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Feeder line: More details from Rudy Mack.*
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**Blue in article: changes from e-bulletin.
Blue type in contents entry: new article.

REGIONAL ISSUES

*Article unchanged from e-bulletin.

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NEW FEEDER SERVICE**

1 March, New York. **FEEDERSERVICE HALIFAX-PORTLAND-BOSTON WILL START IN 2Q11**, according to an announcement this day from American Feeder Lines, using ships of 1,000-1,300 TEUs in weekly service.

“We are very proud to announce our first North American Feeder Service along the M-95 corridor,” said Percy Pyne IV, AFL chair and co-founder. “We have spent a lot of time with the ports and the industry stakeholders in New England. Our research showed that importers and exporters in the region are disadvantaged as there is a lack of all-water services serving the region. Many conversations have pointed us to the obvious need. Shippers and receivers made commitments, which have encouraged us to take our decision.”

The former *Yankee Clipper* service

The new service ‘American Feeder Lines New England-Halifax Shuttle’ is following the path of the former *Yankee Clipper*, which provided regular weekly services to the New England states for Hapag Lloyd.

Rudy (Rudiger) Mack, chief operating officer of AFL said “[D]uring my time as president and chief executive officer of Hapag Lloyd America, the New England service gave us the competitive edge for the business in the region, as you could set the clock after the vessel’s calls. Regular and reliable service has been missing since the demise of the feeder activities. Now, we can offer very attractive transit times for imports and exports from and to all major destinations worldwide. This is what the market needs and we are proud to help improving the business and creating many new jobs in New England. We will market our service to all main liners serving the northeast of the United States and I am sure that the shippers and receivers will ask them to connect with our new service.” {AFL press release}

Henshaw comment

AFL eventually plans, according to its website, to operate between ports along the Eastern seaboard. But AFL could begin Boston-Portland-Halifax service in 2011 by chartering a foreign-flagged vessel and not carrying any containers between Boston and Portland. AFL could enter a market that has pent-up demand and attract financing for construction, said John Henshaw, executive director of the Maine Port Authority. “They're trying to establish their credentials, and this allows them to get into the market early. They're anxious to get up and running, and this is sort of a stepping stone.” {Tux Turkel in Portland *Press Herald* 2.Mar.11}

Possible customers

Major customers in the region include newsprint and paper industry, exporting most of their 5 million tons annual production.

**But not Old Town Pulp and Paper**

[Whereas Old Town Fuel and Fiber’s pulp move provided the base for the barge move to New York [see 09#11A], at this point Old Town is using the break-bulk service out of the Sprague terminal in Portland [see 10#08B], said Old Town’s general manager, Dick Arnold.

“We’re not using any containers, and I am not aware of plans to switch to container service,” so Old Town is not the reason for the Portland call, he said.

His company is using “both truck and rail, depending upon the shipping date, and production at the mill” to move

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1 Mack served as president of Hapag Lloyd America from 1999 to 2007, after which he formed Rudy Mack Associates. He also joined the board of Global Terminal Services, which has four North American terminals: Bayonne, Staten Island, Vancouver, and Delta (British Columbia). He was appointed to AFL in November 2010. {AFL and Global websites}
Haines will manage
Tobias Koenig, AFL chief executive officer and co-founder, announced Andrew Haines as vice-president for line management. “Andrew will set up AFL’s new Boston office and continue to be as close as possible to our customers, underlining our long term commitment to this service.” [Haines helped manage the Portland-Boston-Halifax feeder service operated by Eimskip–see 07#07A.]

Possible ship; green operation
AFL is currently negotiating the charter for the first vessel of the new service. Whilst this service will focus on international transshipment cargo, other services will have a main focus on domestic cargoes, as AFL plans a Jones Act Short Sea services on the U.S. East and Gulf Coasts for shippers, and trucking/logistics companies in the domestic freight sector, as well as container feeder services for international container lines.

For the construction of the Jones Act Fleet [the Act requires US ships with US crews–editor], AFL has signed Letters of Intent for ten vessels to be built at two different shipyards in the United States. The vessels can be modified to include an onboard crane and other defense-related features to meet U.S. Defense Department requirement.

To further reduce the CO2 impacts of marine transportation the vessels will operate on low sulfur fuel including LNG and biodiesel fuel (waste fats). They will comply with 2017 IMO Tier III regulation as well as 2017 ECA zone regulation for SOx, NOx and PM.

The ships will be the greenest possible ships trading in US coastal waters and set the standards for modern coastal shipping with very good fuel efficiency. One AFL ship carrying 992 laden containers (14t/TEU) would produce 0.024

### PREVIOUS INCARNATIONS

Feeder services for Halifax, or for Boston, have a long history. Andrew Haines worked for Eimskip in 2007 [see 07#07A] and Rudy Mack worked for Hapag Lloyd during the entire time Hapag used either the feeder ship or the barge service.

