 2400-trailer [down from 3300 in 2005–see 06#03A] fleet, the 53-footers, out of the free-running pool (available to any railroad) and leased them, some to railroads and some to shippers. But NS has already turned back the 300 53-foot trailers it had leased from VTR [see 06#12B]. {ANR&P discussions 1.07}

---

**CONNECTICUT**

**CONNDOT: STATE RAIL PLAN**

20 January, Newington. **PROGRESS ON THE STATE RAIL PLAN HAS BEEN SLOW**, reported Carmine Trotta, assistant planning director for ConnDOT. The department is doing it in-house [see 06#09B], and other projects have drawn time away.

**Bureau chief for public transportation**

ConnDOT is interviewing now for this position supervising both rail and bus, Trotta said in response to the rumors that Warrington may come to Newington [see People]. Gene Colonese was hired as the rail administrator recently, and long-time employee Peter Richter is assistant administrator for rail. {ANR&P discussion}

---

**MAINE**

**BUCKSPORT: BIOREFINERY**

23 January. **DIRIGO BIOFUELS HAS PROPOSED A BIOREFINERY HERE**, to produce 30 million gallons a year. Tobin Bush, project coordinator, said the plant could be completed by the end of this year, but the project is still in the development stages in terms of financing, siting and design. The company has raised the seed capital for the project but is still raising the funds needed to build the plant, he said this week. Bush declined to put a price tag on the project at this time.
Bucksport, potential biorefinery at Webber.

**Why Maine? Why Bucksport?**

“Most of the feed stock is grown in the Midwest, but the final product is used on the coast,” Bush said. “Maine is right in the heart of the home heating fuel market.”

“[The 30-million gallon size] has been the standard,” Bush said. “It fits into the market pretty well. Without the deep-water port in Maine, there’s no way we’d be building that here. But with the port, we feel that 30 million gallons is the right number.” Ships and barges can to bring in the vegetable oils, and, potentially, carry the finished product to customers.

Dirigo plans to use part of the Webber tank farm because it has an unused pipe from dock to site.

The deep-water port also gives the company some flexibility in choosing what types of vegetable oil it uses at the plant. [Reminiscent of Twin Rivers’ plan to bring in palm oil for biodiesel in Quincy--see 06#11B *Massachusetts*]
Dirigo is talking with a number of potential customers in the Northeast, including Webber Tanks. Dirigo is also discussing the possibility of purchasing steam from the nearby Verso Paper mill. Bush said they are talking with the town and the mill about the necessary water and sewer lines for the plant. {Bangor Daily News staff 19.Jan.07}

The company
Dirigo Biofuels (CEO Scott Bush) has two of the same principals who founded similar refineries in Iowa. A web search revealed that four men each own 25% of Western Iowa Energy LLC, a public company: Warren Bush, Charles Bush, Scott Bush, Tobin Bush. {SEC website} In April 2006, Central Iowa Energy (project coordinator Tobin Bush) broke ground on its site in Newton, Iowa. {Biodiesel Magazine 5.06}

The location
Per Dave Milan, Bucksport economic development director, Dirigo would utilize seven acres of the 63-65-acre parcel owned by Webber, as the tank farm only occupies about ten acres. Engineers and planners are now deciding whether to site the biorefinery north or south of Webber’s tanks.

The marine facilities in town
Milan noted:

Webber tank farm, pipe, dock. Webber Fuels has long operated a tank farm here, filled by ships and barges which arrive at the downtown dock, owned by Verso and leased by Webber (formerly leased by Sprague). A few years ago, Webber rehabilitated the pipe from the dock to its tank farm, and in the process inserted an extra 12-inch pipe, which Dirigo now proposes to use.

Former Sprague North. All tanks and rail are removed, and dredge spoils were used to fill in the site. It may become a shipyard [see below]. The town had considered the property for a marine industrial park, but has located that elsewhere. [See 02#10A, or 01#04A map].

Former Sprague South. This site, located within the Verso boundaries, formerly had three tanks, and now has but one, leased to Verso.

Future of Verso
Although the paper mill—formerly International Paper, formerly Champion—is now on a planned shutdown, Milan pronounced himself “guardedly optimistic” about its future. {ANR&P discussion 23.Jan.07}

BUCKSPORT: SHIPYARD W/RAIL?
23 January. WASHBURN & DOUGHTY IS PROPOSING TO DEVELOP A SHIPYARD AT THE FORMER SPRAGUE NORTH TANK FARM here, according to Dave Milan, the town economic development director. Currently working out of East Boothbay, the company wants to expand here and continue building steel tugboats.

