Twice-monthly trade newsletter dedicated to the preservation and extension of the rail network in New England, the Maritimes,& eastern Québec.

ATLANTIC NORTHEAST

RAILS & PORTS

operating railroads + ports, intermodal facilities, and government environment

Issue 00:12  3 July 2000

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ATLANTIC NORTHEAST PORTS
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PEOPLE, POSITIONS, EVENTS
VTrans rail division, CBNS marketing, Halifax commuter rail committee.

FROM THE PUBLISHER

This issue highlights the Battle for New England (the original title for our book Atlantic Northeast Rail and Marine Transport 1999): the competition among various modes to deliver containers to New England receivers:

- MCER’s effort to get a steamship line to use its intermodal ramp for boxes from the West Coast.

- SLR’s success at getting ZIM and APL to use its ramp from both Vancouver and Halifax, for deliveries to northern New England and possibly southern New England.

- Massport’s work to get Maersk to call Boston, while continuing to use barge service from New York and feeder ship service from Halifax.

- GRS incipient container service to Ayer from Halifax. [See 19 June issue.]

- Quonset Point’s strategy, including building the long-discrimussed container port.

Québec’s Rail Transport and Infrastructure Improvement Program maintained to the highest standard. SLQ expects to benefit from more lightly-built shortlines which may not necessarily be interchanged from the larger railways. These overtax the often about 286K, the increasing use of 286,000 pound freight cars like other shortlines in North America, SLQ is very concerned about 286K, the increasing use of 286,000 pound freight cars interchanged from the larger railways. These overtax the often more lightly-built shortlines which may not necessarily be maintained to the highest standard. SLQ expects to benefit from Québec's Rail Transport and Infrastructure Improvement Program [see 16 May issue] to start on the 286K problems already identified and improve the yard at Richmond to ease interchange strains. [ANR&P coverage of NEARS meeting; Railway Association of Canada bulletin]

28 June, Auburn ME. IMC GLOBAL TRADE ASSOCIATES CELEBRATED ZIM’S USE OF AUBURN as an intermodal ramp, with a luncheon at the posh Martingdale Country Club sponsored by Zim’s agent, Frank Navin of Global. Two speakers:

ZIM America President Shaul Cohen-Mintz
He noted that ZIM now had weekly service to North America from the Far East, the Caribbean, Central America, the Mediterranean, and South America. ZIM, unlike most of its peers, does not participate in alliances. “Our strategy is to penetrate a small market, and grow with the market.”

Using Auburn, ZIM plans to serve the Far East via Vancouver’s Centerm, the Mediterranean via Halifax, and the Caribbean via Halifax.

“We’re looking at serving southern New England from Auburn or New York. It’s a good alternative should something happen to Boston,” said Cohen-Mintz. In an interview afterward, he noted that ZIM uses feeder service to Boston from New York and Halifax now, but finds that “limited and expensive.” [See Ports.]

While most traffic has come inbound, a HUB executive said he had recently reached agreement with ZIM to run 45 boxes outbound. Others said the ZIM ships were currently full.

Other shippers
The SLR continues to run the trial for APL [see 19 June issue] out of Vancouver’s Deltaport: inbound consumer goods, outbound paper. The SLR will run some outbound traffic for Zim to Halifax for the Mediterranean service, said Foley later.

Emons announced an expansion of the ramp
Robert Grossman, head of Emons (SLR’s parent), told the audience of about 100 that “Maine is the best of the four states we operate in.” Anticipating further intermodal growth, the subsidiary Maine Intermodal Transit will build out more space and a rail line, toward the rear of the property, at a cost of about $1 million. Roland Miller, community development director of Auburn, MIT’s landlord, expected completion in November.

Miller also noted that the expansion will reach the roadbed of the former Portland and Rumford Falls, later part of the Maine Central, abandoned 1952. [ANR&P coverage]

REGIONAL ISSUES

SLR - INTERMODAL SERVICE
20 June, York PA. EMONS WILL NOT HURRY TO HIRE a successor to Matt Jacobson. Chief Robert Grossman said the company had reached out to several individuals, many had sent unsolicited resumes, and he also received names from an executive search firm. {ANR&P discussion}

27 June, Auburn ME. SLQ TRAFFIC IS UP ABOUT 10% over the last year CN ran it. SLQ serves a number of feed processors and handles lumber, steel and other commodities for other customers. A new customer, Golden Crops, an organic feed producer, located on the line this month and represents a volume of 75-100 carloads per year. SLQ hopes to increase its already-flourishing interchange traffic with CDAC in Lennoxville as well [see map in Canada].