Jack Humeniuk, who represents the ILO and manages the Portland terminal for Ports America, said that despite the start and stop nature of the service since 2004, “The service was consistent and dependable for a long time. A well-run company will do well.” He noted that Eimskip’s service starting in 2007 was growing, and was stopped when Iceland ran into severe financial difficulties.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1977</td>
<td>Hapag Lloyd started with the Yankee Clipper Halifax-Boston.</td>
</tr>
<tr>
<td>1991</td>
<td>SPM Marine assumed operation from Hapag and added a Portland call with the Elisabeth. {ANR&amp;P discussion with Humeniuk 2.Mar.11}</td>
</tr>
<tr>
<td>2000</td>
<td>SPM Marine introduces new, larger feeder ship Shamrock. {00#23}</td>
</tr>
<tr>
<td>2001</td>
<td>ST and NBSR try a rail connection Halifax-Boston. {01#06A}</td>
</tr>
<tr>
<td>2004</td>
<td>Feeder service ends when Shamrock is seized in Portland Harbor by creditors. {04#07A, 04#11B}</td>
</tr>
<tr>
<td>2005</td>
<td>Feeder service resumes with operator Halship. {04#12B}</td>
</tr>
<tr>
<td>2006</td>
<td>Feeder service ends when K-Wind seized in Halifax by creditors. {06#07B} Columbia Coastal starts barge service Portland-Boston-New York. {06#10B}</td>
</tr>
<tr>
<td>2007</td>
<td>Eimskip restarts feeder service Portland-Boston-Halifax. {07#07A} Barge service continues. {07#10B} Eimskip suspends its feeder service in December. {07#12B}</td>
</tr>
<tr>
<td>2008</td>
<td>Columbia Coastal halts Portland barge when pulp shipper goes bankrupt. {08#06B}</td>
</tr>
<tr>
<td>2009</td>
<td>Portland barge starts again when pulp restarts. {09#04A} Portland barge stops when pulp sold domestically {09#10A}, then resumes{09#11A}.</td>
</tr>
<tr>
<td>2010</td>
<td>Columbia Coastal ends Portland and Boston barge service, due to low Boston-New York traffic. {10#08B}</td>
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kg CO2/ton mile or 27% less CO2/ton mile than if the same containers were moved on 246 railcars (double-stacked), and 77% less than if they were moved on 744 trucks {AFL press release}

Uncertainty
A source in Halifax connected to the shipping industry said AFL is having trouble raising money and getting a ship. {Discussion with ANR&P correspondent Tom Peters 2.Mar.11}

[Funding was later denied by Mack—see below.]

FEEDER SERVICE: MORE DETAILS
3 March, New York. AMERICAN FEEDER LINES IS “PREPARED FOR A SLOW BEGINNING,”” said Rudy Mack. He recognized the history of the Halifax-Boston-Portland feeder lane since 2004 [see box], but said he is optimistic because of three factors.

Enthusiastic support
“We have so much positive reaction from the trade, and the carriers, and the ports of course,” said March. Halifax has 17 main container carriers, covering Europe and Asia, it’s very well-connected port.” The carriers “will use us if we have a reliable service.”

[He agreed with Humeniuk’s assessment of 2 March that AFL is “their own US line, they have their own marketing and sales, it’s very different than before. Mack has direct contacts with all the major carriers.” {ANR&P discussion}]

In addition, “direct customers such as LL Bean have contacted us.” This gives a “very good base” of inbound traffic.

“Coming out, [the feeder can move] lower value commodities such as paper.” Getting the product from “Portland to New York by truck is difficult. We will give a lot of new tools to the export trade in New England, so they can aggressively sell their product.” The ship can be a “reliable and costwise reasonable partner.”

Slow beginning
Asked about the reported ‘financial difficulties’ [see other story], Mack said “we have financed our startup costs. It’s all under control....We are prepared accordingly, we have time to build up, even if the first ships are not fully utilized.”

Andrew Haines
Mack listed the guy he had signed on to manage the service as the third factor in its favor. “Haines knows the market.”

Ship and operation
AFL decided only “last week” to begin the service. “Already we have located three ships” and “we are negotiating” to charter one. “We should know by the end of next week when the ship will become available. Then we can come out with a release” indicating when the ship will first sail, and from which port.

“Probably Halifax,” Mack said, because AFL needs to bring empty containers to the Northeast. The ship will call both terminals in Halifax; “it has enough time there to cover all lanes” of the lines calling Halifax weekly. The ship will then call Boston, and Portland. {ANR&P discussion}
FEEDER: HALIFAX/BOSTON**

3 March. ‘RESUMING A HIGHLY RELIABLE COASTAL FEEDER CONNECTING HALIFAX WITH BOSTON AND PORTLAND HAS BEEN AND IS A HIGH HPA PRIORITY,’ wrote Halifax Port Authority spokesperson Michele Peveril. ‘During the last three years we have pursued a number of initiatives. Unfortunately, the 2008-2009 recession dampened interest. With international cargo recovering in 2010 and our addition of line haul carrier services, a new opportunity has arisen.

Several possible operators
‘Over the past few months we have been discussing the necessary elements for a successfully coastal feeder with various potential partners in New England. Unlike the previous coastal feeders, this business case envisions not only the relay of international containers thru the Halifax gateway, but also providing a “marine highway” for the substantial trade between Quebec, Atlantic Canada and specifically Nova Scotia with New England markets. Details are to be finalized and our hope is that a final arrangement can be made to commence a service.’ {e-mail to ANR&P}

Massport/Boston
Massport’s Maritime Department met with AFL on 2 March. Spokesperson Lisa Langone wrote, ‘This is great news for the Port of Boston. As I understand it, AFL is still negotiating a vessel, and when that is confirmed, it would call Conley Container Terminal in South Boston.’ {e-mail to ANR&P 2.Mar.11}

BOSTON/HALIFAX: BLACK PEARL

14. February. CMA CGM CALLS AT NEW YORK AND PHILADELPHIA, BUT NO LONGER BOSTON, to serve its US East coast markets with its expanded Black Pearl service, the French container line’s Sarah Hadef said in an email.

CMA CGM increased frequency to a weekly service in November 2010 with six vessels and added new calls in Panama, Ecuador, Peru and Chile.

Boston dropped
The Port of Boston had been a port of call for the Black Pearl service but was dropped by the line in January, 2010 [resulting in lower traffic for Boston–see 11#01B].

