Regional Issues

Hub Group Boston: now offering railcar services nationwide.

Connecticut

PW: Delivering steel to NH. Donnelly to close plant. Wethersfield secondary nearly done.

Connecticut ports: Legislature supports feeder service to Bridgeport and New Haven.

New Haven: Logistec plans warehouse.

Legislature: Bond bill for rail projects.

Amtrak: STB agrees with FRA–Amtrak need test track modulus only once.

B&A: Bond issue assistance. Federal grant program help? Legislative study of east-west rail line. Possible excursion trains.

GRS: Customer in Greene closes.

MASSACHUSETTS

GRS: Fletcher Granite loses at STB.

QBT/FRTC: STB announces startup.

New Hampshire

NHDOT: Buys Conway branch, with condition.

Rhode Island

QPd: GA funds $1.5M EIS. Guv refuses to release port plan. Interim administrator ok?

Vermont

VRS: GMRC files pre-emption issue with STB. Rutland rail yard progressing. Burlington not.

B&A: CTA tells customer QSR not a federal railway, so CTA cannot intervene.

DVR/CBNS: Update on coal delivery.

Halifax: Only private sector can save port? PA disagrees.

People, Positions, Events

Brett Rekola, Paul Ruscio, Ron Patalano, David Bellefontaine.

Hub Group and the future

Matt Jacobson, former head of the SLR, believed the railroads made a mistake in wholesaling their intermodal business. Now he’s probably rolling his eyes as the US Class Is begin to wholesale the boxcar business to Hub [see Regional].

Yet Hub is taking trucks off the road, giving railroads more business, and customers cheaper transportation. What can be wrong with that?

Wow!

With the STB issuing three decisions (Amtrak, Fletcher Granite, GMRC) and CTA one (QSR), a lot happened suddenly. Add that to the Hub story, and we get a packed issue.

-Chop Hardenbergh  Next issue: 20 July

Regional Issues

Hub offers railcar services

20 June, Boston. HUB BOSTON COORDINATES A BOXCAR MARKETING AND MANAGEMENT PROGRAM for the nationwide Hub group. According to the Hub website (www.hubgroup.com): ‘Hub’s railcar service offers our customers a seamless door-to-door boxcar program. Hub Railcar is a natural extension of our core intermodal and highway infrastructure targeting small to mid-size customers that could benefit by using railcar, but do not have the in-house resources to manage a very complex service offering.’

Burke Anderson of Hub Group Boston, who founded and
manages the program, provided more details:

**Target market/service offered**
The program aims to serve the small or medium shipper or receiver which does not have direct rail, by providing a means to ship by boxcar.

Hub handles not only full railcars, which need three truckloads to fill them, but also truckload consolidation. “A customer can give us a single truckload” and Hub will consolidate it with the loads of other customers.

Anderson said the company is concentrating first on high-density finished products, such as food, beverage (alcoholic and non-alcoholic), pulp and paper, and manufactured products. Later, he looks to expand into metals and military.

**Example of service**
For example, a wine distributor in Boston will ask Hub for one to three truckloads of wine from the west coast. “We’ll manage that order,” said Anderson, beginning with a release from the winery of the product. Hub schedules a dray from the winery to a rail-served warehouse.

At the warehouse, workers trained by Hub in safe packing will load the wine into a boxcar. Hub then arranges with railroads the line haul from the west coast to the east coast, where the railroad will spot the railcar at a public warehouse. Hub traces the car on its journey, providing the customer with a daily ETA.

Workers at the receiving public warehouse will cross-dock the wine into a truck for a dray to the wine distributor’s warehouse.

**The origin of the idea**
Anderson worked at CP for 13 years, in Toronto, Montreal, and then Boston. At his last station he spearheaded intermodal and carload service into New England for CP subsidiary Delaware & Hudson, with Hub Group one of his largest intermodal customers.

Because Hub had a much greater sales reach, Anderson approached Hub with the idea of Hub’s doing carload marketing as well as intermodal marketing. “I did not have the sales channels to grow the business.” Alan Marks, the principal of Hub Group Boston, responded to the idea because Marks had long envisioned Hub Boston providing multi-modal, unbiased transportation services to its customers in the most economical way.

Rather than tie the carload work to CP, in 1997 Marks invited Anderson to come aboard Hub Boston and provide a carload program working with all railroads. “We had good results with local New England customers” in the first couple of years, Anderson said.

At the same time, other Hub companies were asking Hub Boston about developing boxcar programs for customers in other parts of the country. Rather than have two or more Hub locations creating similar programs, Hub “elected to centralize railcar operations and business development for the entire Hub network at Hub Boston” under Anderson’s management.

**A MASSACHUSETTS RAILCAR CUSTOMER**
Horizon Beverages has used the Hub boxcar program “for the better part of two years,” said David Silva, who handles transportation for the beverage distributor in Avon, Massachusetts, Horizon lacked a rail siding, and had never received a sales call from a railroad.

Then Hub came calling, offering a better price. “It’s significantly less than either containers or intermodal trailers,” Silva noted. And, it provides consistent deliveries—14 days or less from the West coast—with very low damage. “We had some breakage initially, but over time the process got a lot better. In the last year or so we have had very little breakage.”

Horizon receives two or three carloads a month at Barrett Warehousing in Norwood MA. It uses its own tractor-trailers to dray the wine to its own warehouse.

*In contrast, sister company Charles Fradin in West Greenwich RI asks Hub to set up the dray from Norwood to West Greenwich. [ANR&P discussion 21 Jun. 01]*

**How the idea has grown**
In November 2000, Hub began to offer the service on its website. Anderson’s business plan calls for steep growth, to revenue of $100 million by the end of 2004. For 2001, he has a target of $24 million, “and thus far we are tracking close to that.” Traffic comes to 400 carloads a month—admittedly only a small percentage of Hub’s overall traffic. But he is looking for a strong fall, especially in wine, canned goods, and tomato paste.

“Fall will come on strong because both the container and the trucking modes get maxed out,” especially in the key lanes. Hub can offer the carload program, which has the capacity, the consistency, and the relatively short delivery times shippers are looking for in the autumn.