Current traffic SLR/SLQ
According to Ed Foley, vice-president of marketing for the properties, “the railroad is very focused on paper mills,” especially with the addition of Krueger and Donahue mills on the SLQ. Private on-line warehouses, which primarily serve paper mills, also drive traffic; the railroad has grown from one three years ago (New England Public Warehouse) to five.

Speaking to the North East Association of Rail Shippers semiannual meeting in Brewster Massachusetts on 30 March, Foley described the product mix as 48% forest products, 30% industrial products [much of this is Safe Handling’s transload operations in Auburn], 7% agricultural products, and 13% intermodal.

One industrial shipper, [Gas Supply Resources from Texas to its Auburn transload operation], during the first year of operation [1998-1999] delivered 50% of all Maine propane. It its second year, Foley reported, it will deliver 64%, or about 2,000 carloads.

Intermodal growth
Four years ago, Foley said, SLR looked at moving product via boxcar to ports. “This never worked out because of high rates. But now, with containers, the new ZIM West Coast traffic has proven this possible.” [See below.]

Québec assistance
Like other shortlines in North America, SLQ is very concerned about 286K, the increasing use of 286,000 pound freight cars interchanged from the larger railways. These overtax the often more lightly-built shortlines which may not necessarily be maintained to the highest standard. SLQ expects to benefit from Québec's Rail Transport and Infrastructure Improvement Program

MORE ABOUT ZIM
ZIM is 48.9% owned by the Israel Corporation, 48.6% by the Israel Government, with the balance of the shares are held by small investors. The Ofer Brothers Group are the majority share holders of the Israel Corporation, one of Israel's leading holding companies. {website}

Zim in Hebrew means ships. "But ships shall come from the coast of Kittim..." - Numbers 24-24. (Zim Publicity Unit email to ANR&P 3.July.00)
**NNE PASSENGER RAIL**

21 June, DC. *THE US SENATE FUNDED A STUDY OF HIGH-SPEED RAIL* in the Boston-Burlington corridor. Some $300,000, sought by Vermont’s US Senators Jim Jeffords and Patrick Leahy, will allow state officials in Vermont, New Hampshire and Massachusetts to begin the process of reviewing the feasibility of modern rail service. The funds were included in the Senate-passed version of the Fiscal Year 2001 Transportation Appropriations measure in the Federal Railroad Administration’s Next Generation High Speed Rail account.

Since the House transportation appropriations bill did not contain similar language, the survival of the funding depends on the conference committee, which was meeting as of 30 June. {senators’ press release; Jeff Munger (Jeffords aide) e-mail to ANR&P 30 June.00}

21 June, Montpelier V T. **CLF EXPECTS TO FILE A FULL APPLICATION** for its grant to look at the northern new England rail system [see 19 June issue]. {Mark Sinclair e-mail to ANR&P 21 June.00}

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**CONNECTICUT RRS**

**PW - CONNECTICUT**

7 June, Cromwell. A REVIEW OF PW’S OPERATION THROUGH MIDDLETOWN is in order, as the railroad this day started work on its connection to Hartford. That step follows the 1998 acquisition of the Connecticut Central Railroad (CCCL), which had operated out of Middletown sinceConnDOT had acquired the Conrail trackage there and given operating rights to CCCL.

The Connecticut Central operation

The CCCL acquired the operating rights from Conrail, which sold the cluster of lines emanating from Middletown toConnDOT. In 1987 CCCL obtained an operating agreement fromConnDOT for 30 years.

PW lines out of Middletown

In 1998, PW acquired the Connecticut Central Railroad, which at that point had operating rights onConnDOT-owned lines heading west (spur to Primary Steel), north (as far as Cromwell and a sludge-disposal system), east (spur to Portland’s Stone Container), southeast (spur to Laurel, just short of Pratt-Whitney facility), and southwest (section of track to New Haven).

Middletown-Laurel

PW has the operating rights viaCCCL to milepost 5.0 from the Middletown diamond. The Middletown municipal treatment plant, about half mile south of the diamond, produces two carloads a day of sludge, which PW rails to the Mattabasset District facility.

The switch to Pratt & White lies at milepost 5.5, on the ConnDEP-owned track. PW has trackage rights over this half-mile, inherited from Conrail via CCCL. Pratt & Whitney has not had any traffic since moving some equipment there during a consolidation some years ago.

Middletown spur

This provides access to Primary Steel. In 1998, Primary Steel principal Charlie Pompea was considering building a transload facility. On 28 June 2000, his office said: “We aren’t any further along on it.” Bill Warner, head of the City of Middletown’s Planning Office, said Primary Steel is still seeking US Army Corps of Engineers permits.