Possible rail
At its current location, Washburn & Doughty can only make use of the steel which can be trucked. Rail can carry heavier and longer pieces, and the owners are “intrigued about the access to rail” offered by ST’s line [now serving only the Verso paper mill—our Directory #957], and are “researching opportunities.” {ANR&P discussion}

SEARSPORT: BIODIESEL
21 January. IRVING IS INSTALLING A BIODIESEL BLENDING SYSTEM HERE and will have biodiesel for sale by 1 March, said Bob Blanchard, who handles business development for Irving terminals. In addition to biodiesel, the system will blend bioheat. {e-mail to ANR&P 21.Jan.07}

Bangor supplied by Irving
Bob Dawes, head of fleet maintenance for Bangor, said the City had contracted with Irving to supply all its fuel needs. Irving was obtaining biodiesel, which Bangor uses in its buses, from World Energy in Acton, but will switch to Searsport when Irving opens its facility there. {ANR&P discussion 7.Dec.06}
MASSACHUSETTS

CSXT: MOVING OUT OF ALLSTON?

13 January, Boston. **HARVARD IS DEVELOPING A PLAN REQUIRING THE CLOSURE OF BEACON PARK**, wrote Jim RePass, head of the National Corridors Initiative. The University bought the land under the intermodal terminal, and adjacent land, from the Massachusetts Turnpike for $75 million in 2003 [see 04#11A], over the objections of some transportation organizations.

‘[CSXT] retains the right to operate Beacon Park Yard as a rail facility, no matter who owns the land. But, of course, Harvard’s next step will be to pay CSX to go away, which it can afford to do. Harvard thinks in terms of decades while CSX thinks in terms of quarterly earnings reports. As the MBTA seeks to take over the tracks from Framingham to Worcester—as it is close to doing [see 06#11A]—CSX may well decide it’s time to consolidate work in its Worcester yard....

‘There is one more huge expense related to Harvard’s Allston expansion, and this one will be largely borne by the taxpayer. The only way the Allston expansion works is if the Mass Turnpike/Allston interchange is moved from its location to the opposite side of the rail yard. The public’s cost for this move is estimated in excess of $500 million.’ {op-ed by RePass in Boston Herald 13 Jan. 07} [For complete text, go to www.nationalcorridors.com.]

Sources
RePass, in a separate discussion, said he was not relying on other publications for his conclusion that Harvard will pay CSXT to close the yard. He cited significant sources. {e-mail to ANR&P}

Agreement and disagreement
Rail observer David Wright, while not supporting the departure of the railroad, noted that CSXT ‘does have options if it leaves Beacon Park. Westborough [former auto terminal] is available, perhaps for intermodal, and the other operations could be dispersed between Framingham [CSXT is currently revamping the North Yard—editor], Worcester, and Readville. There could one day be a direct rail connection to Conley Terminal for containers.

‘While rail freight does see growth across the country, the New England economic base isn’t heavy on rail customer types of industry, especially in the Boston metro area where land is scarce, expensive, and not too friendly zoning-wise to industrial development on a large scale. The migration of warehousing to I-495 and beyond has already happened anyway. Just look at Stop and Shop's recent move from Readville all the way to Fall River as an example.’ {e-mail to ANR&P}

Another observer, David Saums of Amesbury Massachusetts, agreed with RePass. ‘What makes it okay to add the volume of trucks necessary to the highway and street networks that a relocation to Westboro, Worcester, Ayer, or elsewhere would mean? As gasoline gets to $6.50 a gallon, what is the cost of any trucking or non-rail freight transport of any kind going to be? Diesel fuel will track the same general rise and the impact will be measurable on the total economic outlook for a metropolitan region that is not equipped with significant rail access.

‘Regions and metropolitan areas with direct rail terminal access and minimal trucking mileage will benefit versus cities with no plan and no ability to see the future. Is the UPS terminal at Worcester adequate for the next fifty years, and what about after that? Should that terminal be moving to Beacon Park in ten years, rather than being forced to an even more remote location than Worcester?’ {e-mail to ANR&P}

ST: DEERFIELD & EOT PAYMENTS

23 January, Deerfield. **ST HAS PAID NEITHER DEERFIELD NOR EOT THE REQUIRED AMOUNT UNDER THE DEAL FOR THE YARD HERE** [see 06#11B]. Bernie Kubiak, Deerfield town administrator, said the Town had received no payments since November, on either the back taxes or the payments in lieu of taxes for the yard.

Deerfield will be going ahead with the lawsuit to recover the costs for the response to the September 2006 rail accident [see 06#11B]. {e-mail to ANR&P 23 Jan. 07}

EOT payment
Under the 1985 agreement, ST must pay $66,666 per year every 2 January through 2020. Erik Abell, EOT spokesperson, wrote: ‘We have received payment through 2005. To date, we have not received the 2006 payment.’ [And apparently not the 2007 payment either. Editor] {e-mail to ANR&P 19 Jan. 07}
NEW HAMPSHIRE

SILVER LAKE OPERATION

16 January, Madison. A NEW EXCURSION RAILROAD MAY OPERATE IN 2007, on the Conway Branch here. In 2003, Silver Lake Station LLC purchased the passenger depot in this town, on Route 113 (Village Road), along with 700 feet of the right of way and the freight house. The company renovated the freight house and the depot, and part of the depot now houses the Silver Lake post office. It has Fairmont motor cars, and has built some passenger cars which it could use to operate passenger service.

