Helping to move rail and port traffic through New England, the Maritimes, & eastern Québec. A weekly trade newsletter.

Issue 11#09B  6 October 2011

*Article unchanged from e-bulletin.  
**Blue type in article: changes from e-bulletin. 
Blue header & table of contents: new article

REGIONAL

Halifax-Saint John-CN-NBSR: US to tax containers inbound by rail? 
CSXT-CP-VRS-NECR-PW: Ethanol to Providence moves by various routings.*

NEW YORK

NYNJ: Port Authority proposes two transload facilities in South Brooklyn.
NYA: Brookhaven Rail Terminal opens.* More on US Rail New York, the operator.*

QUEBEC

[No report.]  
CONNECTICUT

[No report.]  
MAINE

MMA: Kind words from track cars about the line.*
MMA: Will build green locomotives at Derby. Looking at alternatives for Madawaska segment.
Pan Am: Provides timber mats to CMP.
Pan Am: Two parcels, rail served, for sale on Portland waterfront.

MASSACHUSETTS

North Brookfield Railroad: Bigda’s plans.*

NEW HAMPSHIRE

MBRX v ST: MBRX has permission to resume operation.* Cost of service.* Leishman elected state representative.*

MBRX v ST: But the lawsuit goes forward. Affidavit problems.** Deposition problems.**

Pan Am: More on Hampton abandonment.
RHODE ISLAND

[No report.]  
VERMONT

[No report. See Regional.]

MARITIMES

CN-Halifax: Wal-Mart will increase containers through the port, sailed to Toronto.
CBNS: Cape Breton subsidy continues.*
WHRC: mothballed until Fundy mine reopens.*
CN/Dalhousie: CN considering abandoning the line in eastern New Brunswick. Dalhousie has big plans.*
CN/Dalhousie: CN and port sign spur agreement.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Brett Rekola.

FROM THE PUBLISHER

OFF TO NEARS

See you at State College for great conference.

- Chop Hardenbergh  Next formal issue: 21 October

REGIONAL

HALIFAX-SAINT JOHN
CN-NBSR
5 October, DC. THE FEDERAL MARITIME COMMISSION NOTED THE SHIFT OF IMPORTED CONTAINERS FROM THE UNITED STATES TO CANADA. It voted to launch an inquiry over whether the U.S. is losing Harbor Maintenance Tax revenue because of cargo diversion.

Containers from Halifax and Saint John too?
While the article, and the political thrust, centers on the West coast, clearly such a tax—if applied to all Canadian containers—would affect the current flow of import containers via Halifax to the Midwest, and the rumored future flow of containers from Saint John into Massachusetts. {editor}

Tax on containers from Canadian ports?
U.S. West coast ports have floated the idea of a new tax on ocean containers arriving in the U.S. via Canada ports to neutralize the impact of those containers not having to pay the Harbor Maintenance Tax, which averages $137 per container arriving directly at U.S. ports.

The combined West coast market share of Seattle and Tacoma has dropped from 18.4% in 2005 to 15.6% in 2010, while British Columbia ports increased their share from 7.8% percent to 12.4% percent during that same period, according to data from West Coast ports.

The West Coast ports see the Harbor Maintenance Tax as a culprit, 0.125% ad valorem tax levied on cargo imported or domestically moved through U.S. ports, originally imposed in the mid-1980s. It in theory funds the dredging of ports.

Canada argues that importers see advantage in using Canadian ports, which can cut days off the transit time from Asia to markets in the U.S. Midwest, saving in inventory costs and getting goods to market faster. {PR newswire 3.Oct.11; Journal of Commerce 5.Oct.11}

GREEN MT. RTE: LESS ETHANOL?*
29 September. FOR CSXT, PW, NECR, AND VRS, THE ROUTINGS OF ETHANOL CHANGE. In the past seven days, CSXT has delivered two loaded ethanol trains to Worcester for interchange to PW and delivery to the ethanol terminal in Providence.

In addition, VRS is moving a CP-delivered ethanol train from Whitehall to Bellows Falls, whence NECR moves it to Willimantic Connecticut. PW picks it up there on the new Willi [see 11#09A] and delivers it to Providence. {Kevin Burkholder in NERN e-list 28.Sept.11}

Any portent for the future?
Which railroad delivers the ethanol to PW is fluid. Marie Angelini, company spokesperson, wrote this day: ‘Change is inherent and continual with respect to ethanol given that origins and routing are bid quarterly.’ {e-mail to ANR&P}

NEW YORK

NYNJ: NEW LIFE IN BROOKLYN
27 September, New York City. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY PROPOSES TWO TRANSLOAD FACILITIES on the Brooklyn waterfront, ‘upon specific portions of the 51st Street Rail Yard and the 65th Street Rail Yard.’ According to the request for proposals issued this day:
NYNJ current operator
New York New Jersey, LLC [NYNJ], a wholly-owned subsidiary of the Port Authority, currently operates both railyards ‘under an Operating Agreement with the New York City Economic Development Corporation (NYCEDC), acting on behalf of the City of New York (the City). The City owns the land under [the yards].

