COMMON ABBREVIATIONS:

B&A - Bangor and Aroostook System,
BCLR - Bay Colony RR,
CFQ - chemins de fer Québec,
CPR - Canadian Pacific,
CDAC - Canadian American Railroad,
CSO - Connecticut Southern RR,
EOTC - Mass. Exec. Office of Transportation & Construction,
FRA - Federal Rail Admin.,
FHWA - Federal Highway Admin.,
FTA - Federal Transit Admin.,
FRA - Federal Rail Admin.,
HRRC - Housatonic RR,
MB - Milford-Bennington RR,
MBTA - Mass. Bay Transportation Authority,
MDOT - Maine Dept. Transp.,
MPO - Metropolitan Planning Organization,
MTQ - Québec Ministry of Transport,
NECR - New England Central RR,
NHDOT - NH Dept. of Transp.,
NHVT - NH & VT RR,
NNEPRA - Northern New England Passenger Rail Authority,
NSDOT - Nova Scotia Depart. of Transp.,
PW - Providence & Worcester RR,
SLQ - St. Lawrence & Atlantic RR,
SLR - St. Lawrence & Atlantic RR,
SRP - Safe Handling Railroad (coastal Maine),
VRS - Vt Rail System (Green Mt.),
GMRC + Vermont Ry,
CLP + Washington County Railroad

RADMRS & PORTS
operating railroads + ports, intermodal facilities, and government environment

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REGIONAL ISSUES

Salt companies: American Rock Salt, Cargill, Harcros.
B&A: Bankruptcy order entered. Sale efforts continue. Irving traffic lost [see Québec/Maritimes], names of trustee nominees.
High-speed rail: Parsons Brinckerhoff selected.
SLR/SLQ: GWI will buy Emons.
US Congress: Some transportation appropriations projects funded.

FROM THE PUBLISHER

Unfortunate history at the BAR
The judge finally put the Bangor and Aroostook Railroad into bankruptcy this week. According to rail historian and current UTU public affairs honcho Frank Wilner, a regional railroad has not gone into bankruptcy since 1988, when the Delaware and Hudson had that distinction.

A missed story: tips wanted
The news about the International Salt contract for Massachusetts delivery [see New Hampshire] took me by surprise, appearing in old news clippings from NHDOT. I knew that International had won two salt contracts for Massachusetts and would deliver some from Portsmouth, but not that such a deal violated the initial contract.

If, dear readers, you spot something this newsletter should cover, please let me know. And if you want anonymity, you’ll get it.

In any case, the story has implications for ports all along the New England coast, and for railroads which haul salt to the inland depots. My apologies for reporting it so late - especially since I reported on the port on 7 November, the day before the Pease meeting!

- Chop Hardenbergh Next issue: 19 December

Connecticut
New Haven, Bridgeport: ConnDOT asks for plan for barge feeder service.

Maine
BAR: Milo wants to foreclose on Derby shops.
Rockland Branch: Work going well.
Searsport: Reed & Reed wins contract.

Massachusetts
EOTC: No study consultant selected yet. Earlier doublestack study discarded by writer.

New Hampshire
NHDOT: Conway branch to put-putts.
CCRR: Twin State gravel move still held up.
NHCR: Renting space for railcars makes money.
Portsmouth: Arguing about salt contract.

Rhode Island
FRIP: No decision on track four.

Vermont
NVR: Minor customer Kimberly-Clark closes.
VRS: No movement on Riverside dispute.

Maritimes/Québec
CBNS: TrentonWorks shuttering plant.
CN: Still no ACL deal at Halifax.
NBSR: Deal with Irving. Tropical has deal with CDAC.
Saint John: Tropical still using CDAC.
Sydney: SYSCO pier deal this week!
REGIONAL ISSUES

HIGHWAY SALT COMPANIES
Eight companies account for most of the highway salt provided in New England. ANR&P will profile each of them in this and subsequent issues.

AMERICAN ROCK SALT
The salt company was created in 1997 to acquire the Hampton, NY salt deposit and mine it. When Cargill acquired the assets of Akso Nobel, which owned the collapsed Retsof NY mine near Hampton [see 7 March 1996 issue], the US Department of Justice required Cargill to support American Rock Salt as a competitor. According to Larry Milliken, formerly chief operating officer of American Rock Salt and now a consultant, Cargill sold American bulk salt for a four-year period beginning in 1997.

The Hampton Corners mine came on line in 2000, and has not quite reached full capacity. It is now serving Vermont; Milliken hoped the company would expand into regions not currently served, such as New Hampshire, in the future.

The company serves Vermont using rail to stockpiles in Albany NY and Fort Ann NY. From those piles, the salt is trucked to AOT highway depots. {ANR&P discussion 22.Oct.01} American also supplies one district in Connecticut via rail to a Hartford pile, and municipalities in Massachusetts from a pile in Taunton [see 7 November issue].

CARGILL SALT
Cargill Salt forms one division of Cargill, Incorporated, an international marketer, processor and distributor of agricultural, food, financial, and industrial products and services with 90,000 employees in 57 countries.

It supplies highway salt to New England from its mines in Ludlowville NY, Cleveland Ohio, or Sussex NB.

It serves four highway districts in Vermont from several different piles. Cargill supplies one district in Massachusetts from a pile in the CSXT Westfield yard. In the previous winter, it supplied several districts in Connecticut, but lost those for this winter. In Maine, Cargill has won four subdistricts [see 19 November issue].

Due to competition from the Portsmouth Marine Terminal, Cargill has pulled out of Portsmouth [actually the Sprague facility in Newington–see New Hampshire]. It was supplying Newington by ship from its Sussex N.B. mine.

The Sussex salt moves by rail to Saint John, and is there loaded on ship [see issues 98#07 and 99#13]. {ANR&P discussion 24.Oct.01 & 5.Dec.01}

HARCROS CHEMICAL
Harcros, a major chemical distribution company in the United States and abroad, was bought out by management on 22 October 2001 and remains headquartered in Kansas City, Kansas. NS.

According to Frank Lemanski, office manager at the Westbrook Maine facility, Harcros won three contracts from MDOT in the eastern and Bangor region. It purchases the highway salt from Morton’s mine in Pugwash, Nova Scotia. It will supply some of that by truck from Pugwash, and some by ship to Searsport, where it will use the Sprague facility [see 19 November issue].

In Maine, the company also distributes chemicals from its Westbrook location to the paper and textile industry. In Maine highway salt contracts, over the past 17 years of Lemanski’s tenure, it has won as many as five districts, but never less than one. It does not distribute highway salt in any other New England state.