‘The Black Pearl Service exceptionally called at the Port of Boston in late 2009 / beginning of 2010 but does not include this port in its regular rotation. Volumes at the Port of Boston were insufficient for CMA CGM to keep calling there.

‘The service was extended to the West Coast of South America and operates under the following rotation: New York, Halifax, Kingston, Cartagena, Punta Manzanillo, Balboa, Guayaquil, Callao, Africa, San Antonio, Callao Guayaquil, Punta Manzanillo, Kingston, Miami, Philadelphia, New York,” Hadef said. {CMA CGM’s Sarah Hadef in an email to ANR&P’s Tom Peters. 11.February.2011}

Halifax: Canadian port of call
The Port of Halifax continues as CMA-CGM’s Canadian port and intermodal Canadian gateway.

CMA-CGM’s extension to the West Coast of South America compliments Canada’s policy of economic engagement in the Americas. The Canada-Chile Free Trade Agreement (CCFTA) implemented in July 1997 was Canada’s first FTA in South America. Since its inception, CCFTA’s bilateral trade in merchandise has increased three times to $2.4 billion in 2008.

Canada and Peru entered into a Free Trade Agreement in August 2009 with bilateral trade in merchandise already at $2.8 billion in 2008. {Foreign Affairs and International Trade Canada}

Halifax cargo increasing
The French line first started calling at Halifax’s Halterm container terminal with a fortnightly service to the Caribbean
in early 2009. {Halifax Port Authority release 30 January 2009}.

An upgrade to weekly service enabled Halifax to offer a regular and competitive service with connections between the Caribbean’s transhipment port at Kingston and all the key markets in the Caribbean, Central America, East, West and North Coast of South America via the CMA CGM global service network. {HPA release 21 April 2010}

NEW YORK

D&H: FULL DOUBLESTACK
26 February. D&H COMPLETED THE WILLSBORO TUNNEL CLEARANCE PROJECT LATE IN 2010 and certified it for double-stack use in February, allowing full double-stacked containers to run in both directions between the Ports of Montreal and the Ports of New York/New Jersey and Philadelphia. ‘CP is pleased to be offering this enhanced service to customers and look forward to the opportunities it will create,’ wrote CP spokesperson Mike Lovecchio. {e-mail to ANR&P 26 Feb 11}

MAINE

CN v MMA: NO DECISION**
We’re still waiting for Federal Judge John Woodcock to issue his decision on CN’s application for a preliminary injunction to permit it to serve the Twin Rivers mill in Madawaska. He took the matter under advisement in December [see 11#01B]. No decision by 11:30 7 March.

MMA: KATAHDIN CLOSING?*
22 February, Millinocket. THE NOTICE OF POSSIBLE CLOSING IS PROBABLY TO GET RID OF THE UNION CONTRACT, believed Ed Burkhardt, chair of MMA.

The notice of closing
Per federal law, and as company officials had promised, Katahdin Paper Company LLC parent company Brookfield Asset Management of Toronto issued a Worker Adjustment and Retraining Notice, which provides a 60-day warning of a closure, on this day.

The notice stated that the company intends to close its Millinocket and East Millinocket mills in 60 days and lay off all employees if its transaction with an affiliate of Meriturn Partners LLC fails to occur [see 11#02A].

Lee C. Hansen, managing member and co-founder of Meriturn, said this day: “We understand KPC’s need to issue the notice at this time, but it in no way diminishes our dedication to this transaction and the goal of ensuring the viability of both mills by making Katahdin Paper a premier manufacturer of paper. Meriturn is diligently working to meet the required conditions and take ownership of these mills.” The deal deadline is 29 April.

Twin Rivers operating Katahdin
Jeffrey Dutton, president of Twin Rivers Paper Company, a subsidiary of Brookfield Asset that manages the two mills and runs several other papermaking operations in Maine and Canada, said the notice period could be extended if the deal isn’t quite set, but that the mill would close if the deal falls apart.

“We can’t continue to operate the mill with its current cost structure. It is a business reality that we find ourselves in with the Katahdin business operations,” Dutton said this same day. “Meriturn certainly has some very solid ideas for the mill. Our interest is obviously to have a smooth transition to Meriturn. We will work hard to see that the transition is smooth.” {Nick Sambides in Bangor Daily News 23 Feb 11}
Effect on MMA
Burkhardt noted: ‘If the mills are sold, it will be an asset sale and I would expect the buyer to take the mills non-union or to insist on a union agreement that is the equivalent. In any case, the buyer won’t be inheriting the current union contract or any of the existing workers (unless agreed). You can look on the notice as required by Katahdin to shed its current work force as part of the sale, and additionally as part of a softening up process for the buyer to obtain what he needs. I think the notice was to be expected. I don’t read it as a notice of shut down, and it can be extended by periodically renewing it.

‘In any event, East Millinocket is only a small part of our business today. I hope the mills will be sold and the new owner turns them into a big success. But if the sale doesn’t happen, we are prepared to manage our way through whatever occurs and work a success for ourselves. At this point we have become quite good at dealing with adversity, and I’m proud of the tenacity of our people.’ {e-mail to ANR&P 22.Feb.11}

MDOT/MMA: THREE FINALISTS*
4 March, Augusta. PATRIOT RAIL, RAILAMERICA, AND EASTERN MAINE BECAME THE SHORT LIST of potential operators of the 233 miles of track MDOT has purchased in northern Maine, according to Nate Moulton, rail administrator.

He is finalizing due diligence and final presentation schedules with each party. ‘The goal continues to be to choose an operator by early April.’ {e-mail to ANR&P}

A request for further information on the short list selection was not returned by press time.