Reached at his winter home in Florida, Neil Underwood, member-manager of Silver Lake Station, said: “We are working with NHDOT to rejuvenate something there, to put a little life into the rails...a small scenic line.” [ANR&P discussion 17 Jan.07]

Kit Morgan, rail administrator of NHDOT, said if Silver Lake wants to operate on state-owned track [NHDOT owns the rest of the Conway Branch, from Ossipee to Conway–see below], it must conclude an operating agreement with the department, and obtain insurance.

Underwood wants trains, and will not stand in the way of revival of the entire branch, said Morgan. [ANR&P discussion 16 Jan.07]

Ownership of the Conway branch in Silver Lake

The Boston and Maine Corporation (B&M) sold the line from Intervale to Conway to the Conway Scenic in 1968 and 1974. The B&M sold the line from Rollinsford to Ossipee to NHN in several transactions ending in 1993.

Per Morgan, Madison (which contains the locality of Silver Lake) bought the line within the town in the 1987, after the B&M received permission to abandon in 1972. “The town wanted to preserve the eight miles as a rail corridor.

Before the town bought, B&M had sold the Silver Lake depot and the 700 feet of track to an individual, and through that chain of title Silver Lake now owns that parcel.

NHDOT purchased the Madison section from the town in 1995, when litigation about ownership of part of the right-of-way complicated the town ownership. Morgan said the department has now cleared up the litigation, and has the ability to give operating rights in Madison, except for Silver Lake’s parcel.

In 2001, NHDOT bought the rest of the Conway Branch, in Ossipee, Tamworth, and Albany (north of Madison, to the Conway town line) [see below].

Revive the line?
The STB permitted abandonment of 10.8 miles in Ossipee in 1998. STB No. AB-31 (sub-no. 65Z). B&M hung onto the line in Ossipee [see 99#07], north of Ossipee Aggregates, until selling it to NHDOT in 2001. Interest in reviving the whole line remains.[See 03#11B.] [ANR&P discussion with Morgan 16 Jan.2007; NH State Rail Plan 2001]

RHODE ISLAND

RI: BIODIESEL

23 January. THE STATE HAS AT LEAST THREE OUTFITS LOOKING AT BIODIESEL.

Quonset Point/Davisville

Steven King, chief operating officer of the Quonset Development Corporation (QDC), said his organization is considering a proposal to site a biorefinery there. He is hoping to be able to comment publicly in about 45 days. [ANR&P discussion 23 Jan.07]

In September 2006, Robert Hainey, an investor from Warwick who wants to build a facility of his own at Quonset Business Park, said he had talked to QDC about purchasing nearly 18 acres there for a biodiesel plant. “I was told that there are 12 to 13 companies interested in coming to Rhode Island to start up a biodiesel [plant],”

He has not submitted any formal plans, but Providence Business News confirmed he has an agreement to operate a plant with biodiesel equipment from Palestine, Texas-based American Bio Fuel Inc. Hainey also said he has secured $30 million
in private capital to launch a biodiesel operation, but he wouldn’t disclose the investment source. QDC officials in September downplayed Hainey’s pitch. “There was a very preliminary inquiry, and when Quonset gets something substantive, they’ll be glad to review it,” said David Preston, a spokesperson for the authority. Hainey said he has delayed submitting a formal proposal to Quonset, fearing the plans would reveal trade secrets about American Bio Fuel’s system for making biodiesel, but he plans to make an offer on property at the industrial park within days. [This did not happen, apparently, as King did not mention it. Editor] {Ryan McBride in Providence Business News 16.Sept.06}

ProvPort
The Hudson Companies have imported asphalt products to the state since 1955, and currently operate an asphalt terminal in ProvPort, between the Glens Falls cement terminal and the ProvPort offices. Robert Cerio is leading the Hudson effort to move into biodiesel; Hudson is now revamping the ‘Southern Petroleum Terminal’ (former Citgo) at ProvPort to handle biodiesel. {ANR&P discussion 19.Dec.06}

Westerly
In Westerly in September 2006, a company called Mason Biodiesel LLC was “in the process” of installing a tank on Oak Street, according to Charles S. Soloveitzik, a lawyer in the town who filed the documents of incorporation for Mason earlier this year. Soloveitzik couldn’t provide further details, and manager R. Phillip Mason did not return a reporter’s call. {Ryan McBride in Providence Business News 16.Sept.06}

Other possible sites
According to Andrew C. Dzykewicz, chief energy advisor to Governor Donald Carcieri and the head of the R.I. Office of Energy Resources, he is “working with several companies on biodiesel” manufacturing facilities. The state has no policy on number or location of biodiesel facilities in particular. {ANR&P discussion 19.Dec.06}

PW: CUMBERLAND C&D
18 January, Cumberland RA. THE TOWN HAS HIRED MICHAEL HORAN TO LITIGATE AGAINST THE C&D FACILITY proposed here [see 06#12B]. {Marcia Green in Valley Breeze 18.Jan.06} Horan is also engaged by the Pawtucket Foundation to oppose the C&D facility planned for the Pawtucket Railyard by Pawtucket Transfer Operation [see 06#09B].

