*Article unchanged from e-bulletin.
**Blue type in article: changes from e-bulletin.

**REGIONAL**

Ford and UPS: Renew their contract.*

**CONNECTICUT**

CSO: Atlas Container selling plant in Meriden.*

**MAINE**

BML: Brooks Preservation Society starts Belfast and Moosehead Lake Railway excursions.*

**ST:** Domtar negotiating return of rail service.

**ST:** GAF to buy Correct Deck in Biddeford.*

**SLR:** NEPW buys Northeast Paper Services.*

**ST:** FRA supplies funds for track rebuild in Portland area, to serve Downeaster.*

**NEW HAMPSHIRE**

**ST** v **NEGS:** ST files adverse discontinuance application.* Shipper and railroad reaction.*

**NEGS** v **ST:** NEGS continues lawsuit to recover more than $500,000 in unpaid car revenue.* ST counterclaims.*

**RHODE ISLAND**

**PW:** Coastal Recycling forced to re-position its equipment as PW expands in South Providence.

**VERMONT**

**VAOT:** Priorities for rail capital expenditures.

**MARITIMES/QUÉBEC**

**NBSR:** Will spend $36 million to upgrade track to 286, $18 million from Ottawa and province.*

**Saint John:** First LNG ship arrives.*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

Greg Nadeau*, Regional Rail Task Force.

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FROM THE PUBLISHER

**New stories**

Of the stories you have not yet read in e-bulletins (free to all subscribers), two of them (PW in Providence and GU in Upton) fulfil the ‘more in a future issue’ promise.

**Early date**

I decided to publish a couple of days early, so I could cover the states’ rail program submissions.

- Chop Hardenbergh

Next issue 4 August.
REGIONAL ISSUES

FORD AND UPS*
1 July. **UPS HAS EXTENDED ITS CONTRACT WITH FORD MOTOR COMPANY** to continue providing logistics services for the delivery of new cars to dealers. Through this contract, UPS assists in the management of Ford's North American outbound finished vehicle distribution network, shipping finished vehicles from assembly plants to dealerships in the US, Canada, and Mexico. {UPS press release} [Ford may deliver its products to the new Mechanicville and Ayer terminals—see 09#05B]

    Michael French, spokesperson for UPS, corrected the 09#05B account and provided further detail. UPS Logistics disappeared eight years ago. UPS operates three different units under UPS Automotive Industry Solutions. Autogistics is a 3PL service that handles logistics solutions for Ford, including rail transportation. Customized Solutions is a different group that offers rail and convoy services to smaller manufacturers, upfitters and other customers. Most of this volume is by convoy, but some rail has been done. Commercial Vehicle offers rail solutions to customers who ship large trucks and commercial vehicles.

    UPS now has contracts with more than 10 auto companies. {e-mail to ANR&P 2 Jul.09}

CONNECTICUT

CSO: CHANGE IN CUSTOMER?*
7 July, Meriden. **ATLAS CONTAINER IS SELLING ITS FACILITY HERE**, which manufactures corrugated boxboard. It will retain its second plant and its headquarters in Severn, Maryland.

Rail impact
CSO serves Atlas, bringing in paper to the tune of about 100 cars a year. An official in Severn could not say whether the buyer would continue to use rail, and declined to identify the buyer until sales contract is signed. Closing is set for 7 August. {ANR&P discussion 7 Jul.09; e-mail to ANR&P from CSO official 8 Jul.09}

MAINE

BML: BACK FROM THE DEAD!*
2 July, Brooks. **THE BELFAST AND MOOSEHEAD LAKE RAILWAY, A DIVISION OF THE BROOKS PRESERVATION SOCIETY**, begins the 2009 excursion season with a grand opening this Fourth of July weekend. It\(^1\) is offering discounted trips departing Brooks Maine heading east to Waldo and back.

    Trains depart at 11:30am, 2:00pm, and 6:00pm Saturday and Sunday. {Michael Francoeur in NERAIL e-list}

ST: GAF TO BUY CUSTOMER
2 July, Biddeford. **THE PARENT OF GAF WILL BUY CORRECT BUILDING PRODUCTS OUT OF BANKRUPTCY**, according to Marty Grohman, president of the 10-year-old composite decking company.

\(^1\)Technically BML was the Belfast and Moosehead Lake Railroad, while Brooks is running the Railway, Editor
Speaking on 7 July, Grohman explained that due to problems with access to credit\(^2\) [see 09#03B], he had been searching for a strategic partner with financial strength for some time. A class action lawsuit against Correct Building Products and other composite decking companies\(^3\) increased the urgency. By entering Chapter 11, Grohman can “button that up.”

