Common abbreviations:  
BCLR - Bay Colony RR,  
BML - Belfast & Moosehead Lake RR,  
CBNS - Cape Breton and Central Nova Scotia Ry,  
CCCR - Cape Cod Central RR,  
CCRR - Claremont Concord RR,  
CFQ - chemins de fer Québec System,  
CMAQ - congestion-mitigation or air quality (money from the US federal government for these purposes),  
CN - Canadian National Ry,  
CNZR - Central New England RR,  
ConnDOT - Connecticut Department of Transportation,  
CPR - Canadian Pacific Ry,  
CSO - Connecticut Southern RR,  
CSRX - Conway Scenic RR,  
EOT - Mass. Exec. Office of Transportation,  
GWI - Genesee & Wyoming Inc,  
FHWA - Federal Highway Admin.,  
FRA - Federal Rail Admin.,  
FRTC - Fore River Transportation Co.,  
FTA - Federal Transit Admin.,  
Guilford (GRS) - Guilford Rail System, formerly name for Pan Am Railway, see ST,  
Grafton & Upton RR,  
HRRC - Housatonic RR,  
MBCR - Mass. Bay Commuter RR,  
MBRX - Milford-Bennington RR,  
MBTA - Mass. Bay Transportation Authority,  
MC - Mass. Coastal RR,  
MCC - Mass. Central RR,  
MDOT - Maine Department of Transportation,  
MERR - Maine Eastern RR,  
MMA - Montréal, Maine and Atlantic Ry,  
MPO - Metropolitan Planning Organization,  
MTQ - Québec Ministry of Transport,  
NAUG - Naugatuck RR,  
NBDO - New Brunswick Department of Transportation,  
NBSR - New Brunswick Southern Ry,  
NECR - New England Central RR,  
NEG - New England Southern RR,  
NHCR - New Hampshire Central RR,  
NHDO - NH Department of Transportation,  
NHH - New Hampshire Northcoast RR,  
NNEPRA - Northern New England Passenger Rail Authority,  
NSDOT - Nova Scotia Department of Transportation,  
Pan Am - new name for GRS,  
PVRRA - Pioneer Valley RR,  
PW - Providence & Worcester RR,  
QCR - Quebec Central Ry,  
RIDOT - Rhode Island Department of Transportation,  
Seaview-Seeview Transportation Company,  
SLQ - St.Lawrence & Atlantic Ry (Québec),  
SLR - St.Lawrence&Atlantic RR,  
ST - Springfield Terminal Ry (leases three parts of Pan Am Systems (Maine Central RR, Portland Terminal RR, Boston & Maine),  
TIRR - Turner’s Island LLC,  
TEU - twenty-foot equivalent unit (measure of container traffic, equal to a 20x8x8 foot box),  
VART - Vermont Agency of Transportation,  
VRR - Vermont Rail System (Green Mt. RR Company GMRC + Vermont Ry VTR + Clarendon&Pittsford RR CLP + Washington County RR WACR),  
WHRC - Windsor and Hantsport Ry.

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Issue 10#02B 2 March 2010

*Article unchanged from e-bulletin.  
** Blue type shows changes from e-bulletin.

REGION

TIGER grants: Should ConnDOT have submitted so many projects?**

CONNECTICUT

[No report.]

MAINE

MDOT: Progress on state rail plan.

MMA study: RII says the Millinocket-Madawaska line is not now viable.**

MMA and Legislature: Testimony at the hearing on a bond bill shows the need for the line, but also the costs. MDOT, MMA, and others continue to seek a solution.*

Next steps: MMA files on 26 February. Details of lines, traffic, and consultants.

MASSACHUSETTS

MBTA/PAS: Some don’t like proposed layover facility in Westminster.

CSXT/MassDOT: No turning facility yet.

CSXT/MassDOT: CSXT announces it will move its Allston intermodal yard to Worcester, and its Allston TRANSFLO facility to Westborough.*

NEW HAMPSHIRE

[No report.]

RHODE ISLAND

[No report.]

VERMONT

[No report.]

MARITIMES/QUÉBEC

[No report.]

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Robert Holland, Robert Finley, Richard Gottlieb—see MMA filing.

FROM THE PUBLISHER

Two major stories

This issue principally covers two stories. First, the MMA abandonment. In my limited knowledge, MMA is abandoning more carloads than any other railroad in recent memory.

Read all the MMA stories together, comparing the different takes on customers, traffic numbers, and likely buyers. My perspective? It doesn’t look good for The County.

Second, the CSXT move out of Boston. I’ll have more on how CSXT will serve its remaining Boston customers in the next issue.

- Chop Hardenbergh

Next formal issue: 17 March
LETTER TO EDITOR ON TIGER**

Your quotation from Connecticut State Representative McCluskey [questioning why ConnDOT got no TIGER grants—see 10#02A] prompts me to question that state’s tactics in submitting 23 grant requests. Instead of presenting a “smorgasbord” to USDOT bureaucrats using vague selection criteria, might ConnDOT have been wiser to pick a couple of projects and make a strong advocacy case for them at the state level instead of allowing Washington to judge priorities?

There is always a tendency to request something for everyone [ConnDOT sought funds for every freight railroad except PAS—see 09#10B] to satisfy a range of constituencies, often with the result that (1) nothing is accomplished or (2) the funds are distributed too thinly to have a real impact for any of them. The biggest risk with the rifle-shot approach would seem to be funding limits, confirmed by the fact that applications for $57 billion far exceeded the authorized $1.5 billion program. New Hampshire’s more focused plan to request $300 million to extend MBTA to Concord undoubtedly would have proved a delusion, even with Pan Am Railways’ participation.

Neither does Maine have much to crow about in terms of setting rail priorities and focusing political support for them. As I understand it, Eastport gets a conveyor, but not the accompanying rail connection; preserving the integrity of the MMA system was not deemed worthy; and USDOT at least had the wisdom to ignore the hopeless Mountain Division, which I consider a total waste of other people’s (our) money when more defensible needs exist.

- George Betke, Damariscotta, Maine resident, principal of Farmrail in Oklahoma, and a member of the Executive and Legislative Policy Committees of the American Short Line and Regional Railroad Association

Next try!
Connecticut wants to be ready when the next round of TIGER grants come up for grabs. State Transportation Commissioner Joseph Marie plans to speak with federal transportation officials to find out why his state missed out on millions that would fund highway reconstruction, mass transit projects and a major upgrade of its heavily-trafficked [?] freight rail system. {Hartford Courant 2.Mar.10}

MAINE

MDOT: STATE RAIL PLAN
29 January, Augusta. **THE FIRST DRAFT OF THE PLAN HAS BEEN COMPLETED,** and the consultant, HNTB Corporation, is currently finishing additional work on rail corridor criteria and freight economies, a direct outcome of the public outreach process.

