**REGIONAL**

**Region:** Carload freight disappearing?*

**NEW YORK**

**PAS:** Mechanicville yard may have some functions by end of 2010, awaiting Corps permit.*

**SNY:** Ford, NS renew lease for Voorheesville.*

**NYSDOT:** State Senate wants to create high-speed rail board.*

**CSXT:** More on high-speed operation in Empire Corridor West.*

**HRRC/FGLK:** Update on move from Rock-Tenn.*

**CONNECTICUT**

**PW:** Description of Tilcon operations. Map.

**MAINE**

**MMA:** Reports it and MDOT have reached an impasse on the abandonment issue.*

**MMA:** Board set public hearing as 7 July, offers financial assistance due 19 July.*

**ST v Fore River:** STB sides with Fore River, sets new schedule.*

**MASSACHUSETTS**

**MC/CSXT:** South Coast handover on 12 June.*

**MBTA-CSXT:** Unions appeal STB ok.

**MBTA-ST agreement:** T not to charge track fees, and ST not to charge track fees.*

**PAS west end:** Bad track work and new management end the smooth running.*

**ST:** Court rules that ST in-house counsel was not ‘duped’, ST must sell North Point.*

**NEW HAMPSHIRE**

**MBRX v ST:** MBRX seeks injunction so it can operate,* scheduled 7 July, then to STB?*

**NEGS-ST:** Turn-over of Concord operations jeopardized by Hillsborough derailment?*

**RHODE ISLAND**

**PW-ST:** Ford autoracks move to Davisville.

**VERMONT**

[No report.]

**MARITIMES/QUÉBEC**

**Saint John:** To spend $3 million on container work.

**CBNS:** Subsidy extended by province.*

**RAIL SHIPPERS/RECEIVERS**

A cross-reference to companies mentioned here.

**PEOPLE, POSITIONS, EVENTS**

Bernie McCall.*

What's with the Finks?

Of nine articles about ST, eight describe trouble. The only positive describes how it’s saving track fees.

- Chop Hardenbergh

Next issue: 16 July
REGIONAL RAIL OUTLOOK*

25 June, region. ‘CARLOAD FREIGHT IN THE EAST IS ALMOST A THING OF THE PAST,’ wrote Art Ivins, a former Conrail marketing exec and long-time contributor to Railroad Week in Review. Referring to a trip by editor Roy Blanchard, Ivins said: ‘Your trip through the ruins of Connecticut can be duplicated in PA, NY, NJ, MA, and the rest of New England. Those industries have been gone for years and just didn’t disappear in the most recent downturn. When I was a transportation supervisor with the PC at Morrisville in 1970, Trenton teemed with industry; now it is all gone.

‘The same can be said for my days at Greenwich Yard in South Philly and my trips up Delaware [Avenue] and across Washington Avenue.’

Blanchard responded: ‘Carload freight as we knew it, with many industry tracks off runners adjacent to the mains and myriad local freights on branch lines, is surely gone. However, much of what single-carload industry remains now uses domestic intermodal or transloads. Look at how the bulk-transfer business has grown for everything from plastic resins to corn sweeteners. Moreover, the individual carloads are 25% bigger–100 tons payload vs 80 tons.’

{Roy Blanchard’s Railroad Week in Review 25.Jun.10}

PW: 1Q10 REPORT*

14 May, Worcester. CARLOAD TRAFFIC JUMPED FOR THE FIRST QUARTER, as hinted at by Chair Bob Eder during the annual meeting on 28 April [see 10#05A].

Operating Revenues

‘Operating revenues increased $1.3 million, or 24.9% to $6.2 million in the first quarter of 2010 from $4.9 million in the first quarter of 2009. This increase is a combined result of $1.2 million (28.3%) increase in conventional freight revenues, a $105,000 (41.2%) decrease in container freight revenues, a $55,000 (29.4%) decrease in other freight related revenues and a $143,000 (147.4%) increase in other operating revenues.

Conventional carloads up 55.3%

‘The increase in conventional freight revenues is attributable to a 55.3% increase in traffic volume, offset by a 18.9% decrease in the average revenue received per conventional carloading. The Company’s conventional carloadings increased by 2,631 to 7,388 in the first quarter of 2010 from 4,757 in 2009.

‘Shipments of most commodities handled by the Company increased during the first quarter of 2010. This increase is primarily attributable to the improving market conditions. The modest decrease in the average revenue received per conventional carloading is the result of a shift in the mix of commodities, as well as some rate changes. While the Company’s traffic volume showed marked improvement during the first quarter of 2010, management cannot ensure that market conditions will continue to improve enough to enable the Company to return to profitable operations.

Containers down, again

‘The decrease in container freight revenues is the result of a 36.9% decline in traffic volume and a 7.7% decrease in the average revenue received per container. Container traffic volume decreased by 1,353 containers to 2,314 in the first quarter of 2010 from 3,667 in 2009. This decline in traffic continues a trend which began in 2007 in which cross country container traffic to the East Coast has been shifted from rail to all water routes. This trend, along with current economic conditions, has contributed to the decrease in the average revenue received per container.

CASH FLOW

Eder said at the annual meeting that cash ebbs and flows. The quarterly report indicated a further ebbing, because the first quarter is always negative for cash. The railroad drew down $1 million of its $5 million line of credit, so that cash and cash equivalents grew from $157,000 in 4Q09 to $622,000 in 1Q10.
Other revenues
‘The decrease in other freight-related revenues is the result of a decrease in switching income, offset by increases in demurrage billings and weighing revenue. The increase in demurrage billings is consistent with the increase in conventional traffic volume.

‘The increase in other operating revenues reflects increased maintenance department billings for services rendered to freight customers and other outside parties.’ {text from SEC website}

NEW YORK

PAS: MECHANICVILLE*
23 June, Mechanicville. ‘WE HOPE TO HAVE SOME PORTIONS OF THE YARD OPERATIONAL BY THE END OF THE YEAR’, wrote Rudy Husband, NS spokesperson, ‘but there will be construction activity there in 2011. We are not currently contemplating any changes at Voorheesville’ [which handles Ford autoracks–see below]. {e-mail to ANR&P}

US Army Corps permitting not complete
John Connell, head of the regional Army Corps of Engineers office, said on 28 June: “I can't predetermine the outcome, but it is extremely rare that we would deny a permit.”