Revitalizing the South Brooklyn rail network
‘The Port Authority and NYCEDC have been working closely for several years to revitalize and rebuild the rail network that extends along the waterfront in Sunset Park, South Brooklyn [see map 09#01B]. This network currently consists of the 51st Street Rail Yard (including a single transfer bridge and the 51st Street Transloading Site), the 65th Street Rail Yard (including two transfer bridges and the 65th Street Transloading Site), trackage along First Avenue in Brooklyn connecting the Rail Yards, certain industrial sidings...

Connection to South Brooklyn Marine Terminal
‘...and additional trackage being designed and constructed by NYCEDC to connect to the existing network and restore rail service to the South Brooklyn Marine Terminal at First Avenue and 39th Street.’ [See map in this issue.]

Too many trucks: second rail gateway
‘Both the Port Authority and NYCEDC believe that the greater New York City metropolitan area suffers from a dangerous over-reliance on truck transport.... The Port Authority and NYCEDC also believe that a revitalized South Brooklyn waterfront rail network can potentially open a second rail gateway into the region, offer an attractive alternative to truck transport, and (because rail is a more environmentally friendly mode of transportation) help reduce congestion and reliance on fossil fuels, save millions of dollars on bridge and tunnel maintenance charges, and reduce harmful air emissions.

Move Brooklyn terminus to 65th Street Yard
‘To this end, in 2008, the Port Authority purchased all of the membership interests in [NYNJ], the operator of the last rail car float service in the Port of New York and New Jersey. NYNJ currently moves freight in loaded railcars, via barge, between
South Brooklyn RR - connect to NYC subway

NYNJ freight storage facility

Operational float barge pier

NYA connection
Greenville Yard in Jersey City, New Jersey, to the 51st Street Rail Yard in Brooklyn, and vice versa. ‘In the future, NYNJ plans to shift the eastern base of its operations to the 65th Street Yard, upon completion of certain improvements and subject to execution of the Lease (as hereinafter defined) with the City.’

**Developer/operator of transloads wanted**
According to the scope of work in the RFP, the winning bidder ‘will take and hold the Transloading Sites [and will] be responsible, at its sole cost and expense, for conceptual design, design development, preparation of contract documents, construction and construction management of the Transloading Facilities to be developed.’

**Schedule**
Site inspection meeting: 12 October. Questions by 19 October. Proposals due 9 November. {text of RFP}

**Current traffic, and capacity, for NYNJ**
According to Attachment J to the RFP, the float requires 40 minutes to cross the harbor, and 20 minutes to load or unload.

   It operates Monday to Friday, currently making one to two trips a day, with three or four possible.
   ‘The only operating Carfloat #16 supports current traffic of 4-5 Carfloat trips per week; could support triple traffic level increase.’
   #16 has three tracks. It can float 900 tons, and fit 11 empty 60-foot cars or 8 empty 90-foot cars. {text of Attachment J}

**Bush Terminal**
Attachment K to the RFP contains a 2008 report by consultants Dewberry on the track conditions on the NYNJ. For the Bush Terminal, it states:

   ‘In the late 1970s, the City of New York purchased the [Bush Terminal] complex and through the New York Cross Harbor Railroad was able to continue to provide needed services to the business that remained in the complex.
   ‘Today [NYNJ] operates one track along 1st Avenue from 65th Street to the existing Bush Terminal Complex west of 1st Avenue between 50th Street and 43rd Street. Rail service is also provided out of the Bush Terminal, along 1st Avenue from 43rd Street to 39th Street.
   ‘The tracks, although to some extent still exist[ing], have been abandoned along 41st Street and along 2nd Avenue from 41st Street to 28th Street.
   ‘As late as 2002, the tracks along 41st Street and 2nd Avenue from 41st Street to 38th Street were in operation as they were providing [access for materials to reach] the NYCTA storage facility at 38th Street and 2nd Avenue.
   Today [NYNJ] operates a freight storage facility at [Bush]. There are currently six active storage tracks west of 1st Avenue. There is also an operational float barge pier south of [Bush].