A 30-member Technical Advisory Committee, made up of rail operators, shippers, regional planning and economic development organizations, transloaders, truckers, legislators and advocacy groups will review the final draft plan in early March, as soon as the new material has been added. The revised draft plan will then be available on this website at the end of March for a 30-day public review period for the purpose of providing general feedback. {MDOT press release}

MMA: LINES QUESTIONABLE
18 February, Augusta. **MDOT RELEASED THE REPORT ON THE MMA LINE FROM MILLINOCKET TO MADAWASKA,** just prior to the hearing on bills to save the line [see below]. The report concluded that ‘Most shippers still have substantial traffic, expect traffic to increase, would ship more by rail if service were more consistent, and most all rely on rail for economical transportation of their products.

‘The operational analysis further revealed that operation of the line without debt service should be a profitable
operation for MMA. The analysis also showed that a nominally profitable operation could be run by a third party operator as long as current traffic does not decline further and a large debt obligation was not required. With the increases in traffic expected by shippers, an even more profitable operation could be realized.’ [See box for details.]

DETAILS OF REPORT ON THE VIABILITY OF THE MILLINOCKET-MADAWASKA LINE

Produced by Rail Industries Inc (RII), principal Gary Hunter. The report had two major sections, market analysis and operation analysis, as well as sections on net liquidation value, funding options, and environmental impact.

Existing and potential rail traffic
‘RII was able to contact and interview 20 existing customers and two additional potential customers, which make up 95% of the business on the lines.’

RII talked to ten (noted by *) of 17 parties served with the abandonment notice:

Parties served by MMA with notice of abandonment
- Cavendish Agri Services of Presque Isle*
- Chandler Lake of Ashland
- Columbia Forest Products of Presque Isle*
- Dead River of Presque Isle*
- Fraser Timber of Ashland*
- Huber Engineered Woods of Easton* (makes OSB)
- Irving Forest Products of Saint John
- Irving Woodlands of Ashland
- Irving Woodlands of Masardis*
- JD Irving of St.Leonard New Brunswick,
- Lane Construction of Presque Isle*
- Louisiana Pacific of New Limerick*
- McCain of Easton*
- Maine Potato Growers of Presque Isle, MPG Fresh*
- Portage Wood Products of Portage
- Tater Meal of Presque Isle [subsidiary of McCain, see below]

10 additional customers were visited by Hunter, which are not on the Millinocket-Madawaska line, or not currently using rail.
- Aroostook Starch of Houlton [see 04#11A]
- Beaver Brook Mill
- Boralex of Fort Fairfield [biomass furnace, not using rail now–see 04#11A]
- Cavendish Farms
- Fraser Papers of Madawaska [overhead customer]
- Maine Woods
- Moose River Lumber
- Old Town Fuel and Fiber [receives wood chips–see below]
- Seven Islands Land
- The Fiber Resource Group [supplies chips]
Total carloads. ‘The shippers that were interviewed report existing traffic on the line totaling between 8,563 carloads to 9,257 carloads per year. During normal years, such as when the economy rebounds, traffic numbers could reach well over 12,000 carloads annually.’

The small customers. ‘RII did not interview all shippers with annual carloads of less than 50 cars. These small shippers have a combined traffic of about 143 cars based on 2009 traffic numbers. In addition, RII was unable to interview one larger shipper with estimated traffic of 207 annual carloads.’

Potential new Caribou customer. ‘In addition to the above 20 existing customers RII interviewed in depth, RII interviewed one potential customer for future rail use [in Caribou, per later language] upon the development of its facility. This potential customer outlined a minimum scenario of approximately 680 carloads during years 1-5 of production and up to possible 3,400 carloads at full capacity thereafter.’

Potential customers at Loring Development Authority. There are currently two potential businesses for rail:1

1) This company has been considering building a OSB plant. The key to this project was that their location allowed them to use back roads to source material from the mill around to Loring with a potential 5-7 cars per day.

2) This company has been considering the construction of a french fry factory and would also need rail service. [In 2002 Lamb Weston announced it no longer plans for such a factory at Loring–see 02#04B.]

Fort Fairfield potential.

In 2003 the Town of Fort Fairfield purchased the eight miles of track ending in its downtown [see 03#07A]. Subsequently it secured financing to rehabilitate the track [see 04#11A]. ‘To date, only a small amount of grain has moved [for Durepo Enterprises–see 06#03A–presumably too small to make the RII list].’ Boralex could use rail service in the future, though the town has held out Boralex as a possible user for the last six years [see 04#11A].

Operations

‘RII reviewed the historic traffic volume going through the stations along the rail line and developed the operating plan to handle all the traffic in a timely and efficient manner’ with five-day train service over the 233 miles to be abandoned, interchanging with MMA at Millinocket.

Traffic level of 9,000 carloads: no go

A level of under 9,000 cars ‘generates only marginal freight revenue, barely covering daily operational expenses. This does not leave enough cash flow to pay the debt obligation incurred from commencing the operation. The cash flow streams are negative for the first seven years assuming that the traffic will maintain at least its current level, at which time only nominal profit is realized. This scenario of operation would not be lucrative to any potential operator. Due to increased cost pressures that shippers are facing today, raising the freight rate is likely not a viable solution either. For this scenario just to break even, it would require an increase of at least $40/car in freight rates.’

1On 2 March, Carl Flora, the president of the Loring Commerce Centre, clarified what he told Hunter. These two are “examples of large industrial developments which require rail.” The OSB company is Irving Forest Products, the fries would be done by Lamb Weston.

Per Flora, “Lamb Weston visits every year” and like Irving, has a long-term interest in the site. {ANR&P discussion}
Traffic level of 9600 carloads: a possible go

‘Based on RII’s interviews with shippers, the high range of total traffic along this line is estimated at 9,600 cars. The operation at this level of traffic generates sufficient freight revenue to cover daily operational expenses and to repay a small startup debt obligation. Although the cash flow in the first year is negative, the sustainable traffic gradually builds cash reserve and the overall operation is moderately profitable.

‘Unfortunately, given the scale of capital expenditures for purchase power and equipment to commence the operation, the ten-year return is below 2%, which does not look attractive for potential third party operators. Furthermore, the operational economics do not take into account the capital cost for acquiring the rail line and to rehabilitate the rail line. MMA claimed that there is deferred maintenance on the line as high as $19M. [RII believes could be less.] If this is accurate, it will add significant financial burden to the MaineDOT’s efforts to preserve and to improve the rail service. The ideal situation for the operation would be that the operation generates sufficient cash flow to help pay for a portion of the financing incurred.

‘Since the operational expenses were developed based on a stand-alone operation with a relatively lean structure, there are only two ways to generate more revenue: one is to raise the freight rate and another one is to develop additional shippers and additional traffic. As mentioned previously, the shippers have been enduring increases in freight rates with declined services and reduced interchange schedules over the past several years. Continued freight rate increases is risky and might drive shippers away or divert traffic to trucks. Developing new traffic depends largely on the recovery of the overall economic environment and the rail service level the railroad can provide.