He said a decision on permitting the railyard would come “very soon,” though he could not even guess at a date. “We are conducting the review now, [and] certainly getting to the latter stage of review.”

He believed that state approval, a “small piece” was still outstanding.
Halfmoon lead agent: towns done
Steve Watts, head of planning for the Town of Halfmoon, which is the lead agent for itself, the Town of Stillwater, and the City of Mechanicville on the railyard permitting [see 10#01B], said Halfmoon had finished its permitting “months ago.” [ANR&P discussions 28.Jun.10]

SMS RAIL: LEASE RENEWED*
24 June, Voorheesville. FORD AND NS HAVE RENEWED THE LEASE OF THE AUTO TERMINAL HERE for another year, said Jeff Sutch, president of SMS Rail Lines, whose SNY (reporting marks for SMS Rail Lines of New York) serves Northeast Industrial Park where Ford began delivering autos in January [see 10#01A]. “This is good for SMS, good for Ford, and good for NS.” [ANR&P discussion]

The lease renewal indicates that Ford does not plan to start using the Mechanicville yard anytime soon. Editor

NYSDOT: HSR COMMISSION*
24 June, Albany. A STATE SENATE BILL WOULD CREATE A HIGH-SPEED RAIL PLANNING BOARD within NYSDOT. Under the recent bill, which passed unanimously, the board would meet at least quarterly, hold at least six public hearings across the state, provide environmental impact studies to the DOT, and evaluate high-speed rail systems before making any recommendations. The board is expected to report to the governor and Legislature within two years on a plan for financing high-speed rail. It would consist of the DOT commissioner, the president of Metro North Railroad, and seven members appointed by the governor.

Governor David Paterson’s office said earlier in June that the executive budget contains $51 million over two years for rail improvements. Most of that money will be used to upgrade other rail projects. New York also has received $151 million in first-round stimulus funds to advance high-speed rail along its Empire Corridor of which $90 million will be used to build a second track from Rensselaer to Schenectady [see 10#06A].

No funding now
“Without a plan, high-speed rail in New York won’t make it out of the station,” said State Senator Martin Malave Dilan (D-Queens), chair of the Senate Transportation Committee. “We need a viable, realistic approach that incorporates the best of the public and private sectors.”

New York, facing a $9.2 billion deficit, wants to upgrade the 263-mile Empire Corridor for high-speed passenger travel and lacks a long-term investment plan for the project, estimated at $3 billion.

The Assembly must now take up the bill, which has no fiscal impact as the members will serve without pay. [A board that costs nothing? Who will pay the staff and the consultants? Editor] {The Business Review, Albany 24.Jun.10}

CSXT: UPDATE ON HSR*
23 June, Colonie. MORE FACTS ON HOW FAST PASSENGER SERVICE COULD OPERATE between Albany and Buffalo emerged from a meeting of CSXT officials Maurice Connelly and Robert Sullivan with the editorial board of the Times-Union here.

- Every train operating at 110 miles per hour, the NYSDOT top speed, uses up capacity for six freight trains, according to computer modelling by the railroad. Manifest freights operate at 50 miles an hour on that route, said Sullivan, while intermodal moves at 60.

- Amtrak does operate above 79 miles per hour on the east side of the Hudson, because freights move there only at night.

- Upgrading to only 90 miles per hour will require new signalling, as current crossing signals are geared to 79. The Buffalo-Schenectady line has 210 grade crossings. {Eric Anderson in Albany Times-Union 24.Jun.10}
HRRC/FGLK: UPDATE*
9 June, Solvay NY. **FGLK LIFTS THE ROCK-TENN CARS HERE**, delivers them to CSXT, which forwards them to Pittsfield, where HRRC picks them up and spots them at Rand-Whitney in Newtown, Connecticut. [See 10#06A.] {e-mail to ANR&P from HRRC;'s Rian Nemeroff 17-Jun.10}

FGLK is the mark for Finger Lakes Railroad. {editor}

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CONNECTICUT

PW: TILCON OVERVIEW
June, New Britain. **PW MOVES AGGREGATE AROUND CONNECTICUT, AND TO NEW YORK, FOR TILCON.** The various locations were described by Frank Lane, Tilcon Connecticut director of real estate.

North Branford quarry and Branford Steam Railroad
BSRR runs “pretty much the same as in 1914 when it started,” said Lane. It only carries crushed stone (igneous basalt, aka trap rock) outbound from Tilcon’s trap rock quarry in North Branford 4.1 miles to a marshalling yard on Amtrak’s Northeast Corridor, and another 0.9 miles to Tilcon’s Buchanan Marine barge-loading facility at Juniper Point in Branford.

When running three shifts, BSRR transports over one million tons of construction aggregate a year with three locomotives running 5,000 hours and 17,900 miles annually. {ConnDOT TIGER Discretionary Grant Application}

‘Regarding the BSRR’ s captive service [trains moving between the quarry and Juniper Point—editor], there are usually three strings of 11 BSRR hopper cars in use; 11 cars at the quarry being loaded, 11 cars in transit on the mainline, and 11 cars being marshaled and unloaded at the dock.’ {Tilcon Update, summer.04}

In addition to the 34 70-ton captive cars (one spare), Tilcon Connecticut owns 183 cars for interchange to other railroads: 144 100-ton cars and 39 80-ton capacity cars. BSRR deposits cars at the Pleasant Point marshalling yard, where they are re-arranged if they are going to the Buchanan Marine barging facility, and spots strings for interchange to PW at the Totoket Yard.

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PW MOVEMENTS OF TILCON STONE
The railroad moves stone from three Tilcon quarries to other points in the state, and to New York. {PW Annual Report 2007}

BSRR/North Branford
BSRR drops cars at its Totoket Yard on the Amtrak interchange where PW engines lift them out.