**Connection to the subway**
As shown on the map, NYNJ did have a connection to the New York subway system in the South Brooklyn Marine Terminal, now out of service. The Dewberry report assumes that this connection will remain out of service. {text of report}

   NYA has another connection ‘with the NYCTA (MTA-Subway Division) at their Linden Avenue Shop located at MP 8.1 on the Bay Ridge Branch. Traffic has included rail, ties and some small amounts of materials.’ {e-mail from NYA President Paul Victor 4.Oct.11}

**NYA: CUSTOMER OPENING**
27 September, Yaphank NY. **BROOKHAVEN RAIL TERMINAL WILL OPEN THIS DAY**, according to a statement issued on 25 September, with its partner US Rail of NY, LLC (USRNY), a licensed short line railroad operator.
Brookhaven Rail Terminal [see 11#08A] is projected to handle approximately one million tons of freight per year by 2016, which translates into taking 40,000 trucks off area roads and bridges, the partnership said. {Railway Age breaking news 26.Sept.11}

US Rail of New York: who owns?
The American Association of Short Line and Regional Railroads newsletter, 6 July issue, stated: ‘And still another new railroad is U.S. Rail of New York LLC. Assigned Reporting Mark USNY and AAR Rule 260 Code 481, the railroad will operate approximately four miles of line in Brookhaven, NY and interchange with the New York & Atlantic Railway at Sills, NY. It was expected to begin operations on or about July 5, 2011. Contact information is as follows: Mr. Ted Mills, president, U.S. Rail of New York LLC, 38955 Hills Tech Drive, Farmington Hills, MI 48331, Phone: (248) 536-0765, Fax: (248) 536-0870, Email: ted@etccapital.com.

Who is ETC Capital?
According to its website, ETC Capital is a venture capital firm. ‘We are looking to acquire or recapitalize businesses through a co-investment structure with the existing management team or owner. Ideally, we look to invest with exceptional management teams that have a vision for profitable growth and a realistic business plan to achieve it.’

It will invest in: ‘Operating businesses with a track record and limited customer concentration. Types of Industries – Energy, Insurance, Financial Services, Transportation, Media, Distribution, Consumer Products, Life Sciences and Health Care.’ Ted Mills, managing director. {company website}

MAINE

MMA: SOME PRAISE*
23-24 September. THE NEW ENGLAND RAIL CAR ENTHUSIASTS ENJOYED MUCH-IMPROVED TRACK during their excursion from Searsport to Millinocket this weekend. Warren Riccitelli, the excursion coordinator, wrote:

‘In short, it had been a couple of years since we did Searsport - Millinocket and wow. A great group, great color but what impressed us most was the physical plant improvements and condition of the rail. We have seen many improvements and the best we have seen this track in years. I was also impressed about the attitude of our pilots and management to make this a success in these hard times. And the future looks promising for the long range future of the MMA.’ {post to e-list MMA-rail 27.Sept.11}

MMA: UPDATES*

GREEN LOCOMOTIVES AT DERBY
MMA will build two green locomotives at the Derby shops, confirmed chair Ed Burkhardt. ‘That’s about all I can say at this time, as the technology is covered by a confidentiality agreement.’ {e-mail to ANR&P 25.Sept.11}

MADAWASKA – VAN BUREN
MMA owns this track, but its operations on it are constrained. First, predecessor Bangor and Aroostook Railroad sold to CN trackage rights to reach Madawaska. MMA receives only a per-car fee to move cars to and from the Twin Rivers mill [see 04#01A]. Second, new railroad MNR has trackage rights over the segment to reach CN. Third, MMA has no arrangement with Twin Rivers to serve it, even at the per-car fee [see 11#03B].

MMA does have the overhead traffic from its lines Millinocket and south. However, reports indicate that MNR is not moving any traffic north of Portage.
Selling the segment
Would MMA sell the segment? Burkhardt responded: ‘We continue to look at our alternatives, and have made no decisions....It’s too bad now that [the dispute about serving Twin Rivers] has been swept away [by the court decision—see 11#03B] we cannot do business as usual with this shipper. This is a missed opportunity for both of us.’ {e-mail to ANR&P 25.Sept.11}

PAN AM: HELPING THE ENVIRONMENT
15 September. CENTRAL MAINE POWER IS RECEIVING TIMBER MATS BY RAIL, because Maine cannot produce enough, said spokesperson David Allen. Central Maine Power (CMP) Company's Maine Power Reliability Program (MPRP) is a $1.4 billion investment in Maine's bulk power transmission system. The five-year project includes the construction of six new substations, upgrades to more than 40 existing substations, and the installation or rebuilding of nearly 440 miles of transmission line in 75 communities from Eliot to Orrington. {mainepower.com}

This requires more than 200,00 timber mats permitting construction equipment to invade ecologically sensitive areas [see photo]. CMP plans to spend $100 million on mat purchase and handling.