Zoning certificate revoked
The town's new building official has determined that the zoning certificate for the facility on Martin Street, granted by the previous building official, was issued in error by his predecessor. Building Official Raymond E. Madden stated to Mayor Daniel J. McKee in a letter last week that he determined that former Building Official Mark Favreau was mistaken when he granted the zoning certificate to developer Redwood Realty.

According to Madden, his conclusion after a review of the zoning code was that the facility is not allowed in the Martin Street area, which is zoned I-1, or light industrial. He revoked the certificate. {Seth Bromley in Pawtucket Times 18.Jan.07}

VERMONT

VERMONT: RAILROAD TAXATION
16 January, St.Albans City. A BILL TO CHANGE THE TAXATION OF RAILROADS was introduced to the Vermont General Assembly earlier this year by Representative Jim Fitzgerald of St.Albans. The bill, H.10, would repeal the franchise tax on railroads (Title 32 Chapter 211 subchapter 2) and repeal the exemption of railroads from property tax. Consequently, each town within which a railroad owned property could tax the property differently.

Fitzgerald formerly ran the Vermont Transportation Authority (which operated the short-lived Champaign Flyer) and handled the contract to lift the track off the Lamoille Valley Railroad corridor [see 04#08B].

Reason: low compensation to St.Albans
Fitzgerald said St.Albans City is “the hole in the doughnut,” surrounded by St.Albans Town. “We have no place to develop,” but the railroad property covers 30 acres, and contains the office building with NECR headquarters, the roundhouse, and other buildings. The city receives only $8000 from the state as a return of railroad taxes.

Figuring land at $50,000 to $100,000 per acre, Fitzgerald put the value of the railroad property at well over $1 million,
making the tax of $8000 “ridiculous.” He pays $3000 in taxes for his condominium.

“I cannot have people go to bed without medicine, or not properly fed,” because they must pay their property taxes. CV has not developed its property, “and won’t develop it.”

Recognizing that the property tax situation must change, and some are considering raising taxes, Fitzgerald argued: “Instead of piling on taxes, collect from those who should be paying.” He believed that the towns of Brattleboro and White River Junction (Hartford), which also have major railyards used by NECR, are in the same position.

Who actually owns the property/why taxes are low
When CN’s subsidiary Grand Trunk Railway sold the line (then called the Central Vermont Railway) to RailTex (which Rail America bought), CN sold only the track and the operations, retaining the underlying real property in a separate corporation called CV Properties.

Fitzgerald called the current franchise tax “very complicated, based on a complex formula.” He suspects that a former leader of the CV, John Gregory Smith, also a former governor (1863-1864) who lived in St.Albans, achieved the low tax rate. {ANR&P discussion}

Opposition of the railroads
Anthony Otis, lobbyist for the Vermont Railroad Association, noted that under the bill, railroads would have to pay taxes to each individual town, rather than one bill to the state.

He reported that in the previous legislative session, the Department of Taxes, Property Valuation and Review Division, brought to the House Ways and Means Committee inter alia the idea of switching from the franchise tax to the property tax. The Committee did not include the idea in the annual taxation bill it ultimately reported out. Moreover, Otis pointed out, one of the major issues before the Vermont General Assembly this year is property taxation which was significantly changed following the Brigham decision several years ago by the Vermont Supreme Court. {ANR&P discussion}

VAOT AMTRAK
11 January, Montpelier. ADVOCATES OF COMPETING VERSIONS OF RAILCARS presented testimony to the Vermont House Transportation Committee. George Betke proposed that Vermont use remanufactured Budd cars to move passengers between New Haven and St.Albans on the Vermonter route. The equipment would cost far less than its competition.

A representative of Colorado Rail Car argued for using the company’s brand-new, much more expensive, and not-yet-tried technology [for which Amtrak would pay part of the cost–see 06#08B].

Two members of the Vermont Rail Council, Charlie Moore and Richard Moulton, also provided testimony. {e-mails to ANR&P from Betke and Moore}

The Vermont Senate Transportation Committee will hear testimony the first week of February.

VRS: NEW BIOFUEL PLANT?
18 January, Hampton NY. A BIODIESEL PRODUCTION PLANT MAY BE BUILT NEXT TO THE LOG-LOADING FACILITY here.

Existing operation
About four years ago, Hampton Holdings purchased 96 acres of farmland in Low Hampton, NY just over the Vermont border on VRS. According to Mack Sanders, planner for Washington County and the Empire Zone coordinator, the entire holding was granted Empire Zone status, making it eligible for tax credits if it developed the property and created jobs. According to site plans from Hampton Holdings, it proposed constructing warehouses on the property.

In 2005, VRS—in cooperation with Dave Waters of Waters Creek Corporation—leased about 10 acres of the parcel, exchanging the use of the property for payment in kind of the rail spur and two tracks [see 05#10A]. VRS now loads logs outbound for Hancock Lumber of Maine, and inbound for others.