**Rail impact**

Currently, he estimated, the plant receives about one car of resin per month: “I hear a little more griping about the [ST] service.” Outbound rail has ceased, because receivers want as little as “four boards, or 12 boards” at a time. With GAF’ parent, Building Materials Corporation of America, he anticipates that “we will be significantly more active.”

GAF will enable the product, Correct Deck, to penetrate new markets, though the company Correct Building Products will disappear. “The operation will remain in Maine, that was a big reason for selecting this partner, that they are committed to the operation.” \(\{ANR&P\} \text{ discussion}\)

**Next step**

Correct Building Products has asked the bankruptcy court to quickly approve a sale to Lobster Acquisitions LLC under section 363 of the U.S. bankruptcy code. The sale price is $2.5 million, according to its court filings. The company said the sale to Lobster Acquisition has the support of significant creditors, customers and employees. The company reported a 40% increase in sales in summer 2008 summer over its 2006 sales for the same period, before the slump in construction activity prompted the layoff of 25 workers October 2008. \(\{\text{Carol Coultas and Whit Richardson in Mainebiz 2 Jul.09}\}\)

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\(^2\)“No one will loan to the building industry at this time,” he said. \(\{\text{ANR&P} \text{ discussion 7 Jul.09}\}\)

\(^3\)Plaintiffs alleged that the companies claimed the decking as ‘maintenance free’. Grohman averred that “we never said that.” \(\{\text{ANR&P} \text{ discussion}\}\)
ST: SERVE DOMTAR?
8 July, Baileyville. **DOMTAR IS “IN DISCUSSIONS” WITH ST ABOUT RESUMING RAIL SERVICE.** ST pulled its equipment out in May; Domtar restarted in June [see 09#06A]. {ANR&P discussion with Domtar spokesperson Scott Beal}

ST: CUSTOMER PURCHASED*
2 July, Scarborough. **NEPW LOGISTICS PURCHASED NORTHEAST PAPER SERVICES,** which filed for Chapter 11 bankruptcy in May [see 09#05B]. An announcement on 30 June stated that Northeast Paper Services operates a 140,000SF warehouse facility in Scarborough, providing converting and rewinding services, along with traditional storage and transload services, to the pulp and paper industry.

For South Paris-based NEPW, which already operates seven warehouses encompassing over 500,000SF of space throughout Maine as well as a trucking company, NEPS represents both an expansion of its logistics services footprint, as well as an entry into the value-added services segment of the market.

Ralph Carpenter, the owner of NEPS, will be staying with the company and will continue to manage the Scarborough facility for NEPW. As part of the acquisition, NEPW signed a three-year lease (with two 2-year extensions) with Pleasant Hill Development, Inc. on the warehouse at 16 Parkway Drive in Scarborough. {text of press release}

Rail impact
NEPS, served by ST [our Directory 28-1], does about 1500 carloads a year. Drew Gilman, NEPW president, said he anticipated no change in traffic or traffic flow. “NEPS will carry on exactly as it is carrying on” and provide to NEPW customers another storage alternative. NEPS serves Verso, Sappi, Irving Paper, and other customers such as Mead-Westvaco in South Carolina. Mead uses the Scarborough facility for distribution in New England, railing its paper there. {ANR&P discussion 2.Jul.09}

**SLR: NEPW RECOVERY**

2 July, South Paris. **THE COMPANY IS DECIDING ABOUT NEW WAREHOUSE SPACE**, following completion of the salvage operation here after the December fire [see 08#12B]. “We took 12,000 tons of paper out of the warehouse,” did demolition including 12,000SF of roof, and rebuilt walls, said President Drew Gilman. “All of our customers have come back,” so he needs to either rebuild the 12,000SF at the existing warehouse, or find a new site on the SLR to build a new warehouse.

“We will decide in the next month,” he said, “we need a solution before winter.” {ANR&P discussion}

**EASTPORT/CALAIS BRANCH**

15 June, Eastport. **HNTB BEGAN FIELD WORK ON THE ENGINEERING STUDY FOR RAIL TO PERRY** immediately following a stakeholders meeting this day [see 09#05A]. {Jack Sutton in MRG Newsletter 7-8.09}

**MASSACHUSETTS**

**GU: MORE ON THE NEW FACILITY**

7 July, Upton. **OFFICIALS PLAN A MAJOR $8 MILLION BULK FACILITY HERE**, which would offer not just the standard rail to truck transload for bulk products, but other services such as warehousing, packaging, blending, and van distribution. Clyde Ames, vice-president marketing and sales, said GU has completed the engineering for a rail yard with 140 car spots, on 35 acres, formerly the town landfill.

GU is paying for the work, occurring this summer, to cap the landfill.

**Existing operations**
In addition to directly serving Washington Mills [our Directory #350], the railroad operates a cross-dock [#351] which recently did a peanut move in addition to its standard cross-dock for Weetabix, and transloads utility poles for Carolina Pole, a subsidiary of Cox. The last has generated local complaints about the smell of preservative solvent.