Harcros does not consider itself in competition with Morton. East of the Mississippi, Harcros is the single largest distributor for Morton, supplying bag salt, food salt, water conditioning salt, and so forth. {ANR&P discussion 5.Dec.01}

B&A BANKRUPTCY/SALE
25 November. THE BURKHARDT CONSORTIUM DEAL FOR THE B&A RAN INTO OBSTACLES.

Closing the deal
Fred Yocum, president of the B&A, said that Burkhardt and he held a conference call with all members of the creditors committee on Tuesday 20 November. At that meeting, Burkhardt asked the creditors for another two months to close the deal [see letter in box below].

Barbara Wilson, who represents Helm Financing on the creditors committee, also noted that Burkhardt thought the deal might do better in bankruptcy—a complete switch from the insistence of the BAR and the consortium that the deal would do better outside bankruptcy.

Re-opening the bankruptcy proceeding
Wilson said that the creditors decided, following the conference call with Burkhardt, to return to the bankruptcy court to report that the consortium had not met three commitments in the stipulation/letter of intent: providing a letter from a third party indicating adequate financing; paying $500,000 by 19 November to the BAR as earnest money; and signing the purchase and sale agreement by 19 November.

The creditors, per Wilson, filed on either 26 or 27 November to seek the advice of the court on how to proceed. {ANR&P discussions 26&27.Nov.01}
ED BURKHARDT LETTER

In an e-mail to ANR&P on 27 November, Burkhardt provided more details about his meeting with creditors. ‘Our lawyers said we couldn’t obtain bulletproof title to the property absent an order from the judge in a formal bankruptcy. We did request a 60-day delay to complete financing, not because the financing was in trouble, but because we simply could not get all the work needed done by 31 December.

‘The Irving/CN deal is a disappointment [see Québec/Maritimes]. It should not affect our overall deal. I think the big loser, at the end of the day, will be the Irvings. One would think they would be interested in the best service at the best price. I’ve never had a problem in competing with the Class I’s, but one cannot compete if he is never asked to.’

{e-mail to ANR&P}

What Burkhardt wants now

Burkhardt on 29 November wrote a letter to the BAR and creditors’ committee which spelled out his intentions:

I would like to find a way to get to a deal on the asset and stock acquisition that we have been negotiating, at the price that we have been discussing all along.

If the creditors’ committee proceeds with its plan to go forward with the bankruptcy proceeding, that will make it virtually impossible to do so.

In an effort to put us all on a constructive path, I would suggest the following

MM&A and your companies will work together and use their best efforts to enter into a definitive purchase agreement by next Friday, December 7.

At that time, MM&A would pay $500,000 to BAR as a down payment, refundable only in the event of breach by BAR and its affiliates.

In addition, MM&A would at that time place $1 million into escrow as a further good faith deposit, with the deposit refundable if the deal does not close.

The agreement would provide that BAR and its affiliates would deliver to MM&A no later than December 31 complete disclosure schedules to the agreement, and MM&A would have the right, exercisable no later than 15 days after receipt, to terminate the agreement if those schedules are not satisfactory to MM&A.

MM&A and its lenders would have the right under the agreement to continue their due diligence into BAR and its affiliates until February 15, 2002, and the right to terminate the transaction if the results are not satisfactory.

Closing under the agreement would be no later than February 28, 2002.

The members of the creditors’ committee would enter into an agreement simultaneously with our execution of the purchase agreement, not to take any steps to put BAR or its affiliates into bankruptcy as long as we are on the path set out in the purchase agreement.

If this approach is acceptable to you and the creditors’ committee, we are prepared to restart our due diligence efforts, which have been placed on hold in light of the current status of negotiations, and to come to Portland next week, together with our lawyers, to resolve any remaining issues and finalize the agreement.

/s/Edward Burkhardt {letter attached to Bank Austria Motion}

WHAT COULD HAPPEN NEXT?

The future for CDAC

Maine state representative Chris Hall, who has long supported a state role in preserving the line, suggested on 26 November that “the best chance to save the system intact (to keep CDAC open) would be for the state to be part of a group of interested parties, composed of unions, Great Northern Paper, and a competent railroad operator. The group could make a bid to the bankruptcy court for the Maine Port Authority to acquire the CDAC track in Maine, and lease to the rail operator, probably with an operating subsidy.”

Without this, Great Northern Paper and other customers currently using CDAC would see a significant increase in cost.

Hall also looks at CDAC as a way to encourage ships to call Searsport. MDOT should obtain, as part of the purchase of the CDAC line, overhead rights to Northern Maine Junction and Searsport. This would give mills in the Sherbrooke area a single rail line to a port. {ANR&P discussion 26.Nov.01}

Comments from Emons

Two operators would fit right in as operators of CDAC: SLQ, the Emons subsidiary which would acquire and operate QSR; and Genesee and Wyoming, which now operates Québec Gatineau (the former CP line between Montréal and Québec City).

Robert Grossman, Emons chief, said he is “open to look at anything that makes sense.” He noted that the B&A System as a whole has “been for sale for some time, it’s a tough property.” IRR has had valid offers on the table from CFQ and Emons for parts of it.

But those offers would probably decrease due to recent
30 November, Portland. ‘DON’T COUNT THIS RAILROAD OUT, it is very resilient,” said BAR’s counsel, Keith Cunningham. He was basing his hope on these developments:

No entry for relief until Monday 3 December
Cunningham, echoed by Barbara Wilson of creditor Helm Financial, said the Notice of Default was served on the BAR Tuesday afternoon 27 November. The Stipulation [see 7 November issue] provided that an Entry for Relief [declaring the railroad officially bankrupt] would enter automatically three days after the filing of the notice of default.

But that time period tolled only Tuesday afternoon, and the Bankruptcy Court has said the three-day period would expire on Monday morning.

Request to withdraw notice of default
Immediately after receiving the filing, BAR President Fred Yocum told the Bangor Daily News that the BAR would not fight the bankruptcy in court. However, the railroad, Ed Burkhardt, and two creditors are working on not letting the Order for Relief enter.

Wilson and Cunningham said the creditors, the railroad, and Burkhardt are discussing “what it would take to get the notice of default withdrawn.”

Object to notice filed by two creditors
On Friday, Bank Austria and Flex Leasing each filed an objection to the entry of an Order for Relief. Bank Austria noted that Burkhardt is talking with the creditors and asked ‘that this Court not enter an order for relief at this time or, in the alternative, schedule a hearing to consider the position of all parties-in-interest prior to the entry of an order for relief.’ [text of motion]

What Burkhardt wants now
Burkhardt on Thursday wrote a letter to the BAR and creditors’ committee which spelled out his intentions [see box above].