Middletown-Cromwell

In 1990 CCCL began the sludge shuttle, moving treated sewage, two cars a day, from the municipal sewage treatment facility to Mattabassett District (a consortium facility serving four towns), where the sludge is dewatered and incinerated.

Cromwell-Hartford

This section of the Connecticut Valley Railroad was bought byConnDOT from Conrail in three pieces [see 27 August 1999 issue]: Cromwell-Rocky Hill 1983, Rocky Hill-Wethersfield 1981, and Wethersfield to Hartford 1989. The last two miles in Hartford, CSO owns as part of the purchase fromConrail of the ‘Connecticut Cluster’ of lines which Railtex completed 21 September 1996.

PW began repair of the track on 7 June 2000, aiming for completion by 1 July 2001. Completion of the restoration of the Wethersfield Secondary to Hartford will provide P&W the opportunity to interchange rail freight traffic with the Connecticut Southern Railroad (CSO). {ANR&P discussions 28-30 June.00 with office of Charlie Pompea of Primary Steel; Russell St.John, PW consultant; Bill Warner; Joe Fazino, chief engineer of Middletown’s water/sewer department; CSO ownership from *Atlantic Northeast Rail and Marine Transport 1999*, Chris Hall and Chop Hardenbergh}

The Valley Railroad (VALE)

The Connecticut Valley Railroad completed its line from Hartford to Old Saybrook in 1871. The New Haven Railroad took over the line in 1887. In 1968 NH abandoned the line from Laurel to Old Saybrook, but three years later the Connecticut Department of Environmental Protection bought the abandoned portion from the Penn Central, and leased it to the Valley Railroad. VALE restored service to the tracks between Essex and Deep River for steam passenger excursion trains. By 1980 it was operating between Old Saybrook and Chester, and in 2000 trains go as far north as State Route 82 just south of Haddam at Goodspeed Landing. {Lost Railroads of New England, Ronald Dale Karr, 2nd edition 1996; ANR&P discussion with Hugh Cox 3 July.00} (www.valleyrr.com)

That leaves only 5.5 miles left of the abandoned section, with the track still in place. Valley Railroad volunteers are now brushing out those 5.5 miles, leapfrogging washouts and other places where even a high-railer cannot run.

Hugh Cox, a member of the board of the railroad, said on 27 June that its leaders would like to re-open the track as far as Laurel, with the idea of connecting to PW there and running...
some freight on VALE’s line. However, he said, the leaders had no target date for reopening, nor any particular customers in mind.

VALE’s operating agreement extends for another 10 years, believed Cox. The initial period ran from 1971 to 1996, and it has three five-year extensions.

The Middletown Chamber Rail Council Cox, who still sits on the Rail Council, said it was still trying to get matching funds to the federal grant [see 4 February issue] to work on service to Old Saybrook. While quiet on that issue, it did support PW’s successful request to ConnDOT for funds to do the Wethersfield Secondary [see 2 May issue]. Brian O’Connor of the Chamber said he might have news about matching funds by August. {ANR&P discussions with Cox and O’Connor 29-30 June 00}

CSXT - CEDAR HILL TRANSFLO

21 June, North Haven. CSX TRANSFLO HAS HIRED A NEW OPERATOR for its facility here. Joe Dugary, Transflo regional business manager, said the new look [see 17 December 1999] and the new operator, Savage Industries, would support PW’s successful request to ConnDOT for funds to do the Wethersfield Secondary [see 2 May issue]. Brian O’Connor of the Chamber said he might have news about matching funds by August. {ANR&P discussions with Cox and O’Connor 29-30 June 00}

The current Transplastics and Quality Carriers operation Transplastics operates the dry bulk traffic (300-400 cars a year) for Transflo, and Quality Carriers operates the liquid bulk (50 cars a year) [see 21 January issue]. Steve St.Jean, QC New Haven manager who operates out of the trucking facility in Branford, said Savage would act as the transfer agent. “Quality Carriers will continue to truck out of there, and I’d just as soon Savage be the transfer agent.” {Dugary e-mail to ANR&P 21 June 00}

FOR THE RECORD:

MAINE

CITIZENS OPPOSE FULL CLEARANCE for a new bridge over Guilford’s Portland-Plaistow line in Kennebunk. A meeting on Summer Street in Kennebunk heard 20 residents united against the higher bridge (22’6” as opposed to the current 17’6”) carrying Summer Street because it would affect their homes.

The meeting was facilitated by Brenda Fountain and Paul Coughlin, Summer Street residents who have been assigned to a Public Advisory Committee to meet 28 June at town hall with MDOT.

