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

Operating railroads + ports, intermodal facilities, and government environment

Issue 00:23 1 December 2000

Regional Issues

CTA Review: Regional comments. CTA decides against your editor.

GRS: Upgrading system to 286,000-pound tolerance.

B&A: Reducing locomotive leasing costs.

FTR: How to build an intermodal facility. Info on short lines. Top 101 in Atlantic Canada.

Connecticut

ConnDOT: Only HRRC and PW have yet expended grant money.

CSO: Will maintain Bradley Spur.

Maine

Amtrak: Track crew done 8 December.

Massachusetts


New Hampshire

NHDOT: I-93 rail alternatives won’t stop widening. Rail plan meeting.

NHN: Steel customer in Fryeburg Maine.

Rhode Island

[No report - see Ports for QPD.]

Vermont

VAOT: Update.

Rail Forum: Upper Valley RRs comment.

LVRC: Corridor consortium postpones RFP. Rail Link comments on AOT position.

Maritimes/Québec

CN: Lifts some Halifax track. Will accept commuter rail, but not light rail.

QCR: First interchange with CN!

Atlantic Northeast Ports

Searsport: Mack Point pier work in 2001?

Portsmouth: No cargo, no executive director.

Portland: Roger Hale developing a heavy-lift terminal.

Halifax: CTA decides Scotia Terminals has no standing (good comments in decision). Criticism of port marketing efforts.

QPD: Consultant finds container port feasible. Second consultant hired to do a vision statement.

People, Positions, Events

Andre Meloche, Claire Poulin, Roger Ledoux, Claude Fleury, Wade Elliott.

Ports, ports, ports

This issue captures significant port news. Quonset Point still has its advocates as New England’s port, especially following Boston’s loss of Maersk direct service. Halifax too has its advocates, who want greater efforts to improve its rank among load-center ports. They want support from a revised Canada Transportation Act. However, efforts by Scotia Terminals to operate a third intermodal terminal in Halifax were stymied, at least temporarily, by a CTA decision.

Portland is offering a heavy lift terminal, and Sprague’s terminal will offer a transload facility soon—more on that in the next issue. Portsmouth, meanwhile, remains without cargo and without an executive director.

Up in Searsport, MDOT is getting closer to putting the reconstruction of the B&A pier out to bid. How about calling it the John Melrose, or the Rob Elder, or the Brian Nutter Pier, to honor the efforts of those folks in getting it built?

The First Amendment wins a Pyrrhic victory

In October, ‘the District of Columbia Court of Appeals gave the First Amendment another victory in the case of Guilford Transportation Industries, Inc v. Frank N. Wilner. In Judge Frank E. Schwebel’s elegantly-written opinion...the three-judge panel unanimously upheld Judge Ellen S. Huvelle’s ruling that Wilner’s op-ed article [in The Journal of Commerce] about the railroad company was not defamatory. ...’

“We note that the plaintiffs elected to sue only Wilner,
an individual who might be expected to have limited resources, and they did not include The Journal of Commerce as a defendant,” [Schwelb wrote.] Legal fees of more than $200,000 soon depleted Frank’s life savings.’

Laura Handman, who filed a friend-of-the-court brief on behalf of The Washington Post, CNN, Gannett, The New Republic, and The Reporters’ Committee for Freedom of the Press, said: “The judges remarked that the plaintiffs had many means of which they could voice their response or their views, and they chose instead to seek as redress this form of litigation in particular that was very punishing to Mr. Wilner.” (Clayton Boyce in Traffic World (which he edits) 23.Oct.00)

- Chop Hardenbergh

Next issue: 15 December

REGIONAL ISSUES

REVIEW OF CANADA TRANSPORTATION ACT

While a discussion of the whole process of reviewing the Act lies outside the scope of this newsletter, readers from both the port and rail side will find the comments from three local entities interesting.

I have excerpted the submission of the Greater Halifax Partnership (the port and CN rail points), the Halifax Shipping Association (part and rail points), Forrest Hume (final offer arbitration), and include a summary of the government of the Province of Nova Scotia.

The complete text of all submissions exists on a website at http://www.reviewcta-examenltc.gc.ca/Submissions-Soumissions/

Greater Halifax Partnership

‘One of the underpinnings of the Greater Halifax Partnership from the time it was launched in 1996, was to develop Halifax as transportation gateway. The Partnership still sees transportation as the best single opportunity to re-base the economy of Greater Halifax, the most dynamic economy in Atlantic Canada. Central to this vision was (and is) the Port of Halifax, one of the harbours (not ports) of the world, strategically located beside some of the busiest global shipping lanes. It was our intention that the port would be central to marketing Greater Halifax to the world.

‘We supported the concept of local control of the Port of Halifax, and the commercialization of Halifax International Airport. We saw (and continue to see) the development of the former Shearwater Air Force Base as a multi-modal transportation facility, an opportunity that is unparalleled on the whole eastern seaboard of North America. We saw the potential for Greater Halifax to become a base for just-in-time manufacturing, a concept whereby companies produce goods on demand and ship them directly to the customer, eliminating the need for costly warehousing....