Maine suppliers
Glidden Lumber in Parkman, Bear Hill Lumber in Hollis, and Northeast Timber Mats LLC in Gray and Lincoln produce and supply mats, but they are maxed out, Allen said.

Other suppliers
CMP has turned to the nation’s largest broker, DixieMat LLC, to obtain the balance. Mats are coming from as far away as Oregon, riding the rails for delivery by Pan Am to both Cousineau’s in North Anson [see 11#04B] and Prentiss and Carlisle in East Newport [see 11#08B]. {ANR&P discussion 15.Sept.11}

PAN AM: OPPORTUNITY
28 September, Portland. TWO RAIL-SERVED PARCELS ON THE PORTLAND WATERFRONT are for sale by Unitil, parent of Northern Utilities which owns the parcels. www.40westcommercial.com

Background
In February 1999, NIPSCO Industries (later named NiSource) bought Bay State Gas, which in turn owned Northern Utilities. In March of 2003, NiSource spun off some of the propane facilities of Bay State and Northern Utilities to private investors, who formed EnergyUSA Propane. {04#12A Regional}

Unitil purchased all of Northern Utilities in December 2008. ‘Unitil is a public utility holding company, headquartered in Hampton, New Hampshire.... Our principal business is the local distribution of electricity and natural gas in the states of New Hampshire, Massachusetts, and Maine.’ {Unitil website}
The Portland parcels and EnergyUSA lease
Along the harbor on West Commercial Street, Northern Utilities owns the two parcels. EnergyUSA propane leases one acre of the 4-acre ‘inland’ parcel and has an option to lease two more acres. Alec O’Meara, Unitil spokesperson, declined to reveal the terms of the lease. The inland parcel has direct rail access via a Pan Am-owned spur.

NU also owns a 2.5-acre ‘shore’ parcel with 1,100 feet of water frontage and an additional 2.5 aces of leased submerged land. This parcel is accessed by rights of way over a Pan Am-owned 120-foot wide former railroad corridor that no longer has tracks.

Former rail use
Sometime prior to 2004, Pan Am occasionally spotted propane cars whose contents was put into Northern Utilities’ pipeline [see map of pipelines in 14 April 2004 issue] at times of peak demand. Trucks now deliver whatever product is needed. [See 04#12A Regional.]

O’Meara wrote: ‘EnergyUSA Propane has indicated an interest in resuming its use of the rail spur... The ROW that bifurcates Northern Utilities (d/b/a Unitil) shoreline and inland parcels is owned by Pan Am Rail.’ {e-mail to ANR&P 28.Sept.11}

Price and terms: parties
Unitil has not set a price on the parcels, in part because from the 1800s to 1965, the property was the site of a coal gas manufacturing plant. O’Meara said the new owner will likely need to spend several million dollars to clean up the tar or contain it. {J Hemmerdinger in Portland Press Herald 28.Sept.11}

O’Meara did ‘confirm there have been multiple inquiries from developers. We are aware of Amtrak’s vision for a rail station, and had a brief contact with NNEPRA regarding this vision.’ {e-mail to ANR&P 28.Sept.11}

MASSACHUSETTS

NORTH BROOKFIELD: MORE*
26 September, North Brookfield. DAN BIGDA HAS FOUR COMPANIES COMMITTED TO USING THE RAIL AND ANOTHER EIGHT “ALMOST THERE,” he said recently. The list includes both local businesses and some that operate across the nation and into Canada, existing customers of Bigda, but he doesn’t want to name them for fear of other railroad operators trying to siphon business from his new venture. Several based elsewhere in the country want to add manufacturing or distribution locations along the rail line in North Brookfield to allow for easier access to the New England market.

Bigda owns Boxcar Services, a West Brookfield company that sells and leases rail cars. He said he and other investors have come up with $5.5 million for the project, though he doesn’t expect it to take quite that much money.

He’s talking with several companies based elsewhere in the country that want to add manufacturing or distribution locations along the rail line in North Brookfield to allow for easier access to the New England market.

The origin of the idea
Bigda and other investors had originally looked at buying an existing short-line railroad or creating a partnership with one of them. When that didn’t work out, he said, they started looking into restoring a defunct line, and soon found themselves in talks with North Brookfield officials.

North Brookfield Selectman Richard Chabot said the idea “kind of happened by accident” when Bigda heard about the trail controversy [see 11#09A].

Schedule
Chabot said railroad would operate from 7AM to 7PM, two or three trains a day of 10-15 cars each. “Hopefully by spring they’ll be laying tracks, if not before that,” he said. Bigda said he hopes to run the first train along the line next June.
Techno-Bloc as customer

COO Eric Emanuel said Techo-Bloc hasn’t yet determined whether it would use the railroad, but he said the company does use rail transport at other locations. “Am I going to guarantee it and make somebody depend on me? No.”