Comments
Wayne August, spokesperson for Patriot Rail, said his company ‘is definitely excited to have been selected by the State as a finalist for the next phase of the Aroostook line bid. We believe Patriot's bid successfully outlined our short line management and operational experience, our ability to grow the business on the line and our financial capability to commence operations on day 1. We look forward to visiting the line later this month and being able to meet with existing and potential customers and discuss their rail needs.’ {e-mail to ANR&P}

Steve Rupert, who handles corporate development at RailAmerica, said the company has a policy of not commenting on acquisitions. A request for comment from NBSR (the operator of EMRY) was not returned by press time.

Potential shippers wanted
Denis Berube, director of planning and transportation services of the Northern Maine Development Commission, is seeking ‘anyone or company who isn’t currently using rail service but is thinking about it.’ All such contacts will go to ‘the state and ultimately the finalists for them to contact current and potential shippers in order to fine-tune their business proposals for the final round of selection.’

Berube asks those on the Aroostook Rail Task Force (for which he serves as clerk) and others: ‘In light of current rising fuel prices it might be worth your making some calls to get the latest from the folks you think might benefit from rail. Bear in mind that although things are being moved as quickly as possible, it’s going to take until later this summer/fall before the tracks are brought up to speed and cars can be moved a little more quickly.’ Contact Berube at dberube@nmdc.org. {e-mail to ANR&P and others}

MMA/MDOT: FED $$*
19 February, DC, THE $10 MILLION AWARDED TO MAINE FOR TRACK WORK ON THE 233 MILES IT BOUGHT WAS ENDANGERED, [but was later obligated–see next story]. The GOP-led US House of Representatives voted to cut $61 billion from the resolution providing continuing funding to federal departments for FY11, which actually began 1 October 2010, including the $600 million in TIGER II funds. {John Sharp in Peoria, Illinois Journal Star 22.Feb.11}

Mini-editorial: This sounds like a lot of money but is actually only about one-quarter of the interest on the federal
Delegation to the rescue?
After the House action, U.S. Senator Susan Collins, ranking member of the Senate Transportation Appropriations subcommittee, spoke with Secretary of Transportation Ray LaHood, to request that he expedite the release of $30.5 million in TIGER grant funds for bridge and rail improvements in Maine. “I will continue to ask that the Secretary cut through the bureaucratic red tape that is impeding the release of these important TIGER funds. The State of Maine and private investors are committing resources for these projects; the federal government should provide the resources it promised in October.” {Collins press release}

Timetable
The current continuing resolution expires on 4 March. If Congress does not pass a new resolution by then, the government shuts down. If it passes the resolution without the TIGER II funds, Maine loses the $10 million in track upgrades. If USDOT can complete the paperwork to obligate the funds before 4 March, it will retain the $10 million even if the resolution cuts the rest of the TIGER II funds. {editor}

Impact on future operation
Question 28 submitted to MDOT from the potential operators of the state-purchased line addresses the TIGER II funds [see 10#11B for award, and 10#08B for which lines will get how much funding, and see http://www.maine.gov/mdot/tiger2/arpr/index.htm for a detailed tie by tie explanation]:
‘Q: How will the $10.5mm in TIGER funds be expended? What lines will receive what kind of deferred maintenance correction over what time periods? Who will do the work? ‘A. See the RFP, there is a link provided to the initial work plan and planned time schedule. State will work with selected operator on suggested changes to work program. Work will be put out to bid to contractors, the selected operator is welcome to bid.’ {text at MDOT website}

MMA/MDOT: FED FUNDS OK*
25 February, DC. THE FRA FORMALLY OBLIGATED TIGER II FUNDING FOR MAINE RAIL REHAB on the 233 miles of line MDOT purchased. Federal funds $10,546,436 for rehab will match the MDOT purchase amount of $19,100,000 for a total project of $29,646,436. US Senator Susan Collins made the announcement. {Collins press release}

MMA: HELPING TSA
25 February, DC. MMA BEGAN FILING TO ABANDON 0.4 MILES IN VAN BUREN, by submitting environmental materials.

Purpose of abandonment
MMA’s Logistics Management Systems operates a transload facility off the main line into New
Brunswick, on a spur running southeast toward the road border crossing. ‘The Line [to be abandoned] extends from milepost V 23.72 at Bridge Street [curving around] to milepost V 24.12 at Main Street.’ [See map.]

‘...Currently, MMA operates a reload center located adjacent to the Line (southeast of Bridge St. near milepost V 23.72) where lumber from Canada is transferred from truck to rail for transportation by rail to destinations in the U.S.

‘In connection with the construction of a USCBP [US Customs and Border Patrol] facility, the reload center would be relocated, at the expense of GSA [General Services Administration], to a new location along the Van Buren Subdivision approximately .7 miles from the current location. When the reload center is relocated, all rail operations on the Line will end.

‘The only alternative to abandonment would be to continue current operations on the Line, which would render construction of the USCBP facility impossible.’

Traffic
MMA reports that the relocation will not change the amount of traffic, but will put about eight trucks a day onto Main Street to travel to the new destination.

‘In 2010, approximately 2000 trucks loaded with lumber arrived at the current transload facility, and approximately 675 railcars loaded with lumber left the facility.’ {STB website filings page Docket No. AB 1043-2 25.Feb.11}

SEARSPORT: NEW HEIGHT
5 March. **DCP MIDSTREAM MAY NOW PROCEED** with its plan to build a propane terminal [see 11#01B]. Voters at Town Meeting approved 79-66 by secret ballot a change to the zoning ordinance approving a change to height limits for some structures to 150 feet.