Wallingford (Reed’s Gap) to Danbury
PW also “moves all the stone out of our Wallingford quarry to our Danbury stone terminal and other company and customer locations,” Lane said. In 2008, PW hauled 3,700 rail car loads (400,000 tons) of stone from Wallingford to Danbury, the equivalent of 14,500 truckloads. {ConnDOT TIGER Discretionary Grant Application}

Wauregan (Plainfield)
PW also regularly moves stone out of the Wauregan quarry for Tilcon for Old Saybrook and Groton asphalt plants, and directly to Tilcon customers. {PW e-list}

Volume and revenue
The PW annual reports do not provide the total number of carloads the railroad moves for Tilcon, but they do provide a breakout of revenue according to product. In 2007, Tilcon accounted for 13.8% of company revenues; in 2008 10%; and in 2009, more than 10%, with aggregate from Rawson and O & G included to make up 16% of total revenue.

It also has owed the railroad: Tilcon in 2006 accounted for 13.6% of receivables, and in 2007 8.2%. {PW annual reports 2007-2009}
Due to the recession, however, the quarry is not running round-the-clock. “In North Branford,” said Lane, “there are usually three shifts, two production and one maintenance, but right now there is only one production shift and a partial maintenance shift. It’s still pretty lean.”  

‘In Connecticut, continued softness in residential and commercial activity outweighed improvements in infrastructure construction activity. Overall, the Northeast division profit was lower than the prior year.’  

The BSRR TIGER grant application

In February, ConnDOT learned that it had failed to secure any TIGER grant money [see 09#10B for application, 10#02A for denial] including $6.455 million for BSRR: $1.63 million to purchase a new Brookville CoGeneration Locomotive, $1.425 million to re-power an existing SW1001 locomotive, and $3.4 million to purchase 40 new 100-ton hopper cars to replace 40 interchange 100-ton cars built in 1964.

“The whole state of Connecticut’s rail program got skunked,” said Lane. “Of course, we’d still like to update our locomotives, but not until business turns around.”

Tilcon would seem an ideal candidate for a TIGER grant or funding through the America’s Marine Highway program [see 10#05A], but Lane said, “It’s not anybody’s specific job assignment to go looking for grant money.”

[The ConnDOT public transportation bureau chief, James P. Redeker, who prepared the BSRR TIGER grant application, said ConnDOT had no immediate plans to re-apply for federal funds for BSRR. “It was part of a whole bunch of freight applications,” said Redeker. “It clearly didn’t work.”  

If BSRR is to get new equipment, said Lane, it will likely have to make a capital expenditure request to its parent company, Oldcastle Materials of Atlanta, Georgia, which in turn is owned by the Irish conglomerate CHR Oldcastle.}
**TILCON, OLDCASTLE, CRH**

Dublin-based CRH (originally Cement-Roadstone Holdings), which has 80,000 employees in 3,700 locations in 35 countries, purchased Tilcon in 1996. Oldcastle Materials, CRH’s American holding company, has 18,000 employees in over 40 states and generated over $6 billion in revenues in 2009. {CRH 2009 Annual Report}

In the Northeast, Oldcastle also owns Buchanan Marine, Tilcon New York, Pike Industries, P.J. Keating Company, Redimix, and Callanan Industries, among others. {Oldcastle Materials website}

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**TILCON HISTORY**

1923: Angelo Tomasso Inc. is established.  
1972: Ashland Resources acquires Angelo Tomasso Inc.  
1979: Thomas Tilling Ltd. acquires Ashland Oil’s northeast regional construction group and Angelo Tomasso Inc. becomes Tilcon Tomasso.  
1984: The company is acquired by British Tire and Rubber Co.  
1990: Tilcon Tomasso renamed to Tilcon-Connecticut.  
1996: Company becomes subsidiary of CRH Group plc.

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**Buchanan Marine**

The Buchanan Marine fleet consists of 250 aggregate barges and 11 tugboats in Connecticut. Buchanan barges deliver six million tons of stone a year from Tilcon quarries to New York City and Long Island. {Tilcon website} Buchanan also offers a rail-truck-barge transload facility in Norwich on NECR. {Buchanan website}

Most of the Buchanan Marine deck scows have a 1,200-ton capacity, meaning it takes one and half trainloads to fill a barge. Tugs tow two to six barges at a time to customers along the Connecticut coastline and across Long Island Sound to New York.

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**No barges to Maine**

Could Buchanan Marine barges serve Maine? Frank Lane said, “I suspect it would not be economical” to barge stone to Maine. “Transportation costs quickly become more than the product is worth when you’re transporting crushed stone. It’s a high volume product. Logistically, not many places are set up to load and unload. We have no facilities on our end [in Maine] to unload.”


Tilcon’s North Branford quarry produces six sizes of aggregate from ¼” to 2” stone. A ton of construction aggregate sells for between $17 and $21 (FOB at North Branford Quarry) depending on size. {Tilcon Connecticut pricelist} [Aggregate prices in Maine are roughly comparable. *Editor*]

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**COMPETITORS ARE CUSTOMERS**

In the construction aggregate industry, said Lane, companies normally cooperate, buying stone and sand from and selling it to one another in order to avoid long, expensive hauls.