Proposed operation
In December 2006, a new company called Hampton Biofuels purchased the entire 96 acres, subject to the lease on the 10 acres held by VRS. Some 76 acres lies north of the rail line, and 20 south of it. According to Biofuels’ local representative and principal, Jonathan Braun, it will construct a biofuel processing facility on “five or six acres,” and use the remainder to grow feedstocks for applied research.

“The dream is to have a state-of-the-art environmentally friendly agricultural-boosting bio-diesel plant” using corn, soy and other crops, said Braun of Shushan. “We hope we will create a customer for Washington County farmers.” The plant
could produce 20 million gallons of fuel a year, at least. Braun said the company wanted to produce 50 million gallons a year, and scale up to 100 million gallons eventually, becoming “the largest plant in upstate New York and New England.”

The railroad access was important: Biofuels will use it to rail in feedstock, methanol, and sodium hydroxide, and then rail out the finished biodiesel product.

Why this project now
Asked by Cynthia Hollister, Hampton Planning Board member, what the time line would be for the project, Braun replied: “There’s a rush to get into the bio-diesel industry right now. The feeling is that in five years the subsidies will be gone. Our entire focus in this process is this right here (the property in Hampton).”

He hoped to start construction this summer. “By the end of January we want to have at least the sketch review plan.”

Use of rail
Biofuels will probably build a second spur north off the main line, running north-south. Per Braun, VRS’ Jerry Hebda “has been helpful and extremely encouraging.” [If the feedstock equals the production, then the 20 million gallons of proposed production translates into about 1,000 cars a year, at 20,000 gallons per car. Editor]

Braun anticipated that the log facility would remain. The railroad is a tenant, and “we want to keep good relations with the railroad.” Logging is part of the upstate industry of forestry. {ANR&P discussion 18.Jan.07; Josh Burlette in Granville Sentinel 2 Jan.07}

MTQ: WORK WITH FEDS
January, Montreal. **FRUSTRATION WITH THE RAIL INFRASTRUCTURE PROGRAM** was expressed by Fred Green, CEO of Canadian Pacific Railway, when addressing the Canadian Railway Club. In April 2005, the federal and Quebec governments and the railway carriers [see 06#08B Regional] agreed to invest $100 million in a project to bring the railways up to North American standards and to develop intermodal links at the ports. But the implementation of this three-party, five-year plan is delayed, as the province and the federal government cannot reach consensus on how to administer the budgets. A final agreement is hoped for in early 2007.

In the meantime, the province has released $2 million to the railway carriers with which to meet their most pressing needs and has launched a five-year port interface improvement program, to which $21 million are allocated.

Green’s exhortation
“It is high time to move from planning to action!” said Green. He called upon governments to accelerate their decision-making processes, an essential prerequisite to an urgent catching-up in the rehabilitation of transportation infrastructures. “I dream of a day when it will no longer be necessary to wait two years for governments to reach an agreement on how to spend $100 million on an infrastructure rehabilitation program.” {Les Affaires 6 Jan.07}

CN: CHESTER SPUR
30 January, Halifax. **STAFF WILL ASK THE COUNCIL TO BEGIN AN EXERCISE TO APPRAISE THE VALUE OF THE CHESTER SPUR**, to determine whether the business implications of the upcoming abandonment [see 05#10A and 06#03B], probably in February, justify Halifax operating the line, or partnering with someone who will. {ANR&P discussion with Dave McCusker, Halifax director of regional transportation 22 Jan.07}

WHRC: GYPSUM OPERATION
17 January, Windsor. **THE RAILROAD IS ‘SHORT A FEW CARS IN THE GYP CONSIST’** because of derailments,’ wrote General Manager Jim Taylor, ‘but it is not interfering with the operation.’ WHRC had a derailment in June [see 06#06B] and another in November.

‘We are also getting the damaged cars repaired to increase the number of cars in service. The ideal number of cars in a consist is 22, because the tail track at the unloading shed [in Hantsport] holds 11 cars. So they take 2 bits of 11 cars in at a time. Right now we are averaging about 20 cars per train and thing are going ok. We always have the option of increasing the number of trains per day.’ The railroad does five or fewer trains each day. {e-mail to ANR&P}
HALIFAX: INLAND TERMINAL

16 January. **THE CITY COUNCIL WAS TO AUTHORIZE FUNDING A BUSINESS PLAN FOR THE PROPOSED INLAND TERMINAL**, during its session this day. In February 2006, the Council had accepted the *Halifax Inland Terminal and Trucking Options Study*, which had pointed to Rocky Lake as the preferred location for an inland terminal [see 06#03B and map in 06#03A]. Staff of the Halifax Regional Municipality (HRM) applied to Transport Canada for funding to conduct a follow-up.