The 10 staff in Boston support Hub sales people throughout the United States. They provide pricing, put in place damage prevention programs, and manage the traffic door-to-door.

**Damage ratio reduced**
Hub Railcar Services gives highest priority to damage prevention and packing initiatives. As a result, customers are enjoying a far lower damage incidence than their prior experience with railcar shipping. Anderson said Hub had employed Sunrise Industries of California to provide the packaging and train the warehouse packers, with spectacular results. The damage ratio by railcar in the beverage market is equal to, or less than, the intermodal damage ratio.

For example, imported beer brewed in Canada handled by Hub Group now has a damage ratio of less than 0.01%. “Ten years ago the brewery had so much damage that the company filled in its siding and got completely away from rail.”

The Wine Connection [see box] damage ratio is one case for every 5900 shipped.
The warehouse network

Hub prides itself as a non-asset based company. It owns none of the warehouses used for cross-docking in the carload program. “We use public warehouses, and have a network of well over 50,” said Anderson.

In addition, all shippers including Hub have access to the 150 public warehouses west of the Mississippi on the BNSF network. BNSF recently granted Hub access to even more specific information on these facilities contained in its internal database of warehouses. [For BNSF locations, see http://www.bnsf.com/business/nes/html/nes_operators_by_state_.html.]

For the Atlantic Northeast, Hub offers many warehouses: Barrett Warehousing in Norwood MA on CSXT, New England Public Warehouse in Mechanic Falls ME on SLR, merchandising warehouses in Walpole MA on CSXT, KC Refrigerated Warehouse in Troy NY on CSXT, C&M Warehouse in East Hartford on CSO (canned goods from California to Stop ‘n Shop), and Law Warehouse in Nashua NH on GRS (the designated warehouse for the New Hampshire Liquor Control Board).

The Wine Connection

Union Pacific Railroad and CSXT offer a boxcar program between wineries in Napa Valley, California, and Oregon to a national distribution network; Hub Group serves as the exclusive sales and logistics agent.

UP and CSXT already had in place the Express Lane premium manifest service, with west coast to New York in eight days, west coast to Boston in nine days. Wine and canned goods were added to the product list for the Express Lane, with the wine offering acquiring the sobriquet ‘The Wine Connection.’

Destinations in the Atlantic Northeast

According to an article in UP’s internal employee magazine Info, two of the nation’s largest wineries use the Wine Connection: Trinchero Family Estates, and Canandaigua Wine Company.

Canandaigua ships from its Mission Bell Winery to six distribution centers, one located in Nashua NH. It sees the program’s cost savings as a major benefit, as well as providing an alternative to tight equipment supplies at its primary intermodal ramp in Fresno. Some 10% of its interstate shipments use the wine connection. Canandaigua pays for the shipping itself.

Trinchero uses the Wine Connection to reach about a dozen large distributors, said Jack Pereira, the distribution manager. “It took a lot of convincing to get them to go boxcar, because they were concerned about the boxcar problems of the past, such as rough handling and long transit times. He persuaded the distributors, who pay the freight costs, to give the program a try. Now, depending on the time of year, Trinchero ships between six and 10% of its wine in boxcars. Despite an increase in the availability of intermodal equipment, he believes the wine connection will continue to grow. “Timing is everything in our business. We are very time-sensitive on the distribution end.”

To meet that sensitivity, UP and CSXT have guaranteed insulated equipment and car spots to Hub Group in the Express Lane consist to the eastern seaboard.

The Wine Connection

Backhaul

Through a partnership with Pillsbury, UP hauls soups and cake mixes, products which usually move over the road, on the return trip West. “We have removed the empty return on the cars, which makes it much more profitable for us,” said Royce Fisk, UP’s senior business director for food and beverages.

The program moved 430 loads in its first year. Fisk expects during 2001, the second year, to reach up to 2,000.

Cost savings

The service employs heavily-insulated Cryo-Trans ex-frozen-product boxcars with the cryo equipment removed; the insulation protects the wine from temperature extremes during the trip. The shipper thus saves the rental of a ‘blanket’ for the wine used in intermodal service, and that further reduces the cost.

Moreover, the CRYX 60-foot boxcars can hold 3.4 trailer loads.

Pereira of Trinchero has sold the program to the distributors who buy Trinchero products by showing them the price: “With the wine connection, you are generally looking at 15-20% cost savings.” (Sherry Thompson in Info spring.01)

What of customers with sidings?

According to Anderson, about 10% of his customers move product from rail siding to rail siding. Historically such a customer always dealt directly with the railroad to handle this, but some businesses have elected to outsource this function to Hub. [As testified to in every Northeast Association of Rail Shippers meeting, some businesses find railroads cumbersome to deal with. Editor]

Hub offers these customers management of the rail haul including daily car tracking, and demurrage reporting. “Customers with their own sidings find demurrage payments a real issue.”

What do the railroads get out of the Hub program?

Reflecting Anderson’s experience with CP’s Delaware and Hudson, railroads get to serve small and medium customers without the sales force and the customer service force required. Anderson noted: “It is so much easier for the railroads to deal with one third party than with a hundred customers. They invoice a single party regardless of who is the beneficial owner of the traffic, knowing all administrative activity will be handled by Hub Group.”

[As a source close to the effort said: “Railroads are focusing on the large customers, the Fortune 500, trying to serve them to the best of the railroad’s ability.” At the same time, under pressure to
reduce costs, railroads have reduced the sales force in the field which would find the small and medium customers who could use rail."