According to Cunningham, the railroad has released so many employees that it cannot complete the due diligence quickly enough. “It does not have the resources of a large corporation.” Burkhardt wants to have a team from accountants Arthur Andersen complete the due diligence. Cunningham said they’re “ready to jump onto the ship and get going” as soon as the notice of default is withdrawn.

What the committee wants
Wilson emphasized that she wanted the deal completed. Tom Brown, attorney for petitioning creditor Union Tank Car, seconded that. However, Burkhardt would have to “put up enough money for the privilege of getting the time to complete the deal,” noted Brown. That amount should cut the losses the railroad is incurring every day. Brown concluded: “I’m always willing to rewrite a deal if it makes sense.”

What the creditors want
Curtis Kimball, the lead attorney for B&A’s creditors, said that late Friday the creditors offered B&A Railroad the extension, if it wants it, under one condition. B&A is accumulating about $500,000 in debt each month. If the buyers agree to underwrite the debt so that it does not take away from other creditors receiving their money, the default notice would be pulled from the court, he said. “If they don’t act before Monday, the time has run out.”

Wilson said BAR has said it was losing between $250,000 and $750,000 a month. In bankruptcy, some expenses could be reduced, such as consultant fees the BAR is paying to Iron Road Railways and others, and leases could be renegotiated. However, she acknowledged, the railroad had to keep operating and probably could not substantially dent the loss. [ANR&P discussions 3.Dec.01]

BAR, said its attorney Jack Manheimer on Thursday, “needs the protection of a bankruptcy court to proceed with the sale. The sale is not going to pay enough money to cover all the creditors.” [That is, the bankruptcy court will give any buyer title to the property clear of any debts. Editor] Manheimer said there’s always a possibility a creditor who may feel jilted by the amount, if any, it is getting paid from the proceeds of the sale may try to fight the sale, thus causing a delay in the deal being closed.

Alternatively, Brown pointed out, the deal could go through the court, and then the court could handle a second phase wherein the creditors argue over the spoils.

[Possible explanation. If the judge issues an order for relief, then under the US Bankruptcy Code the US trustee must appoint a trustee to oversee the case. Approving the trustee and bringing that person up to speed would take more time, and more money. If, on the other hand, the railroad, the creditors, and the consortium can present a pre-packaged deal, the court could possibly avoid going the trustee route. Editor]

The outstanding debt
In financial documents presented to attorneys, BAR shows that it
owes at the most about $123 million. More than $47.7 million is debt secured with B&A’s property and real estate, and almost $2.3 million is unsecured priority debt, including property taxes to numerous Maine towns, and wages. Another $63 million is unsecured debt, according to the documents. Of that amount, $31.3 million is being disputed by the railroad.

Manheimer said the $123 million in liabilities is a “worst case scenario” that includes rents on equipment and other debt that won’t carry over if the railroad system is sold. The actual debt could be at least $31 million less than that, he said.

Most of the debt was accumulated before Yocum, the company’s president for almost a year, came on board, according to the financial statements. Yocum repeatedly has said that his intent has been to turn around the railroad’s operations and prepare its assets for sale.

“We now believe, based on some additional due diligence, that to obtain title it will take a bankruptcy,” said Parsons on Thursday from his office in Ohio. “The bankruptcy is going to occur. Short of a bankruptcy, those claims will follow the assets. Obviously people will not get all they are owed.”

The financing contingency
Burkhardt’s letter mentioned ‘lenders’ who would conduct due diligence. “That’s the first time that we have heard that lenders would be involved,” said Kimball, noting that the $62 million was going to be paid in cash. “He has to satisfy his lenders that he’s going to get the assets free and clear of any encumbrances.”

Parsons enthusiasm
Parsons said Burkhardt’s mention of lenders is “news to me. I can’t comment. I haven’t seen such a letter.” But he’s not worried. For most of the year, railroads were bidding for B&A, he said, and his consortium had the best bid. “It was an auction to start with,” Parsons said. “We’re the only group to date that’s demonstrated a willingness to buy the entire railroad and operate it.”

Rail World, Wheeling and the others still are committed to buying the B&A System even as the bankruptcy action takes place, Parsons said. The consortium has spent more than $400,000 to get its operations lined up for when the asset sale is complete.

Some of that money has been spent on hiring employees. The consortium will eliminate about 120 of B&A’s current 420 positions. All B&A employees wanting to work for the new company were given first preference in applying for those jobs, Parsons said. The interviewing process for those jobs is “pretty well done.”

Once the sale is finalized, which Parsons said should be done by 28 February, the name of the B&A System will be changed to Montréal, Maine and Atlantic railroad. “We haven’t changed our intent,” Parsons said. “We have lots of optimism.” {Deborah Turcotte Seavey in Bangor Daily News 1.Dec.01}
CHAPTER 11 REORGANIZATION
PROCESS FOR RAILROADS

‘The earliest attempts to reorganize businesses through insololvency law generally involved railroads, which through bad luck, mismanagement, or fraud collapsed with depressing frequency in the 19th century.’ {Michael J. Herbert, Understanding Bankruptcy 1995}

In the ordinary case, a Chapter 11 filing transforms a corporate debtor into debtor in possession and leaves existing management in control of the firm’s resources....The managers are now not primarily responsible to the owners, let alone to themselves, but to the creditors....’

In non-railroad cases, a Creditors’ Committee must be created to supervise the management. It consists of the holders of the seven largest unsecured claims, appointed by the United States Trustee. {page 308} ‘By and large, equity holders have little or no function as such in Chapter 11 cases.’ {310} But in railroad cases, the United States Trustee may appoint a creditors’ committee if the court orders one in response to the request of a party in interest.

Special rules for railroad re-organizations
Subchapter IV of Chapter 11 provides special rules in a railroad reorganization. Section 1163 states that the United States Trustee must appoint a trustee ‘as soon as practicable’ from a list of five nominees drafted by the US DOT. Also, section 1164 provides that the STB, the US DOT, and the state DOT may appear and be heard on any issue.