In June 2006, Transport Canada announced that it would fund the HRM proposal for the *Halifax Inland Terminal Plan*. ‘The purpose of the Halifax Inland Terminal Plan is to develop a sound business plan for the construction and operation of the inland terminal at Rocky Lake that is sensitive to the needs of the community in which it will reside....The ultimate goal is to provide sufficient evidence to convince an agency, a private-sector firm, or a partnership, to construct and operate such a facility.’

Cost of study
HRM Council must sign off on the agreement with Transport Canada for the study funding. Of the total of $133,000, Transport Canada will pay $57,000 (44%), Halifax Port Authority $19,000 (14%), CN $19,000 (14%), Province of Nova Scotia $19,000 (14%), and HRM $19,000 (14%). [text of report to City Council]

HRM is seeking proposals for the plan [see box].

Support for terminal
Downtown Councillor Dawn Sloane supports getting the drayage of containers—usually up to 270 a day—out of downtown. “They go right through my district and that bugs a lot of people.” With a new inland terminal, shuttle trains would move the containers to the inland terminal, ending the need to dray them downtown.

The 2006 *Study* report said an inland terminal will eventually make economic sense but is needed only when existing container operations reach capacity. However, it does recommend proceeding with securing the Rocky Lake property. There is a quarry at the Rocky Lake location, so work must be done to integrate the two operations, said the study. [Amy Pugsley Fraser in *Halifax Herald* 16.Jan.07]

While the Council postponed action for a week on the approval of the agreement, observers did not doubt that it would do so next week. [Dave McCusker, HRM planner, in *e-mail to ANR&P* 17.Jan.07]

New terminal not needed
Calvin Whidden, vice-president of Ceres, said an inland terminal would mean double-handling of containers and that means extra costs and time. “Cost in Halifax is one of the most critical elements, if not the most critical, we have to deal with and additional handling to a container will increase costs. No question....

“We have trucks that come in for a container that is not even off the ship and once it comes off ship we take it, land it and load to truck immediately,” he said. That would not occur with an inland terminal. [But many boxes don’t receive or require that expedited handling, and the *Study* proposed that such “hot” boxes be trucked. See 06#03B]

Whidden pointed out that trucking out of his terminal does not require traversing city streets [it is located next to Canada Route 2—editor], and still has room to grow.

At least not for years
Mary Brooks, a transportation specialist at Dalhousie University's faculty of management, said inland terminals “become viable when you get to the point where the volume is high enough that the current business model doesn't work.” The double-handling issue “does not look so bad when you have the bigger volume....You want to put everything on the rail and get it out of the area.”

The 2006 study put the “tipping point” at 900,000 TEUs, and said the inland terminal could increase Halifax capacity to 1.5 million TEUs. In 2006, the port handled about 530,000 TEUs. But Brooks said waiting until volumes are up before building an inland terminal might not be a good idea if a major shipping line wanted to add 6,000 TEUs a week. “They will go somewhere else; they won't wait for a facility to be built.”

CN contribution
Mark Hallman, railway spokesperson, said CN, as a major stakeholder in the Halifax area, “simply wants to see what comes out of the study. I think it would be premature to draw any conclusions about CN’s thinking about this terminal.” CN’s contribution to the project would not be cash but “in kind, an investment in CN manpower.” [See box.]
HPA on trucks
Michele Peveril, Halifax Port Authority spokesperson, said the authority is very much aware of the truck issue. “We are trying to move the majority of containers, which we do (about 70%) via rail and short sea shipping, and as we grow we anticipate we will continue to move most containers through those routes versus truck traffic.” {Tom Peters in *Halifax Herald* 17 Jan. 07} [The RFP makes a similar prediction. See box.]

**RFP FOR THE INLAND TERMINAL PLAN**

*This level of detail is included because the plan could call for removal of all railyards from Halifax and Dartmouth.*

As posted on the website of the Halifax Regional Municipality, some of the terms of the Request for Proposals:

**Questions to be answered**

The project partners believe there are still several questions that must be explored fully before an agency, private sector firm or partnership will be enticed to construct and operate such a facility:

- What partnerships need to be formed to develop an inland terminal?
- What “deal” is needed for those partnerships to advance the project?
- What must be done to market the facility?
- How can the inland terminal increase or maintain the Port of Halifax’s competitive advantage?
- What is the extent of site preparation needed for the terminal?
- What additions and modifications are needed to the road and rail network?
- What social and environmental issues might arise with development of the terminal?
- What regional benefits might “trigger” the project in advance of reaching port capacity?
- What opportunities will be created through quarry reclamation on lands adjacent to the terminal and for the existing Burnside Business Park?
- How does this project link to HRM’s Partners for Climate Protection Program and its Clear Air Strategy?

The project will strive to address these questions by undertaking at least these four major components: a Functional Site Plan, an Operations and Management Plan, a Social and Environmental Impact Management Plan, and an Implementability/Action Plan.

**FUNCTIONAL SITE PLAN**

The Functional Site Plan examines the Rocky Lake site more closely to determine site development costs, connectivity requirements and other details not dealt with in the initial study. This work will see more refinement of the proposed Halifax Inland Terminal layout, its functions, sizing, operating impacts and utility requirements which will to enable more accurate costs to be determined. In addition, operating parameters, functional support and operating capital will be reviewed.