Several other means to achieve the clearance were discussed (installing a drawbridge; lowering the railroad bed; lowering the road to track level; re-routing the track; or re-routing Summer Street), MDOT is convinced that Guilford’s request is a legitimate goal. “There doesn’t seem to be any give on the railroad’s end, and the DOT is in no position to fight that now,” DOT design team member Pam Heatherly said last week when asked if merely replacing the bridge at current specifications was an option. “That would be a real change of heart.” {Dave Cummings in York County Coast Star 28 June 00}

MASSACHUSETTS RRs

GRS - AYER DISPUTE

30 June, Boston. UPDATE ON GUILFORD'S DISPUTE WITH THE TOWN OF AYER [see 2 May issue]. Joyce Sedney, attorney for the town in the US District Court action, said briefs on cross-motions for summary judgement must be filed 1 August, with reply briefs on 22 August, and oral argument 12 September. Some factual issues are in dispute, but the judge may find that legal issues, such as federal pre-emption, will dispose of the case.

Another attorney is handling the Massachusetts Land
FOR THE RECORD:
MASSACHUSETTS

MCER OFFICIALS HOPE that the resolution this month of the Port of New York/New Jersey issue over funding of new projects means ocean carriers can now make decisions on how to deliver containers to the Northeast. In particular, ocean carriers can now make a decision to locate a ramp at MCER’s intermodal facility in Palmer. In May, the railroad got within days of making a deal with a carrier. (ANR&P discussion with Paul Crawford 29 June.00)

GU WILL OPEN ITS TRANLOAD in a couple of weeks. Customers are waiting. (ANR&P discussion with Florence Sayres 29 June.00)

PETER PAN BUS LINES OBJECTED TO COMPETITION from the MBTA’s Worcester train service. Owner Peter Picknelli claimed he is losing ridership and millions of dollars. The T charges $4.75 from Worcester to Boston, while Peter Pan charges $12.50. (NERAIL list-serve 23 June.00)

NH RAILROADS

FOR THE RECORD:
NEW HAMPSHIRE

THE OPERATING AGREEMENT FOR LEBANON is still scheduled for approval by the governor and council on 14 July, said NHDOT Rail Administrator Kit Morgan. “We will be preparing a memo of understanding with the city for future development of Westboro Yard.” [See 19 June issue.]

THE CONTRACT TO DO A STATE RAIL PLAN will also go before the 14 July meeting, said Morgan. He expected completion in six months from the chosen consultant, VHB. ********

BIDS TO DO PRELIMINARY ENGINEERING FOR NASHUA were due at NHDOT on 30 June. [See 19 June issue.]

THE EASTERN LINE TASK FORCE AND NORTHERN/M-L LINE STUDY COMMITTEE held organizational meetings on 21 June. Bill Mosher was elected as chair of both. Representatives of the various affected towns and the City of Portsmouth, as well as other organizations, were invited to express views and provide input. Invitees include: Hampton, Seabrook, Portsmouth Chamber of Commerce, NHRA, Guilford, TrainRiders/Northeast, MDOT, NHDOT, New Hampshire Department of Environmental Services, and the director of the Pease Tradeport. Members would also like to hear from engineering people as required for input regarding infrastructure and costs.

The next meetings were scheduled for 11 July. (Mosher e-mail to ANR&P 21 June & 22 July.00; ANR&P discussion with Morgan 30 June.00)

A GAS PIPELINE EASEMENT FOR THE MANCHESTER-LAWRENCE LINE was approved by the governor and council.
on 24 May. AES, which plans a gas-fired 720MW power plant in Derry, wanted a permanent easement of 18,255SF along the line in Londonderry. (Warren Hastings in Manchester Union Leader 23&25.May.00)

RHODE ISLAND RRs

FOR THE RECORD:
RHODE ISLAND
THE US SENATE PASSED ADDITIONAL FRIP FUNDS 16 June in the transportation appropriations bill, S.2720: $10 million. (http://thomas.loc.gov/)

MORE TRAINS WILL RUN TO PROVIDENCE under the $225-million transportation bond bill signed by Massachusetts Governor Paul Cellucci 1 July. Beginning as soon as 10 July, three MBTA trains that formerly ended their trips in Attleboro will continue on to Providence, expanding the number of daily trips between Beantown and the Renaissance City from five to eight.

Trips to T.F.Green airport, south of Providence, will begin once RIDOT completes its $30-million train station there. In exchange for the expanded service, a train layover station will move across the state line from a South Attleboro neighborhood into a Pawtucket industrial zone. That transfer must take place within 30 months. (Marisa Katz in Providence Journal 2.July.00)

VERMONT RAILROADS

FOR THE RECORD:
VERMONT
[See People for VTA appointment; Region for passenger rail.]