Third, under section 1165 the court and the trustee must take public interest into account when applying the key provisions of subchapter IV. Fourth, section 1167 prohibits modification of collective bargaining agreements by the court or the trustee. {351}

Appointment of the trustee
‘Because 11 U.S.C. §1104 and Federal Rules of Bankruptcy Procedure 2007.1 do not apply, court approval of the appointment is not required and, technically, consultation with parties in interest concerning the selection is not necessary. Prudence would dictate, however, that if parties in interest are available that they be consulted regarding the relative merits and demerits of the five prospective appointees. The customary chapter 11 form of affidavit must be completed by the appointee and submitted so that a background investigation can be initiated.’ {UST Manual Volume 3 Chapter 12: Railroad Reorganization, United States Trustee Program, US Department of Justice website}

What happens awaiting the appointment of the trustee?
Since appointment will take some time, the Department of Justice writes: ‘Clearly, some period of time will elapse between the filing of a railroad case and the appointment of a trustee authorized to operate it. Technically, due to the inapplicability of 11 U.S.C.§§1107 in a railroad reorganization case, the debtor is de facto left in possession during this gap period. The debtor's rights, powers, and duties under these circumstances are neither defined nor authorized by the Bankruptcy Code. Depending on the circumstances of the case, it may be appropriate for the United States Trustee or the debtor's attorney to urge an emergency motion for an operating order that would define the scope of the debtor's operating authority pending the appointment of a trustee. In addition, due to the peculiar feature contained in 11 U.S.C.§§1171 which accords administrative expense priority to both pre- and post-petition claims of individuals or personal representatives for personal injury or wrongful death, it is incumbent upon the United States Trustee to verify the existence of adequate liability insurance coverage at or before the initial debtor interview before permitting the debtor's operations to continue.’ {United States Trustee Program, US Department of Justice website}

Who may file a plan of reorganization
Section 1121(c): Any party in interest, including the debtor, the trustee, a creditors' committee, an equity security holders' committee, a creditor, an equity security holder, or any indenture trustee, may file a plan if and only if -
(1) a trustee has been appointed under this chapter; [or]
(2) the debtor has not filed a plan before 120 days after the date of the order for relief under this chapter; or
(3) the debtor has not filed a plan that has been accepted, before 180 days after the date of the order for relief under this chapter, by each class of claims or interests that is impaired under the plan. [So once the railroad trustee is appointed, any party in interest may file a plan. Editor]

Contents of the plan of reorganization for railroads
Section 1172:
(a) In addition to the provisions required or permitted under section 1123 of this title, a plan -
(1) shall specify the extent to and the means by which the debtor's rail service is proposed to be continued, and the extent to which any of the debtor's rail service is proposed to be terminated; and
(2) may include a provision for -
(A) the transfer of any or all of the operating railroad lines of the debtor to another operating railroad; or
(B) abandonment of any railroad line in accordance with section 1170 of this title.

(b) If, except for the pendency of the case under this chapter, transfer of, or operation of or over, any of the debtor's rail lines by an entity other than the debtor or a successor to the debtor under the plan would require approval by the Board [the Surface Transportation Board] under a law of the United States, then a
plan may not propose such a transfer or such operation unless the proponent of the plan initiates an appropriate application for such a transfer or such operation with the Board and, within such time as the court may fix, not exceeding 180 days, the Board, with or without a hearing, as the Board may determine, and with or without modification or condition, approves such application, or does not act on such application. Any action or order of the Board approving, modifying, conditioning, or disapproving such application is subject to review by the court only under sections 706(2)(A), 706(2)(B), 706(2)(C), and 706(2)(D) of title 5.

(c) 

(1) In approving an application under subsection (b) of this section, the Board shall require the rail carrier to provide a fair arrangement at least as protective of the interests of employees as that established under section 11347 [1] of title 49.

(2) Nothing in this subsection shall be deemed to affect the priorities or timing of payment of employee protection which might have existed in the absence of this subsection.

The court may extend the debtor’s period, and routinely does so. At the end of that period, creditors are supposed to have their opportunity to do the same. {323} Because the creditors vote on the plan, the debtor and creditors normally negotiate its provisions. {321}

Approval of the plan does not require a unanimous vote, but a dual majority. The first, simple majority is that of the number of claims, with each claim having one vote. The second majority is the amount of the claims; at least 2/3rds of the amount of the claims must vote to approve. {337} Under certain circumstances, a court may approve the plan without the approval of all classes of creditors, a procedure called ‘cramdown’ as in cram in down their throats. {342}

Court confirmation

If the creditors approve a plan filed with the court, the court must hold an actual hearing. The plan must meet 13 basic requirements, such as good faith, compliance with Code, feasibility, etc. {340} ‘Given the high rate of failure of confirmed plans, it is difficult to be entirely sanguine about the effectiveness of the feasibility requirement in weeding out no-hopers.’ {341} {Page references to Michael Herbert, Understanding Bankruptcy 1995}

Ted Michon. Michon served as the BAR president in 1995, resigning over policy differences. As such, he is familiar with its tracks and its problems. Since then he has conducted a domestic and international railroad consulting practice from Cape Cod.

Jim Howard. He represented the Penn Central trustees during PC bankruptcy, and was involved at end of the B&M bankruptcy representing Guilford. For the past 15 years he has practiced in rail transportation and Chapter 11 bankruptcy in Boston.

Terry Hynes. He practices as attorney with Sidley Austin Brown & Wood. He acted as attorney for the Soo Line when it purchased the Milwaukee Road out of bankruptcy in 1985, and as attorney for Canadian Pacific when it purchased the Delaware and Hudson out of bankruptcy in the late 1980s. He also represented CP when it sold the Sherbrooke-Brownville line to Iron Road Railways. “I have hi-railed every mile of the CDAC,” Hynes said. {ANR&P discussions 6.Dec.01}

J. Chris Rooney. Former president of the Wheeling & Lake Erie Railroad, and former deputy administrator at the FRA, Rooney, a chartered financial analyst, now serves as a principal of the Vanness Company, which consults on the railroad industry from its base in Jacksonville, Florida. {Vanness/Brackenridge website}

Charles White. He served as associate administrator of the FRA, and general counsel to the ICC. According to the 1998 press release announcing the FRA appointment, White has participated, either as a government official or private attorney, in all the major mergers which have shaped the U.S. rail industry since 1970. He has successfully directed the reorganization of several bankrupt regional railroads and has advised numerous foreign governments about transportation infrastructure development issues. {USDOT press release}

Where did USDOT find those names?

Hynes, Michon, Rooney, and Howard each said he had expressed an interest to USDOT in taking on the job. {ANR&P discussions} {Presumably White, whom I was unable to reach with only two-hour notice before deadline, did also. Editor}

SLR/SLQ

3 December, York Pennsylvania. GENESEE AND WYOMING WILL ACQUIRE ALL OF EMONS TRANSPORTATION GROUP ‘for $18.5 million and the assumption of approximately $10.9 million in debt, net of cash. [Emons closed at $1.55 today.] Each Emons shareholder will receive $2.50 per share in cash. GWI will fund the acquisition under its revolving credit facility, and will merge a newly-formed subsidiary of GWI with Emons.

‘The Boards of Directors of both GWI and Emons approved the acquisition, and certain directors have signed a voting agreement with GWI in which they have agreed to vote their shares in favor of the proposed merger. The merger is subject to approval by Emons shareholders, regulatory and other consents, and other customary closing conditions. The acquisition is expected to be completed in the first quarter of 2002.