Ames said “we want to be good neighbors and corporate citizens.” GU has moved the poles to a different site in the future railyard, and Cox is considering other solutions. “We’ll have the problem fixed by the end of the month or the poles will no longer be there.”

**Track improvements**
Ames said the railroad was working “aggressively to make the track capable of end to end operations,” though for the foreseeable the interchange with CSXT in North Upton will remain the only interchange.

**Other opportunities**
GU owner Jon Delli Priscoli has purchased hundreds of acres along the GU line, from North Grafton to Milford, including a 100,00SF warehouse with 50-foot clear, ceilings. Ames said the owner has received many inquiries

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about the rail-served properties. “We will build to suit.”

GU is also examining “transit-oriented development,” where residents could use public transportation. An MBTA commuter line to Boston now ends at Forge Park, just six miles away.\(^5\) \{ANR&P discussion 7.Jul.09\}

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**NEW HAMPSHIRE**

**ST v NEGS: FINALLY AN STB FILING\(^*\)**

19 June, DC. *ST FILED THE APPLICATION FOR ADVERSE DISCONTINUANCE AGAINST NEGS*, a long-expected move [see 09#05B]. ST and the Boston and Maine Corporation (collectively ST) were the moving parties.

**Facts**

In January 1985, ST leased to NEGS freight rights from Manchester to Concord, and two stubs out of the Concord yard for a period of ten years. The lease [text is appended to the filing] continued month to month after its formal expiration, until ST in an apparent fit of pique [the exact reason for the termination has never been made public, nor does the application attribute it to more than disputes over payments of invoices (ST was not paying timely) and the ‘condition of the Subject Line’\(^6\)-editor] terminated the lease, according to its terms, giving 90 days notice which expired 1 August 2007.

NEGS declined to vacate the property, in part because the shippers it served wanted NEGS to stay [see 07#08A].

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\(^5\) The commuter rail stop, 495/Forge Park, the final stop on the MBTA’s Franklin Branch at milepost 30.40, lies six miles short of end of MBTA-owned track at MP 36.50 in Milford. CSXT labels this six miles the ‘Milford Industrial Track’. It serves Saint-Gobain Containers [our Directory \#242] at MP 35.75. (Josh Moldover’s *New England Railfan Timetable for CSXT* 1.Jan.04) GU track ends just before the CSXT track. GU would need to replace the switch in order to interchange with the Class I here. \{ANR&P discussion with Ames\}

\(^6\) Ironically, on 30 June the ST line between Manchester and Concord suffered a washout, spotted by a citizen and called into local police who contacted ST in time to stop a NEGS train before it plunged into the Merrimack River. One eyewitness to the washout noted that the ties had come off the rails, which were suspended in air. If the tie spikes met FRA specifications, the ties would have remained attached to the rails. ST is responsible for this section of the line. \{ANR&P discussion 1.Jul.09\}
ST started an adverse discontinuance proceeding [see 07#08A]. The STB called for negotiations [see 07#10A] which failed. The STB ruled on certain waivers in January 2008 [08#01B].

In December 2007 NEGS sued ST for unpaid car revenue [07#12B] in federal court. ST objected that no federal question existed, the judge agreed [08#10B], and in February 2009 NEGS refiled in New Hampshire Superior Court [09#02B].

Despite a promise to shippers that ST would take over on 1 January 2008, it failed to do so, and NEGS resumed service [08#01A]. In August 2008 ST published notice that it would commence the adverse discontinuance case at the STB, but pulled the advertisements just weeks later [08#08B, 08#09A].

**ST argument**
The filing stated as the ‘detailed reasons for filing the application’:

“This proceeding is governed by a distinct line of decisions that grant adverse discontinuances where the owner of a rail line proposed to replace an operator after the latter’s contractual or property right to operate over the line has expired or has been lawfully terminated, but the operator refuses to voluntarily give up its operating authority. See, e.g Fore River R.R. Co. -Discon. Exempt. -Norfolk County, MA 81.C.C.2d 307(1992); Cheatham County Rail Authority Application and Petition for Adverse Discontinuance, 1992 ICC LEXIS 224 (Docket No. AB 379-X,
decision served Nov. 4, 1992); Jacksonville Port Authority- Adverse Discontinuance- in Duval County, PL, 1996
STB LEXIS 200 Pocket No. AB-469, decision served 17,1996); and Tacoma Eastern Ry. Co. -Adverse Discont. of
Oper. Application -a Line of the City of Tacoma in Pierce, Thurston and Lewis Counties, WA, 1998 STB LEXIS
790 (Docket No. AB-548, decision served Oct. 16, 1998).’