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**Rawson**

Tilcon, for example, buys aggregate from Rawson Materials, based in Putnam. Rawson began shipping aggregate to New York via PW in 2008, realizing a 70% savings over trucking. {Jeff Rawson, Aggregate Transportation by Rail, North East Association of Rail Shippers conference, 21-23.Apr.10} Rawson Materials ships aggregate via rail to Tilcon’s Groton and Old Saybrook terminals. {ANR&P discussion with Jeff Rawson, 15.June.10}

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1 How does this mesh with the North Branford production of only one million tons per the ConnDOT filing? *Editor*

2 Tilcon’s sister company, Pike Industries, has run into conflicts at its Westbrook Maine stone quarrying operations. Neighboring hi-tech businesses object to its expansion. {many web references}
O & G Materials
‘O&G leases cars to Rawson that Rawson uses to deliver material.’ {Jeff Rawson e-mail 28.June.10} Tilcon Connecticut also does business with Torrington-based O & G Industries. “O & G is our biggest competitor as well as our biggest customer,” said Frank Lane. “We supply stone by barge to some of their coastal asphalt plants.” {ANR&P discussion with Frank Lane 25.June.10}

TILCON CONNECTICUT RAIL FACILITIES
# from our Directory of Rail-served Facilities in New England

North Branford (#540, 1 Forest Road), quarry. The Branford Steam Railroad hauls, when operating at capacity, about six million tons of crushed stone outbound to its Pine Orchard marshalling yard where cars are re-arranged before being hauled to the Buchanan Marine barge facility for transport to coastal Connecticut, Long Island, and New York. BSRR also pushes Tilcon’s interchange cars into its Totoket Yard at the Amtrak interchange where PW picks them up and delivers them either to other Tilcon facilities or to customers.

Wallingford (#547, 1605 Durham Road, Reeds Gap), quarry. PW hauls crushed stone outbound to Tilcon facilities and customers. Wallingford historically produced a lot of ballast stone used by other railroads. Some 400,000 tons per year go to Danbury, usually via Derby Junction though that is temporarily out of service [see 10#06A].

Plainfield (#513, Green Hollow Road, Wauregan), quarry. PW hauls stone and sand outbound for Tilcon’s Old Saybrook and Groton facilities and directly to Tilcon customers.

Plainville (#619, Black Rock Avenue, New Britain), quarry. The Plainville North Mountain quarry has a small rail siding, rarely used, where Pan Am Railways can haul cars over the Berlin branch to Waterbury.

Danbury (#558, 49 Eagle Road). Tilcon has a PW-served receiving terminal here, and a separate asphalt plant one mile away on Plumtrees Road. Some of the 400,000 tons per year of aggregate from Reeds Gap is used at the plant and some is sold directly to customers and trucked out.

Old Saybrook (#533, 1 Boston Post Road Place). Tilcon has a receiving terminal and both an asphalt and a concrete plant here. Most aggregate comes in via PW rail, but some is trucked in as well. Outbound material is trucked.

Groton (#528, 185 South Road). Tilcon PW-served receiving terminal with asphalt and concrete plants as well as stone sales.

Waterbury (#633 567 South Leonard Street). Years ago, Pan Am Railways delivered aggregate from the Plainville quarry for the Tilcon asphalt plant. A bridge out of service north of the plant led to the 2007 embargo of Baer Supply [see 07#02A], but Tilcon had stopped using rail well before that. No aggregate outbound either via rail or truck. The line

Monson Massachusetts. The Monson site, also known as Monson Materials, ‘has not been operated in several years. It only opens and operates for a few weeks every year to maintain its local zoning status. [NECR] passes right through the Monson facility, but there is no rail siding in place.’ {Frank Lane e-mail 28.June.10}

Tilcon Connecticutt Facilities NOT Served by Rail
Brooklyn (3 Maynard St) – Transit mix concrete
East Granby (60 South Main St) – Ready mix concrete
Enfield (245 Shaker Rd) – Ready mix concrete, hot mix asphalt
Granby (536 Salmon Brook St) – Crushed stone and sand
Griswold (232 Rixtown Rd) – Crushed stone and sand
Hamden (Pine Rock Ave) – Hot mix asphalt
Hartford (Pequot St) – Ready mix concrete
Manchester (539 North Main St) – Hot mix asphalt, crushed stone sales
Montville (Caroline Rd) – Hot mix asphalt, crushed stone
Newington (301 Hartford Ave) – Crushed stone, hot mix asphalt
Newtown (9 Button Shop Rd) – Hot mix asphalt
North Haven (Sackett Point Rd) – Hot mix asphalt, crushed stone sales
Norwich (710 New London Turnpike) – Ready mix concrete
Portland (South St) – Crushed stone sales, asphalt, concrete
Wilsonville (Wilsonville Rd) – Hot mix asphalt

MAINE

MMA: MAINE ABANDONMENT*
17 June, DC. MMA AND THE STATE HAVE REACHED AN IMPASSE, according to a report filed with the STB this day. It stated in part: ‘MMA and the State have exchanged a number of written proposals and proposals for settlement and have met several times to discuss settlement issues. Substantial progress has been made, but a final settlement has not been reached as of this of this time.

‘The parties currently have reached an impasse, but remain open to continuing the discussions in an attempt to reach a definitive agreement.

‘Both the State and MMA request the Board to continue its consideration of the merits of the abandonment. To the extent that the Board contemplates a public hearing, the parties request the Board to schedule the hearing consistent with the Board’s schedule.’ {STB filings page, AB-1043, sub-no 1)}

MMA: STB HEARING DATE*
22 June, DC. THE SURFACE TRANSPORTATION BOARD SET 7 JULY AS THE PUBLIC HEARING on the proposed abandonment of track from Millinocket to Madawaska, at the District Courthouse in Presque Isle. The Board noted that MMA and MDOT on 17 June said they had reached an impasse [see above].

Date for final decision
The Board also noted MMA’s 4 June request for a decision on the merits of the application for abandonment by 9 July. ‘The railroad asserts that it is losing significant sums keeping the line in service. It notes that the Board has adopted the practice of issuing a decision on the merits of an application 110 days after the submission is filed. This approach, notes MMA, allows offerors to file an offer of financial assistance (OFA) within 120 days of the application being filed in accordance with 49 U.S.C. § 10904(c). As noted in the Board’s May 25 decision, a hearing is necessary due to the scope and the magnitude of this proceeding. The Board will issue a decision as soon as practicable after the hearing...