‘In summary, this scenario is a profitable operation if projected traffic can be sustained for a long period of time and additional traffic developed in order to generate a high enough return to attract an operator.’

Potential traffic of 12,000 carloads: definitely profitable

‘With traffic increased by almost 30% compared with that of the high traffic scenario, this operational scenario is significantly profitable and provides sufficient cash flow for railroad acquisition costs and further capital improvement costs for rehabilitating the line. Although the potential total traffic seems high at over 12,000 cars annually, it is still slightly below the traffic levels realized in 2006. The peak traffic in 2005 had over 15,000 cars. This indicates that as the overall economy gradually recovers, the potential traffic level is definitely achievable. Given the State of Maine’s abundant forest reserves, the traffic in logs, wood chips and wood related-products are sustainable in the long run. Therefore, the economic impact of preserving the rail service could be significant.

‘If we assume that it takes a total of $20M to acquire the line, and the State of Maine is able to obtain a long term debt to fund the rail line acquisition,’ at 5% for 20 years, the borrower would pay $1.6 million per year.

Connection with MMA: problem

‘The biggest concern for pursuing this project lies in the fact that MMA’s potential abandoned segment of the railroad along Madawaska subdivision has no direct connection with any other regional or Class I railroads. This would force a potential third-party operator to rely entirely on MMA for its interchange needs, unless MMA would like to be the operator for the line after MaineDOT acquires it.

‘It would be difficult for a potential third-party operator to improve the rail service if it has to rely entirely on MMA for interchange because it would not have control over its own service. Additional interchanges cause additional transit delays. In addition, adding a third carrier into the route would likely increase rates as each party must cover their own costs of handling the traffic.

‘According to RII’s interviews and surveys, shippers have already endured increased rates and reduced service schedules, among other issues. The declining rail services have severely affected the shippers’ business activities and competitiveness. It is not enough to simply preserve the rail line without improving the rail service. However, if an alternative operator is restricted by another carrier’s interchange service, it likely will not be able to improve the service to levels necessary to increase traffic numbers. In addition, a potential operator would have to compensate MMA for the intermediate interchange service, which could easily turn a marginal operation into a loss.
situation.

‘Therefore, RII recommends that whoever acquires and/or operates the line will need to purchase or lease the trackage rights to the St. Leonard station at the north end of the proposed abandonment portion of the line and to the Brownville Jct. on the south end to gain direct interchange access to other carriers. Without direct interchange points, the line will not be able to negotiate competitive rates and control its own service levels, and preservation of this corridor may be unobtainable. If purchasing or leasing additional trackage rights are not negotiable, an alternative option is to obtain MMA’s commitment to cooperate on service schedules and fees as a precondition for acquiring the line and ensuring further support from the MaineDOT on MMA’s overall operations in the state.’ [emphasis in original]

Funding

Private parties who might invest ‘include dominant shippers along the reference railroad, a potential short line operator who will be operating the line, and possibly even CN and NS that have a significant amount of traffic moving through this line. ...If improved rail service makes the traffic sustainability viable in the long run, the MaineDOT can help persuade shippers to commit a certain amount of traffic over a number of years, and the potential third-party operator would have motivation to contribute funding to gain exclusive operating rights on this line...Depending on the extent of support the public entity can provide, it could be lucrative enough for private parties to get involved financially.’

Funding Programs

‘One grant program currently exclusively available to public entities is the US Department of State’s [sic] Rail Line Relocation and Improvement Capital Grant. In FY2010, there is a total of $20,502,500 available for competitive projects. Anticipated application submission is expected to be in early 2010. It is strongly suggested that the MaineDOT explore this funding option and take action as soon as possible.’

‘Another program established specifically for railroads is the Railroad Rehabilitation and Infrastructure Financing (RRIF) loan, from the Federal Railroad Administration of the US Department of Transportation. In general, RRIF would be the most viable long term loan option regardless of what type of ownership is in the final deal.’

Third-party operators

‘RII approached several of these private parties to assess their interest in the MMA operation and several expressed that they would consider contributing a certain amount of capital toward the total capital cost to continue the rail service on this line, depending on the amount of rail traffic available. Several of these special operators expressed interest, but would need more information before expending efforts at due diligence.’

Cutting branches

RII recommended ‘that the Branch Line beyond Presque Isle be evaluated within one year after the new operation is in place. If this section of the line is not producing a set amount of revenue for the new operator, then it may be pivotal to eliminate this portion in order to reduce operating costs of the line. If and when this option comes to pass, it may be worthwhile to look at the value of the track that can be pulled up and salvaged for additional revenue vs.

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2 RII means the FRA. According to the FRA website, ‘Under this program, a State (or political subdivision of a State, such as a city or county, or the District of Columbia) is eligible for a grant from FRA for any construction project that improves the route or structure of a rail line and 1) involves a lateral or vertical relocation of any portion of the rail line, or 2) is carried out for the purpose of mitigating the adverse effects of rail traffic on safety, motor vehicle traffic flow, community quality of life, or economic development.’ I don’t see funding the MMA line as fitting this kind of grant. Editor
the loss of traffic, and MaineDOT may wish to examine the economic impact of rail service to those branches on the surrounding area and shippers.

‘The other branch lines should also be examined, and DOT may look at establishing a transload for branch line shippers to access the line if the branch lines are found to have insufficient traffic to continue rail service on them.’

Interchange problems

‘Transit times in the Northeast are excessive due to the multiple interchanges with short line railroads in the area. Working with other carriers, including MMA, Pan Am Railways, etc., to develop better service and transit times could be the goal, and a selling point for shippers to bring more traffic to rail.’

Environmental impact

‘Environmental impacts could total over $3.528 million in new highway maintenance costs due to 36,000 truckloads per year added to the highway system. This also adds significantly to the particulate and carbon dioxide emissions [carbon dioxide emissions: 159,835 tons per year] and to highway safety concerns.’

Economic impact

Fuel expenditures would rise $6.487 million per year without the rail access in this corridor. ‘Although traffic is down due to the worldwide economic environment, most indicators, including the industries currently located on the line to be abandoned, expect the economy, business and traffic to begin recovering within the next 12-18 months. Without protecting this infrastructure now, this area, as well as the entire state of Maine, will lose a valuable asset and one of its best resources for a strong position for economic recovery.’ {text of study - for copy contact editor}

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LEGISLATURE: HEARING ON MMA

18 February, Augusta. **THE JOINT TRANSPORTATION COMMITTEE HEARD SUPPORT FOR A STATE PURCHASE** of the MMA Millinocket-Madawaska line. Some of the speakers during the public hearing on LD 1748, newly-introduced [see 10#02A], for a bond issue to purchase and upgrade the trackage included:

**Why doesn’t Irving buy the line?**
Lobbyist Jim Mitchell of Irving Woodlands was asked, since Irving already owns a railroad [NBSR], why doesn’t it buy the tracks here? Mitchell replied that “the company history here has concentrated on woodlands...The company would look at” the possibility with the “intent to support woodlands operations.