NEGS’ failure to vacate the property shields NEGS from ST’s pursuing state law avenues to evict NEGS
[though if NEGS loses, it will voluntarily vacate, according to one source– {ANR&P discussion}.]

‘This patent unfairness[,] whereby NES ignores its
obligations negotiated at arms length...solely because the
Board has continuing jurisdiction over the operating
authority of NES, is sufficient for adverse discontinuance
authority pursuant to prior Board decisions. See Modern
Handcraft, Inc. -Abandonment, 3631.C.C. 969 (1981)...
("Where no overriding federal interest exists, we will not
allow our jurisdiction to be used to shield a carrier from the
legitimate processes of state law.")

**ST will provide wonderful service**

Richard Miller, assistant to the vice-president of
transportation, provided a Verified Statement to accompany
the filing which stated:

4. Approximately 1700 cars were interchanged to and from this carrier in 2006.
5. The [new ST] operation would provide service for the major customers as well as a few small volume customers on the
segment.
6. In order to provide service to these customers on a consistent basis, one crew will be required on a five day per week
basis.
7. It is planned to headquarter a crew in Concord, New Hampshire.
8. The workday will be coordinated around the customer needs.
9. This crew would serve customers between Concord and Manchester and also serve the remaining customers at
Manchester.
10. We will coordinate the inbound and outbound traffic with main line trains in order to provide seamless movement of traffic
from connections to customers in the Concord, New Hampshire area providing a reduction in transit time for the customers.
11. The operational goals of the applicant are to unite these leased tracks back into their original system configuration,
improving service because the Subject Line will again become part of Pan Am's integrated system, obviating the need for
timely and inefficient transfer of traffic between Pan Am and New England Southern Railroad.
12. The applicant will integrate the lease trackage back into the closely controlled atmosphere [Freudian slip?] of its regional
railroad operations. The applicant will also implement all of the safety and operational policy and procedures necessary to
meet the demands of the service.
13. It is the intent of the applicant to meet and exceed the needs and demands of service to this growing region of New
Hampshire without a disruption in service and is committed to working with New England Southern Railroad to obtain a
smooth transition of operations once the Lease is terminated.

**Standard of decision for STB**

ST requested the Board for a ‘determination in accordance with 49 U.S.C. §10903 that the public convenience and
necessity permit discontinuance of the operating authority of New England Southern Railroad Co. Inc. ("NES") over
approximately twenty-seven (27) miles of rail line in Central New Hampshire.’ [Because NEGS is resisting the
discontinuance, the body of decisions has labelled this type of filing an ‘adverse discontinuance’ though neither
federal statutes nor regulations use such terminology. *Editor*]

ST addressed whether removing NEGS is required by ‘public convenience and necessity’ with two points. As
noted above, precedent permits the owner of a line to resume operation if the existing operator’s property legal rights
[as opposed to operating authority] have expired. And the needs of the existing customers on the line will be better
served by ST.
The affected customers

The filing was sent to these customers, according to a certificate of service: Blue Seal Feeds; North Pacific (Saxonville); Schnitzer Steal [sic–formerly Cohen aka Advanced Recycling–see 06#10A] Industries; Fortek; Ciment Quebec; Public Service of New Hampshire; Ensio Resources; All-State Asphalt [sic]; Concord Crop Center; Coastal Forest Products; and Innovative Paper Technologies (not on ST track). {Boston and Maine Corporation, Inc. and Springfield Terminal Railway Company - Adverse Discontinuance of Operating Authority-New England Southern Railroad Company, STB Docket AB-32 (Sub-No. 100)}

NEGS’ next step

Peter Dearness, NEGS owner, said on 1 July that he had 45 days to respond, ST had another 15 days to rebut, and then the STB would decide. He expected a decision in late September, or early October. {ANR&P discussion 1 Jul.09}

Shipper comment

In 2007, ten of the 12 customers told ST President David Fink they wanted NEGS to stay, with one saying ST service is poor [see 07#08A].

Bill Whitney of Blue Seal Feeds, who has long handled rail logistics to the Blue Seal facility in Bow, New Hampshire and others in New England [see 08#09B ‘More Details’], said on 2 July that “we appreciate everything Peter has done, he’s been a good partner, but I don’t there’s anything that anyone can do” to change the outcome of the case.

Blue Seal has not had service five days a week, as promised by ST in the future, because “cars did not make it to Manchester, or a coal train was in the way. Within the constraints that [Dearness] had, he bent over backwards” to help his customers.

If the railroad would make the track capable of handling 286,000-pound cars in Massachusetts, the track to Bow is already 286-capable [see 09#04B]. Blue Seal could then accept cars of corn and soybean meal, which are dense enough to load a car to 286. {ANR&P discussion 2 Jul.09}

NEGS v ST: STATE COURT*

1 July, Concord. THE SUPERIOR COURT WILL HEAR THE LAWSUIT BETWEEN NEGS AND ST IN FEBRUARY 2009, according to Peter Dearness, owner of NEGS. The filing at the STB [see other story] attached the NEGS state court complaint of February 2009 [see 09#02B] as well as the ST counterclaim.