Offer of Financial Assistance
‘After the Board holds the hearing, the Board will consider the evidence presented and issue a final decision on the merits of MMA’s application. OFAs to either purchase the line or subsidize continued service are due by July 19, 2010, but the OFA process might be subsequently tolled pending a final decision on the merits of the application.’ {STB website decisions page, Docket No. AB 1043 (Sub-No. 1)}

ST v FORE RIVER: STB RULING*
16 June, DC. THE BOARD RULED ON TWO MOTIONS ON THIS DEMURRAGE CLAIMS CASE [see 08#07A], and set a new procedural schedule.
Partial dismissal
ST is seeking demurrage fees from Fore River Warehouse, which is served by ST in Portland, for 2004 and 2006. The Board dismissed the 2004 claims as filed too late, and dismissed another set of 2006 claims, leaving about $100,000 in contested demurrage.

Motion to compel
Fore River would like ST to supply details of the 2006 claims, in particular cars placed from International Paper or its successor, Verso. ST argued that the matters were confidential, but the STB said that if so, they could be placed under a protective order.

New procedural schedule
The Board directed ST to provide the requested documents by 7 July; Fore River’s reply statement by 5 August; ST’s rebuttal statement by 25 August.

ST court case
In a status report on 5 November 2009, ST told the Board it had refiled its court case in Maine federal court. See Springfield Terminal Ry. v. Fore River Warehousing & Storage Co., No. 2:09-cv-00166-GZS (D. Me. filed Apr. 29, 2009). The Court stayed the litigation pending a decision by the Board. {STB decisions page Docket No. NOR 42108}

 MASSACHUSETTS

MC/CSXT: HANDOVER**
12 June, 12:01AM, South Coast. CSXT AND MASSDOT CLOSED ON THE SOUTH COAST LINES; MC TOOK OVER FREIGHT. John Kennedy, MC president, said on 17 June that MC ran its first trains on 14 June. {ANR&P discussion}

First trains
MC came down to New Bedford with three loads out of Mid-City Scrap, two loads for the Wainer siding and about five to six cars for BCLR including one carload of beer for Colonial Beverage.

Grand Junction branch
On 10 June, MBTA notified MBCR that operational control of the CSX Grand Junction Branch between the Swift Interlocking in Somerville and the eastern limits of CSX Beacon Park Yard MP0.0 will be transferred to the MBCR Terminal Train Dispatcher (Northside), on or about 18 June. {e-mail to ANR&P from source connected to dispatching 16.Jun.10}

MassDOT-CSXT: appeal
18 June, DC. THREE RAILROAD UNIONS APPEALED THE BOARD’S DECISION approving the transfer of CSXT’s South Coast rail lines. The appeal was filed this day in the Court of Appeals for the District of Columbia Circuit. {STB decisions page, Docket No. FD 35312 served 25.June.10}

MBTA-ST: TRACKAGE RIGHTS*
2 June, Boston. THE T AND ST AGREED ON THREE NEW POINTS GOVERNING TRACK ACCESS, in a document approved by the MBTA Board this day. According to a staff summary of the agreement, delivered to the board by John Ray, the MBTA’s director of Railroad Operations:
T properties covered by the agreement
- Freight Main Line to Wachusett Station and Layover;
- Freight Main Line to Plaistow NH to relocate the Bradford layover including a station stop in Plaistow;\(^3\)
- The Freight Main Line from the MBTA’s Haverhill line in Andover to the MBTA’s Lowell Line in Lowell;\(^4\)
- The Freight Main Line from the MBTA’s New Hampshire Main Line in Chelmsford to the MBTA’s main line in Ayer/Littleton;
- The Worcester Main Line from the MBTA’s Fitchburg Main Line in Ayer to the Worcester Union station.\(^5\)

**Level 1 agreement on access to Wachusett station**
‘The Agreement provides the MBTA with the immediate right to operate commuter rail revenue service to Wachusett Station and Layover, which will allow the MBTA to access a TIGER Grant which has been preliminarily approved by the FTA for $55,500,000....
‘Pan Am owns the 5 miles of the right of way needed to access the Wachusett station and Layover’ beyond Fitchburg. [See 10#02B.]

**Level 1 access to other lines; Level 2 service**
‘The Agreement provides the MBTA with the right to use the other properties immediately for non-revenue movement of empty passenger trains, maintenance trains and equipment (called “Level 1” use in the Agreement), and the option to introduce commuter rail revenue service in the future if the MBTA funds necessary capital improvements to the right of way (“Level 2” use).’

**Option to purchase**
‘The Agreement also grants the MBTA an option to purchase any or all of the identified tracks segments pursuant to a valuation framework contained in the agreement. The option to purchase will allow the MBTA to acquire properties in the future without the protracted negotiations that have been necessary in recent deals between the MBTA and MassDOT and CSXT.’

**Track fees; hard to collect from ST**
‘As part of the trackage rights arrangement described in the Agreement, the MBTA will no longer charge Pan Am a trackage fees for Pan Am’s use of MBTA tracks currently governed by the 1976 Deed between the parties. In exchange, the MBTA will not be charged for the use of Pan Am’s track under the Agreement.’

**Financial impact.**
‘This agreement will eliminate the trackage fees charged to Pan Am for their use of the MBTA’s tracks. The MBTA will get in return use of Pan Am tracks at no cost to the MBTA. The exact value of the track usage fees is a function of the number of cars on each train and the number of miles each train travels.
‘The quantity and distance freight trains travel on the heavily used MBTA commuter lines has been steadily declining over the years. This has a double effect on the track usage fee as the amount owed to the MBTA is declining each year and the fees owed by Pan Am have become more difficult to collect as their financial situation worsens.
‘The trackage fees currently vary between $0.302/car-mile and $0.401/car-mile and the monthly fee is in the $50,000 to $70,000 range but actuals are not available for the past several months but are believed to show a dramatic down-turn in cars handled. At $70k per month the MBTA would be waiving $840,000 annually. This amount would need to offset by the cost of track fees charged by Pan Am for MBTA service. The Wachusett service will generate approximately

\(^3\) Under discussion, not yet funded.

\(^4\) ST currently operates all trains to/from Maine on this segment.