“However, if [Irving] owns the bridge and MMA collects a toll at either end, Irving would not be interested.” If the company could get “access to one end, it would be interested. You can’t take the two ends, abandon the middle, and expect anyone to go into the middle.” Irving has consulted with experts who conclude that is not a viable solution.

**McCain Foods**
Avery Day, an attorney representing McCain, said his company supported the bond issue. McCain has 10 plants. The 550 workers at the one in Easton operate on a 24/7 schedule making french fries. “The problem is excess capacity. McCain will move to the lowest cost production lines....The loss of MMA will increase Easton operating costs by more than one million dollars.”

Day could not answer specific questions from the committee such as a comparison of rail service and prices with McCain plants in the Midwest and West and whether McCain had looked into auto fuel from potatoes.

Day did note that the cost of truck from Easton to New York City was the same as railing the product from the Midwest. Others noted that McCain uses potatoes from 20,000 of the 50,000 acres in potatoes in the County.
Fraser Papers, Fraser Timber
Tracy Caron, transportation manager for Fraser (with Brian Sass of Fraser sitting in the audience), said the Madawaska paper mill employs 650 workers and uses 2600 carloads a year. Fraser Timber Limited, with lumber mills in Ashland (on shutdown) and eight miles away in Masardis (operating), uses 900 carloads a year “in full operation....

“Paper and lumber markets have declined drastically in last few years. Rail is imperative for a viable lumber” operation, Caron said.

“The current [rail] service platform does not satisfy our needs, and needs of our customers.” She noted that most other [competitors of Fraser are] served by rail and are closer to the markets.”

Answering a question, she acknowledged that without MMA “we would still have access to CN” but with MMA, Fraser “has two rail lines compete. Without it, we will be hostage to CN rates.”

To another question, she said that rail traffic for the paper mill was 50% split between MMA and CN. In 2009, Fraser moved 55% by rail, 45% by truck.

Houlton: Tate and Lyle and Saint John/Searsport
Jon McLaughlin of the Southern Aroostook Development Corporation described again [see 10#01B] the Tate and Lyle starch plant in Houlton, “the smallest of the Tate and Lyle plants” but the only one which makes these particular starches. “Other plants were trying to make the starches, but could not easily do so.”

He is “working with corporate headquarters to find all the cost savings we can” including an energy audit. If the company resumed using rail, it could save $20,000 per year. It was receiving #2 fuel oil by rail, but stopped because of service.

Tate and Lyle currently moves 28 million pounds of tapioca from Thailand into Saint John (three to four ships a year), and then trucks it to Houlton. The company has looked at rail from Searsport, and will meet with officials in March.

McLaughlin noted that Houlton has a regional depot for Dead River to which petroleum products are brought by rail.

Bob Grindrod
As MMA president, Grindrod testified that he was “not in agreement with everything said today, and with the Hunter report.” He would be “meeting with the Committee to discuss that.” Particular points:

McCain. This company did 142 railcars in 2009, so he was hard put to understand how the loss of rail would cost McCain “one million dollars.”

Tate and Lyle. Asked why a truck move from Saint John had won the Tate and Lyle tapioca delivery, Grindrod responded that “we used to handle it, but Tate and Lyle decided it did not want to do things by rail, so it terminated tapioca, and the fuel to run the plant. We formerly handled that, [the tapioca] came to 100 carloads per ship.” He denied that Tate and Lyle stopped using rail because of service.

MMA could look into the Saint John move and “propose a much more economical method of doing it.” He surmised that Tate and Lyle got some very good rates from the Port of Saint John and the storage warehouse there.

Interchange. MMA has “standard agreements with all carriers, interchange is not restricted. I won’t say I am getting good service from all of them. I’d be happy to talk about that in the work session.”

Current operation. “We run a train between Millinocket and Montreal three times a week in each direction.

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3On 24 February, Fraser announced that stakeholders okayed the spinoff of the Madawaska and Edmundston mills to Newco [see 10#01B]. Fraser will sell the lumber mills to a third party [see 09#12A]. {Fraser press release}
Everything from [the north] goes to Millinocket, we run that train to Montreal. We used to do it six times a week, with more volume. We can’t do it with 20 cars on the train...This [line] is more profitable.” In Lac Megantic, MMA has Tafisa, the largest particle board plant in North America.

To bring the 233 miles up to FRA class 3 and the branch lines to class 2 would require $18-19 million. The company as a whole has a debt obligation of $42 million.

David Cole, MDOT commissioner

“MDOT cannot allow this line to be abandoned,” said Cole. The department is still [see 10#02A] negotiating with the stakeholders. “With hard work we can bring back to [the Transportation Committee] a viable plan which can work. We are looking at federal state and private resources... I have no higher priority in the Department.

Buy branch to St.Léonard? Asked whether, once MMA files on 24 February, MDOT can ask that MMA also convey the line from Madawaska to St.Léonard, Cole responded that the department had ‘hired an attorney to represent our economic interests and convey our concerns to the STB.’

Speed of action. Asked whether a bond in November would be timely enough, Cole said that MDOT is “sitting down with shippers and railroads next week to go through these issues. There will be timing issues. We assume we need to move quickly. We want a process to move through while you are still in session.” {ANR&P coverage via internet audio of Committee meeting}

MMA: NEXT STEPS*

LD 1678, review of fiscal impact of abandonment

The Joint Transportation Committee, since it had the Hunter study in hand, on 18 February voted LD 1678, requesting a similar study [see 10#01B], “ought not to pass.”

LD 1748, bond bill

The Committee has not, as of 2 March, designated a date for a work session. At the session it will discuss more details of shipper and railroad operation, as well costs to purchase the line and to rehabilitate it.

Stakeholder meetings

During the week of 22 February to 1 March, the shippers, MDOT, and railroad will discuss possible solutions, with the aim of returning to the Transportation Committee to report.

MMA: STB FILING

26 February, DC. THE RAILROAD FILED THE ABANDONMENT APPLICATION, along with a fee of $22,600, for five lines:

Madawaska subdivision, 151 miles from Millinocket to Madawaska; Presque Isle subdivision, 25.3 miles from Squa Pan to Presque Isle; Fort Fairfield subdivision, 10 miles from Presque Isle to Easton; Limestone subdivision, 29.85 miles from Presque Isle to Limestone; Houlton subdivision, 16.9 miles from Oakfield to Houlton.

Note on citations: a naked number, e.g. {23} indicates the page of the total 140 pages of the Application pdf plus various statements and appendices.

Legal standard

‘In order to block an abandonment, shippers and community interests must show that the harm that they will incur outweighs the harm to the rail carrier and interstate commerce resulting from continued operation.’
Last resort
‘MMA has taken this step as a last resort. Its shareholders have sacrificed by contributing approximately $[ ]4 million in new equity capital, and certain shareholders who also held mezzanine debt converted approximately $[ ] million of that debt into equity. MMA has refinanced its original debt and made essential capital improvements by means of a loan pursuant to the Railroad Rehabilitation and Infrastructure Act. These measures taken together have enabled MMA to continue to operate, but such operations continue to produce losses. MMA is at the point at which it simply cannot, and should not be forced to, continue such loss producing operations.