Town Manager James Gillway emphasized that DCP Midstream has not yet submitted a proposal to the town boards. {Abigail Curtis in *Bangor Daily News* 5.Mar.11}

MDOT: MOUNTAIN DIVISION*
3 March. **RAIL AND TRAIL ADVOCATES ARE ARGUING THE BENEFITS OF EITHER** along five miles of the former Maine Central Mountain Division right of way. Using $4 million approved by the voters in June 2010 [see 10#09B], and a contract with Maine Track Maintenance for $2 million to relay the rail [see 10#11A], MDOT plans for work to begin in March on 4.75 miles of relaid track from ST took up the track before it sold the state this section.

The right of way and existing track
Pan Am owns from Mountain Junction in Portland to the end of track in Westbrook, just west of the SAPPI mill, which uses virtually no rail at this time. The next 4.75 miles, to South Windham, has neither trail nor track. From a trail head in South Windham just off Route 202, hikers can use a trail next to the rail line, which retains its rail to the New Hampshire border, as far as Route 35 in Standish.

From there to Fryeburg, no trail exists. The state has funded the construction of 1.25 miles of trail alongside the line in Fryeburg.

Windham and Westbrook are awaiting word on their application for $3.4 million in state money to engineer and build a recreational trail along the railway.

Trail supporter position
Trail advocates, headed by Sebago to the Sea Trail Coalition, want MDOT to suspend the track work, due to begin 22 March. “It is foolishness,” said Dan McCarthy, president of the Westbrook Trailblazers snowmobile club. Rebuilding the line makes no sense now, because after the five-mile reconstruction, the state will have to find another $21 million or so to make improvements above South Windham.

Dave Kinsman, president of the Mountain Division Alliance, which formed in 1994 to promote the recreational
trail and keep the railway open, said if the track is rebuilt without engineering and planning for the trail, it may no longer be possible to fit both. [Indeed, per Google, the trail does not follow the line east of Route 202 for some distance.] “We don't see what the big rush is,” said Kinsman.

**Rail supporter position**

Western Maine communities are pushing for the restoration of freight service to Portland to spark development in their region. “It really is an issue of the common good,” said Larry Seidl, owner of L.E. Seidl Trucking in Baldwin and president of the Baldwin Business Association. The railway would spark economic development, save taxpayers money by reducing wear and tear on roads, and help alleviate traffic congestion, advocates said. All of the money for the Mountain Division rail-trail has gone to the trail, and now it's time to shift focus to the rail portion of the project.

Lou Stack, a Standish town councilor, said traffic studies show that the restoration of rail would reduce truck trips in the region by 25,000 a year, plus another 19,000 truck trips that are expected from a planned wood pellet plant in Baldwin.

The rail-trail may have been a good idea when the railway fell into disuse 20 years ago, but in reality it doesn't work, said Tony Donovan, president of the Maine Rail Transit Coalition. The completed six-mile section from Standish to Windham will be unpleasant for users once the trains return. “Picture pushing a baby carriage with a freight train running 5 or 10 feet away,” he said.

**MDOT position**

MDOT Commissioner David Bernhardt, who was unavailable for comment, met with trail advocates at the end of February and is due to meet with rail proponents in early March. The project, originally scheduled to start in January, has been delayed to allow snowmobilers to finish the season, said MDOT spokesperson Mark Latti. “But at this point, any other delays would end up costing us more money, because we would be breaking the contract.” {Beth Quimby in Portland Press Herald 3.Mar.11}

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**MASSACHUSETTS**

**MBTA/MBCR: NEW CONTRACT**

3 March, Boston. *THE T IS UNHAPPY WITH RECENT MBCR PERFORMANCE*. Reliability of MBCR, which operates the MBTA commuter rail, has plummeted amid repeated winter storms and cold weather.

“We have leverage over the MBCR and we’ll use the upcoming contract to scare them to prove to us that they have credible customer service,” said Richard Davey, MBTA’s general manager. “They’ve got work to do on that.”

On 28 February a locomotive failed between the Newtonville and Newton stations; the train was two hours late to Framingham. The locomotive suffered a mechanical failure during the morning commute, but the railroad thought it’d been properly fixed. Davey called the fiasco “entirely preventable.”

If the authority fired MBCR, it would likely begin operating its own system, as numerous commuter lines around the country do. Ferdinand Alvaro Jr., who sits on the five-member board that oversees the MBTA, said the agency should take a hard look at running the rail service itself. “Can we do a better job, and can we do it less expensively? If the answer is yes, I would have a hard time renewing the contract,” Alvaro said. {Richard Weir and Hillary Chabot in Boston Herald 2.Mar.11}

MBCR started in 2003 [see 03#07A] with a five-year contract, and since then has received two, two-year extensions. So the current extension expires in June 2012. {editor}

**PW preparing more power for MBCR**

Five former Maryland Area Regional Commuter locomotives, GP40WH-2 units, were delivered to PW on 2 March. These units, which had been traded in to Motive Power Industries (MPI) after MARC received new MP36PH-3C
units from MPI, are loaned to MBCR to provide some relief. PW will test the units at its Worcester shop. If they are accepted, PW will prep them for MBCR service. {Billy Leazer in NERAIL e-list}

**NS/ST: ETHANOL, AGAIN**

22 February, Revere. *DESPITE SOME ENCROACHMENT, THE PROJECT IS STILL ‘ON THE TABLE’ FOR SPRING WORK* on a planned rail-served ethanol terminal here, according to sources at both PAS and MBCR. {e-mail to ANR&P from third source–so second-hand info}

**Terminal area**

Another rail observer wrote: ‘As many observations show, abutters Capital Trash and Atlantic Paving have steadily resumed using the right of way as dumping grounds for their equipment and derelict vehicles. In spring 2010 the whole branch was cleaned up.’ {e-mail to ANR&P 22.Feb.11} [See 10#08A with map.]