NEGS statement of the claim: ‘As of November of 2008, according to monthly statements provided by the defendants to the plaintiff, the defendants owed the plaintiff in excess of $550,000 [when NEGS filed in federal court on 14 December 2007, ST owed $430,000–see 08#01A]. The defendants have never disputed that they owe the plaintiff its contractual share of the funds collected by the defendants. However, like ten other railroad companies, New England Southern has been forced to bring suit against the defendants to recover what it is undisputedly owed.’

ST has not paid NEGS since October 2008 for freight charges [though it owes NEGS 23% of the B&M revenue for each car–see box in 07#08B], according to the complaint. [NEGS had to enact an emergency surcharge because of the ST action, see 08#10B.]

Counterclaim on track condition

ST argued that NEGS has failed to maintain the leased track in the required condition.7 The requirement applies to

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7 Specifically, Section 3.01 of the Lease states in relevant part: ‘NES shall, at its own expense, maintain the North End in good condition and repair so that rail operations can be conducted as required by this Lease Agreement and as warranted by traffic levels in a safe, efficient and economical manner
the track over which only NEGS operates, north of Bow. {texts attached to STB filing–see above}

RHODE ISLAND

PW: COASTAL RECYCLING C&D

9 June, Providence. COASTAL RECYCLING TROUBLES WERE DESCRIBED by John Langlois, director of the Office of Waste Management in the Rhode Island Department of Environmental Management (DEM). DEM licenses waste facilities.

In 2003, Coastal had a license to recycle C&D, but ran into fiscal problems. “It could not pay tipping fees it owed for a landfill in Ohio,” and as a consequence loaded railcars languished in the property. DEM denied Coastal’s application to renew its license. Eventually the owner, Anthony Davidson, paid the fine for leaving 19 railcars on his site during the summer of 2003. In 2006 Davidson closed until he could resubmit yet another re-application [see box] which DEM encouraged him to do.

Size of facility

Davidson could not resubmit his application “until he knew the parameters of his facility,” said Langlois. At that time, PW disputed the boundaries, and filed a lawsuit. PW and Davidson settled, with PW getting enough acreage to expand its South Providence Yard, which it needed to build the ethanol terminal [see box].

“He had to redesign his entire facility,” said Langlois. Davidson had not had enough room previously, and had actually stored wood chips on the adjacent I-95 embankment, “giving the Providence Fire Department conniptions.” {ANR&P discussion}

More on PW ownership

Facts about PW’s easement over the Harbor Junction Industrial Track and land surrounding it, part of which Coastal was using, were laid out in a Rhode Island Superior Court decision on 10 June:

Prior to August 7, 1985, P&W was fee owner of certain real property in Providence and Cranston known as the Harbor Junction Industrial Track. P&W conveyed this property in fee to the City of Providence (“City”) by Deed and Agreement (“Deed”) dated August 7, 1985....

[PW retained an] easement to conduct railroad operations on and over the property and improvements herein conveyed. The Deed further provided that “[s]o long as P&W shall conduct such operations in a manner consistent with its obligations under this Deed and Agreement, its right to do so shall be exclusive.”

The Deed allowed P&W “[t]o construct contiguous or adjacent additional rail lines and trackage and install necessary track connections, subject to the prior written approval of the City, which approval shall not be unreasonably withheld.” The Deed also required that the City allow P&W the opportunity to review and approve any potential lease agreement that the City might enter into which would affect P&W’s easement.

On 1 December 2002, the City entered into a lease [for some of the property PW sold in 1985] with Broomfield, a Rhode Island corporation in the business of recycling new and scrap metal.

and in compliance with all federal and state laws and regulations provided, however, that in no event shall the condition of the line be less than the Federal Railroad Administration Class I standard.'

The ‘North End’ is defined by the lease section 1.03: ‘the New Hampshire main line between Penacook [Penacook is located on the former Northern line, north of Concord] and mile post B71.37 at Bow Junction, on the portion of the former Claremont and Concord Railroad line from the switch to the New Hampshire main line at valuation station 1839+42.15 to valuation station 41+98 or on the portion of the line of railroad known as the Concord-Lincoln branch line from the switch to the New Hampshire main line at milepost B73.72 to milepost 1.17 (valuation station 56+75) (all of which shall hereinafter be referred to as the "North End").
The City failed to give PW the opportunity to review the lease, which ran through 31 December 2005, with an option for a three-year renewal, which Bromfield exercised. Bromfield subleased the property to Coastal Recycling. On 2 February 2007, another justice of the Superior Court granted PW an injunction requiring Coastal to remove its equipment within 15 feet of the northernmost of the two southerly tracks but not the northern part. [See map in 07#04B.]