5 December, DC. USDOT NOTIFIED THE FIVE TRUSTEE NOMINEES: two former railroad operators, and three railroad attorneys, according to a source. {ANR&P discussion}
Mortimer B. Fuller III, chair and CEO of Genesee & Wyoming, commented that "Emons has been well managed and has demonstrated an ability to increase its revenue and establish new services. We hope to continue those successes and enhance Emons' profitability through its integration with Genesee & Wyoming. We also believe that the acquisition of Emons will lead to opportunities to enhance our operations in Québec and Pennsylvania. For Emons' shareholders, the purchase provides a 63% premium to Emons' closing price as of November 30, 2001. For GWI's shareholders, we believe the acquisition of Emons provides a solidly profitable business with quality employees and good potential for improved earnings."

Robert Grossman, chair and CEO of Emons, commented that "I am pleased that a Company with Genesee & Wyoming's track record and reputation made this offer to purchase Emons." Mr. Grossman added, "Our management has worked hard over the years to increase revenues and improve Emons' profitability. I am proud of our accomplishments and look forward to Genesee & Wyoming building on them." {Emons press release}

Affect on GWI and Emons’ position re the B&A
Grossman said in a discussion right after the news was released at 415EST that he did not anticipate the deal would put a hold on Emons’ interest in purchasing the QSR. And according to one source, GWI officials have said the sale does not effect their stated position in acquiring the whole B&A system at an appropriate price.

Possible connections with other GWI lines
GWI ‘currently operates more than 20 railroads in five countries (United States, Canada, Mexico, Bolivia and Australia), over 7,700 miles of owned and leased track, with access to an additional 2,350 miles through track-access arrangements. In addition to regional rail lines in the United States, its subsidiary Rail Link, Inc. provides rail-switching services in more than 25 locations [none in the Atlantic Northeast] and manages the Louisiana & Delta Railroad.’

[The buyer currently owns no railroads in the Atlantic Northeast, but does have a possible connecting railroad in the Québec-Gatineau Railway (QGRR), which runs from Hull to Montréal to Québec City. QGRR was purchased from CP in 1997 by Genesee Rail One, a joint venture between GWI and Rail-One. GWI purchased the 47.5% ownership interest of its former joint venture partner and assumed operational control of GRO on 15 April 1999. Blanchard Railroad Week in Review 13.Nov.99]}

Future role for Grossman
The current Emons chief said he would not retain his position after the merger, which the companies are planning for January. He may stay on to consult on various matters. {ANR&P discussion 3 Dec.01 with Grossman; quote from GWI website}

REGIONAL - HIGH SPEED RAIL
late November, Montpelier VT. PARSONS BRINCKERHOFF WAS SELECTED AS THE CONSULTANT to do the study of high speed rail between Boston and Montréal. [See RFP terms in 18 September issue.]
The other proposers: Edwards and Kelcey, Louis Berger Group, and Parsons Transportation Group. {ANR&P discussion with Edna Martineau}

US CONGRESS
30 November, DC. EARMARKS TO HELP NEW ENGLAND RAILS WERE INCLUDED IN THE TRANSPORTATION APPROPRIATIONS CONFERENCE REPORT passed by the House this day and later by the Senate [see 20 July issue]:

Pawtucket-TF Green, Rhode Island, commuter rail and maintenance facility project, $5 million.
Nashua NH to Lowell MA commuter rail, $3 million
Burlington to Middlebury extension of commuter rail, $3 million.*
West Springfield rail yard $400,000.*
*These did not show up immediately in a reading of the bill, but officials in Massachusetts and Vermont assured me the funds were there. Editor

[The fate of the Maine marine highway $2 million earmark (in Senate, not in House), the Fairfield CT commuter rail project $6 million (in Senate, not in House), and the Hartford CT-Old Saybrook project (in House, not in Senate) could not be determined by press time, but they did not appear in the bill. Editor]
Messner believed the department would make its decision soon after 1 February. {ANR&P discussion}

**MAINE**

**BAR - MILO FORECLOSURE**

8 November, Portland. *THE TOWN OF MILO SOUGHT COURT PERMISSION TO CONTINUE WITH FORECLOSURE* proceedings. According to an affidavit from Town Manager Jane Jones, property taxes for the B&A’s Derby Shops remain unpaid from 1999. With interest the 1999 debt comes to about $40,000; the railroad owes about $200,000 for all tax years.

To foreclose on the property and sell it requires a notice to the railroad, but because of the stay in the court, the town may not send the railroad the notice. Therefore, the town is applying to lift the stay for this notice.

The BAR would retain ownership of the shops after the consortium bought the rest of the system. Number six in the Letter of Intent of items to be sold by the BAR reads:

6) All bridges, improvements, stations, shops, service facilities, signals, communication towers and every other type of property used by BAR in railroad operations, excluding the Derby Mechanical Facility as described above. (emphasis added)

The delivery of the notice would permit the town to foreclose and sell the property. The town argues that the money is sorely needed for basic town services.

**Hearing date**

The court set a telephonic hearing on the motion for 1030AM on 11 December. {Motion to lift stay 8.Nov.01, affidavit 8.Nov.01, from court website}

**ROCKLAND BRANCH**

3 December, Augusta. *UPDATE ON RECONSTRUCTION.* Paul Pottle of the Multi-modal Project Development division, who is supervising this project, said Atlas, the contractor, had laid 25 miles of welded rail, and inserted “more ties than what was expected” due to the mild weather. Atlas will finish the job by the end of next year. {ANR&P discussion 3.Dec.01}

**SEARSPORT**

7 November, Searsport. *MDOT RECEIVED THREE BIDS FOR THE PIERS AND DREDGING AT MACK POINT* [see outline of RFP in 24 October issue]:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Base bid</th>
<th>Add dolphin**</th>
<th>Add fendering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reed &amp; Reed, Inc.</td>
<td>$12,989,750</td>
<td>$641,150</td>
<td>$460,000.00</td>
</tr>
<tr>
<td>Cianbro Corp.</td>
<td>$13,092,800</td>
<td>$539,832</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>Fundy Contractors*</td>
<td>$16,236,884</td>
<td>$680,098</td>
<td>$564,191.93</td>
</tr>
</tbody>
</table>

*Fundy did the Eastport pier construction.
** Additive items include building a dolphin and fendering the west berth.

MDOT signed a contract with Reed & Reed on 28 November, according to Pottle. The contract was awarded on the base bid; MDOT has funding in hand. With the passage of the most recent bond bill, “we have $12 million in hand with just bond money.” MDOT will utilize a federal highway earmark worked out with FHWA to break out about $1.5 million under the category of high priority. The excess [above $13 million] will go for construction engineering and construction oversight. The Port Authority also has some money.