\(^5\) A subject of earlier discussion. See below.
35,490 car-miles per month and Pan Am would likely set the car mile fee at something in well in excess of $1.00 per car mile and at $2.00 per car mile wipes out all of the $70,000. Any use other [than this one] track segment would further tip the scale to the benefit of the MBTA.⁶

Other terms

‘Operating Rights. The MBTA would have the right to use all of the properties governed by the Agreement for non-revenue moves, and would have the right in introduce commuter rail revenue service on the Level 2 properties, including the Wachusett extension. The MBTA would be able to schedule commuter rail trains, which would have priority over freight service so long as those trains did not materially interfere with freight service.’

‘Maintenance and Dispatching. Pan Am would maintain and dispatch the Level 1 and Level 2 properties, while the MBTA would take over such functions if it exercised the option to purchase any of the properties.

‘Liability. For the Level 1 and Level 2 properties, the MBTA would agree to name Pan Am as an additional insured on its general liability insurance policies, and such insurance would respond to claims by third parties involving both MBTA and Pan [Am] above the MBTA’s $7.5 million self-insured retention. For joint incidents within the self-insured retention, each party would be responsible for its own fault, except that Pan Am’s liability would be limited to $3 million, which is the amount of Pan Am’s self-insured retention under its current insurance program. Each party would be responsible for damage to its property or employees.’ {text of statement from MBTA}

Commuter line from Worcester to Ayer?
On 8 June, Lieutenant Governor Timothy P. Murray said the Ayer option is still under consideration, but on the state’s long-range plan. “I think that’s quite a ways away.” The state looked at that option when the negotiations on CSXT track bogged down [see other article], but now it is concentrating on a $200 million investment in the Fitchburg commuter rail line and on closing the CSXT deal.

The issue needs much more study. The cost of acquiring the line and making all the improvements necessary for fast passenger trains would be $100 million to $200 million, Murray estimated. “Significant capital improvements are needed along the line to make trains fast enough. Sometimes these acquisitions take decades.” {Priyanka Dayal in Worcester Telegram & Gazette 9.Jun.10}

PAS: WEST END*

26 June, Ayer-Deerfield. TRACK AND MANAGEMENT PROBLEMS HAVE DISRUPTED THE SMOOTH-RUNNING SYSTEM, according to observers who declined to be named.

System decline
In April, at the North East Association of Rail Shippers meeting, ST Vice-president of Transportation Ed Motte gave a glowing report on how well PAS was functioning: “We are up to timetable speed on the West end.”[See 10#04B.]

On 25 June, an observer agreed with Motte that things on the west end were excellent. Scheduled, smooth. However, since then things have gone to pot. “Intermodal is 6-7 hours late, and not operating according to any schedule.”

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⁶ One dollar per mile exceeds what NNEPRA currently pays ST, according to ST President David Fink. Amtrak does charge upward of $1/car-mile, but nowhere near $2/car-mile. See 10#05B Regional. This MBTA reasoning is specious, and outrageous to the taxpayers, unless the T can come up with some other reasons, such as “we’ll never collect the money ST owes,” or “we want to keep the railroad in business.”

However, if the T does extend service to Plaistow, or uses the Worcester-Ayer route, the deal will look a lot better financially. Editor
Track problems
The 21 June system “speedo” listed 22 slow orders between Ayer and Deerfield, with the track much better west of North Adams. {text of Temporary Speed Restriction Summary #171}

Another observer explained that the timetable for the upgrade in 2009 [see 09#10A] was a little ambitious. The work on the west end was done properly, but that took longer than planned. By the time they got to track east of Deerfield, the crews were rushing, one day inserting ties in Fitchburg during a snowstorm.

When the ground thawed out this spring, a lack of ballast around the new ties has resulted in slow orders. Moreover, several places that could have used new rail didn't get it.

Management problems
An observer reported that after Bernie McCall departed [see People] as PAS general manager7, operations did get worse, but ‘not all of it’ can be laid at the feet of Larry Ferguson, his successor. The general manager does not have any say over track conditions.

According to this observer, power is another area where Transportation is ham-strung. Top management holds Transportation responsible for moving the trains, but if Mechanical can't provide engines, sometimes Transportation uses foreign power, which management does not approve of. {e-mails to ANR&P}

Intermodal traffic up
Despite the problems, wrote another official connected to intermodal, the NS intermodal traffic has reached ‘record volumes and that's being modest. Nationwide to include New England, equipment and capacity are real issues. NS and PAS are continuing to upgrade the network as well so hopefully this will iron out.’ {e-mail to ANR&P from official familiar with intermodal moves}

ST: NORTH POINT LOSS*
17 June, Delaware. B&M MUST PAY $3.5 MILLION PLUS INTEREST TO COMPLETE THE SETTLEMENT with its partner in the deal to develop its former Somerville rail yard. Some of the yard will become a Green Line maintenance facility [see 10#05B].

History
In 2005, B&M, the owner of the yard and a subsidiary of Pan Am Systems, agreed with developer Spaulding & Slye and Cambridge North Point LLC to develop the former Yard Seven, using North Point Cambridge Land Company as the entity, for mixed use [see schematic in 05#03B]. By 2007, the partners were deadlocked over the project’s future, and decided to sell it [see 07#07B]. A $177 million sale [07#11A] fell through, with Cambridge North Point saying B&M had failed to act [08#01B] and the partners searched for a new buyer [08#05A].

At the same time, the partners reached a settlement, under which B&M would pay Cambridge North Point $3.5 million and either relinquish its fee interest in the property to the Massachusetts Executive Office of Transportation and Construction for $100 or sell it back to the North Point Cambridge Land Co. at a market rate. Pan Am reneged, claiming it was duped, so Cambridge North Point sued for enforcement.

Court ruling: in-house counsel not duped
In this month’s ruling, the Delaware court sided with Cambridge North Point, arguing that “it strains credulity to argue that B&M’s in-house counsel and high-priced outside counsel could have” allowed the company to sign the 2008 settlement without fully understanding its contents.