THE B&A IS CLOSE TO AGREEMENT with VTrans on the Wells River operating agreement. (Dan Sabin e-mail to ANR&P 30.June.00)

THE MOUNTAIN-VALLEY CORRIDOR CONSORTIUM is setting up its organization structure. Its effort will proceed in parallel with VTrans’ negotiations to set up the handover of the LVRC lease to the consortium. Next meeting 24 July. Katherine Dimitruck of the Northwest Regional Planning Commission has assumed the chair of the Consortium. (ANR&P discussion with Bill Rossmassler of Lamoille County Planning Commission 28.June.00)

MARITIMES/QUÉBEC RRs

B&A/QUÉBEC
30 June, Cowansville. A LOCAL GROUP WOULD LIKE TO RUN FALL FOLIAGE TRAINS OUT OF MONTRÉAL. The local group is led among others by Daniel Morgan, a hardware merchant in Cowansville, though Morgan pointed to Peter Staffney as the leader. (ANR&P discussion with Morgan 29.June.00; Charles Bury 15.June.00)

Dan Sabin, B&A’s CEO, called the foliage train to eastern townships ‘probable.’ (Sabin e-mail to ANR&P 30.June.00)

CN-HALIFAX COMMUTER
30 June. HALIFAX WILL NOT SAVE THE SECOND TRACK to Windsor Junction, according to a source close to the political scene. Despite the advocacy of Councillor Peter Kelly [see People], chair of the Commuter Rail Committee of the Municipal Council, enough of the Council does not want to move that the 1 September deadline posed by CN will likely pass without the municipality buying or leasing the track [see 19 June issue] in order to save it. (ANR&P discussion 30.June.00)

QUÉBEC CENTRAL
24 June, Vallee Jonction. THE FIRST REVENUE RUN FOR FIVE YEARS took place out of this town. The Train Touristique Chaudiere-Appalaches (TTCA) operated between Vallee Jonction and Tring Jonction (www.beaucerail.homepage.com/nouvelle.html). The train stopped at all grade crossings, with signals started manually due to the amount of rust on tracks, and the highway protected by staff.

Gabriel Tessier, B&A’s marketing manager in Québec, reported on the proposed startup, as well as Erick Pelletier, who rode the first revenue train, and other railfans:

More on tourist train
Two round trips per day will operate from Vallee Jonction: one in the morning up to Tring Jonction [where the line to Lac Megantic and interchange with CP began–abandoned in 1987 and 1988], and another in the afternoon, up to East Broughton. Ticket prices range from $23.95 for adults to $10.95 for children between 5 and 11. The trains will operate 5 days a week, excluding Mondays and Tuesdays. The station at Vallee Jonction is renovated as a museum (www.garevalleejonction.homepage.com).

Startup for freight
The freight operation will begin most likely on 17 July, about a month later than earlier planned [see 16 May issue]. Ministere
Transport Québec (MTQ) has insisted that the five grade crossings of Highway 112 (the highway from Vallee Jonction to Sherbrooke which parallels the rail line) must have automatic protection because of the 90 kilometers/hour speed limit.

In addition, QCR experienced delays in receiving two locomotives (they arrived only in the first part of June) and ballast cars (five not received yet).

[In 1998, Giguere hoped to have 3500 to 4000 carloads for his first year of traffic. (Québec City La Soleil cited by Branchline 11.98)]} Reportedly, Giguere’s company, Express Marco, already handles much of the lumber and paper traffic in the area, so that his railroad would compete only with his own trucking company.

Network sections opened
Initially, trains will operate on the Vallee subdivision only, from Sherbrooke (milepost 0.0) to Vallee Jonction (milepost 100.0). QCR plans to extend the operation before the end of this year, up to Diamond on the Vallee subdivision at milepost 131.

QCR also wants to open the Chaudiere subdivision, from Vallee Jonction (milepost 0.0 up to Daquam (milepost 70.0).

Operation
A subcontractor did brush cutting as far as Breakeyville and St-Anselme. Road crossings are still paved east of Vallee Jct but owner Jean-Marc Giguere will probably ask for repairs, as a few customers are waiting on that line.

Giguere wants to operate the entire network, beginning with Sherbrooke - Vallee Jonction in June, Vallee Jonction - St-Anselme - Charny (Joffre) as soon as possible (3 days per week), and Vallee Jonction to Lac-Frontiere at the end of the year. The Lac Frontiere line seem in good shape (for 10 miles per hour operation) except for at least a few hundred feet east of the St-George siding that needs rebuilding.