Truck competition
‘In the current economy, many shippers on the Abandonment Lines, especially those producing lumber and building products, have found that their order sizes are smaller than in the past and that their customers are not resupplying inventories at the same rate. Smaller order sizes for commodities such as lumber and more time sensitivity favor truck as compared to rail. At the present time, MMA’s rail market share is less than 10% compared to trucks in the area served by the Abandonment Lines.’

Improvements?
‘Furthermore, there is no known prospect of new customers locating on the Abandonment Lines. [But see IRS report in box, above.] The end of the recession may lead to additional rail traffic compared to current levels, but it is unlikely that MMA’s business will return to 2005 levels or, for that matter, any level that would produce sufficient profits to sustain the operation of and warrant capital investment in the Abandonment Lines....

‘The goal of the capital expenditures would be to put the Madawaska Subdivision in class 3 condition and the branch lines (other than the Limestone Subdivision) in class 2 condition, thereby increasing maximum speeds to 40 mph and 25 mph, respectively, and lowering operating expenses, including fuel costs and wages for additional crews, on the Abandonment Lines.’

Possible buyers
‘MMA has...maintained an open attitude toward conversations with the customers in the event that one or more of them may want to purchase or subsidize operations on the Abandonment Lines As of this time, no customer has made any offer to purchase or subsidize, but Maine DOT or its consultant may yet come forward with ideas that could be explored.’

Value of lines
While the different values were redacted from the Public Application, it did discuss three methods to value the property:

Across the fence. A sale to adjacent owners.

Corridor. A sale to an entity to preserve the corridor for trail purposes.

Utility easement. As a subpart of the corridor valuation, MMA noted the ‘growing demand for the acquisition of rights to construct electric transmission lines in order to bring relatively inexpensive hydroelectric power and other environmentally friendly sources of electricity, such as the windfarms that are being developed in Aroostook County, to the consuming markets in New England and New York.

‘MMA has begun conversations with producers of electricity about the possibility of using rights-of-way of MMA, including primarily the main line corridor of the Abandonment Lines (the Madawaska Subdivision), for transmission purposes. It is difficult to quantify the value of these rights at this time, but clearly the possibility of

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4MMA submitted a public version of the Application, with nearly all figures redacted. It also submitted a confidential Application, which contains these figures. See first article and previous testimony for some numbers.
such uses enhances the value and supports the use of the corridor methodology.’

[‘Potential producers of electricity have indicated that the rail corridors are sufficiently wide to permit rail operations and the transmission of electricity simultaneously.’ {169}]

**Estimated subsidy**

If a party came forward with an Offer of Financial Assistance to maintain rail operations, the party would need to pay the sum of: the avoidable loss from operations, the total return on value [if the $20 million rough value of the line were invested elsewhere by MMA], and the rehabilitation costs.

**Rehab of lines**

‘At the present time, the Madawaska Subdivision is, for the most part, in FRA class 2 condition with maximum speeds of 25 mph. Three of the subdivisions—Houlton, Presque Isle, and Fort Fairfield—are in FRA class 1 condition, and the maximum speed on these branch lines is 10 mph. The Limestone Subdivision is, for the most part, FRA excepted track, which means that the maximum speed is 10 mph and hazardous material movements are limited. Approximately 113 miles of the total of 233 miles are subject to slow orders.’

**Transloading facilities**

‘There are a number of transloading sites, both on MMA lines and on the lines of other rail carriers, in the area of the Abandonment Lines. MMA’s affiliate, Logistics Management Systems ("LMS"), operates a warehouse and transloading facility in the Bangor, Maine area on an MMA line that will continue to be operated after the abandonment. [Bangor is #800 in our Directory; LMS has another operational facility in Van Buren, Maine (#747 - to be closed after the abandonment). LMS has suspended operations in Jackman (#812), Houlton (#786), and Presque Isle (#762). {ANR&P discussion 2.Mar.10}]

‘The LMS facility is 77 highway miles south of the southern end of the Abandonment Lines. LMS offers a
warehouse with approximately 130,000SF of space under one roof, track capacity for 19 railcars and experience in transloading and handling lumber, paper, pulp, chemicals, starch, steel and a variety of other products.

‘MMA is also considering the establishment post-abandonment of a new transloading facility at Millinocket, Maine, which is at the southern end of the Abandonment Lines. Other rail carriers in the immediate area of the Abandonment Lines also have established transload facilities. All of these transload facilities could increase the business that they currently do with MMA customers located on the Abandonment Lines or provide new options after the abandonment.’

Recent train operations
‘From May 17, 2009 to September 30, 2009, MMA operated 3 trains per week northbound from Millinocket to Madawaska, 3 trains per week southbound from Madawaska to Millinocket, 3 trains per week from Squa Pan to Portage and back to Squa Pan, 2 trains per week from Squa Pan to Presque Isle, Easton and Caribou and back to Squa Pan, and one train per week from Oakfield to Houlton and back to Oakfield.’ {MMA Application, STB filings page, AB-1043}

Environmental impact
The STB’s Section on Environmental Analysis approved MMA’s request to retain consultant HNTB to do a preliminary draft environmental assessment. It was served on 4 February. {38}

Traffic
Exhibit 3 to the Application showed a total of 9,168 carloads on the Abandonment Lines for the year ending 30 September 2009. Of those, 5,029 contained ‘raw wood products’, 1,450 contained paper, 818 finished wood products, 509 petroleum fuels, and 402 clay.

Overhead traffic (included in the total above) consisted of 2,981 loads, of which 1,450 were paper, 608 raw wood products, 402 clay, and 299 finished wood products.

COMMENTS ON CUSTOMERS

From Joseph R McGonigle, vice-president-sales & marketing:

McCain’s
‘We are aware of cooking oils destined to another McCain's facility moving via a rail to truck transfer on the Canadian National at Moncton, NB. Presumably, the facility at Easton could receive cooking oils by truck as well.’ {68}

Tatermeal
‘Tatermeal, a division of McCain Foods operates a plant at Presque Isle, Maine where it produces a dried potato product from McCain's refuse, which is used as an additive in pet foods. The inbound commodities consist exclusively of potato refuse, all of which is received by truck from the McCain facility in Easton. Approximately [ ]% of the outbound product is moved by rail to destinations in Ohio, Kansas, South Carolina and California. Tatermeal leases the building that it uses in Presque Isle and has made only a minimal investment in its facilities, indicating that the facility is portable and it would be relatively easy to relocate.

‘Rail business at Tatermeal has increased from [ ] carloads in 2005 with $[ ] of revenue to [ ] carloads and $[ ] of revenue in 2009.’