7McCall declined to comment, on or off the record, on the PAS situation, saying he had not kept up with it. {ANR&P discussion 26.Jun.10}
Court ruling: improper deals with municipalities?
The court ordered B&M to pay the $3.5 million plus interest; relinquish its fee interest in the property at an agreed-upon market value of $5.9 million [the total property was priced at $177 million in 2008]; pay $160,000 to cover Cambridge North Point’s prior legal fees; and set aside some $7.2 million to cover any damages that may ensue from North Point Cambridge Land Company’s efforts to address agreements B&M improperly struck with the property’s affected municipalities. [Craig Douglas in *Boston Business Journal* 22-Jun.10]

Next step
Peter McGlynn, attorney for Cambridge Northpoint, said on 22 June that the company will move to sell the property immediately. [Jay Fitzgerald in *Boston Herald* 23-June.10]

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**NEW HAMPSHIRE**

**MBRX v ST: INJUNCTION SOUGHT**

21 June, Concord. *Leishman requested superior court enjoin ST from barring him* from operating trains on its three-mile stretch. A twelve-page ‘Petition for Temporary Restraining Order, Preliminary Injunction, And Permanent Injunction and Award of Damages’ was filed in Merrimack County Superior Court this day.

The issue began in March, when ST barred Leishman from operating [see 10#03B], apparently arguing he had violated ST rules and caused a 22 October 2009 accident. STB mediation assistance has failed to get the parties to a settlement, especially since ST backed away from a scheduled phone call [10#04B, 10#05B]. NHDOT has not acted, despite the single customer Granite State Concrete’s request that it ‘review any possible ways that it can gain access to the few miles of track in Milford which connects to the NHDOT line’ [see 10#05A]. [NHDOT could act either via adverse discontinuance or feeder line application, but has shown no inclination to do either. *Editor*]

**Argument**

MBRX stated in the Application that no cause existed to bar Leishman from operating on ST track since, after the accident, both the local police and ST police agreed he was not at fault.

Without Leishman, the train cannot operate since no other workers can be found who can meet both the railroad operator requirements and US Bureau of Mines requirements for workers who enter the Granite State facility.

Granite State’s operating permit contemplates that all crushed quarry stone would be hauled on the rail line, but the permit allows crushed stone over the town’s roads for a period of ninety days. Granite State began using trucks in April.

**Request for relief**

MBRX requested the Court:

A. Issue a temporary restraining order, preliminary injunction and permanent restraining order to enjoin Pan Am from barring Peter Leishman from operating on the Pan Am trackage for all issues, claims or matters arising from the October 22, 2009 accident;

B. Order Pan Am to produce a copy of the audio file and transcript from the May 7, 2010 hearing;

C. Award Milford-Bennington Railroad compensatory damages for interfering with the operation of the corridor, based on the amount of product Granite State Concrete has hauled by truck since April 9, 2010, and

D. Award Milford-Bennington Railroad attorneys fees and costs associated with commencing this action to preserve
its legitimate interests;

E. Schedule a hearing on these issues between July 5 and July 9, 2010, as the court calendar may permit; and

F. For such other relief as the court deems equitable and just.’ {text of petition filed by Leishman attorney Craig Donais}8

**Court date 7 July**

The NH Superior Court set 7 July as the date for the hearing the injunction. {Court notice}

**Federal pre-emption?**

If the state court accedes to what ST will surely argue, that federal law pre-empts application of state law, Leishman wrote that MBRX will then move to the STB. {e-mail to ANR&P 27.Jun.10}

**NEGS-ST: TURNOVER VERY SOON**

25 June, Concord. **THE PLAN IS TO TURN OVER SERVING RAIL CUSTOMERS IN CONCORD AT THE BEGINNING OF JULY,** said NEGS President Peter Dearness. According to promises made to the STB by ST, it will provide these customers service five days a week [see 10#05A].

**Derailment on the Hillsborough**

However, on 17 June, an ST train derailed while delivering three cars to Hendrix Wire and Cable in Wilton [our Directory #77] trapping a locomotive, which might be needed for the Concord work.

As of 27 June, wrote MBRX’s Peter Leishman, ST ‘derailed at least three cars around MP5 and as of this morning one car is still on the ground and no track [work] has been done at the site.’ {e-mail to ANR&P 28.Jun.10}

As of 30 June, Leishman reported that ST personnel had suddenly become committed to repairing the situation. Officials at Hendrix declined to comment on the situation, except to say that “even [service delayed by derailments] is better than no rail at all.” {ANR&P discussions}

**RHODE ISLAND**

**PW-PAS: AUTOS TO DAVISVILLE**

30 June, Worcester. **AUTORACKS WITH FORDS INSIDE ARE MOVING FROM GARDNER TO DAVISVILLE.** Rail observers noticed a first string of 19 racks on 24 June, arriving in Davisville; this string made the reverse move from Ayer to Gardner. In subsequent days, strings of similar size have moved nearly daily, directly from Gardner. [See photo.] {PW e-list}

**PW comment**

‘PW is very excited to have the opportunity to handle Fords for distribution out of Davisville. This is new business for P&W that resulted from an increased number of Ford motor vehicles being shipped to New England. This new traffic is being interchanged in Gardner, MA and is destined for Davisville. With this new traffic, P&W has now handled autoracks at a third interchange point across its system....[NECR-Willimantic and CSXT-Worcester the other two].

8 Ironically, Donais served as assistant attorney general to NHDOT's bureau of rail and transit in the early 2000s. NHDOT Commissioner George Campbell referred the Granite State request that the state act to Donais' successor, David Hilts, who suggested in a letter to Leishman that Leishman attempt to settle the matter. {text of letter}
‘Future prospects are unknown at this time.’
{e-mail to ANR&P from General Counsel Marie Angelini 30.Jun.10}

**NS comment**
‘Moving multi-levels between PAS and P&W over the Gardner interchange has always been contemplated as part of this transaction, and we are pleased with the flexibility this option provides us and our customers.’ {e-mail to ANR&P from NS spokesperson Rudy Husband 30.Jun.10}

**Reason?**
With neither PW nor NS specifying exactly why this move has happened, and officials from the Davisville terminal, North American Auto Distribution, not returning requests for comment by press time, I regret that readers are left in the dark as to why.

Reading between the lines, perhaps one could conclude that the SanVel terminal in Ayer ran out of room, because New Englanders are not buying enough Fords?