**FALL RIVER: SOMERSET DEAD**

February, Somerset. *NRG ENERGY WILL NOT RE-OPEN THE SOMERSET STATION POWER PLANT*. It closed the coal-fired plant in January 2010 [see 10#03B], and applied to the state Department of Environmental Protection for approval to re-open the plant using a plasma coal gasification process. Construction and demolition debris would be burned, along with the coal.

“The decision not to move forward in Somerset was a multilayered decision,” NRG spokesperson David Gaier said. It was based upon a state moratorium on the energy process NRG was looking to use, a difficult market for selling energy, and lawsuits against the proposal. NRG also lacked a power-purchase agreement.

“This is really the first step in making Massachusetts coal-free, so it’s a huge victory,” said Shanna Cleveland, a staff attorney for the Conservation Law Foundation. She said she wasn’t surprised by the decision. “Coal simply isn’t the energy of the future.” {Grant Welker in Fall River Herald 23.Feb.11}

[Thus fewer colliers will be sailing up the East coast from Norfolk, and Waterson Stevedoring will not resume lightering. Editor]
Lechmere Square area, and we look forward to working with the developers of the NorthPoint project to make the station and the surrounding area attractive, vibrant, and convenient for our customers, both current and future,” said MassDOT Rail and Transit Division Administrator and MBTA General Manager Richard Davey.

“We are happy to have worked with the state and concluded a forward-looking agreement that recognizes the changing needs of the MBTA and its riders, and for our part making it possible for us to move soon on NorthPoint, a vibrant new East Cambridge neighborhood,” said Thomas N. O’Brien, managing director of The HYM Investment Group, LLC.

North Point moving ahead
Pan Am and development partners HYM Investment Group are moving forward with the adjacent NorthPoint project, a mixed-use development of 2,800 residential units, more than two million square feet of office space, and 185,000 square feet of retail. HYM and Canyon-Johnson Urban Funds joined with Atlas Capital Group last year to develop the 44-acre property, the largest remaining parcel of open land in Cambridge. The former Pan Am rail yard is located across the Charles River from Massachusetts General Hospital and within walking distance of Kendall Square.

“This is a welcome step towards the completion of the Green Line project,” said Rep. Carl M. Sciortino, Jr. “Continued development around Lechmere Station opens new opportunities for growth and will help to facilitate more extensive, accessible transportation options.”

“I applaud the efforts made to move forward on the Green Line Extension without further delay,” said Rep. Denise Provost.

“The new Lechmere Station will benefit Cambridge residents by increasing the public transportation options available to them and enable the city of Cambridge to redevelop an important land parcel that will improve the overall vitality of the neighborhood,” said Cambridge Mayor David Maher. “We are encouraged by the MBTA’s investment in East Cambridge by moving forward with Lechmere Station. This is an important step in completing the NorthPoint area so it can meet its full potential as a place to live and to work.”

“These are exciting times for those of us who have been eagerly awaiting the Green Line Extension,” said Somerville Mayor Joseph Curtatone. “In just the past month, the MBTA has approved this land exchange agreement for the new Lechmere Station, awarded the Preliminary Engineering contract for the Extension itself, and put out an RFP for new trains to operate along that Extension in the future. Governor Patrick and Secretary Mullan once again are demonstrating their commitment to using mass transit as an economic driver for this entire region while also enhancing the quality of life for the residents of cities like Somerville.”

Board approves agreement amendment
The Board’s action comes in the form of an amendment to a previously-approved Development and Land Exchange Agreement between the MBTA and Pan Am. Due to changing economic and real estate market conditions, the NorthPoint project was initially delayed, but now the development and the Green Line Extension are both ready to move forward.

Among the key elements of the newly-approved agreement:
The MBTA and MassDOT will receive:

Green Line Extension
All of the trackage and property rights necessary to build and operate the Green Line Extension, which have a combined value of $12.5 million. In addition to this real value, these rights provide a $5.5 million savings for MassDOT and the MBTA, which had expected to pay $18 million for these rights.

Worcester Main
Trackage rights off the Worcester Main Line to allow potential future passenger service from Worcester to Ayer. This will provide a connection between the Worcester and Fitchburg Commuter Rail Lines, and a potential future connection to North Station.

New Hampshire
Trackage rights to provide future passenger service to New Hampshire. This would allow for the extension of MBTA Commuter Rail service from Lowell to Concord, NH through Nashua and Manchester. That project would ultimately be sponsored and funded by the State of New Hampshire, similar to current Commuter Rail service to Rhode Island.

Other
While not part of the Land Exchange Agreement, Pan Am has agreed to assume costs associated with the required street and sidewalk improvements in the Lechmere area. The Green Line Extension project and the Commonwealth were planning
to absorb this $9 million expense, which may now be deducted from the project’s total cost.