Initial customers
The first freight will come from the Cascades paper mill in East Angus, about 10 miles from the B&A at Sherbrooke. QCR is relying on the service provided by the Railway Association of Canada to advise them about blocking and bracing inside the cars. Consultant Marcel Cedilotte will do this; he recently helped two B&A customers, Tafisa and Perfecta Plywood, in loading particle board into boxcars.

Tessier anticipates not only outbound paper but also inbound chemical products and scrap paper, for Cascades.

Alumica at Thetford Mines. Outbound calcium aluminate to the continental Midwest and the US South.

Casttech at Thetford Mines. Inbound sand from US Midwest. Information on this potential movement is being developed with the consignee, Castech and the shipper, Unimin.

Romaro at Tring Jonction. Outbound wooden beams to continental Midwest.

Kuene & Nagel at Thetford Mines. Cast iron pallets to continental Midwest.

Containers in the Thetford Mines Area. The information on this traffic is being developed.

Lumber at Scott Jonction, lumber at Daquam. The QCR plans to serve Alexandre Cote at Scott Jonction and Daquam Lumber at Daquam by the end of this year. Presently, these two companies use truck. Pelletier estimated it ‘could generate several cars loads per day but train speed of 10 miles per hour and a distance of 70 miles puts it far away from Vallee Jonction.’

Interchange point
QCR will interchange with the B&A at the east end of B&A’s Sherbrooke freight yard beside the Lac des Nations reservoir just off Belvedere and King streets.

At the beginning, the QCR will bring the cars up to the B&A. According to Tessier, ‘when the traffic builds up and if Cascades requires a daily service,’ QCR may let B&A switch the Cascades plant and interchange at East Angus [for traffic east of East Angus?].

SLQ and the B&A interchange at a diamond in Lennoxville. SLQ and B&A run parallel tracks along the St. Francis River from Lennoxville to Sherbrooke. [Erick Pelletier, Glenn Courtney, Charles Bury e-mails to ANR&P 15-16, 24.June.00; Gabriel Tessier e-mail 23.June]

CBNS
29 June, Stellarton. THE RAILROAD IS WORKING ON CAPE BRETON TRAFFIC. John York, the new manager of business development [see People], said no coal was moving out of Cape Breton. The Nova Scotia Power plants in Port Hawkesbury and Trenton are served by coal via Auld’s Cove in the Strait of Canso.

DEVCO
Oxbow was identified as DEVCO’s potential buyer [see 19 June issue] by York. [CBNS can expect to handle rail traffic for the company or perhaps operate DVR for the new company?]. Closing is still set for late summer. {ANR&P discussion 30.June.00}
Cup winner, who founded Oxbow in 1983 after being ousted from the family business (Koch Industries) by brothers Charles and David. The family feud has led to a series of ongoing lawsuits. {Hoover’s Online}

Possible long-term traffic
York said he had met with officials in Port Hawkesbury about a possible container terminal there, and with Guysborough County officials. The latter is not “too use with any long-term business” which would justify building in a spur to the site.

Management
CBNS continues with an acting general manager [see 21 March issue People], Charlie Moore, who serves as Rail America’s regional vice-president, Atlantic region. He handles CBNS, NECR, and CSO from St.Albans VT.

York believed the company has not yet decided how handle the general manager or the business development positions. He has had to split his time between CBNS, two Rail America short lines in Alberta, and one on Vancouver Island. {ANR&P discussion 29.June.00}

FOR THE RECORD:

NOVA SCOTIA AGREED TO SELL SYSCO on 22 June to Duferco [see 19 June issue]. Duferco made the only “going concern” offer to meet all requirements of the request for proposals, which included submitting a $1.5-million deposit and detailed financial information. Four offers were received for continued operation of the steel plant and 14 offers were received for various components of the assets. All offers received a thorough evaluation by Ernst and Young, and this was presented to the board. The Duferco Steel Nova Scotia Corporation will begin the transition to take over ownership of the Sydney Steel Corporation starting 22 June.

Duferco has offered to purchase the plant for $25.5 million with $10.5 million in cash upon closing and a $15-million performance guarantee. For the next five years, Duferco has committed to operate the plant in Sydney, to maximize production and commensurate employment, and to work to achieve additional production and employment levels. As incentive to uphold this commitment, the performance guarantee will decline by $3 million each year for a five-year period -- as long as the company is meeting the terms.