“Hub has 150 sales people across the nation” selling the Hub Multi Modal services: intermodal, air freight, truck (including less-than-truckload), and carload. Anderson emphasized that many of Hub’s existing customers are considering the use of boxcar because of Hub’s ability to offer a seamless door-to-door program regardless of whether or not the origin or destination has a rail siding. “By increasing the visibility of rail transportation within our 10,000-strong customer base, we will ultimately put more freight on rails.” {ANR&P discussion 25.Jun.01}

Railroads also get a backhaul
Like intermodal, boxcar traffic works most efficiently when the car travels full both ways. Hub offers the railroads a way to fill the boxcars on the backhaul. [See box on Burlington Northern Santa Fe Railroad.] {ANR&P discussion 20.June.01}

BNSF CARLOAD PROGRAM
Eighteen months ago, BNSF put out to bid a sales agency agreement to expand their sales channels in order to load empty backhaul movements. Hub won the bid because of the size and scale of its sales network, and its long-term commitment to carload services. “BNSF is pricing aggressively against other modes to help incent customers to come back to rail,” said Anderson.

“I believe trucking the product to the car in the backhaul lane is far more efficient for both the shipper and the railroad, than repositioning empties which may increase cycle times by seven to ten days only to pick up a marginal backhaul revenue movement,” he continued. “Railroads will not be in a position to re-invest in their boxcar fleets in the long term, without reducing empty miles and balancing their fleets as efficiently as truckers and intermodal producers do today.”

Tom Plowman, who manages the boxcar program for BNSF, agreed with Anderson. Draying the product to the car "is an expensive thing to do, but it makes sense in the right circumstances." The Hub backhaul initiative is working out so well, in fact, that Plowman has expanded it to a general carload program., giving Hub access to over 20,000 boxcars on an annual basis. "We’ll work with Hub on any new carload business, or indeed any new business." BNSF will also operate the program in conjunction with eastern carriers.

How it works
BNSF has provided to Hub information on the available backhaul movements and other boxcar availability. "Some of the empty backhauls have existed for a long time," Plowman said. Hub will find a customer for the boxcar movements, and arrange the haul with BNSF on a transactional basis.

At this early point in the program, "we know that we need to be market-competitive. Railcar has traditionally had a downside." But Hub and BNSF have virtually eliminated the traditional downsides of lengthy and erratic shipping times and greater damage than other modes.

“Our figures show very little variability in delivery times,” Plowman noted. Suann Lundsberg, BNSF manager of marketing communications, said on-time percentage ‘is currently running around 90%.’ {ANR&P discussions 25.Jun.01}

PROVIDENCE & WORCESTER
11 June, New Haven. CONNECTICUT STEEL IS RECEIVING STEEL BILLETS AT GATEWAY’S TRANSLOAD FACILITY, used for a variety of commodities [for coal, see 27 February issue]; some 15 loaded bulkhead flats arrived at 347 Chapel Street on Belle Dock spur this day.

For several months, the steel has come via NECR to New London, where the PW train NR-2 picks it up for delivery to New Haven. {rail observers in NERAILS e-mail list}
The billets arrive from Montreal, said Gateway’s Coy Angelo. He added: ‘Occasionally we have received wire rod from ships and the wire rod is reloaded at our siding and shipped to places in Pennsylvania and Ohio.’ {e-mail to ANR&P 2.Jul.2001}

Steel billet: A solid semi-finished round or square product that has been hot worked by forging, rolling, or extrusion. An iron or steel billet has a minimum width or thickness of 1 ½ inch and the cross-sectional area varies from 2 1/4 to 36 square inches. For nonferrous metals, it may also be a casting suitable for finished or semi-finished rolling or for extrusion. {www.steelforge.com/infoservices/steellog/bdoc.htm}

PW operation of this lane
According to Mary Tanona, general counsel, the railroad acquired running rights on the Shore Line to Old Saybrook in 1982, and the rights to the Belle Dock spur in August 1991. {e-mail to ANR&P 2.July.01}

26 June, Old Saybrook. R.M.DONNELLY WILL CLOSE ITS PRINTING PLANT HERE by July 2002 and consolidate operations in Lancaster Pennsylvania, the company announced this day. Robert S. Pyzdrowski, president of commercial print operations, said: “After careful review, we determined our Old Saybrook facility (opened in 1960) lacks the scale necessary to support the current and future needs of our customers.” Some of the equipment now at Old Saybrook will move into a new 7600SF facility in Lancaster. {press releases}
Impact on the railroad
On its website, PW has listed Donnelly as one of its major customers. According to one rail observer, the railroad brings Donnelly carloads of paper rolls several times a week. {dispatcher28@aol.com in ProvidenceandWorcesterRR@yahooogroups.com 26.Jun.2001}

However, PW General Counsel Mary Tanona noted: ‘The RR Donnelly closing is certainly significant, but P&W has dealt with such closings before. We are confident we will deal with this [by getting] new traffic.’ {e-mail to ANR&P 2.July.01}

Another Old Saybrook customer
Fortune Plastics has its corporation headquarters in Old Saybrook, and one of its five production facilities there as well. The factory receives plastic pellets by rail. {www.fortuneplastics.com}

WETHERSFIELD SECONDARY
7 June, Wethersfield. ONLY A HALF-MILE OF BALLASTING REMAINS for the line between Middletown and East Hartford to become complete.

Problem: Route 3
The state is widening Route 3, and in the process has removed the grade crossing for route 3; workers cannot re-install it until the highway underground utilities are completed.

With the track cut, PW cannot run ballast trains farther north than Route 3. However, the remaining six miles of track beyond the half-mile of ballasting is already in good shape, needing only spot ties. The railroad had intended to open the entire secondary by 1 July. {Russell St.John report to Connecticut Public Transportation Commission 7.June.01; e-mail to ANR&P from Tanona 2.July.01}

CONNECTICUT PORTS
30 June, Hartford. THE LEGISLATURE AWARDED FUNDS TO BOTH NEW HAVEN AND BRIDGEPORT for barge feeder services. Section 16(a) of HB7506, the Transportation Strategy Board bill [see 18 May issue] stated that the $50 million appropriated shall fund 21 projects. Number 21: ‘[F]unding for the implementation of a demonstration project for a freight Feeder Barge Service in Long Island Sound between the port facilities of New York and New Jersey and Bridgeport Harbor in Bridgeport and New Haven Harbor in New Haven.’ {General Assembly website}

Implementation
The bill said the projects could begin immediately. However, the board will probably not come into existence for some months, and it must then parcel out the $50 million among the 21 projects. Earlier, James Wang of Bridgeport hoped for $6 million for his port, based on the Management and Transportation Associates’ study [see 27 March issue].