The trackage rights have a combined value of $30.7 million. As consideration for receiving these rights from Pan Am, MassDOT and the MBTA will convey the site of the existing Lechmere Station to Pan Am, following the completion of the new Lechmere Station. In 2006, at the height of the real estate market, the Lechmere parcels had an appraised value of $32 million. While the value has undoubtedly dropped since the appraisal, Pan Am has agreed to contribute that amount for the property. {text of press release}

**ST/MBRX: NO SERVICE**

2 March, Milford. *HENDRIX STILL HAS HAD NO RAIL SERVICE, FOR NEARLY SIX WEEKS.* On 25 February ST made another attempt to reach Hendrix, but derailed. Five cars for Hendrix and one for Harcros Chemicals were left in East Milford. {ANR&P discussion with Hendrix official and e-mail from Peter Leishman}

An official at the plant said again, “Even bad rail service is better than no rail service.” [See 10#06B.] {ANR&P discussion}

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**RHODE ISLAND**

**QUONSET/DAVISVILLE: BIGGER?**

February. *GOVERNOR LINCOLN CHAFEE VIEWS MORE SHIPPING AT DAVISVILLE AS A POSITIVE DEVELOPMENT.* In an interview, he proposed taking very preliminary plans to “all the neighbors” and continue to work with them as the plans progress. He had no specific options in mind. The widening of the Panama Canal and the opening of the Northwest Passage because of global warming “are beneficial to Quonset as a shipping spot.”

Other opinions: feeder?

John Laramee, a member of the board of Quonset Development Corporation, said a major container port at Davisville was no longer feasible.

State Representative Lawrence Ehrhardt, R-North Kingston, said the General Assembly’s port study commission continues to look at opportunities [see 09#03B] and continues to meet. [State Representative Deborah Ruggiero was appointed a new co-chair this week. {Sarah Rubel in WPRI 23.Feb.11}] “No one, absolutely no one, has brought forth credible information that there were major opportunities to expand port operations at Quonset.”

State Senator James Sheehan, D-North Kingstown, said a small container feeder operation could make some sense. Steven King, the Quonset Development Corporation managing director, had talks with a company interested in container feeder service in 2010. One driver, diesel costs, were lower then, and nothing materialized. {Kate Bramson, Andy Smith and Alex Kuffner in Providence Journal 19.Feb.11}

**PROVIDENCE: SHORT-SEA**

February. *COAST-WISE SHIPPING TO AND FROM POINTS SUCH AS FLORIDA MAKES SENSE,* according to a study commissioned by the Port of Providence. Reeve & Associates of Stamford Connecticut studied the potential for the port to become a destination for short-sea-shipping funded through a grant from the state Division of Planning.

Short points, such as New Jersey, probably wouldn’t be cheaper than truck because of the cost of loading and unloading the cargo outweighs the transport savings.

But under one scenario, the port could support trips from Jacksonville Florida twice a week initially before increasing to five days a week by 2028, bringing a total of 1,600 trailer loads weekly through Providence.

That level of shipping could create 1,340 jobs and generate $88 million in direct economic impact with an additional $275 million in indirect economic impact and tax revenue, the report says.

**ProvPort, or other terminals?**

To ready the port for increased shipping, about $4 million to $5 million in capital improvements would be needed,
including paving and installing lighting and gates.

Two privately-owned sites adjacent to the port could also be used for shipping goods, but would require more costly work. Promet Marine would need $5 million to $6 million in improvements while Motiva Enterprises would need $10 million to $12 million in work. {Alex Kuffner in Providence Journal 26.Feb.11}

**American Feeder Lines**

AFL [see Regional], while starting with feeder lanes, eventually plans to employ its ships in the coast-wise trade described by the Reeve study, said AFL’s Rudy Mack. {ANR&P discussion}

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**VERMONT**

**VRS: AMTRAK HOSTING**

23 February, Montpelier. “**THIS PROBLEM WITH VERMONT RAIL SYSTEMS IS A VERY SERIOUS PROBLEM FOR US,**” VAOT Secretary Brian Searles said. “We have to dig into it.”

He was referring to a 17 February letter from Amtrak, in which Stephen Gardner, vice president of policy and development, wrote to Searles that the *Ethan Allen* is frequently delayed because of poor track conditions between Whitehall New York and Rutland. ‘Because of this, on-time performance of the *Ethan Allen Express* is often below 70%, and track conditions account for 91% of delays. “Unfortunately this situation is not temporary and despite numerous efforts to address the problem… (Vermont Rail Systems) remains unwilling and unable to meet its ongoing obligations to adequately maintain the rail line.” The VRS contract with Amtrak calls for the trip to take 55 minutes.

David Wulfson, VRS president, countered this day: “We have been working with Amtrak about the so-called ‘get well quick’ plan.” He said he was surprised to receive Searles’ letter announcing an investigation.

**The Amtrak efforts**

Gardner wrote that Amtrak officials met with Vermont Rail Systems in 2006 to discuss slow orders. Amtrak issued two performance-violation notices to the rail company in 2008 and convened a meeting. Amtrak sent another contract violation letter in December 2010, then sent a team to meet 27 January with Wulfson.

**Western corridor project in jeopardy**

Searles noted that Amtrak officials questioned not only VRS’ ability to meet the *Ethan Allen* performance standards but also whether the rail company was capable of serving as host for an extension of passenger service to Burlington and eventual rerouting of the passenger line south to Bennington.

Gardner wrote: ‘The ongoing lack of compliance and abysmal performance track record brings into question the ability of VRS to maintain the high level of service that would be required’ for a high-speed inter-city passenger rail grant. The state is about to submit its third request for a $74 million grant to make upgrades to the western corridor tracks to allow for an extension of passenger service to Burlington, Searles said. “We have big plans.” [See 10#11B.]

**The Searles investigation**

Searles asked the State Auditor’s Office to work with his staff in the investigation. The auditor’s office reviewed rail contract compliance in 2008. The investigation will look at ‘all practices, procedures and operations related to the Vermont Rail Systems’ performance of its obligations to the state under leases, operating agreements and project agreements.’ Searles said the public might have concerns about the safety of freight trains traveling elsewhere in the state on VRS lines. He will ask the FRA to do a special review of the rail company’s compliance with rail safety regulations.