Maine Potato Growers
‘Maine Potato Growers (MPG) operates a farmers co-op facility in Presque Isle....They receive fertilizers by both truck and rail, sulfuric acid originating in Ontario by rail, and oil by truck from Searsport....The oil from Searsport does have a MMA rail option, but MPG does not want to purchase oil in rail tank car volumes, preferring instead to use truck in order to maintain a lean inventory in a volatile market.'
Industrial Port Development Opportunity
Mid-Coast Maine Location

- 26 acre site with 32 foot depth of water (9.75m) alongside at low tide; 11 foot range of tide.
- 16 miles from Bangor/Brewer & I-95.
- Borders Pan-Am/ST rail system.
- Adjacent to Commercial Maritime District.
- Suitable for bulk, break-bulk, and project cargo; ship repair, terminal storage/distribution, and industrial fabrication.
- Recent marine survey available for review.
- Contact David Milan, Bucksport Economic Development Director, at (207)-469-7368.

‘MPG seasonally ships barley and oats by both rail and truck to destinations in the northeastern part of the United States and Quebec. Volumes are heavily dependent on both quantity and quality of the crops.

‘Options exist to use a Canadian National transload site at Grand Falls, NB to forward shipments via rail. MMA’s business for Maine Potato Growers has decreased from [ ] carloads and $[ ] in revenue in 2005 to [ ] carloads and $[ ] in revenue in 2009.

Portage Wood Products (to Old Town)
‘Portage Wood Products converts logs into chips at its facility in Portage....All of the logs required by Portage are transported to the facility by truck, for the most part on private roads. MMA handles wood chips from Portage to South Lagrange..., a distance of approximately 126 highway miles, for transloading to truck and eventual delivery to [Old Town Fuel and Fiber]. This rail movement of woodchips began in 2009 as a result of successful negotiations with the receiver.’ [Previous owner Georgia Pacific had also used the chip move—see 05#08B. The next owner, Red Shield, did not use rail for the chips—see06#11B. ]

Fraser Paper
‘Fraser originally produced primarily publication and printing paper at its facility in Madawaska. Recently, however, Fraser has shifted to the production of specialty papers, which is much more conducive to deliveries by truckload volumes than by rail. Order sizes for specialty papers are generally smaller than for publication papers, are of higher value, and require a much quicker cycle time from order receipt until order delivery, which has led Fraser to revert to regional distribution facilities throughout North America to service its customers.{74}

‘For inbound raw materials used to make paper, Fraser is more likely to use rail. At the present time, clay from Georgia, titanium dioxide from Delaware, silica from Maryland, starch from Iowa, and talc from Montana are received primarily by rail. Woodpulp and alum are shipped into Madawaska by both rail and truck. Much of the inbound rail tonnage currently utilizes a routing via the Canadian National via the St.Leonard, NB gateway, and all of the inbound rail tonnage could move via that route in the future....

Pursuant to its haulage agreement with MMA, Canadian National has the ability to establish transportation rates
directly with Fraser at Madawaska.

**J.D.Irving in St.Leonard**

MMA also provides service to the J.D. Irving Ltd. lumber mill which is located on the Canadian National at St.Leonard, NB. [CN bought the serving track from CP—see 03#01A.] Irving and Canadian National have an agreement to allow MMA access to service the mill for fiber traffic only, which includes shipments and receipts of sawdust, woodchips, logs, and other raw materials and residuals from or to MMA service territory. All the fiber traffic currently shipped via MMA to and from the St. Leonard mill traverses the Abandonment Lines; however, once the lines are abandoned, that traffic would revert to trucks, the Canadian National or other sourcing alternatives. {76}

The majority of shipments to the mill from the MMA service area are heavily transported on trucks travelling on Irving’s private road network into Van Buren..., where the trucks are reduced for forwarding over the International Bridge to St Leonard, NB.

**LMS Van Buren to close**

‘Once the lines are abandoned, LMS intends to close the facility and lumber shipments that would have been transloaded at Van Buren will most likely be handled by rail on Canadian National, truck, or truck-to-rail transload sites in other locations In 2005 the reload generated [ ] carloads for $[ ] in revenue, but by 2009 the volume had dropped to [ ] carloads.’

**New business**

‘MMA's sales and marketing team has, over the last several years, explored every potential piece of new or increased business, and they have had success in bringing additional carloads onto the Abandonment Lines.

‘Unfortunately, the team has not been successful replacing the total volumes lost due to a continuously declining production base....We have also imposed rate increases.’ {78}

**OTHER NOTES**

**Robert Finley and revenue estimates**

Robert Finley is advising MMA on revenue for past years and future years and on-branch avoidable costs. Finley currently serves as vice-president of finance for the Housatonic Railroad. Since 2000 he has also worked as an independent consultant for the short line freight railroad and passenger rail transit industries.

Finley advised the trustee of the bankrupt Bangor & Aroostook Railroad [Jim Howard, now the attorney for MMA handling this abandonment—editor] about the financial viability of certain segments of the property. In this capacity he had to develop forecasts of income and estimates of expenses with a minimum of historical information due to the reorganization of the property. He then created the exhibits necessary to file for abandonment. {101}

Finley has also advised MMA on its budgeting and weekly forecast process. During three separate assignments, he stepped in on an emergency basis as the corporate controller. He is now retained on a quarterly basis to assist in preparation of financial documents for the board of directors.

**Unitrac pricing**

Melody Sheahan, vice-president engineering, wrote in her Verified Statement said that to get the value of rail, other track material and turnouts, MMA provided the inventory to Unitrac Railroad Materials, Inc, ‘a well-established player in the salvage of rail lines throughout the United States with over 80 years in the business.’ {115}

**Holland and Moose Path truck pricing**

Robert Holland, who did comparative truck pricing, formerly worked for Norfolk Southern in management positions in intermodal. He developed "truck cost" models for use by the marketing groups so that they could assess comparative modal economics in order to make pricing decisions.

‘After my retirement, I formed Moose Path Consultancy, LLC,’ to do consulting, residing in Rockland, Maine. He found that many of the commodities handled on the Abandonment Lines require special use equipment, such as tank cars, that
would unlikely to be used for back hauls or head hauls. ‘Consequently, I assume conservatively that the empty return ratio, the number of empty trucks compared to loaded trucks, would be 1.0 on average.’

Gottlieb sale of BAR real estate and pricing of real estate
Richard Gottlieb was retained by the Chapter 11 trustee [Jim Howard, the attorney handling this abandonment—editor] of the Bangor and Aroostook Railroad, MMA predecessor, in 2003 to sell approximately 100 small parcels of real estate that remained with BAR after the sale of its rail assets to MMA and, in addition, approximately 48 miles of abandoned right-of-way.