In 2007 PW began serving the Motiva terminal using the two southerly tracks [see photo in 07#08A]. The City approved PW’s expanded use of its easement to serve Motiva. In 2008, PW determined it needed to use the northern part as well, and notified the city. In October 2008, the Providence City Council agreed that Coastal should vacate, but PW should pay $1800 per year for use of the easement. PW agreed to pay that amount as goodwill, not as an acknowledgment that the City had the right to charge that amount. Coastal refused to remove the equipment from the northern area.

In the decision on 10 June 2009, the court issued an injunction requiring Coastal to remove all its equipment from the northern area within two weeks, or 24 June.

New customer
To justify its decision to expand, PW’s director of engineering, Bernie Cartier, submitted an affidavit stating that “[n]ew customers are also moving into the Port of Providence area, generating additional economic activity for P&W and for the City.”

The court noted: ‘Specifically, Mr. Cartier points to a letter from Rhode Island Recycled Metals, LLC, which states that it leased a parcel of land near the easement area because it anticipated using P&W’s rail service. Mr. Cartier stated in his affidavit that “[i]n order to service Recycled Metals, P&W needs to use one of the storage tracks currently being used to service Motiva Enterprises LLC. Therefore, P&W needs to install additional trackage for the present service of Motiva and as well as other customers.” {text of decision from Rhode Island courts website, C.A. No.: PC-2006-6342}
Current status
On 8 July, PW’s Marie Angelini reported that ‘Coastal has until 7/15 to move its stuff off the area. To my knowledge, that work has not been commenced at this time.’ {e-mail to ANR&P}

VERMONT

VERMONT RAIL PRIORITIES
26 June, Montpelier. **ROB IDE EXPLAINED THE PRIORITIES FOR FUNDING VERMONT RAIL PROJECTS** depends on the source of funding.

**If federal stimulus funds**
Vermont is applying under the Service Development Programs (Track 2) section of the High-Speed Rail fund. The guidelines for the fund were released on 17 June; according to a USDOT press release on 17 June.8

Ide said VAOT will seek funds for passenger improvements for the corridor from Burlington to Hoosick Junction. “If we are successful, the stimulus funds will supplant the need to spend out of the Jeffords earmark.”

The Jeffords earmark could then, per Ide, be spent on the freight corridor from Burlington to East Alburg.

He does not yet have approval to spend the earmark funds from the General Assembly. “We would consider the most needy investment along that corridor.”

**If no stimulus funds**
If the FRA decides not to find the western corridor work, “we go back to plan one,” said Ide. That entails investing the Jeffords earmark to improve the freight capacity between Burlington and Hoosick Junction. “We’ve already expended” or allocated some of the earmark, and have put $7 million in for the fiscal year 1 July 2009-30 June 2010 [much of that for the bridge work for 286 capacity for Omya–see 09#05B].

[One problem: Vermont like many other states is short of funds, and the Jeffords earmark requires a 20% local match. NECR has paid the local match for work on its line, and is prepared to do so for additional work on its line. See 09#06A. The state owns the Hoosick to Burlington stretch; VRS operates it. Editor]

**The Jeffords priorities**
The 2005 House report [see 09#06A] stated: ‘[P]riority shall be given to completing the Middlebury rail spur, upgrading the rail line for passenger service between Manchester, Rutland, and Charlotte and improving the movement of freight rail through major cities, including Rutland.’

Ide said Vermont is not looking at the order of the three specific projects as stating a priority. “The Middlebury spur is not mandated to be done first.”

The EIS for the spur is finished, and the state is awaiting the Report of Decision.

**The 2006 State Rail and Policy Plan**
Ide said the state follows the priority as stated in the Plan [see box]. He acknowledged that the Plan does not make clear a priority between freight and passenger. He does not look to make that distinction: “That’s not a wise use of anyone’s energy.”

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8 Pre-applications for all tracks are due 10 July and applications for Track 1 (projects), Track 3 (Planning), Track 4 (FY 2009 Appropriations Projects) are due no later than 24 August; applications for funding Track 2 (Service Development Programs) are due no later than 2 October 2009. (notice in Federal Register 23 June 09)
Freight priorities
Some of the projects stated in the Plan for freight have been accomplished, Ide agreed. While the Plan specifies improving the line from Rutland to Bellows Falls for 286, realistically “the movement has changed” to Hoosick Junction. However, the Rail Council “has never really made the formal action which changes the Policy” from Bellows Falls to Hoosick.

The Bellows Falls clearance is also done.