Similarly, New Haven could look for $8 million which its consultant, Frederic R. Harris, said would suffice for a startup there [see 27 March issue].

[But giving two out of the 21 projects 28% of the money will never fly politically. Editor]

Marty Tristine of Logistec, which operates at both ports, repeated his advice of a month ago: “Do one port and let it develop. Don’t fracture the market.” Which to select? “There are good arguments for each.” {ANR&P discussion 2.Jul.2001}

NEW HAVEN
2 July. THE LAND SWAPS FOR PORT RECONFIGURATION are progressing slowly [see 18 May issue], Tristine reported.

New warehouse
In anticipation that the land swap will go through, Logistec put out to bid on 29 June a new warehouse to be built across Waterfront Street from the main building [see map in 13 February issue]. He plans to award the bid later this month, for January completion.

The warehouse will replace the currently used one in the North Yard, where Logistec stores steel, different grades of sheets and packages. Using the new warehouse will mean more efficiency and taking trucks off city street. {ANR&P discussion 2.Jul.2001}

MAINE

LEGISLATURE
22 June. THE LEGISLATURE PASSED A $61 MILLION BOND BILL, LD 1504, which includes $7.6 million for rail development, $4 million for intermodal development, $1 million for marine development, and $750,000 for trail development. Maine voters will have a chance to approve the bond issue in November.

What rail projects?
On 14 June, speaking to the annual conference of Regional Transportation Advisory Committees (RTACs) in Bangor, MDOT Commissioner John Melrose listed some of the rail projects covered by the bond bill:

Loring Development Center (two projects, $1.8 million). For upgrading the BAR line from Caribou to Limestone, $800,000 to be matched by local sources or the railroad. For installing two sidings at the Commerce Center, $1 million, also to be matched 50-50 by the railroad or others. [The Commerce Center had wanted about $4 million, as it did not think federal money would provide a match—see 13 March issue.]

On 2 July, Commerce Center director Brian Hamel said: “We’re looking at the federal government as one source [for the match],
we may ask [the future] railroad, or the private sector companies on site.”

The two companies who would each utilize separate one-mile spurs, Lamb Weston and Irving Forest Products, “have not exercised their options yet,” according to Hamel. Irving is moving ahead to get its project permit ready, so that when the company head decides to build the plant, it can start right away.

SLR siding and rail yard ($800,000). The railroad would provide a 50-50 match to extend a passing siding in Bethel, and to improve its classification yard in Auburn.

Rail development ($4 million). Melrose said on 28 June that should a sale of the B&A take place—or any other railroad in Maine—and leave a piece at risk of abandonment, this bonding authority would permit the state to step in.

IRAP
The Loring and the SLR money use the same criterion as the Industrial Rail Access Program (IRAP): the 50-50 match. Melrose acknowledged that they were not technically part of the IRAP program, and that the bond bill contained no money for IRAP projects. ANR&P correspondent Fred Hirsch coverage; ANR&P discussion with Melrose 28.June.01, with Leet 2.July.01

AMTRAK
8 June, DC. THE FEDERAL RAILROAD ADMINISTRATION FOUND AMTRAK'S TEST PROCEDURE FINE, and declared that if the track modulus met the STB requirement during the testing in July, normal safety requirements would allow the use of 115-pound rail without continuous testing. Excerpts:

Thus, the STB’s decision implies that the track modulus has become a maintenance standard. This was not FRA’s intent. Track modulus is an indicator of track longevity that can be used as a quality control indicator for renewal of track, but it is not a safety indicator that requires continuous monitoring. In fact, there is no general consensus on the safety implications of low or high values of track modulus or the specifics of its measurement....

No available evidence suggests track modulus is a safety or maintenance parameter to be monitored through the life of the track, instead this measurement is intended to ensure satisfactory construction and stability of the track structure directly after rehabilitation....

FRA believes that the proposed test procedure is both reasonable and practical, as performing static track modulus measurements over the entire Plaistow-Portland Line would be prohibitively costly. This procedure should provide sufficient data to evaluate the average or nominal track modulus along the Plaistow-Portland Line following rehabilitation....[If Amtrak’s testing demonstrates that the required track modulus standards are satisfied, no further track modulus testing would be required....

[B]ased on Amtrak’s representation that the line would be maintained to FRA Class 4 standards, that it would be subject to routine FRA-mandated track safety inspections, and that it would be periodically inspected by Amtrak’s track geometry car, FRA has been unable to identify any safety regulatory concern with the use of 115-pound rail on the upgraded Plaistow-Portland Line. {FRA submission provided by Amtrak}

26 June. THE TRACK REHAB PROJECT IS WINDING DOWN. GRS executive vice-president David Fink said the project should end in mid-July, and the 80-strong track crew will decrease to 35.

The Downeaster should start this autumn, officials said. {Ted Cohen in Portland Press Herald 27 June.01}

28 June, DC. THE STB AGREED WITH THE FRA [see above] in terms of the testing procedure, according to a decision this day. The Board took some responsibility for starting the argument on what kind of testing was necessary: ‘At the outset, we must clarify that, in Weight of Rail[its 1999 decision approving the use of 115-pound rail—editor], we did not intend to use track modulus as a track maintenance standard that would be periodically checked.’ [Next time, a more clearly-written decision would help. Editor]

The Board concluded: ‘As we stated in Weight of Rail, with regard to matters such as those presented here, we give substantial deference to FRA, which has significant expertise and primary responsibility over rail safety. FRA’s statement supports Amtrak’s argument that its proposed testing methodology is reliable and that the track modulus test need be conducted only once.’

As for access to do the testing: ‘We have already found it necessary to order Guilford to permit Amtrak to operate the service, and the testing that Amtrak seeks to perform, in response to concerns raise by Guilford, is simply designed to ensure that the service that we have ordered can be safely conducted. Guilford’s position on necessity, like its position on whether any test could ever be adequate [see 18 May], would eviscerate our prior decisions.