**Next step**

Pottle is planning a pre-construction meeting this month on the demolition work, with the hope of starting in December. MDOT is also planning a “partnering session with all stakeholders in mid-January”: MDOT, Reed & Reed, the regulatory agencies, Searsport, Sprague, some subcontractors, FHWA, Faye Spofford (the designer), the local lobstermen’s association, tug operators, and pilots, and possibly others. The subcontractor names will be disclosed in the near future. {ANR&P discussion 3.Dec.01}

**MASSACHUSETTS**

**DOUBLESTACK**

4 December, Boston. *EOTC HAS NOT DECIDED* on which consultant to do the freight transportation study [see 19 November issue]. Siobhan Perenick Norton, supervisor of rail, said the agency is waiting ‘on information requested from the bidders in response to our questions.’ {e-mail to ANR&P}

**Previous study lost**

Jim Molloy, the Northeastern University professor who led the doublestack study on marketing and finance [see 13 March issue], completed the work in 2000, but never got paid by EOTC or its agencies. He chose not to try to enforce the contract in court. In the very recent past, he threw away all his notes for the study, plus the draft of the study itself! {A sad day for railroad scholarship.}
NEW HAMPSHIRE

NHDOT: COTTON VALLEY RAIL
5 December, Concord. **THE LOCAL RAILCAR ASSOCIATION WILL USE THE CONWAY BRANCH** after conclusion of an agreement, according to Kit Morgan, NHDOT rail administrator. Cotton Valley Rail Trail Club members [see its website www.cottonvalley.org] have long used the former Wolfeboro Railroad to run their rail motor cars. This summer three local towns created the Cotton Valley Rail alongside the rail, except for one section when the trail runs in the gauge on a causeway.

Recently, NHDOT turned over management of the Conway branch, from Ossipee north, to the Trails Bureau. The Cotton Valley will negotiate with the Trails Bureau for an agreement permitting it to use that part of the Conway branch. {ANR&P discussion 5.Dec.01}

CLAREMONT CONCORD
26 November. **THE GRAVEL MOVE FROM VERMONT IS STILL TIED UP** by environmental disputes [see 10 October issue], according to Bud Ames, one of Twin State Sand and Gravel principals.

Request of 2001
The company was denied approval for the interim railroad siding, and has appealed that decision.

Revocation of Act 250 permit
This petition, filed by the Town of Hartford, states that the company is using trucks larger than its 1994 permit allows. Ames said the parties have held a preliminary conference; a hearing should happen in January or February. Before that, he hopes for mediation: “We have never had an opportunity to speak to the Select Board, no opportunity to negotiate on this.”

The gravel move now
Although under the permit Twin State has another month to move gravel, it has used up the permitted number of truck trips and will shut down at the end of this week. “It’s a typical year,” said Ames.

He wants to move significantly more gravel than he does now. Because of the permit limits, he is barred from selling more, and has had to turn away sales. He’d like to add about 30% in volume, figuring the economy has grown 5% a year for the last six years. The rail move would permit that, but no more, because the interim siding will have room for only 10 rail cars. Once he has excavated enough material from the quarry, he can bring a siding directly into the pit floor, and move much more by rail. {ANR&P discussion}

NEW HAMPSHIRE CENTRAL
26 September, northern New Hampshire. **SLR AND OTHERS HAVE PARKED OVER 800 FREIGHT CARS** (nearly all boxcars) on the New Hampshire Central tracks here. Some sit on NHCR track north of the Freight Car Repair Facility in North Stratford, and on the trackage south of Groveton. Others sit on track east of Whitefield; NHDOT owns from a point 800 feet east of the diamond in Whitefield, and has leased from that point to Hazen’s to NHCR. [See 22 October 1998 issue, with map.]

Kit Morgan, NHDOT rail administrator, said the owner of the former NHVT, Clyde Forbes, had leased the NHDOT trackage as well.

To get to the NHCR trackage, NHCR would have to use the 800 feet of Twin State Railroad track in Whitefield. TSRD is still leasing the line from Whitefield to St.Johnsbury from Maine Central. Mike Gooden, general manager of TSRD reached in Skowhegan, Maine, where a Clyde Forbes outfit is switching for the SAPPi mill, said TSRD had given permission to NHCR to use its line.

So how much is NHCR earning?
While the figure charged by NHCR is confidential, Bernie Reagan of BCLR said this day that some years ago rental ran between 50 cents and a dollar, depending on location. Scott Ziegler, CFO for Emons Transportation, said rental could run up to $1.50 now.

Some of the cars stored just north of downtown Lancaster have ‘HS’ markings, indicating they belong to H&S Railroad Company, an 8-mile line in Dothan, Alabama connecting with BAYL, CSXT, and NS.

And how much does the state get?
NHCR pays NHDOT, per the operating agreement, 5% of its gross revenue from the cars. Morgan said the towns through which the line pass get 15% of that 5%. [So the recession aids some people, at least: NHCR is earning around $800/day from the car storage. Editor] {ANR&P discussions and interviews 9-12.01}

8 November. **INTERNATIONAL SALT WILL PAY MORE TO USE THE PORTSMOUTH MARINE TERMINAL**, as a result of decisions by the Pease Development Authority at its meeting this day.

Background
The original contract between International and Pease itself aroused considerably controversy [see 7 November issue] but that appeared resolved. That contract permitted International to land salt only for fulfillment of two state highway salt contracts, and specifically forbade International to conduct any other commercial activities at the port.

Then in early November, port players discovered that International had won a highway salt contract in Massachusetts,
and had promised to deliver some of the salt from Portsmouth. State Representative Laura Pantelakos said some of her constituents had told her that International was already delivering salt from Portsmouth to Massachusetts. Bill Creighton, general manager of the private Granite State Minerals, said he knew that trucks had been making Massachusetts deliveries. [Granite State itself won a Massachusetts contract, for a district some distance from Portsmouth: the South Shore of Boston]

The Massachusetts contracts
International won contracts to deliver salt to three Commonwealth highway districts. Winning bids for districts 1A and 1B stated the salt would come out of Albany; the winning bids for highway salt for district 4A, the Merrimack Valley, stated the salt would come out of Portsmouth.

Moreover, International also won a contract for calcium chloride/sodium chloride mixture (for light deicing) for district 4A.

Before 5 November, Creighton said providing the mixture means that International must bring in calcium chloride, probably by rail, and mix it with salt somewhere inside a building. “How they are going to do that at the port is a mystery to me.”

Bill Bartlett, chair of the Pease Development Authority, said in early November that the concerns raised by Creighton, Pantelakos, and others would come before the Pease board, “open to the public. We expect that ISCO will ask the PDA board to amend their contract.”