His company could be a significant customer, transporting material almost daily. Techo-Bloc, which has worked out a tax incentive agreement with North Brookfield, plans to create 50 jobs in town, Emanuel said. {Livia Gershon in Worcester Business Journal 26.Sept.11}

NEW HAMPSHIRE

MBRX v ST: TRAINS MOVING*

26 September, Concord. MBRX RESUMED OPERATING BETWEEN MILFORD AND WILTON, moving stone for Granite State Concrete between its quarry in Wilton and the processing plant in Milford. Peter Leishman, MBRX owner, wrote: ‘There are several issues yet to be addressed but Granite State and the MBRX are both encouraged that the resumption of rail service may signal an improving relationship between the two carriers.’

The operation

‘We resumed service yesterday. It isn’t ideal, but we are at least providing limited service to Granite State. I was
unable to train someone to replace me (needing two people to operate the train and I only have two full-time employees including myself).

‘Finally, I was able to convince my part-time employee to leave his business for a few hours a day allowing him to take the train [on ST territory, where Leishman is still barred] from Granite State in Milford to Wilton where I meet the train and take the train the rest of the way to Granite State's quarry.

‘Once we leave the quarry in Wilton, I call my part-time employee and he leaves his business and meets the train in Wilton and I return to Granite State in Milford by truck.

‘We are now required to flag all the crossings on PAR (crossing protection or not) [see photo] which adds about ½ hour to the trip. Historically, Granite State Concrete has required 3000 tons (30 cars) of stone a day. With the present situation, we are delivering only 2000 tons (20 cars).’

COST OF ADDITIONAL EMPLOYEE
While hiring the third worker would seem to be an easy solution, Leishman argued his margin on the Granite State gravel move is ‘only $0.05 a ton less than what the independent truck drivers charge to move the stone from the quarry to Milford. They have a trucker that moves the crushed gravel to Milford from the quarry for $0.90 a ton.’

MBRX v ST: LEGAL! STEPS**
27 September, Milford. LEISHMAN STILL WANTS HIS BAN FOR LIFE OVERTURNED. In the lawsuit, ‘we are still requesting the depositions’ of the two Finks, scheduled for 5 October [see 11#09A].

Motion for protective order for Fink deposition filed
According to a memorandum of law filed by MBRX on 5 October, the railroad on 30 August submitted a Notice of Deposition of David Fink fils, requesting a deposition on 23 September.

On 21 September 21, Pan Am said it would try to quash the deposition. Neither Fink nor any representative of the defendants attended the scheduled deposition.

On 26 September, ST filed a motion to protect ‘David A Fink’, Pan Am Railways Inc’s chairman and chief executive officer* because he has no knowledge of the remaining two issues in the case.

‘Mr. Fink was not involved in Pan Am’s internal investigation, was not present at any of the hearings, and was not involved in the decision to impose penalties on Mr. Leishman. See Fink Affidavit at ¶ 2-3. Mr. Fink’s involvement in this matter is limited to the fact that he received letters from Mr. Leishman attempting to settle the matter; however, Mr. Fink took no action in response to these letters other than forwarding them to Pan Am’s general counsel, Mr. Robert B. Culliford and instructing Mr. Culliford to handle the response.’

MBRX responded in its Memorandum of Law: ‘Given Mr. Fink’s employment with the various Defendants during that time, as well as his personal/professional connection with David Fink, Sr., and that fact that he is
“ultimately responsible for all of Pan Am’s operations” (Declaration at 1), he is in an excellent position to understand Defendants’ attitudes, policies and decisions concerning Plaintiff and Mr. Leishman. Because the manner of, and motivation behind, the decision made by Defendants to permanently ban Mr. Leishman is at core of Plaintiff’s bad faith claim, it would be improper to allow Mr. Fink to escape deposition.’

*The Memorandum of Law supporting the motion has this footnote: ‘Two individuals associated with Pan Am are named David A. Fink, one being the father and the other his son. The son is the current chairman and chief executive officer of Pan Am Systems, Inc. Plaintiff noticed the depositions of both individuals. The instant motion seeks a protective order prohibiting the deposition of the son.’

PROBLEMS WITH AFFIDAVIT
According to court filings, Pan Am Counsel Robert Burns supplied a substituted affidavit because his initial affidavit, filed under penalties of perjury, had some problems. [More in a future issue.] Pan Am later reverted to the original affidavit.