‘Guilford has failed to offer any support for its assertion that the proposed testing would be unreasonably burdensome or disruptive, and Amtrak has agreed to compensate Guilford for all costs incurred in relation to Amtrak’s testing. We order Guilford to allow Amtrak access on its property so that the tests can begin and our prior decisions can be put into effect.’ {STB Finance Docket No. 33697 released 29 Jan.01}

GRS executive vice-president David Fink said Guilford would not appeal the STB decision. {ANR&P discussion with Tom Bell of Portland Press Herald 2 July.01}

BANGOR & AROOSTOOK SYSTEM
22 June, Limestone. A BOND ISSUE WILL PROVIDE $1.8
MILLION FOR RAIL TO LIMESTONE for two customers [see Legislature].

23 June, DC. WILL A FEDERAL GRANT PROGRAM HELP THE B&A? B&A President Fred Yocum said last week that he probably won’t take advantage of the program, with the rail line on the market.

Yet the availability of financial help may make the B&A more attractive to a buyer. Opportunities for upgrades that the grants and loans will provide increase the marketability of the property. It is highly unlikely, officials say, that the railroad will be forced to cease running. "It’s a plus," Yocum said, referring to the federal program. He estimates that a buyer may be identified within weeks.

Vital to northern Maine

In all, the B&A carries about 100,000 carloads of freight each year. "It's a rail line that really developed the northern central part of the state," said Representative John Baldacci (D, Maine). "It opened up Aroostook County to the markets in Boston and elsewhere." Its departure would not only flatten the economy in Aroostook County, but likely turn many small communities into ghost towns as jobless people left the region for more prosperous areas.

"Rail has to be in our future," Baldacci said. Baldacci said that it is imperative for the city of Bangor, Maine businesses and other parties with a stake in the rail line's future to chip in. "Everybody has an interest in all of that," he said.

Baldacci is pushing a bill through the US House which will provide grants to small railroads. It has not passed the Senate yet.

The customer base

"The railway is crucial to us," said Austin Durant, vice president for materials management for Fraser Paper in Madawaska Maine and Edmundston New Brunswick. "They're an extension of our marketing and sales arm. Anything that can be done to help them through this, we're all for it."

Officials from Great Northern Paper Company, which employs about 1,300 workers at mills in Millinocket and East Millinocket, keep in contact with B&A to ensure that their route remains open to the rest of the country. "It's something that concerns us," said Brian Stetson, a Great Northern spokesman. "We make up about 60% of their business."

[This probably means 60% of the BAR, one component of the B&A System, all of which is up for sale. In 1997, BAR had carloadings of 40,000, so Great Northern would have 24,000 of that. Editor ] {Bart Jansen in Maine Sunday Telegram 24.June.01}

29 June, Greenville. THE LEGISLATURE’S TRANSPORTATION COMMITTEE WILL LOOK AT THE EAST-WEST RAIL CORRIDOR as a first emphasis, when it looks at the statewide transportation infrastructure.

The impetus to do so was provided in part by State Representative Sharon Libby Jones, whose bill LD881 would have set up the Blue Ribbon Commission on the East-West Rail Corridor, which would have examined:
1. The feasibility of economic and community development initiatives along an east-west rail corridor in the State;
2. The viability of an accessible, readily usable east-west rail corridor;
3. The tourism and manufacturing potential created or enhanced by establishing an east-west rail corridor;
4. The potential savings in infrastructure maintenance created through use of an east-west rail corridor; and
5. The possible benefits of combining transportation modalities and establishing comprehensive freight and passenger services through development of an east-west rail corridor.

LD 811 metamorphized into a bill about the entire state transportation infrastructure, said Libby Jones. The product of the metamorphosis was folded into a general Legislative Council bill at the end of the session, whose language provides $68,000 for a few studies and commissions, including this one.

“It’s been at least 15 years since we’ve done an infrastructure review. This will give us a strong policy and enable us to give strong recommendations to MDOT.”

Libby Jones said she would watch the Transportation Committee work: “It’s very vital,” as is Baldacci’s effort at the federal level [see above].

The B&A in particular: possible excursion

Two new excursion services propose to use the B&A east-west line [see box]. Libby Jones said Parten testified before the committee; “he’s got a plan, the rail cars, and extensive studies to make this work.”

What $4 million could do

“We have a real concern to have our east-west infrastructure remain whole,” as the B&A is restructured. “No further abandonment of any rail line in Maine should occur due to the tremendous economic impact statewide.”

Noting that the state bond bill had reserved $4 million [see Legislature] to permit the state to effect its statute about keeping rail lines running, Libby Jones agreed that amount would not suffice to buy much trackage. It would “leverage some time to ensure nothing is abandoned.” The state could hold the property temporarily to keep it running until a purchaser or operator could be found. {ANR&P discussion 29.Jun.2001}

EXCERPT FROM:

The Acadian from Houston

In late March, Houston entrepreneur John Parten came to Maine to discussing running 35 luxury passenger train tours using Montreal, Saint John, and Moncton in summer, and fall foliage trains Montreal-Portland in the autumn. Parten has worked in the
railroad business for 15 years and offers similar seasonal excursions in the Copper Canyon area of Mexico.

MDOT and the Town of Greenville have reviewed the proposal. "It's a marvelous opportunity to bring more tourists into Maine without their cars, which would reduce the congestion and improve air quality," said Tracy Perez, planner with the DOT's Office of Passenger Transportation. Perez said she had been a passenger on the trains that Parten intends to bring to Maine and found them very nice.