Contract figures
The original contract, signed in August, permitted International to move nearly 100,000 tons of salt at a price of 85 cents a ton plus other fees.

Competition with private enterprise?
Creighton’s overriding concern centered on the inherent advantage a state-owned facility had in competition. For example, this year he pays $67,542 in property taxes, while the Terminal pays nothing.

Moreover, the Terminal is charging a much lower rate for storage than, for example, Boston which Creighton said charges about $1.50 per square foot per year. The 40,000 square feet (about one acre) International is using would therefore cost $30,000 for a half year. The Terminal is charging Portsmouth $9,000.

Boston also charges $1.26 per net registered ton, while the Terminal charges International $0.65 per ton.

Creighton said Granite State bid $33.41 per ton for the Massachusetts highway salt contract for district 41. International bid $32.57.

Robert Blanchard, vice-president of the other private salt storer, Sprague, said the competition with the Terminal did not benefit the local economy. “The PDA holds out the salt deal as generating new revenue for the state, but in reality that revenue has been taken away from Sprague and Granite State Minerals.” The Terminal should provide New Hampshire business with services Granite State or Sprague cannot, such as containers or project cargo.

[Sprague has already lost one client, Cargill, which decided not to compete with the salt flowing through the Terminal, Blanchard said in another interview on 4 December. “Our quarrel is not with International Salt, one of our good customers. Our quarrel is with the PDA.” But, Blanchard acknowledged, short of a legislative change Sprague cannot do much about salt flowing through the Terminal. [ANR&P discussion 4.Dec.01]

Blanchard also wanted the public to have a voice in port affairs. “The real issue is it’s a public facility, it’s got a master plan, and there should be public discussion as to what they’re going to handle down there.” {Michael Goot in Foster’s Daily Democrat 6.Nov.01}

Role of the Port Advisory Council
Portsmouth Mayor Evelyn Sirrell sits on the Advisory Council, formerly the board of the State Port Authority. As she learned of the possible contract violation, she said on 4 November, she said the Advisory Council had not even been able to view the initial contract. She is disgusted with the powers of the Council: “I really want to step down...we have no power...”

The PDA board meeting
At the meeting, the PDA board amended International’s contract:

- The term was extended two months; it will now expire on 15 April.

- The wharfage fee remained at 85 cents per ton.

- The storage fee was increased from $18,000 annually to $50,000 annually, and International added one-half acre to the one acre already leased.

- International will use 10,000 square feet of a steel building at the Terminal for mixing the de-icing spread. The company will pay $65,000 annually for use of the building and an 8,000-square-foot staging area. International will bring in calcium chloride via GRS tracks which service the terminal property [and continue across the river to serve the Portsmouth Naval Shipyard].

Richard Kurcina, International’s vice president of logistics, acknowledged at the board meeting his dealings with Massachusetts. Kurcina said he had tried to deal with the Port of New Hampshire before the PDA took over management of the port earlier this year. He said he got nowhere in his negotiations and lauded the PDA for taking him on.

He also announced that he wanted to get even more contracts and generate more revenue for his company, and for the port. He came armed with a complete presentation on the business ISCO will do through the port, including a diagram of the facility and how it will be used. He said he had been in the salt business for 33 years.
ISCO attorney Robert B. Field Jr. said the company was willing to pay the highest rate on the Seacoast for the duration of the contract. He said the rates reflected New York prices.

**A violation of contract?**

Pantelakos, in a letter read to the PDA board by state Rep. Raimond Bowles, said she had asked the board to consider whether ISCO had broken its contract with the PDA, first by signing a contract with the New Hampshire Department of Transportation before it had a lease agreement with the port, and secondly by its premature bids on the Massachusetts contracts.

Attorney Robert Shaines, representing Granite State Minerals, one of three salt companies based in Portsmouth Harbor, gave much the same message after the amendment was approved. “I am leaving this meeting with a real troubled mind,” Shaines said. “It is a fact that the Commonwealth of Massachusetts put out these bids and ISCO listed Portsmouth as their staging area. They listed it for the chemical mixing contract without having a building. How does a respectable company submit a bid unless there is some pre-understanding that they will be able to amend their contract with the state of New Hampshire? Why would they put their name and their reputation on the line unless they knew?”

Bartlett denied they had made any advance agreements. He said the amendment was made at Thursday's PDA meeting, not before.

PDA member Peter Loughlin said, "The rate we were charging was ridiculous. Bringing it to $50,000 is on the right track. We do not want to give an unfair advantage to anyone, and we were."

State Senator Burt Cohen chided the PDA on the way it handled the ISCO contract. He urged the authority to be more careful in the future and reminded it the mission of the port was not to compete with New Hampshire companies, but to help foster state businesses.

Bartlett said the unauthorized bids were between ISCO and the Commonwealth, even though it was a violation of the PDA lease. “When we heard, we sent a copy of the licensing agreement to Massachusetts,” Bartlett said. “I don’t know how, or if, they chose to address it. We told ISCO that if the amendment did not pass the board, the company was on its own.”

In its discussions Thursday the PDA made provisions to set up a rate committee under its board and asked the port division's advisory council to do the same, with the goal of working together to ensure that fair market rates are charged in any future contracts executed for use of the port. {Michael Goot in Foster's Daily Democrat 4&6 Nov.01; Karen Bondurant in Portsmouth Herald 5 Nov.01; Christine Gillette in Portsmouth Herald 9 Nov.01}

**RHODE ISLAND**

**PW: FRIP**

29 November, Providence. “NO DECISION ON TRACK FOUR”, said Kazem Farhoumand, who is managing the Freight Rail Improvement Project (FRIP) for RIDOT. Amtrak, RIDOT, and PW need to decide the length of track four, a new track running at most two miles south of the North Kingstown line. Funding problems may cut the track to perhaps one mile, with PW having to share Amtrak’s rail for the balance [see 24 October issue].

Farhoumand said “our director is negotiating with Amtrak” about this, but the latter has “more pressing issues” right now. RIDOT is completing the existing construction contracts while awaiting the answer on track four; Farhoumand could make “no prediction” on when the situation would be resolved. {ANR&P discussion}

**VERMONT**

**NORTHERN VERMONT**

30 November, East Ryegate. THE KIMBERLY-CLARK MILL HERE WILL CLOSE BY THE END OF THE YEAR, removing a source of rail traffic for the Northern Vermont. The corporation closed the mill because of a weak market for the mill’s product, specialty paper. Some key machines will move to Kimberly-Clark’s Munising, Michigan plant which also makes specialty paper. {company press release}

Kimberly-Clark doing well overall

On 30 October, Kimberly-Clark Corporation announced its results for the third quarter of 2001: sales were more than $3.7 billion, an increase of 5.1% compared with 2000. Excluding currency effects, sales rose about 8%, benefitting from continued volume growth and higher selling prices. Third quarter earnings from operations of 80 cents per share declined 4.8 percent {company website}

Other plants not affected

The company operates several other mills in the Atlantic Northeast, according to its website: New Milford CT [served by HRRC], Sainte-Hyacinthe PQ [served by CN], and New Glasgow NS [served by CBNS].