“We are going to put enough resources to this so we can come to a conclusion soon,” Searles said. “We don’t want to lose the construction season coming up.” It was too soon to talk about possible remedies. “We have to
identify what the issues are before we formulate a response — but clearly there has to be a change.”

Senate Transportation Chair Richard Mazza, D-Chittenden/Grand Isle, called the Amtrak letter a shock. “It is very, very disappointing. We have worked so hard on the western corridor. To have this happen just sets us back a great deal.” {Nancy Remsen in Burlington Free Press 24.Feb.11}

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**QUEBEC/MARITIMES**

**CANSO**

2 March, Mulgrave. **THE STRAIT OF CANSO SUPERPORT CORPORATION HAS UNVEILED ITS 20-YEAR MASTER DEVELOPMENT PLAN**, prepared by AECOM, headquartered in Los Angeles. It outlines a number of goals in areas such as governance, bulk transshipment facilities, land acquisition and site development, and strategic marketing. “The plan is aggressive and based on what we feel are market-driven opportunities,” said Superport CEO Tim Gilfoy.

**Governance**

Governance is a priority and the corporation is exploring Canada Port Authority (CPA) status.

“It is extremely important to get a governance structure whether it is a CPA or some other model,” Gilfoy said. “We are looking at the CPA concept only because it is the only program in Canada that will give us the harbour dues, $1.2 million a year. So that is the thrust of the governance structure to get access to the fees that are already collected here and sent to Ottawa. If there is another way of getting guaranteed access to that than we are certainly open to it but for initial discussions we have to start with the model that is in place and if they (Ottawa) want to modify that model to achieve the same goals we are looking for then great.”

**Funding and history**

Gilfoy said since 2000, when the corporation was created [see 00#03], it has operated on funds collected from the operation of two marine facilities the corporation owns and operates, the Mulgrave Marine Terminal and the Port Hawkesbury pier. It currently receives about $800,000 annually.

In 2000, it was considering gaining ownership of the harbour bottom from the federal government, which it thought would gain it access to harbour dues. That is no longer a priority, wrote Gilfoy. ‘As part of the master planning port exercise and the governance analysis we are not so sure us owning it would achieve the desired results which is getting guaranteed access to the harbour dues.’

**Bulk Transshipment centre**

“We are encouraged by bulk transshipment and the opportunities there. It fits quite nicely with the tonnage that currently goes through the port. In 2009 we had approximately 33.5 million tonnes. We don’t have final figures yet but it dipped in 2010 but we were still over the 30-million tonne mark,” Gilfoy said.

The superport is looking at coal from the Donkin mine near Glace Bay that is expected to go into production in 2014. [In full production, mine developer Xstrata said the mine will produce 2.75 million tonnes of export grade metallurgical coal. {Nova Scotia Business Journal 25.May 2010}]

“I think that would be a good fit for a bulk terminal and I know in any discussions we have had with Xstrata and any presentations that they have made they identified the Strait as the logical place to do their shipments from,” Gilfoy said.

**Donkin questionable**

The Port of Sydney had hoped to see the coal go through its facilities. {Erin Pottie in Cape Breton Post 22.Feb.10}.

However, in January 2010 Xstrata was very clear when it announced it was changing the product to coking coal. The cargo would be lightered in barges out of a Donkin pier to offshore colliers. {10#02A 18.February.2010}
Great Lakes business
The development plan said a bulk transshipment facility could also service importers and exporters of dry bulk cargoes, particularly the steel industry, in the Great Lakes region.

‘Under the transshipment concept, dry bulk cargo destined for the United States and Canadian Great Lakes ports would be moved via Cape Size vessels into the Strait of Canso and then moved by smaller Laker class vessels consistent with the limited Seaway depth of 27 feet into Great Lakes ports for consumption by local industries,’ the plan stated.

Gilfoy said the laker boats would come into the Strait through the Canso Canal which has the same dimensions as the locks in the St. Lawrence Seaway.

Potential site development
Much of the available industrial land located along or adjacent to the Strait is publicly held by local municipalities and various provincial government agencies, the plan states. A goal of the plan would see the Superport corporation take the lead in negotiations with the province and other land owners to investigate the possible transfer of potential terminal development sites.

The Melford container terminal site
Gilfoy said the Melford site [see 10#07A] is within the boundaries of the study ‘is identified in the plan but ‘as part of this port master plan exercise we didn’t want to reinvent the wheel with respect to analysis. It is identified as an initiative that is being promoted and put forward by the private sector so our preference was to treat it that way as a private sector initiative that is moving forward in the Strait so we tended to concentrate on other opportunities that can arise.’

Implementation
‘We are getting geared up to start discussions on the governance model but certainly simultaneous with that we want to picking at some of the higher priority recommendations of the port master plan,’’ Gilfoy said. {Tim Gilfoy in discussions and e-mails with ANR&P’s correspondent Tom Peters 2.Mar. 2011; Plan citations from Superport website under link ‘Future Plans and Goals’}

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RAIL SHIPPERS

Described in this issue.

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

Global (ST, Massachusetts) May have ethanol terminal.
Hendrix (ST, New Hampshire) Not served 6 weeks.
Katahdin Paper (MMA, Maine) Files to ‘close’.
Logistics MS (MMA, Maine) Moves in Van Buren.

Letter to the editor:
You have an excellent publication, and I always look forward to reading it.

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

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

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

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Purpose
Atlantic Northeast Rails & Ports, 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.’