(A) Rail Access

The following will be considered in assessing rail access:

- **Second main line?** Ensure enough trackage is planned to handle existing traffic, with plans for additional trackage to support the Halifax Inland Terminal concept. This includes evaluating the necessity of whether a second mainline should be put back in service between the Port and the Rocky Lake site.

- **Re-route main line off Rocky Lake.** Review the rerouting of CN mainline around the north east side of Rocky Lake for feasibility and cost. This could allow tying of the present Dartmouth subdivision into the mainline some 2.5 miles south of the present Windsor Junction which would shorten that line by 2.5 miles, with the resulting removal of track from the residential areas of Waverley. It would also possibly allow the removal of 1 mile of CN mainline across Rocky Lake. This could in turn both free up valuable existing lake frontage for a number of residences that back on the CN mainline today, and in addition, allow removal of the rail trestle for navigation between the north and south ends of Rocky Lake with conventional sailboats.
Move Halifax rail yards. Inventory all railway functions which should/could be consolidated from an efficiency standpoint. With the relocation of the line, the junction at Rocky Lake would become more valuable from a railway operations view, making the quarry area potentially useful as the single main Halifax yard by consolidating all railway yard activities which are currently done today at Fairview or Dartmouth Yard. This would set the stage for additional planning activities, in the Rockingham and Fairview areas should the project successfully pass this stage.

In-kind CN contribution. All tasks related to rail access described above will be undertaken by engineering staff from CN. This work is being provided by CN, under direction from the consultant, as an in-kind contribution to the project and should not be reflected in cost proposal. CN will prepare an interim report on their findings within a time schedule agreed to by the consultant and the project team.

This information is to be incorporated into the final report and used to help identify all possible beneficiaries and/or stakeholders along with the potential impact on various local communities. The total size of the terminal complex should be sized to ensure sufficient footprint is protected and further, evaluated to ensure these rail functions can actually be accommodated within geographically (size and elevation) within the footprint.

(B) Road Access
Paramount is the definition of truck routes and flow for the following links:
- Link between Highway 102 and the Halifax Inland Terminal
- The main arterial routes from the Halifax Inland Terminal to the main Bedford and Burnside industrial/commercial areas. This includes the planned Burnside-Sackville Expressway rout.
- Other ancillary routes

Each of these items need to be defined in terms of speed (travel times), capacity, and intersection and grade issues that could impact on local residence and other traffic. In addition, functional conceptual planning should be undertaken in consultation with the Quarry to determine local routes and access for the longer term development of ancillary industries in the Rocky Lake area.

(C) Terminal Operations
Terminal Operations need to be refined for space and service needs. This includes scoping the property access, internal equipment routes and clearances, rail support and equipment support. While these terminals are fairly straight forward, a cursory review of the proposed operations should be undertaken to ensure sufficient space has been allotted. More detail on the phasing of the Halifax Inland Terminal should be undertaken to ensure proper lead time for quarry work and ancillary developments.

(D) Interaction with Quarry Operations
Any site layout and construction sequencing plan must be sensitive to the fact that the terminal site is to be located within an active and thriving quarry operation. The plan must strive to exploit the opportunities created by these two operations working side-by-side while minimizing any adverse effects on quarry operations.

At a minimum this task must consider:
- HRM’s quarry buffer regulations and the potential restrictions or opportunities created by quarrying rock for site preparation.
- Potential demand for a “campus” of facilities that interact with or benefit from proximity to the Halifax Inland Terminal and ability of the site to accommodate that.
- Opportunities for quarry reclamation associated with the Halifax Inland Terminal project.

OPERATIONS AND MANAGEMENT PLAN
The Operations and Management Plan tightens up on the options findings for the selected Rocky Lake site. The Plan will address the specifics of how the terminal will be operated (financial and management), how will it be marketed, and how it will interact with the existing transportation system and methods. The results of this task should be reflected in a review of the cost-benefit analysis performed in the Halifax Inland Terminal and Trucking Options Study.
Important to the concept will be the relationship of the Halifax Inland Terminal to planned and existing development (site uses and nearby site uses link Burnside Industrial Park, and connectivity to road, rail, water, and air). An approach that highlights this will show the use of the terminal in the context of the business of operating the terminal so that the influences of the synergies with existing and potential new entrants in the distribution business can be modelled with respect to their use/demand of the Halifax Inland Terminal.

The plan will need to track the variety of relationships between the port and its customers, current port growth trends, the projected trend under a more efficient inland terminal, the impact of the Halifax Inland Terminal on the cost, capacity and efficiency of the supply chain, and in turn, the resulting bump or acceleration in throughput growth that may be expected. The impact of increased cargo volume provides an expected efficiency gain in operating. The efficiency gain will provide marketing value and a further opportunity to attract more throughput, with the resulting impact of accelerating further expansion at the port and at the inland terminal.