‘The 100 small parcels were generally less than 3 acres in size, located adjacent to or near a rail line, and irregularly shaped. They were located throughout northern Maine, and in particular in Aroostook County. The 48 miles of abandoned right-of-way, as discussed below, were located primarily in Aroostook County. As a result of my efforts to market and sell these properties, BAR realized approximately 2.5 times as much in proceeds as anticipated prior to the marketing and sales effort

‘Over the course of approximately 2 years, all of the 100 small parcels were sold. Many of the parcels were sold to local, entrepreneurial private purchasers who saw the {164} value of this real estate. For example, a number of the parcels were acquired by loggers, who recouped part of their purchase price by cutting timber located on the property, and who now are in a position to realize a profit through resale or development.

‘Approximately 43.2 miles of the abandoned right-of-way were located in Aroostook County between Washburn and Mapleton (6.2 miles), between Patten and Sherman (5.9 miles) and between Houlton and Phair (32.4 miles) In addition, 4.6 miles of the Kahtadin branch in Piscataquis County was sold....

‘I was able to negotiate a purchase and sale agreement for all 45 miles of abandoned right-of-way with a group in the timber business who had purchased several of the small parcels. They wanted the property for logging roads.’

Price of corridor real estate
Eventually, the Maine Department of Conservation stepped in to buy the entire 50 miles of abandoned right-of-way at about $21,000 per mile. {165}

Gottlieb is discussing a sale of 80 of the 233 miles of corridor with a group in the timber business, including the buyer of a three-mile abandoned corridor MMA sold earlier.

MMA has also received an offer from Maine Public Service [an electricity provider in Aroostook County—editor] to acquire land at various locations within the 233 miles relating to existing utility easements at a price of $[ ] per mile. {166}

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MASSACHUSETTS

CSXT/MBTA: TURNING FACILITY
1 March. **THE MBTA CANNOT YET ADD TO THE WORCESTER SERVICE**; it needs a locomotive turning facility.

Under the 2008 Definitive Agreement, beginning in October 2008 the T was permitted to operate an additional 2.5 round trips per day, the ‘First Stage trains’.

When MassDOT has made available to CSXT’s exclusive use ‘a locomotive turning and servicing facility located in central Massachusetts’, the T may operate one additional round-trip, the ‘Second Stage trains’. [See 08#12B.]

CSXT spokesperson Bob Sullivan wrote on 1 March: ‘CSXT and the Commonwealth are continuing to work on finding the best location for such a facility.’ [See 09#09B.] {e-mail to ANR&P}

MBTA/PAS: LAYOVER FACILITY
26 February, Westminster. **THE WESTMINSTER INDUSTRIAL PARK IS NOT THE BEST LOCATION** for the proposed layover facility, which will assist the extension of T service west of Fitchburg, according to some. The
TIGER grant which was awarded on 16 February [see 10#02A] will fund the project.

In December after a number of residents spoke at a public hearing against the facility’s potential noise, fumes, and threat to a nearby swimming area, the Westminster selectmen, who supported the basic project, sent a letter to Ian Bowles, Massachusetts secretary of Energy and Environmental Affairs. In part, it read: ‘We are concerned with the potential negative impacts of noise, vibrations and fumes from the trains, which will start running very early in the morning and will remain idling for extended periods of time during cold weather. In addition, we do not feel that a layover station, which would be tax-exempt property, is the best use of scarce industrial land in Westminster.’

**Why the business park**

Mohammed Khan, administrator for the Montachusett Regional Transit Authority (MART), acknowledge he also is concerned about the location of the layover station. “...We realized we had to go all the way to Westminster, and the Westminster Business Park was very interested in our proposal, so when we submitted our proposal the business park is where our main layover facility was located.”

Khan is aware of the concerns and has a consultant reviewing the issues raised and hopes to address them with residents in the coming weeks. “There is a lot of misunderstanding and worrying. We really want to get everyone's support behind this project because in the next four or five months we have to complete our entire design process and then begin construction.” {Kevin Doherty in Fitchburg Sentinel & Enterprise 28.Feb.10}

**CSXT: NEW LOCATIONS**

*CSXT’S PLANS TO INVEST $100 MILLION IN THE COMMONWEALTH* is “very good timing, it shows [the railroad] can be competitive and stay competitive” into the future in Massachusetts, said MassDOT Deputy Secretary Jamie Tesler on 22 February.

The move out of Boston to Westboro and Worcester

In 2009, CSXT and MassDOT announced that once sites were found for the terminals in the railroad’s Beacon Park Yard in Allston, CSXT would move most of its freight activities out of Boston [09#09B, leaning toward Worcester]. In recent weeks, the railroad reached a decision on how to do the relocation. Before making a public announcement, MassDOT and CSXT officials visited the municipalities affected to explain the plans.

The payments

Tesler said on 22 February that the state paid $10 million to CSXT in autumn 2008, when the deal was signed, and will pay another $40 million after the First Closing, consisting of the sale of the South Coast lines, the Boston Terminal Running Track, and the Grand Junction Track [see 08#12B, 09#11B], which should happen in spring 2010 following STB approval.

The state will pay the final $50 million at the Second Closing, on or before 5 September 2012, to purchase CSXT’s interest in the line from Boston to Worcester. “That happens when [the new facilities are] completed,” CSXT has moved out of Beacon Park, and the doublestack clearance work is finished [see 08#12B].

**WORCESTER: INTERMODAL**

On 19 February, CSXT’s Maurice O’Connell, vice president of government affairs, and Tesler, visited Worcester to brief state and local officials on CSXT’s plans.

Doublestack

Currently, CSXI can only run mixed doubles (one 8'6" high container, one 9'6" high container) on its intermodal cars between Albany and Boston, due to height limits of bridges. MassDOT will pay to increase the height of 17 bridges carrying Massachusetts roads over the CSXT tracks [see 08#10A]; CSXT will pay to undercut 14 bridges [see 08#12B]. Result: full doublestack clearance, permitting CSXT to run cars with two domestic containers of 9'6" each.

Tesler pointed out on 22 February that the intermodal investment fits with the “massive investment nation-wide”
The Massachusetts General Assembly passed the Seaport bond bill in 1996 which in theory helped fund the clearance for CSXT, ST, and PW. See 96#05 and 08#04B PW annual meeting.

Getting full-dbl stack “opens access from Chicago, and with the National Gateway [see TIGER grants in 10#02A Regional] to the mid-Atlantic as well.”

Getting full-double clearance into Massachusetts “was a long time coming,” Tesler noted. Given the delay, the work now is “great timing” because it meshes so well with the TIGER investments.”

Worcester expansion
O’Connell said on 19 February that CSXT wants to add 28 acres to expand the Worcester yard, now 23 acres. The railroad will assemble 11 parcels of privately-owned commercial properties adjacent to the existing yard into two large sites, and acquire portions of public streets. He emphasized no land will be taken through eminent domain; CSXT will buy the parcels via privately-negotiated sales.

The submission to the Worcester City Council shows that one site of about 16 acres [per Xmap] with six parcels [per Google maps] lies across from its freight yard on Franklin Street, a tract bounded by Franklin Street to the north and Grafton Street to the south, containing a vacant Shaw’s supermarket. Here CSXI will store containers.