Passenger priorities
Ide said the General Assembly’s two “Transportation Committees made abundantly clear to me when I was in the witness chair in front of both the House and Senate Committees” that the priority was Burlington to Penn Station [New York]. In the first phase, that will occur Burlington-Rutland-Whitehall-Schenectady-Penn Station. This will require upgrading only the Charlotte to Rutland section.

In a second phase, the route will run south through Bennington to Albany and thence to Penn Station. If the state does not get the stimulus funds, then “I will grow old before Amtrak runs through Bennington.”

What about Manchester to Rutland?
If the state gets stimulus funds, then this stretch will be completed soon. If not, the stretch will wait, despite its inclusion in the 2005 Congressional language. {ANR&P discussion 26.Jun.09}

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**QUEBEC/MARITIMES**

**NBSR: GOVERNMENT FUNDS**
7 July, McAdam. *THE RAILROAD, THE PROVINCE, AND THE FEDERAL GOVERNMENT WILL INVEST UP TO $36 MILLION TO UPGRADE THE RAIL LINE CAPACITY* in the province, according to an announcement here today, from 263,000-pound railcars to 286,000-pound cars, the continental standard.

Funding will pay for upgrading the railway's terminals in Saint John and McAdam, and for replacing, upgrading, and improving the ties, steel rail, rail bed, and bridges of the main line from Saint John West to the New Brunswick-Maine border and from McAdam to St. Stephen.

Governments
The federal and provincial governments will jointly fund up to half of the estimated eligible project costs, or a
NBSR operates over its own 84.4-mile main line between Saint John and Vanceboro, Maine, and then via its sister railroad EMRY 105.1 miles to Brownville Junction, Maine. NBSR operates and maximum of $9 million each. The federal funding will come from the Infrastructure Stimulus Fund (ISF). Through Canada's Economic Action Plan, the federal government established the $4-billion ISF, which provides funding to provincial, territorial, and municipal construction-ready infrastructure rehabilitation projects. Funding will be available for two years for projects that will begin during the 2009 and 2010 construction seasons.

Bruce Macfarlane, who works for the New Brunswick Regional Development Corporation, said if the project costs more than $36 million, NBSR would have to contribute the additional funds.

Railway contribution
NBSR will contribute materials and labor equal in value to the total of the federal and provincial financial contribution, according to Irving spokesperson Mary Keith.

At McAdam, Jim Irving, the president of NBSR, a subsidiary of J.D.Irving, said: “We appreciate the commitment of the federal and provincial governments to building quality rail access in the region. These railway upgrades are good for our customers, the environment and our business. In total, this project will deliver an estimated $10.6 million in wages and benefits over the next two years. In addition to sustaining 40 jobs at the railway, we anticipate hiring 35 to 40 people for the duration of this project.” {ANR&P discussions with Keith and Macfarlane 7 Jul.09; press release from New Brunswick Regional Development Corporation}

The weakest link?
Bob Grindrod, MMA president, wrote this day: ‘We can handle 286,000 between Searsport, Millinocket and Montreal. NBSR has considerable work to do to reach the same standard, but obviously they have a plan, as you can see from the articles and press announcements.

‘We are running three round trips per week between Millinocket and Montreal on a regular basis, with additional trips as needed. NBSR seems to be coming into Brownville Junction five times per week (their crew base).’ {e-mail to ANR&P 7 Jul.09} [Calls to MDOT and NBSR to inquire about the condition of EMRY are not yet returned.]

Isn’t this a lot of money?
The $36 million for 117.6 miles⁹ compares to the $26 million Vermont received as an earmark from the US

⁹NBSR operates over its own 84.4-mile main line between Saint John and Vanceboro, Maine, and then via its sister railroad EMRY 105.1 miles to Brownville Junction, Maine. NBSR operates and
Congress in 2005 to upgrade 173 miles of the western corridor [see 09#06B Vermont]. One official said NBSR had “a lot of bridges” compared to MMA. Vermont is spending $4 million or so per bridge [see 09#05B and 09#06A Vermont]. An official connected with the NBSR project defended it against those who asked, “Why are we giving money to the rich Irwins?” NBSR could lose significant traffic without the upgrade, traffic which would move to truck especially now that the province permits double-trailers [see 08#08B], putting the 40 jobs of the railway in jeopardy.

Also, he added, “Flakeboard would be dead in the water,” the mill in St. Stephen which relies on NBSR rail service [see 01#09B]. {ANR&P discussion 8 Jul. 09}

HALIFAX: OFFERING LCL SERVICE
6 July. **THE FIRST PARTIAL CONTAINER-LOAD MOVED THIS DAY,** said Patrick Bohan, business development manager for the Halifax Port Authority. Bohan said that heretofore, exporters who wanted to ship to Europe in quantities less than a container load, “say one or two pallets,” trucked the product to Montreal for loading on a ship for Europe.