Duferco’s business plan for the plant includes a potential for three phases. Phase 1 involves the operation of the steel melt shop to produce 750,000 tonnes of steel slab for the Duferco mill in Farrell, PA. The facility will operate on a 20-shift per week basis with a total employment of 215 people, both salaried and hourly employees. Phase 2 contemplates the operation of the blooming/breakdown mill to produce steel plates and an increase in employment of up to 80 positions. Phase 3 could involve the construction of a facility to produce hot briquetted iron, as well as an additional 100 new positions. The construction of this facility will involve an investment of $120 million.

The closing date will occur no later than 31 October 2000. The minister noted that there is still considerable work to be done over the next several months, but he is confident in a successful conclusion. [Good news for CBNS, because the plant will remain in operation for five years at least. However, it will cease rolling rails.] {Nova Scotia press release 22.June.00}

ATLANTIC NORTHEAST PORTS

BOSTON
30 June.  THE PORT IS EXPERIENCING THE HIGHEST LEVEL OF BOXES EVER, according to marking director Frank Sheehan. “It’s growing steadily” in large part due to the expanding economy.

Container line calls
Maersk is still evaluating its plans for Boston, given the end of the Vessel-Sharing Agreement. Sheehan said it has extended its service through the month of July with four calls. For future service, Massport has made a proposal with a quote for rates. Mediterranean Shipping is waiting on Maersk’s decision, Sheehan reported. “They’re very flexible, responding to market conditions.”

Barge growth
Barge service traffic has doubled, per Sheehan (www.massport.com/ports/conle_liner.html). Columbia Coastal Transport (www.columbia-coastal.com) provides the only service; Hale Trans (www.haletrans.com/marine.html) dropped its service some years ago. {ANR&P discussion}

SEARSPORT
21 June.  THE MACK POINT REBUILD IS DELAYED BY DREDGE SPOILS, specifically a spot to dump them. MDOT plans to dump up to 370,000 cubic yards of dredge material offshore have met strong criticism from fishermen. The

FUTURE OF NORTH AMERICAN RAILS
why won’t SYSCO be rolling rails under new owner Duferco? The total north American market for new rails is about 1 million tons per year, although in 1999, consumption dropped to around 800,000 tons due to uncertainties surrounding the breakup of Conrail. Four North American mills produced rail in 1999: SYSCO; Algoma Steel in Sault Ste. Marie, Ontario; Pennsylvania Steel Technologies (PST) (a subsidiary of Bethlehem Steel) in
Steelton, outside Harrisburg, PA; and Rocky Mountain Steel in Pueblo, CO. PST and Rocky Mountain produced the bulk of the tonnage - about 300,000 from PST and just over 400,000 from Rocky Mountain Steel. Algoma's mill can produce both rails and beams, and produced under 50,000 tons of rails in 1999.

SYSCO - the highest-cost of the four mills - produced only a few thousand tons last year before its closure. The balance of consumption was from imports, primarily on the west coast. In December 1999 a new entrant to the rail market was announced. Steel Dynamics Inc. (SDI), a new and very efficient steel producer, announced that it would produce rails (as well as beams) at a new mill it is building in Whitley County, Indiana. The mill will be able to produce in lengths up to 330 feet, making the assembly of continuous-welded rail segments much more efficient than with the 80 foot lengths typically produced today. In addition, Nucor - the largest and most profitable of the so-called mini-mills, but actually now North America's third-largest steel producer, announced that it was studying adding rail production at a new mill to be built in the Midwest.

The new mills claim to be targeting imports for their share of the market, but they will inevitably cannibalize existing producers' markets too. The mills' locations, inland away from ports, makes it hard for them to seek alternative export markets overseas. SYSCO, which in the past has capitalized on its location to export, is estimated to have costs 25% higher per ton than the major international rail exporters, in Korea and the U.K, effectively shutting off that option.

Dedicated rail mills, such as SYSCO, PST and Rocky Mountain, need a minimum throughput of about 400,000 tons per year to break even and avoid periodic shut-downs and layoffs. Dual-purpose mills that, with a change of rolls, can produce either beams or rails, are far more flexible and therefore profitable. The betting in the industry is that if Nucor joins SDI as a new entrant into the market, there could be at least one more rail producer join SYSCO in exiting what will become a very competitive, buyers' market in the next few years. (ANP&R correspondent Chris Hall of Stafford Business Advisors)

one-square-mile dumping site is between Rockland and Vinalhaven and has been used for decades.

It is surrounded by prime lobster habitat, and fishermen worry that contaminated dredge spoils would wreak havoc with the fishery. When fishermen and environmentalists voiced their concerns in a series of public meetings earlier this year, Mack Point project manager Brian Nutter was listening. Nutter confirmed Tuesday that the dumping of dredge material off Rockland would be scaled back dramatically over the life of the project.