No decision yet on Pan Am’s effort to prevent MBRX from deposing David Armstrong Fink, Fink fils. {US district court website}

PAN AM: ABANDONMENT
29 September, DC. THE STB PUBLISHED THE NOTICE OF EXEMPTION FOR THE HAMPTON BRANCH. ‘Provided no formal expression of intent to file an offer of financial assistance (OFA) has been received, this exemption will be effective on October 29, 2011, unless stayed pending reconsideration.’ {STB website, decisions page, Docket No. AB 32 (Sub-No. 104X)}

End of past use
Foss once used rail extensively for inbound raw materials [see photo]. Today, according to Executive Secretary Maria Ferrelli, the company does not use rail. It has another facility in Michigan, and will soon open one in Atlanta. {ANR&P discussion 5.Oct.11}

Possible future use
In addition to the towns' interest in breaking the right of way, and the trail interest in keeping the entire branch for a greenway, some would like the state to purchase the branch for a future rail revival. These last, according to one source, have consulted with former NHDOT commissioner George Campbell, who is confident the state will acquire the corridor. {e-mail to ANR&P 4.Oct.11}
Environmental review
On 4 October, the Board released the environmental assessment of the abandonment. The Office of Environmental Assessment said abandonment would not affect the environment. The Board did ask Pan Am to ‘consult with the New Hampshire Coastal Program office and obtain state coastal management consistency certification. Boston and Maine Corporation may not file its consummation notice or initiate any salvage activities related to abandonment (including removal of tracks and ties) until it reports the results of these consultations in writing to the Board’s Office of Environmental Analysis and the Board has removed this condition.’ {STB website, decisions page, Docket No. AB 32 (Sub-No. 104X)}

MARITIMES

CN/HALIFAX: LOOKING UP
15 September. WAL-MART PREDICTS A 20% INCREASE IN CARGO VOLUME OVER THE PORT OF HALIFAX THIS YEAR, well ahead of the total container cargo increase for the port of 3.3% in the first six months of this year.

Wal-Mart [see Target story in 11#08A] will move about 4,000 containers through Halifax this year, said Andy Ellis, senior vice-president of supply chain and logistics, Wal-Mart Canada Corporation. “And we forecast that will continue to grow as we source more products from the Indian Continent and Bangladesh and it makes economical sense to bring it through Halifax when it comes from that part of the world.”. {Andy Ellis in discussions with ANR&P’s Tom Peters 15.Sept.11}

All rail
‘All Halifax routed cargo discharges in Toronto as final destination. Therefore 100% of our volume leaves the port via rail.’ {e-mail to Peters 1.Oct.11 from Rosalyn Carneiro, Wal-Mart manager of public relations}

Boost to Asian volumes
Wal-Mart’s shift to India and Bangladesh for products such as clothing, towels and linens has helped make container cargo from Asian countries continue as the main region for trade for the port.

According to Halifax Port Authority data, Asia produced 43% of the port’s container cargo in 2010, Europe 40%, The Americas 15% and other countries 2%. In 2009 the data showed Asia at 46%, Europe at 38%, the Americas 14% and other countries 2%.

In 2010 the port handled 435,461 TEUs {HPA website}.

Wal-Mart a survivor
The products brought by Wal-Mart through Halifax go to the company’s eight distribution centers across Canada and then to retail outlets. Ellis said although the company is concerned about global economic weakness, Wal-Mart prospers under these conditions.

“Everybody is concerned about consumer demand but Wal-Mart tends to do very well when consumer confidence and consumer spending is low. We thrive on selling the products customers want at reasonable prices and that model itself lends to when people are on a budget they can shop at a Wal-Mart store. We can survive in that environment better than other people.”

Shift helps prices
Ellis said constantly sourcing product helps the company keep prices down, continue to grow, and continue to predict growing volumes through Halifax. He anticipates another 20% increase in volume in 2012 through Halifax.

“Always go back to where is it best to buy an individual product, where can you buy it reliably, with the right quality and at the right price. China is still very strong in some categories but what you see is an emergence in
Bangladesh and India of apparel, towels, linens, etc.” {Andy Ellis in discussions with Peters 15.Sept. 11}.

**Origins of Port of Halifax containerized cargo.** {HPA}

2006: Europe 46%, Asia 40%, The Americas 13%, Other 1%
2007: Europe 41%, Asia 43%, The Americas 14%, Other 2%
2008: Europe 37%, Asia 45%, The Americas 17%, Other 1%
2009: Europe 38%, Asia 46%, The Americas 14%, Other 2%
2010: Europe 40%, Asia 43%, The Americas 15%, Other 2%

*See ‘Wal-Mart Adjusts Inbound-Freight Initiative’ by Joseph Bonney in Journal of Commerce website 5.Oct.11. ‘Wal-Mart said it has learned to treat each supplier uniquely and when to let vendors run their own transportation since taking control of inbound logistics from its suppliers 18 months ago.’