Greenville town officials have applied for a grant to improve Greenville Junction, where the passengers would leave the train for two nights' lodging in the Big Squaw Mountain ski resort. (AP in Foster's Daily Democrat 2 Apr. 01; ANR&P discussion with Heidi MacMillan of the Acadian 3 July 01)

Fall Foliage Express from Seattle
As in past years, Great Train Escapes of Seattle is offering three trips on the Fall Foliage Express which starts in Boston, and by bus and rail travels around New England. [See http://www.greattrainescapes.com/NewEngland.htm]

American Orient Express
This train offers a bus Boston-Bangor, then the train Bangor-Brownville Junction-Montreal-Québec -Montreal-Vermont-Boston. Seven eight-day tours in the autumn, starting in 2002. [See http://www.rextravel.com/rail/amorex/aonewe.htm]

GUILFORD RAIL
28 June, Greene. THE RAILROAD LOST A CUSTOMER, MAINE POLY, when the company was forced to close because of market conditions. The company's polyethylene products include plastic bags, film, laminations and other packaging materials.

Polyethylene resin arrived by railcar, on the order of 100 a year, to a siding just behind the factory. [ANR&P discussion with Maine Poly official 29 June 01]

MASSACHUSETTS

GRS - FLETCHER GRANITE
29 June, Westford. THE STB DECIDED AGAINST FLETCHER, ruling that Westford had not yet impeded its effort to re-connect with the GRS freight main [see 10 April issue]. Thus the STB had no need to intervene at this time. [STB Finance Docket No. 34020]

QUINCY BAY/FORE RIVER TRANSP.
19 June, DC. THE STB PUBLISHED NOTICE THAT THE FORE RIVER TRANSPORTATION CORPORATION will assume the operation from the QBT:

STB Finance Docket No. 34056
Fore River Transportation Corp.—Change in Operators Exemption—Fore River Railroad Corporation and Massachusetts Water Resources Authority

Fore River Transportation Corp. (FRT), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to operate the rail line of Massachusetts Water Resources Authority (MWRA) and Fore River Railroad Corporation (FRRC) (1) extending approximately 3.76 miles between a point in the City of Quincy, MA, and an interchange with CSX Transportation, Inc., in the Town of Braintree, MA (line). (2) FRT states that it will soon enter into an agreement with FRRC to provide rail freight service over the line. The transaction is expected to be consummated on July 1, 2000. (3)

If the verified notice contains false or misleading information, the exemption is void ab initio. [www.stb.dot.gov decided 19 June 2001]

New operation
On 30 June, QBT workers and owners ran the former operator’s five locomotives to Braintree and an interchange with CSXT. (David Clinton in NERails e-mail group 1 July 01)

NEW HAMPSHIRE

NEW HAMPSHIRE DOT
29 June, Ossipee. NHDOT BOUGHT THE BALANCE OF THE CONWAY BRANCH from Guilford (technically the Boston and Maine Corporation): the rail line starting just north of Ossipee Aggregates, and running through Tamworth and Albany to Conway.

The Executive Council approved the purchase on 20 June for $472,000. [www.state.nh.us/council]

Bridge traffic easement retained
GRS did let go its earlier request to retain the last 3000 feet of the line. But it retained a freight easement for any bridge traffic. As Kit Morgan explained, that leaves NHN [and maybe the Conway Scenic?] free to develop local traffic on the line. “Lots of work must be done on the line,” and NHDOT has some, albeit limited, funds to help with that effort.

[The easement retained gives GRS control of any effort to create a new freight route from Massachusetts to northern New England. Editor]
What about the Salem Industrial Track?
NHDOT appraisers in the right-of-way department are still evaluating the price offer from GRS, Morgan said. {ANR&P discussion 2Jul.2001}

RHODE ISLAND

QUONSET POINT-DAVISVILLE
28 June. CONTROVERSY CONTINUES TO SWIRL AROUND THE PORT.

Funding for the environmental impact statement
The General Assembly passed the state budget on 29 June. It contained $1.5 million for an environmental impact statement on the container port [see 15 June issue]. The North Kingstown delegation to the state House of Representatives (Suzanne M. Henseler, Melvin Benson, and Kenneth Carter) amended the Quonset Port portion of the state budget. In a press release issued by the General Assembly on 22 June, they said:

“We are happy to report that the Governor is not getting the $2.5 million he requested for an environmental impact statement, and he is not going to get a blank check for $1.5 million...Rather, because of our amendment, the Governor is required to have the port evaluated for economic, engineering, marketing and environmentally feasibility.” The amendment reads:

(i) The General Assembly recognizes, finds, and declares that it is the policy of the state of Rhode Island that the waters, harbors, and ports of the state of Rhode Island are important resources, and further that any development of port facilities is to be done in a manner that is both economically feasible and environmentally acceptable.

(ii) To the extent possible, any funds appropriated by the General Assembly, in support of fiscal year 2002, for the purpose of conducting an environmental impact study, (EIS) regarding Quonset Point shall first be utilized to conduct the necessary economic feasibility study as part of the overall EIS. Such feasibility study shall include, but not be limited to, engineering and marketing considerations.

(iii) The Governor shall, as a part of the overall EIS project, consult on a regular basis with the leadership of the House of Representatives and the Senate, or their respective designees as to all respects of the said project. {legislative website}

Management
While the supporters and opponents of a container port continue to joust, the existing Quonset Point Davisville Port and Commerce Park operates. Ronald Patalano, who had served as general manager at Quonset-Davisville, resigned in early June. RIEDC appointed William Parsons, who is also EDC’s vice president of business development, as the interim manager.

State representatives wrote to the governor: ‘It troubles us...that the commerce park is being overseen part-time...nothing short of a full-time manager is appropriate to the proper operation of the [Quonset-Davisville Management Corporation].” {Joseph LaPlante in Providence Journal 29 June.01}

Access to port documents
In mid-June, State Attorney General Sheldon Whitehouse told Governor Almond and the RIEDC that under the state’s freedom of information act they had to release a Quonset-Davisville container port plan. The governor has declined, and is evaluating his legal options about the ‘White Paper October 2000'

The only two pages released thus far call for "identifying market-driven opportunities within the container shipping industry” and then developing the industrial park to lure those types of enterprises to Rhode Island. Preparation costs were pegged at $3.8 million. {Karen Lee Ziner in Providence Journal 19 June.01}

VERMONT

VERMONT RAIL SYSTEM

29 June, Boston. HOW FAR HAS MOVING THE RUTLAND RAILYARD COME? Dave Wilcock, project manager for Vanasse Hangen Brustlin (VHB), gave this update [see 13 February issue]:

Reason for move
Not only the municipality and the citizenry, but the railroad (VRS) supports the move. Rail traffic has grown, particularly from OMYA, and the existing two yard tracks where GMRC and VTR intersect do not suffice for efficient movement.