HPA, working with partners, has arranged a service to move such shipments out of Halifax. “Working with the provincial Department of Fisheries, Agriculture, and Aquaculture,” HPA requested proposals “from the 3PL community.” After vetting, HPA selected Kuehne + Nagel (K+N) to handle the logistics.

The actual move
An exporter in, say, Port Hawkesbury will contact its freight forwarder or K+N to price the move. If the price works, K+N or the exporter’s trucker of choice will move the pallets to the Burnside Industrial Park in Dartmouth, where Conrad’s Transport will stuff the pallets into a container. Bohan said that K+N has operated in Halifax since the 1970s, and Conrad’s for even longer.

The service aims to place the container on an ACL ship sailing every Monday. If it misses that, the container will move on the PAX service of the Grand Alliance later in the week. The container will land in either Bremerhaven or Hamburg, whence K+N will dray it to its destuffing facility in Bremen for furtherance to all points in Europe.

Start-up support
HPA and the province have agreed to subsidize the move until it gets going on its own. For two years, they will guarantee that the container will move every week, even if it is not completely stuffed. However, Bohan noted, “we can wind it down with three months’ notice, if it’s obvious we are just banging our heads against a wall.”

Bohan, in partnership with the province, has visited Halifax, Truro, and Port Hawkesbury, and will visit Yarmouth, “to introduce this to interested parties.” He’s working with regional development authorities and chambers of commerce to make the service known.

“We’re prepared to do it for two years, to get its feet on the ground.” The unknown market was a detriment to startup by a private party.

Types of product
The service will accept all kinds of “shelf-stable products which can go in a dry container,” he said. The first booking this week has encouraged him. Local exporters will save money not paying for the 800-mile dray to Montreal, and save time with the shorter sea-distance to Europe from Halifax. {ANR&P discussion 3 July 09; HPA

 owns the 33.2-mile branch from Mattawamkeag to St. Stephen. [Atlantic Northeast Rail and Marine Transport Review 1999]

10 125 miles from Burlington to Bennington and the additional eight miles Burlington to Essex Junction, and then 40 miles to East Alburg. [New England Railfan Timetable for NECR 2003]
Some $16 billion in energy projects are proposed or underway in Greater Saint John, the largest city in this sparsely populated province of 750,000, which already produces far more electricity and liquid fuels than it consumes. The new energy projects are being built to supply the Northeast of the United States. A few miles up the road, Canaport’s owners plan to build a new oil refinery, even though Saint John is already home to Canada’s largest. Twenty miles to the east, engineers are busy refurbishing the Point Lepreau nuclear power plant, where two new reactors have been proposed.

“New Englanders may not be able to site some of these energy needs, but we can,” says New Brunswick’s minister of energy, Jack Keir. “Our goal is to go from being a ‘have-not’ to a ‘have’ province, so we can contribute to the [Canadian] federation rather than take from it. The energy sector can take us there.”

The contrast to the US Northeast is striking. LNG terminals proposed for Fall River, Massachusetts; and Harpswell, Perry, and Robbinston in Maine have been the subject of acrimonious debate. Maine – which demolished its only nuclear power plant after a series of maintenance problems – is focused on how to get rid of radioactive waste, not building reactors. A new oil refinery has not been built in the U.S. since 1976. {Colin Woodard in Christian Science Monitor 12.Sept.08}
Director Jeffrey F. Paniati said Nadeau “brings a unique combination of transportation and legislative experience,” and that “his strong background in economic development will be a valuable asset as we work to support our economic recovery.” {FHWA press release 7.Jul.09 cited by JOC online}

MDOT has not yet selected a successor. {ANR&P discussion with spokesperson Herb Thompson 7.Jul.09}

Central Massachusetts Regional Rail Task Force on 26 August will discuss specific input for the region to the State Freight & Rail Plan, currently being developed by the Executive Office of Transportation (EOT) as well as to the Worcester Regional Mobility Study (WRMS) being conducted by the CMRPC and consultant VHB. In addition to a future rail vision, discussion topics will also include current intermodal issues and challenges in the region. Details: 1000-1200 in CMRPC’s Union Hall in the Union Station Intermodal Transportation Center

Also CMRPC will host the State Freight & Rail Plan Public Stakeholders Meeting and the State Rail Plan Public Hearing in early autumn, dates to be announced.

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**Coverage**
The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

**Frequency and the e-bulletin**
*ANR&P* appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the *e-bulletin*, only by e-mail. All information in the *e-bulletin* is included, and often updated, in the issue.

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue’s’ updated stories (those without an asterisk).

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Purpose

Atlantic Northeast Rails & Ports, néée Maine RailWatch (1994-1997) and later Atlantic RailWatch (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. ‘‘No railroad is an island, entire onto itself.’’