**CBNS: MONEY COMING**

27 September, Halifax. **NOVA SCOTIA PREMIER DARRELL DEXTER SAID THE PROVINCE WILL EXTEND A SUBSIDY** to the Rail America-owned Cape Breton and Central Nova Scotia Railway to help offset costs of operating its line in Cape Breton. The premier did not say how much the subsidy would be or over what period of time as negotiations are still underway.

**Third subsidy**

This would become the third round of cash the province has put into the money-losing section of line from St. Peter’s Junction to Sydney. The latest subsidy for $3 million ends 30 September. The province has an additional $500,000 to cover a transitional period if required. That portion of the line handles about 1,500 carloads a year but needs about 10,000 to break even. [See 11#08B.]

**Important infrastructure**

“I have said before that I consider that rail line to be a fundamental piece of infrastructure for the province and certainly for the Island of Cape Breton so it falls into a category that it is important for the province to maintain,” Dexter said.

“What we have asked Rail America to do is to look at a path to sustainability. What is it we need to do to grow their business so that the business is actually carrying the line as opposed to the taxpayers. So we are working with them on that but I can say without reservation that the line is important and we will continue to support that piece of infrastructure.”

**Working committee**

The premiere said the province wouldn’t, however, just give a subsidy and walk away. The working committee is still seeking new business on the Cape Breton line.

“It is a work in progress but the reality of things are we are currently, if not in the middle of a recovery we are at a stall point in a recovery and we can’t allow that particular fact to take away from the importance of the line. The world is going through a difficult economic time so we have to position ourselves for growth as we come out of it.

“I still believe there is a great opportunity for us to determine how Cape Breton is yet to develop.

**Connection to dredging**

“One of the reasons we invested in the dredging of Sydney Harbour [see 10#09A] was because that is considered a fundamental piece to being able to bring more business into Sydney. So we have got that part down and as they start to develop more business in the port then that railway becomes an important part of that infrastructure,” he said. {Premier Dexter responding to *ANR&P* correspondent Tom Peters at a press conference 27.Sept.11}
WHRC: AWAITS MINE RE-OPENING*

28 September, Hantsport. *THE RAILWAY IS STANDING BY FOR CANADA GYPSUM TO RE-OPEN THE FUNDY GYPSUM MINE*, wrote Bob Schmidt, the principal. ‘That is not likely to occur until the US housing market improves. [See 11#01B.]

‘From our perspective, we have just been performing common practices for safety and economical reasons, such as removing batteries from crossing signals, turning off power for those crossings, and turning signals to the field. We have also worked in collaboration with NS DOT to halt inspections and any related repairs for economical reasons until we get notification of pending traffic-hauling requests.

‘Our agreement is to give DOT a 90-day heads up of hauling so we can make sure track, bridges and crossings are ready to be inspected before operating. Just good common sense practices.’ {e-mail to ANR&P}

CN/DALHOUSIE: ABANDON EASTERN NEW BRUNSWICK?**

23 September. *CN’S REVIEW OF THE NEWCASTLE SUBDIVISION FROM MONCTON THROUGH EASTERN AND NORTHERN NEW BRUNSWICK* because of declining business, is causing concern for communities and business along the route.

CN’s Julie Senecal wrote, ‘The volume has been declining on this line with the closure of mills and the 2009 economic downturn. CN has been working with stakeholders to try to increase traffic. VIA Rail runs on this line.’
Senecal would not disclose how much of a decline there has been on the line. ‘It is confidential commercial information which we do not disclose publicly.’ {Julie Senecal in an email to ANR&P’s correspondent Tom Peters 23.Sept. 11}

CN Vice-President Paul Waite told CTV News that VIA could switch to the other line, from Moncton to Edmundston, and it would not present an issue for the CN freight trains that use the line.

The Edmundston line has a maximum speed of 80 kilometers per hour. It is underutilized [total of four CN trains per day—editor] and operates at about 30% capacity. The Newcastle Subdivision permits only 50 kilometers per hour. {CTV News, Rick Grant 15.Sept.11}

**Line in question; spur abandonment**
The 173-mile Newcastle line was formerly owned by the New Brunswick East Coast Railway, a subsidiary of Quebec Railway Corporation. It took control in early 1998 when CN divested itself of the line. CN bought back the line in November 2008 [see 09#07B].

According to CN’s three-year rail network plan revised 6 July 2011, the railway will retain the subdivision but will discontinue a 14.7-mile spur called the Nepisiquit Spur.

“Nepisiquit leads to the Brunswick Mines [Brunswick Mining and Smelting Corporation] southeast of Bathurst. Brunswick Mines indicated publicly it will close the mine permanently in 2013. “We are starting the processes but it will be [discontinued] after the mine closes.” {Senecal in discussions with Peters 23 Sept. 11}.