Minimal rail traffic

Dick Marklein, general manager, said the mill received four rail cars a month, and sent out one rail car a quarter. {ANR&P discussion 5 Dec.01}
**VRS - RIVERSIDE FACILITY**

29 November. **NEITHER SIDE HAS MOVED** to resolve the dispute over development of the Riverside industrial park, according to Vermont Assistant Attorney General Rebecca Ellis. The US District Court is awaiting a motion for summary judgement, or a movement to hearing on the merits. [See 10 October and 19 November issues.] {ANR&P discussion}

**QUÉBEC /MARITIMES**

**CAPE BRETON AND CENTRAL NS**

21 November, Trenton. **TRENTONWORKS WILL CEASE PRODUCTION INDEFINITELY** after completion of existing orders on 18 January 2002. ‘Third quarter figures show new car order demand at a level of one-fifth the same period two years ago. Competition among the remaining railcar manufacturers has become very fierce with some companies taking orders at a loss simply to keep their plants alive. TrentonWorks and its parent company Greenbrier have consistently outperformed the market in obtaining orders but are faced with a very severe challenge in the present economy. Greenbrier is trying its best to secure new railcar orders for its North American plants that include Gunderson, Inc. in Portland, Oregon and Gunderson Concarril in Mexico, besides TrentonWorks in Nova Scotia.’ {TrentonWorks press release}

‘Greenbrier's Canadian facility is TrentonWorks, Nova Scotia, acquired in 1995. TrentonWorks has a proud history in the railcar, forging and other steel fabricating businesses in Canada since 1872. Employing an excellent work force of 1200 people at its 160-acre facility, TrentonWorks is a high quality, efficient producer. It brings to Greenbrier a strong freight car building capability, expanded geographic coverage and improved access to the Canadian market. TrentonWorks has about 650,000 square meters (160 acres) of land and within its boundaries are more than 16 km (10 miles) of railroad track.’ {TrentonWorks website}

**CANADIAN NATIONAL**

4 December. **ACL HAS NOT YET COMPLETED A DEAL WITH CN** for its Halifax traffic [see 19 November issue]. A source close the negotiation said ACL had a proposal from CN “for several weeks”, and had not yet responded to it. {e-mail to ANR&P}

**NEW BRUNSWICK SOUTHERN**

27 November, Saint John. **IRVING AGREED TO SEND MUCH OF ITS TRAFFIC VIA CN.** For some time, the Irving companies of New Brunswick have sought to make a deal with CN to move all their traffic out of Saint John to Moncton and then to Montréal. Also for some time, CP and the B&A have sought to get a similar traffic commitment from the Irvings which would put the railroad system on a sound footing. Very recently, the Irvings went with CN. Mark Hallman, CN spokesperson, outlined the agreement on 27 November:

The Irvings and CN have entered long-term strategic partnership for freight traffic. Under a 20-year traffic agreement, CN will transport all of the Irving petroleum and forest products traffic originating and terminating in Saint John, which would make logical sense to move to points in North American via CN lines to Moncton and Montréal.

The traffic agreement represents a big vote of confidence in CN service, which the railroad worked hard to improve. “We’re now being rewarded with a major block of new business” which will strengthen CN’s network in Atlantic Canada, while giving Irving the benefit of superior rail service.

Under a separate 20-year agreement, NBSR will manage the terminals of both NBSR (west side of the harbor) and CN (east side of the harbor) in Saint John. This will “increase rail efficiency and productivity in Saint John.”

Under a third agreement, traffic coming out of an Irving lumber mill in St. Leonard formerly trucked to Van Buren, Maine for transload to the B&A will now travel via CN. Much of the mill’s production already travelled via CN.

The two sides are still nailing down some technicalities, so the deal will take effect “soon.”

Mary Keith, a spokesperson for J.D. Irving, said on 27 November that the two sides had signed a Memorandum of Understanding which would take effect in the first quarter of 2002.

**Irving/GRS deal**

Keith added that her company is “solidifying our rail traffic, using a stable and competitive rail option.” Much NBSR traffic will now flow either via Moncton and CN or via Mattawamkeag and Springfield Terminal [GRS] depending on destination.

**What traffic remains for the B&A?**

The Irving deal means a significant loss of traffic for the B&A System. In 1998, traffic on NBSR came to about 34,000 carloads [see 98#12], an 18,000-carload increase from 1997. The increase came from the intermodal traffic, Chrysler Canada deliveries to Saint John, and Irving refinery moves.

Fred Yocum put the existing NBSR traffic as “down significantly” from that total. He went on to say that the Irving business can be divided into three parts. First, the business B&A is not handling which MMA [Montréal, Maine, and Atlantic - the name of the consortium railroad - editor] was hoping to get with a CP routing after the sale. Second, the business moving today under contract which will continue; several contracts between
Irving units and the B&A have a while to run. Third, the traffic which can be diverted now. CDAC is still moving the Chrysler Canada traffic.

Traffic will still flow into Maine, emphasized David Jamieson of Irving. [And Great Northern rail traffic, now going to Saint John for export, will still need to flow out. Also the traffic from Houlton and Presque Isle destined for the Maritimes. Editor] Mary Keith said the Irving traffic from its Ashland Maine mill would not go out via St.Leonard. {ANR&P discussions 27.Nov.01}

SAINT JOHN
27 November. TROPICAL SHIPPING WILL STILL USE CDAC, said Tony Peck, manager of operations of Kent Line-Tropical on 27 November. Tropical Shipping bought the Kent Line box business in October [see 10 October issue] and is marketing it under the brand-name Kent Line-Tropical to capitalize on the Kent Line name.

Under the purchase agreement, Tropical “has taken on existing contracts” including that between Kent Line and CDAC and that “could go on for as long as service is provided. Our mind is open as to where future goes. We look toward the new year as an opportunity to meet to discuss with any party.” Peck said the level of container traffic on CDAC has not changed since October. {ANR&P discussion 27.Nov.01}

SYDNEY
3 December. THE AMCI DEAL FOR THE SYSCO PIER MAY WRAP UP THIS WEEK, according to Ernie Thrasher, who is leading AMCI Export’s team. {ANR&P discussion}