CSXT will relocate the yard entrance from Franklin Street to Grafton Street, to provide easier access to I-290 and reduce the amount of truck traffic on city streets. An overpass will carry internal yard truck traffic between the new site and the existing yard. A 120-foot acceleration lane will be constructed at the new terminal entrance on Grafton Street.

The second site, 12 acres [per Xmap] with five parcels [per Google maps], will extend the yard east to about

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5 The Massachusetts General Assembly passed the Seaport bond bill in 1996 which in theory helped fund the clearance for CSXT, ST, and PW. See 96#05 and 08#04B PW annual meeting.
Atlanta Street. This will require the closing of Putnam Street which passes over the tracks.

CSXT will also rebuild a dilapidated retaining wall along Franklin Street which bothers some city councilors, and create landscape buffers along the yard perimeter.

O'Connell anticipated the expanded operation will add another 80 to 100 truck trips per day, but using the Grafton Street entrance will eliminate the frequent queuing of trucks on Franklin Street. The project will create 370 construction jobs, and 50 jobs at the expanded yard, with completion by September 2012.

**Financing for Worcester**

Tesler said no state or city funding will be used to finance the expansion project. CSXT will pay the entire bill for the project from the $100 million it will receive from the state in the First and Second Closings [see above].

In other words, CSXT is not only reinvesting the entire $100 million of state funds, and adding another $18 million for the Westboro project and an undisclosed amount for the clearance work, but “CSX is putting their money down first” before they get paid. “It’s exciting, that level of investment.”

**Why Worcester**

O'Connell said CSXT likes Worcester as its freight rail hub for New England, with its east-west and north-south rail connections, I-290, I-190, and the Massachusetts Turnpike. Often freight arriving in Allston must be trucked back to central and western Massachusetts.

“(Worcester) is where our customers want to be. They prefer to be in the Worcester area because it is an ideal location for them to get their products out. Not only will this distribution create new jobs, but it will also create a number of other economic development opportunities in the city.”

**Benefit for Worcester**

After the briefing, Lieutenant Governor Tim Murray (former Worcester mayor) and City Manager Michael V. O'Brien praised CSXT. Murray called the expansion the “highest and best use” of properties along Shrewsbury and Franklin streets, which should serve as an investment catalyst for those areas and the Canal District [which lies immediately on the other side of I-390—editor].

**Next step**

City Manager O'Brien will formally present the plan to the City Council 23 February, because the plan requires zoning map amendments and the discontinuation of portions of some public streets and utility easements.

Mayor Joseph C. O'Brien said the plan will likely be referred to the council's Public Works and Public Service and Transportation committees for a joint review. The plan will also have to go before the Planning Board, Conservation Commission and Historical Commission. Once all city approvals have been obtained, CSX anticipates a two-year construction process. {Nick Kotsopoulos in Worcester Telegram & Gazette 20.Feb.10; text of submission to Council available on Worcester website}

**WESTBOROUGH: TRANSFLO**

Westborough Town Manager Jim Malloy explained that he met with CSXT and TRANSFLO officials on 25 January and 11 February. On 18 February, Lieutenant Governor Tim Murray, Lisa Mancini, CSXT senior vice president - human resources and labor relations, Louis Renjel, CSX vice-president for strategic infrastructure, and others came to Westborough to brief town officials and a reporter on plans to move the TRANSFLO terminal, which handles
both liquid and dry bulk, from Allston\(^6\) to the CSXT vacant former auto terminal,\(^7\) at a cost of $18 million.

Westborough provides an ideal location close to the Massachusetts Turnpike and Interstate 495, Mancini said. The story was embargoed until the Worcester story also appeared. \(\{\text{ANR&P discussions 23.Feb.10 with Malloy and reporter Abby Jordan}\}\)

**Operation**

CSXT will build 11 new tracks and add a surface drain system to improve stormwater runoff for the adjacent wetlands.\(^8\) The yard will operate 6AM to 6PM; an estimated 35 trucks per day would pass through the facility. As an auto facility, 125 truck trips a day were made, said Renjel. “So the impact on the community is fairly minimal.”

**Next step**

Malloy expected CSXT to submit the plans for site plan review, which will be reviewed by several town boards. CSXT hopes to begin the rebuild this summer and finish in nine to 12 months. The work will create 100 construction and seven or eight permanent jobs, Renjel said.

**Development advantage**

Malloy also said the town would benefit. “We’ve had an internal discussion that being closer to the raw products doesn’t make it bad for us when we’re trying to recruit new businesses. The businesses, if they can keep their costs down as far as having delivery of those raw products, it helps us on economic development as well.” \(\{\text{Abby Jordan in MetroWest Daily News 20.Feb.10; ANR&P discussion with Malloy 23.Feb.10}\}\)

**WEST SPRINGFIELD: UNKNOWN**

Tesler and CSXT spokesperson Bob Sullivan each said that CSXT also has plans for West Springfield, but the discussions between the railroad and the city have not progressed as far as those with Westborough and Worcester. Tesler described the planning as “not as advanced, and not as significant” as that for Worcester and Westborough.

**A SUMMARY**

Tesler underscored three aspects of the announcements.

**Commuter rail**

The entire move began “about passenger rail to Worcester,” not as a freight plan. The result has become “a true bargain” which works from the CSXT and commuter rail perspectives.

**A plus for freight**

The expansion of CSXI’s intermodal terminal in Worcester, which was “already an intermodal” hub, makes sense because Worcester is the “perfect place for New England as a rail center” with lines going east and west [as well as northwest (PW to Gardner), northeast (ST to Ayer), southwest (PW to New London) and southeast (PW to

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\(^6\) CSXT has long had a Transflo terminal in Allston [our Directory #228], which handles bulk products [for example grain for Newly Weds [see 05#08A]. It formerly also had one in Westfield on PVRR [#402], but closed that and moved the activities to its Allston or North Haven Connecticut [#644] terminals [see 06#06B].

\(^7\) In 2003 the terminal was handling mostly Chrysler, but also Mazda and other makes [see 03#03B]. Chrysler later moved to the new East Brookfield yard [see 04#10B] and CSXT closed Westboro.

\(^8\) The wetlands prevented any expansion of the terminal footprint, limiting its re-use for other purposes.
No mention is yet made of Worcester as an expanded switching yard. At this point, CSXT does interchange blocks of cars with PW, and an entire train with ST. What will happen to freight cars currently moving to customers in Allston (Romar) and Everett? Reportedly, a local originating in Framingham will switch these. Editor

The money stays in Massachusetts

Tesler noted that under the MassDOT-CSXT agreement, the state is paying CSXT a total of $100 million. The railroad is spending that amount immediately in the state, to stay here and strengthen its infrastructure. “It’s a good outcome for public dollars.” [ANR&P discussions with Tesler and Sullivan 22.Feb.10]
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