Brunswick Mining and Smelting is owned by Xstrata Canada, a division of mining giant Xstrata with head office in Zug, Switzerland. Xstrata said in its 2010 annual report that it would close the Brunswick operation in early 2013. {text of annual report}

**Miramichi concerned**
Miramichi Mayor Gerry Cormier said news of the review “is upsetting. We know they are looking at costs and the people who are using it but for us it is a service we have been using for a long time and we still need it,” and it is required for future development.

He saw potential for connecting air cargo from Miramichi Airport to rail, and for the movement of forest products. The idled Atcon Plywood mill was sold recently to a private concern in Quebec. A re-opening is planned “they will need rail.”

Mayor Cormier said he has letters from the mayors of Bathurst and Campbellton who are writing the provincial premier to express their concerns. “We haven’t talked to the railway but that will be soon,” he said. “This is crucial for us.” {Mayor Gerry Cormier in discussions with ANR&P correspondent Tom Peters 30.Sept.11}

**Dalhousie impact: customers coming to port**
Brian Hyslop, director of business development for the Port of Dalhousie on the province’s north shore, said the port would be impacted if for some reason CN decided to close the line.

“Basically we have a lease agreement from CN [see other article] for the next couple of years on the Dalhousie spur [see 11#04A]. We would prefer to move our cargo from Dalhousie down through the Quebec side through Matapedia, Rimouski and to Montreal. It is a shorter transit time for us. So it would impact us if we had to put our cargo on that Campbellton-Moncton line that we don’t use very much now. But we have two clients coming onboard where it is going to be very heavy rail volume.” For reasons of confidentiality he wouldn’t disclose the clients.

**Potential for containers**
Hyslop said the port is also looking at becoming “a niche container terminal in conjunction with Arctic shipping but we are four or five years down the road before we see this in place. I have talked to several carriers and they are all onboard but they wouldn’t want to see more than four carriers come in. A niche port, no waiting for a berth, discharge, load and away you go. Our transit time moving down the Quebec side would be better than Halifax’s to get into the Montreal/Toronto markets as well as the Midwest,” he said.

“If forced to move cargo on that Moncton line we would be impacted and right now we have no formal
agreement in place with CN to say the Dalhousie cargo will move down the Quebec corridor.” {Brian Hyslop in discussions with Peters 26.Sept. 11}

**CN-DALHOUSSIE:**

**‘INDEFINITE’ AGREEMENT**

4 October, Dalhousie. **THE PORT HAS A NEW AGREEMENT WITH CN ON THE 6.1 MILE SPUR LINE** that connects to the port to the main CN line, said Brian Hyslop, director of business development for the Port of Dalhousie.

"We went back to CN [on 4 October] along with the provincial government and pretty much a deal has been done. We are just waiting for the final signatures."

“The deal is we will have rail service into the Port of Dalhousie indefinitely as far as we are concerned the way the agreement will read. We want to complete the deal by the end of the week and CN will [maintain the spur].” He would not reveal the dollar value or other details of the contract.

Hyslop said this means “the doors are wide open for us now. That has been a been problem in trying to market the port because the question continually comes up, 'Do you have rail service?' So now we can go out and go to shows and seminars and meet with clients and say we are ready and open for business and already we are starting to see some real positive feedback in that regard."{Hyslop in discussions with Peters 5.Oct.11}

### RAIL SHIPPERS

**Described in this issue.**

- Brookhaven Rail Terminal (NYA, New York) Opens.
- Cousineaus (Pan Am, Maine) Timber mats.
- Foss (Pan Am, New Hampshire) Service ended.
- Fundy Gypsum (WHRC, Nova Scotia) Still down.
- Granite State (MBRX, New Hampshire) Service!
- Prentiss & Carlisle (Pan Am, Maine) Timber mats.
- Techno-Bloc (N.Brookfield, Massachusetts) Customer?

### PEOPLE

**Brett Rekola** has found new employment. He once did rail-oriented consulting for VHB/Transit Systems, then moved to Louis Berger, and then in 2002 formed his own firm, Rekola Engineers & Surveyors in Webster, Massachusetts.

He writes that he moved out to California in 2008 to manage the Metrolink Service Expansion Program for the Orange County Transit Authority, then to North County San Diego managing the southern portion of Lossan corridor. This month, he has joined **Kal Krishnan Consulting Services** in Los Angeles.
Portland, 1992. Showing the location of the Unitil parcels [see Maine] and Turner’s Island, which now sports a rail-truck transload. (More in a future issue.) Note the massive railyards along Commercial Street, now all gone but for two track. {www.40westcommercial.com}
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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.’