Several financial scenarios will be developed and will include consideration of capital and financing costs (Infrastructure), projected operating costs, changes in cost structures (from improved operating efficiency), projected revenues (steady growth rate and rate from implementing the business plan), employment, GDP, taxation, and impact on the municipality (tax base/cost savings/road maintenance).

....

IMPLEMENTABILITY/ACTION PLAN

Trigger for need for inland terminal

The initial study determined that economics would suggest the Halifax Inland Terminal be constructed when the port reaches capacity. The HPA is forecasting that its current sustainable terminal capacity and its capital plans to augment the existing capacity will indicate a sustainable practical capacity of 1.5M TEU per year. [With the inland terminal, I assume—editor.]

Trucks will not grow proportionately

Also, as current cargo growth trends continue, the ratio of the port's container throughput will become weighted more heavily in favour of rail and short sea trans-shipment, with less emphasis on local and regional truck traffic through the city, as a percentage of overall container movements. Thus, while the port's throughput has the capacity to be tripled (from its current annual volume) before any capacity constraints will require new terminal construction, there will not be a corresponding increase in the amount of truck traffic moving through the downtown core. The purpose of this component of the plan is to review and update the "triggers" that may influence the timing of the Halifax Inland Terminal project.

This task should consider which entities (new or existing) or partnerships are best suited to construct and/or operate the Halifax Inland Terminal. A recommendation may include such considerations as land concessions, tax concessions, or other incentives which recognize the value of the Halifax Inland Terminal to the various stakeholders.

The cost to cargo handlers of shipping through an inland terminal compared to the existing port is critical to the success of the facility and preliminary assumptions made in the previous study should be reviewed and revised or validated.

This exercise will consider several initiatives with broader regional benefits that can be achieved only through implementation of the Halifax Inland Terminal project and explore the magnitude and inter-relationship of benefits. These initiatives include:

- Redevelopment of rail marshalling yard in Downtown Dartmouth. [Per Dave McCusker, HRM director of regional transportation, this should have included redevelopment of the Fairview Yard as well, since 1(A) addresses closing the Fairview Yard. {e-mail to ANR&P 22. Jan. 07}]
- Redevelopment of the intermodal terminal at Richmond in Halifax
- Reclamation of Rocky Lake Quarry lands.
- Reduction of truck traffic in Halifax’s urban core

Next step

Responses are due 8 February. Each submittor must provide a technical proposal and a cost proposal. All work must be completed within five months of the purchase order. {RFP on HRM website}
HALIFAX: AUTO SHIP

8 January. THE AUTO PORT RECEIVED A CALL FROM A LARGE AUTOCARRIER, the MV Toronto of Wallenius Wilhelmsen Logistics, arriving from Southampton, England, as part of the line’s round-the-world service. The vessel, which can carry in excess of 6,000 cars, is one of the latest generation of ships to enter the Wallenius Wilhelmsen fleet. The line plans to add three more ships this year and six more in 2008.

The vessel's cargo discharge included Mercedes-Benz, BMW, Saab, Volvo, Jaguar and other high-end cars for the Canadian market, with 20-25% staying in Atlantic Canada.

Traffic increase

Michael Cormier, the Halifax Port Authority's vice-president of business development and customer relations, said Autoport—owned by CN—is the only marine facility of its kind in Canada and as a result, “Halifax has become a key entry point for vehicles into the North American consumer markets.”

In 2006 Autoport recorded an increase of about 8% in roll-on/roll-off traffic. It handles 80,000 to 90,000 cars a year from various shipping lines, with Wallenius Wilhelmsen moving the majority of them. {Tom Peters in Halifax Herald 9 Jan.07}

SYDNEY/SCR: NEW DONKIN DATE

18 January, Donkin NS. XSTRATA COULD PRODUCE COAL IN 2009-2010 if the mines prove out [differs from 06#07A estimate of ‘two years’]. Darren Nicholls, manager of the project, said that so far in the company’s pumping out of the mines, which extend under the seabed, the tunnels look good. The water now reaches only 3/4 of the length of the 3.5-kilometer tunnels to the coal face.

Nicholls had just returned from Australia, where he briefed senior company officials. {Canadian Press in Halifax Herald 19 Jan.07}

RAIL SHIPPERS

Hampton Biofuels (VRS, Vermont NY)
Katahdin Paper (MMA, Region #790, 791)
Verso (ST, Maine #957)

PEOPLE, EVENTS

NJ Transit Executive Director George Warrington, a former Amtrak president with decades of Northeast Corridor operating experience, announced his resignation in early January. He will stay at the agency through March; industry rumors had Warrington, only 54, in line for the number-two spot at the Connecticut’s Department of Transportation with a specific, new Rail Commissioner portfolio, but that could not be confirmed at press time. {Destination: Freedom} [See Connecticut.]

EVENT

The American Short Line and Regional Railroad Association will hold its 2007 Eastern Region meeting in Burlington, Vermont, 23-25 September.