Furthermore, the use of those two tracks plus the GMRC main sometimes blocks access to the Howe Center, old railroad property converted into office and light industrial use.

Consultant work now
“...We’re in the process of completing a draft report, looking at what the city of Rutland and state need to do to move the yard. This includes examining how much environmental permitting is needed, whether the new yard location is technically feasible, what will
move, and what will stay.” For example, some customers at the rail yard want to move, others cannot or do not want to move.

VHB is also summarizing and updating the cost estimate of a year ago, which totalled $35 million.

Next step
The VHB report should emerge within a month or so, said Wilcock. The city will release the report, and follow up with at least one public hearing. Rutland would then take advantage of the $380,000 provided by the General Assembly to continue the permitting and development work.

For the actual move, no specific funding source is yet developed. {ANR&P discussion 29 June 01}

Legislative action
In 2000, the General Assembly appropriated $120,000 to the City of Rutland for environmental assessment and project scoping, to include a study of the feasibility of constructing an intermodal highway to a rail freight transfer yard in the Otter Creek Route 4/7 Rutland rail yard. [See 2 May 2000 issue].

In 2001, the GA appropriated another $380,000 for the city to continue design and permitting. [See 15 June 2001 issue.]

3 July, Burlington. MOVING THE BURLINGTON RAILYARD DOES NOT LOOK LIKELY in the near future, according to officials. In response to a 2000 request from the legislature, AOT hired VHB to re-examine two possible sites. VHB reported in January 2001 that neither would work well.

But the imposition of a new highway, the Southern Connector, on the site will require some rearranging. {ANR&P discussion with Clough Harbor’s Jim Shield and AOT’s Sue Compton}

QUÉBEC / MARITIMES

B&A SYSTEM
29 May, Magog PQ. CONCERN ABOUT FINANCIAL CONDITION LED EKA CHEMICALS to file a petition with the Canadian Transportation Agency (CTA) on 25-26 January.

EKA rail service
‘Eka Chemicals...operates a sodium chlorate production facility located at Magog, Québec , which is totally dependent on rail service for the receipt of rock salt and for the shipment of finished sodium chlorate. Presently, rail service is provided by QSR with switching occurring five days per week.

‘According to Eka Chemicals, QSR has provided this switching service at Magog at rate levels mandated under the Railway Interswitching Regulations, SOR/88-41, as amended. However, this service has been provided as part of a “gentleman’s agreement”, as QSR is not required to do so under provincial law.

‘Eka Chemicals expresses its concern over QSR’s financial condition, as well as that of its parent company, Iron Road Railways Inc. Eka Chemicals states that reliable rail service is critical to its operations and that any stoppage of rail service would force a shutdown of Eka Chemicals’ plant with consequent financial and job losses.

‘While Eka Chemicals acknowledges QSR’s existing provincial status, this by virtue of holding a provincial operating authority, Eka Chemicals argues that QSR should nevertheless be considered a federal railway undertaking as it is an integral part of Iron Road Railways and the Canadian American Railroad, both of which are federal undertakings. Eka Chemicals also states that given QSR’s financial condition, the CTA ought to apply rather than the provincial railway law as the federal law would provide greater security of an ongoing railway service.

The QSR position
According to the CTA decision, ‘QSR affirms that its operations have not changed since 1997 and, as such, remain limited to the province of Québec only, without cross-border activities, either between provinces or between Canada and the United States of America.

According to QSR, it has its own Board of Directors and is managed independently from any affiliated companies. The activities of its management, supervisors and crews are limited to the province of Québec and, in this respect, QSR employees are certified under provincial labour legislation. [Hmm, what happened to CDAC operating rights? Editor]

Agency decision
Even if a railway does not have a federal certificate of fitness, it can be deemed a federal railway if it meets one of these conditions:
(a) It crosses a provincial or international border pursuant to subsection 92(10) of the Constitution Act, 1867; or
(b) has been declared to be a work to the general advantage of Canada either by Special Act or under section 12 of the Railway Act, R.S.C., 1985, c. R-3 (3rd Supp.); or
(c) is owned, controlled, leased or operated by a person who operates a railway within the legislative authority of Parliament; or
(d) is an integral part of a federal undertaking.

‘The information filed with the Agency also does not establish that QSR is owned, controlled, leased or operated by a person who operates a railway within the legislative authority of Parliament. Thus, this railway company does not become subject to the CTA by virtue of paragraph 88(2)(b) and subsection 88(3) of the CTA.

‘Further, the available information shows that it operates independently from affiliated or other federal railway undertakings in that QSR has its own Board of Directors and there is nothing to suggest that it does not have management of and control over its day-to-day operations.
‘The Agency finds, therefore, that none of the conditions exist that would classify QSR as a federal railway.’ {Decision No. 283-R-2001 May 29, 2001 from website}

[More on this mysterious decision in a future issue.]

DEVCO/NSP/CBNS

27 June, Cape Breton. PROVIDE COAL TO NSP PLANTS MAY UNDERGO A CHANGE, depending on the future of DEVCO and the Nova Scotia Power Company.

Cape Breton Development Corporation

Earlier this year [see 18 May issue], the federal government announced that its plans to sell DEVCO as an operating concern had fallen through, and it would close the last operating DEVCO mine, the Prince mine, at the end of 2001. According to Tom Fleming, who handles DEVCO’s marketing and customer service (meaning working with NSP, DEVCO’s sole customer), the federal government plans to sell the DEVCO surface operations together as a going concern. This means the International Pier, the unloading facilities, the mining facility, and the railroad (DVR). The underground facilities (the mines, etc) would be sold as is, where is.