Though the DOT had hoped to begin work on the project this summer, the dispute over its dredging plans has shelved it for the time being. “We’ve lost this summer. We know we’re not going to be doing anything out there this year.”

Time means money and the delay over dredging may force a reduction in the project’s scope. Initial plans called for dredging to a depth of 45 feet around each berth. Nutter said port planners are now looking into raising the depth around one or both piers and dumping some of the materials on land.

While shallower berths would reduce the volume of dredging, the savings would likely be offset by the cost to dispose of the spoils on land. The state is working on a plan that would call for dividing the dumping of dredge spoils between the site off Rockland and an upland site, probably at Mack Point. [What about hauling the spoils away in B&A railcars?]

Nutter stressed that while the state still intends to dispose of the entire 371,000 cubic yards of dredge materials, removal would be accomplished over 20 years. He estimated that about one-fifth of that amount would be dredged during the initial phase of the project. Two-thirds of that material would be dumped at sea, the rest on land. {Walter Griffin inBangorDaily News 21June.00}

HALIFAX
21 June, Halifax. CTA ASKED SCOTIA TERMINALS AND CN TO A DISCUSSION of Scotia’s request that CN rail containers out from Scotia Terminal’s Pier 9. According to Bernard Prevost, head of Scotia Terminal, his company filed a 27-page complaint with CTA in October 1999. CN filed a three-page response, which did not answer Scotia’s allegations.

CTA, apparently feeling uneasy about deciding without any response from CN, asked for this discussion. CN sent five people to the discussion, CTA sent some board members. Prevost said the CTA board questioned the CN officials closely, and with some difficulty elicited this information:

Rates not terminal specific
CN charges different ocean carriers different rates, depending on volume and destination. However, the railroad does not charge a different rate for switching to various terminals within Halifax [CN now serves three: Fairview Cove, Halifax International Terminal, and Ocean Terminals.]

If so, the board asked, how could it charge a different rate to Pier 9?

Time to reach Pier 9
CN claimed a train would take two extra hours to get to Pier 9 from Fairview Cove, but admitted that its own train to handle bulk needs only one hour. Furthermore, the bus which drove CTA members for site visit took only one minute to get from Fairview Cover.

Next steps
Under the Canadian Transportation Act, CTA should decide a complaint within 120 days. In this case, Prevost said, CTA has issued various stays, and has an indefinite one in place while it decides the next step after the discussion. {ANR&P discussion
30 June. **HALTERM OFFERED TO GO TO BINDING ARBITRATION** in its dispute with the Halifax Port Authority (HPA). "The sooner this is over the better for everyone concerned," said Halterm Vice President Doug Rose. "Prolonging this dispute is not in the best interest of the port, its customers, our employees, the Province or the Municipality of Halifax." {Halterm press release}

**QUONSET/DAVISVILLE**

30 June. **THE PORT AND COMMERCE PARK WILL UPDATE ITS STRATEGIC PLAN**, a draft of which was produced by Parsons Brinckerhoff December 1997. Spokesperson John Martin said parent Rhode Island Economic Development Corporation decided to integrate the container port with the development of a strategic guiding principles plan for all of Quonset Davissville Port and Commerce Park.

RIEDC decided to do so in light of the fact that the park's Master Plan has remained in draft form for several years, and that several changes have taken place, including the possibility of locating the *USS Saratoga* Carrier and Museum at Quonset, an opportunity that would impact waterfront use as well as traffic.

**Marketing**

RIEDC has also initiated a marketing campaign for the Park, including the site [www.for-sore-eyes.com](http://www.for-sore-eyes.com). Strategic Marketing Director Larson Gunness ([lunness@riedc.com](mailto:lunness@riedc.com)) and his staff entertained site consultants and developers at the Quonset Air Show and the Tall Ships.

**Strategic planner**

RIEDC put out an RFP for a strategic planner to update the Master Plan. Staff will make its recommendation to the Quonset and EDC Boards at their respective July meetings. RIEDC will hire an outside firm to do the work.

**Port feasibility plan**

R.K. Johns' work on the feasibility of a container project remains in draft form [see 21 January issue]. ‘Obviously a container-port feasibility study released in advance of a comprehensive-use plan would be problematic.’

**QPP arbitration**

Martin reported he had not much activity on Quonset Point Partners effort to get some compensation for the enormous effort it put in preparing the container plan rejected in early 1999. {Martin e-mail to ANR&P 28-29 June 00}