One wag retorted: “No one’s buying enough Fords!” *Editor*

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**QUEBEC/MARITIMES**

**SAINT JOHN: CONTAINER WORK**
25 June. **THE SAINT JOHN PORT AUTHORITY AND THE PROVINCE OF NEW BRUNSWICK WILL SPEND $1.4 MILLION OVER THE NEXT TWO YEARS** to refurbish and upgrade the port’s container terminal, said Captain Al Soppitt, president and CEO of the Saint John Port Authority. The province will make an official announcement 5 July, Soppitt said.

“They are providing $700,000 over two years and we are matching that and it is specifically for work on the container terminal [Rodney Terminal—*editor*]. The dock is built on pilings and they need work so we are refurbishing the pilings and caps, refurbishing the concrete deck and rebuilding the access road to the container terminal entrance.”

**Looking for business**
Saint John has one container line calling on a weekly basis, Tropical. The refurbishing project “will help us to
promote the terminal. We certainly would like to see more container carriers in there so we are making sure we have a good offering when we go to market the facility,” Soppitt said.

Saint John, which handles about 45,000 TEUs annually, wants to “broaden its container service offering for New Brunswick importers and exporters so they would be able to ship through their home port, if you wish, rather than truck to New York, Montreal or Halifax.”

The terminal has a capacity of 150,000 TEUs. {Port authority web site}

**Potential exporter: AV Cell**

One company keeping an eye on the port is AV Nackawic [part of AV Cell-see 07#08B], near Fredericton, which produces dissolving pulp, a specialty grade pulp used in the manufacture of rayon. {AV Nackawic web site} The company, part of the AV Group, used the port to export product to India with Swire Shipping [see 08#10B] but because of the recession Swire withdrew its services in 2009 from the East Coast. {Discussion with ANR&P’s Tom Peters 25. June.10}

AV then started moving product by truck to Montreal, stuffing into containers and shipping out of there.

Kevin Jewett, vice-president of fibre supply for the AV Group, hoped the province and port can work together to attract the shipping line. "We don't have any fundamental reason not to ship through Saint John - it's mainly a matter of service and rate," Jewett said. {Canadian Press in Cape Breton Post 11.June.10}

**Soppitt: the port does have its challenges.**

“We are somewhat removed from the ocean routes and we are not a major container port. We are a niche container port but we are not congested. We have space and berth availability. We have reasonable water depth of 12 metres plus add another 8 metres on top of that for high tide. For a larger ship we would be tidal but for a medium-size ship we may be a little bit tidal. Tropical’s ship is a 1,200 TEU vessel and they are not tidal,” he said.

On the positive side, the terminal has two gantry cranes, rail on the dock and rail access to markets in central Canada and into the northeast U.S. It has close access to the Trans Canada Highway. Considering water depth and berth space it can handle vessels up to 3,000 TEUs.

**A little history**

Soppitt said Saint John in the early days of containers was a busy port.

“At the start of container era in the 70s we had 14 lines calling here and the largest ship at that time was 2,400 TEUs. Then things totally changed in the container world and we lost everything. We have recovered with Tropical who have been here 10 years,” he said. {Discussion with ANR&P’s Tom Peters 25. June.10}

**CBNS: CAPE BRETON SUBSIDY**

17 June, Halifax. *THE NOVA SCOTIA GOVERNMENT WILL EXTEND ITS SUBSIDY ON THE MONEY-LOSING SECTION.* Peter Touesnard, northeast regional vice-president for RailAmerica which owns CBNS, said the paper work on the subsidy extension “is pretty much complete. There are a couple of I’s to dot and a couple of T’s to cross. We had gotten something back from the province and we just had a clarification question…I think we are there with the province.”

Asked if that meant he will get the subsidy, he replied, “Yes.”

**Few Details**

Touesnard would not release any details of the subsidy extension but did indicate it was similar to the previous subsidy. “It’s a continuation of what we had but it’s my preference that you get that information from the province.”

The railway had a five-year subsidy on a 100-mile section of line from St. Peter’s Junction to Sydney for up to $2 million a year to help cover operating losses and annual capital maintenance. The subsidy expired 31 March.

CBNS had originally applied to abandon that section of line before the province kicked in with the subsidy. Current traffic comes to about 1,500 carloads on that section, far short of the 10,000 carloads annually to make it profitable.
**Government’s position**
Toby Koffman, spokesperson for the provincial Department of Economic and Rural Development, said he couldn’t provide any details because nothing has been approved by government cabinet. But he said Economic and Rural Development Minister Percy Paris told reporters in a media scrum this day that he expects to be bringing something to cabinet very shortly and that most of the negotiations were pretty well concluded.

**Potential opportunities**
The railway and government are banking on potential opportunities in the Sydney area to develop more business, including the container terminal [see 10#06A], and the Xstrata Coal Canada mine near Glace Bay, though that appears to be for export via its own terminal only [see 10#02A], “It is those potential future opportunities that continue to maintain an interest in trying to keep the rail line in place so we don’t have a negative impact on those opportunities, Touesnard said. {Discussions with ANR&P’s Tom Peters 17.June.10}

**RAIL SHIPPERS**
Described in this issue:

- Fore River (ST, Maine) STB ruling.
- Hendrix (ST, New Hampshire) derailment.
- NORAD (PW/SVRT, Rhode Island) Fords.
- PAS Mechanicville autos/intermodal (PAS NY)
- Rock-Tenn (FGLK, New York) product to HRRC
- SMR Rail (SNY, New York) Ford leases.
- Tilcon (eight facilities, Connecticut) Overview.

*Our Directory of Rail Freight Facilities in New England has more information on the companies denoted with their directory number.*

**PEOPLE**

**Bernie McCall**, former PAS general manager who resigned in April, has become regional chief mechanical officer for Rail America Northeast. {ANR&P discussion with McCall 26.Jun.10}
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 with two asterisks) and the new stories (without asterisk).

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Purpose
Atlantic Northeast Rails & Ports, née 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.’

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