Fleming believed that DVR was such an integral part of the surface operations—moving the coal from the pier to the NSP plants via interchange at Sydney Junction—that turning the railroad over to CBNS or another operator did not make sense.

As to the date of the spin-off of the surface operations, Fleming said that was “not decided, though not at the same time as the closure of the Prince mine....By Christmas time we should have a plan.” {ANR&P discussion 27.Jun.2001}

Nova Scotia Power plants

The company’s four power plants in Cape Breton and central Nova Scotia all use coal:


All except Point Aconi use both Prince mine’s high sulfur coal and offshore coal, depending on the burn needed [see 12 March 1999 issue]. Trenton also uses some coal mined in (but delivered to the plant by truck. {ANR&P discussion 29.Jun.2001}

Amount of coal used

As of 31 December 2000, NSP had an agreement to purchase all output of Prince mine, not expected to exceed 1 million tons per year. {Annual Financial Info from www.secinfo.com}. Prince supplies about one-third of NSP’s needs, meaning NSP uses about three million tons per year; the other two million are imported, either over the International Pier in Sydney (to Lingan) or the Martin Marietta pier in Auld’s Cove (Point Tupper and Trenton).

NSP told Nova Scotia users that once the Prince mine coal supply ends, they may have different electric rates because imported coal may cost more [meaning Nova Scotians’ subsidized coal prices will end as the federal government pulls the plug]. {CBC website 28.June.01}

However, NSP spokesperson Margaret Murphy said NSP does see a chance to use Cape Breton coal under other ownership, “not immediately but in the future.”

Provision of railcars

NSP has in the past leased coal cars, to serve Point Tupper and Trenton. CBNS did also, but as head Peter Touesnard wrote: ‘The lease on CBCN’s cars was officially terminated at the end of May and they will be returned to the leasing company after a joint inspection is completed. That fleet was/is old and required lots of work to keep it running, but, out of the 104 cars in the fleet I don't believe the number of cars in service ever dipped below 82 cars.

‘On a go forward basis NSP will supply their own fleet of hoppers. Those cars are on the property now.’ Both CBNS and NSP declined to provide details of how NSP has use of the cars. {e-mail to ANR&P from Touesnard 30.June.01}

NSP has acquired ‘a fair number of new five-bay Ortner 100-ton coal cars with markings in the UNTX 72xxx and UNTX 90xxx series.’ [The UNTX mark belongs to Unitrain. According to the 1995 form 10-K of the Midamerican Energy Company, subsidiary Rail Services provides railcar leasing, management and maintenance services through UNITRAIN, Inc. and Cornhusker Railcar Services Inc.] {e-mail to ANR&P from Mark Rushton 21.June.01}

CBNS’s Murphy called the Cape Breton segment of CBNS “important” for the odd shipment of coal, and to keep flexibility should either Auld’s Cove or the International Pier stop functioning. {ANR&P discussion 29.Jan.01}

The role of Martin Marietta

Martin Marietta Materials’ subsidiary, Martin Marietta Materials Canada, Limited, owns a quarry and a pier in Auld’s Cove, Strait of Canso, with a rail spur. For some years, since DEVCO’s mines ran into trouble and could not produce enough coal for the NSP plants, NSP has landed coal at Martin Marietta’s pier and railed it to power plants in Trenton and Point Tupper [see 12 March 1999 issue].

John Ferguson, the facility’s manager, said his company had a “good working relationship” with NSP, and—contrary to persistent reports—had not asked NSP to unload its coal elsewhere. NSP’s Murphy agreed that while NSP is always re-examining how it receives coal, it had no plans other than the status quo. {ANR&P discussions 28&30.Jun.2001}
HALIFAX
7 June. A STUDY CALLED FOR THE PRIVATE SECTOR TO SAVE THE PORT AUTHORITY. Authors for the study, issued by the Atlantic Institute for Market Studies, based in Halifax, were Brian Lee Crowley, AIMS president, Charles Cirtwill, AIMS co-ordinator of communications, and port analyst James Frost.

"Only the private sector can deliver success to Halifax in the time we have left," said Crowley. The authors took a serious look at the "ten-year window" which has been cited by most port analysts over the past few years — a decade that offered Halifax the opportunity to exponentially increase its port traffic and become an indispensable piece of the global marine puzzle. They concluded that, after ten years of talk, Halifax's ten years are almost up. Halifax's share of the North Atlantic market has stagnated in the past decade and, within a generation, its ranking among world container ports has slipped from 33rd to 90th. {AIMS press release from www.aims.ca}

Port Authority response
Port Authority President David Bellefontaine responded to the criticisms:

Fiscal constraints. AIMS: The constraints on the PA by the Canada Marine Act hobble it. Bellefontaine: Agreed; we want the constraints changed.

CN should invest in the port. AIMS: The inland cost of rail forms the largest part of costs to use Halifax as a hub port. Bellefontaine: Disagree—CN held 50% of Halterm at one point, but sold it. It does not want to invest in port facilities.

Halifax growth due to congestion. AIMS: Only too much traffic at New York and other US ports has permitted Halifax to grow. Bellefontaine: Congestion has played a role. But so has world growth, the low Canadian dollar, and the rail lines to the Midwest. Many services call Halifax and have nothing to do with New York/New Jersey. {Tom Peters in Halifax Herald 12 June 01}

Paul Ruscio, formerly of CSXT (director of product performance for the Northeast region), has assumed the reins of the Fore River Transportation Company (FRTC), successor to QBT.

Ronald Patalano, who had served as general manager at Quonset-Davisville, resigned in early June. RIEDC appointed William Parsons, who is also EDC’s vice president of business development, as the interim manager.

David Bellefontaine will resign as head of the Halifax Port Authority at the end of July, according to a press release from the Authority’s board of directors.

PEOPLE

Brett Rekola moved full-time to his own company, Rekola Engineers & Surveyors as of 1 June from Louis Berger Group. With the disappearance, merger or consolidation of the majority of local railroad engineering firms in the East, RES will serve a market need as a responsive local small business to prime consultants, shortlines, regionals, industrial developers, and agencies. {www.brekola.com}