Following the 1996 Booz Allen multi-modal study, the former Halifax-Dartmouth Port Development Commission undertook a “Vision and Action Plan for Container Traffic” in the summer of 1997, in which the Greater Halifax Partnership took part. Background research and workshop facilitation was provided by Booz Allen’s chief rival, Mercer Management Consulting of Boston. (It should be pointed out that these sessions were held in camera, and that the research was not made public).

Mercer painted a bleak picture if Halifax did not get its act together.... The bottom line was that Greater Halifax had to significantly improve its cost and service position to its main inland markets. “Halifax needs to be not just as good, but much superior than New York or Montreal in its service and efficiency, to overcome its absence of a significant local market and its natural cost disadvantages to inland markets.”

Perhaps the issue with the largest upside and downside is the long sought-after gateway concept. It has been a 150-year dream, which has never been fully realized, for whatever reasons. The gateway concept has always been beautifully simple: join the two closest points in either the UK or mainland Europe, with the closest mainland port in North America, and link it to the continent’s major markets by fast, efficient rail service. The well known natural attributes of Halifax [the second largest harbour in the world, ice-free year round, located 15 nautical miles off the Great Circle Route], combined with the quickest transit times to Chicago and the mid-west, have always found many adherents in Halifax, and Nova Scotia, but not enough to actually make the gateway concept fly.

At the turn-of-the-millennium, Halifax’s ambition to become a major North American gateway still remains largely unrealized. Despite our location on the Great Circle Route, astride several major trade lanes, we have never achieved that illusory status, largely because of the distance and expense of accessing our major markets. The challenge at the dawn of this new millennium is how to finally capitalize on our natural advantages and achieve what we have long believed is our birthright. We believe the future holds many opportunities.

The Port of Halifax would appear to be well positioned to take advantage of the most recent trends in container shipping. Its advantages are legendary: the second largest natural harbour in the world, deep water, ice-free and located on the Great Circle Route. Yet, within a generation, it has slipped from the top 30 to 90th in world rankings. Despite recent increases it continues to lose market share to its largest competitors: Montreal, New York and Norfolk.

It could get worse. Montreal will continue to grow, and New York will be dredged. Norfolk, which is most often compared with Greater Halifax from a geographic perspective, is light years ahead of Halifax in terms of preparing for the future. Already, there are rumours of 8,700 TEU vessels being constructed by Maersk Line. Two harbours on the east coast of North America are able to handle the next generation of vessels. One is ready; the other is not. Vessels are one issue.

Increasingly, ports and terminals are being developed by shipping consortia or global terminal operators, neither of which option has really been explored for Nova Scotia, except for the flurry of activity which surrounded the Maersk Sealand superport bid, which, incidentally, received lukewarm support from the federal government because of its potential impact on Montreal, which was not even on the bid list.

Rail. As everyone knows, CN Rail is Halifax’s umbilical cord with the rest of North America. Upon our relationship with this
newly privatized corporation lie our ambitions to achieve gateway status. Historically, Halifax has had a ‘love / hate’ relationship with the railroad. However, recent events have given rise to a new spirit of co-operation. The challenge for all concerned with the present exercise is to convince CN that it is in both their and our best interests to develop a Nova Scotia gateway to North America.

All of the ingredients would appear to be present: the great natural advantages of the Province, plus the opportunity to obtain substantial long haul traffic, which is the goal of every railroad. Clearly, however, improvements must be made to achieve a seamless transfer of cargo from Nova Scotia’s ports to markets in Central Canada and beyond.

If it becomes clear that CN is not committed to developing a Nova Scotia gateway, then the city and Province must be prepared to explore alternatives: is the Halifax-Montreal route a potential candidate for a short-line operator such as Rail America or Iron Road? Could the Port of Halifax better control its destiny through ownership of the main rail line to its markets?

Having said this, the Greater Halifax Partnership is very encouraged by recent initiatives coming out of CN. They have been speaking in very positive terms with respect to the Halifax gateway, and have been urging the port community to develop a strategy for the development of a new state-of-the-art container terminal. In fact, it can be said that they are the lead proponents of the concept, which is a very refreshing development. The Partnership looks forward to working with CN in the future on a number of growth issues.

Commuter Rail. The issue of reviving commuter rail service from outlying suburbs along Bedford Basin as far away as Windsor Junction has been discussed for a number of years, and was an issue in our recent municipal election. Yet, to our knowledge, no comprehensive study of the issue has ever been undertaken. While in reality a local issue, traffic congestion is a problem in all Canadian cities; there may be knowledge and experience which could be shared with Greater Halifax, particularly that gained by the use of light rail transit in the west.

Suggestions to the CTA review process.

• With respect to rail, it is our fervent belief that CN was, is, and will remain, the key to the Port of Halifax’s future growth and prosperity. CN should be encouraged to make the appropriate investments, on a commercial basis of course, to move the Port of Halifax toward the 1 million + TEU threshold, in order to retain the critical mass required to sustain its position as an east coast North American container port, and to reach gateway status. Roadblocks must not be put in CN’s way through government regulations or bureaucratic process. In effect, the guiding principle must be that any developments must make sense commercially and be in the interest of investors.

• The CTA should also examine the appropriateness of establishing a multi-modal Greater Halifax Gateway Authority, which would market the port and airport, much like Massport in Boston and the Port Authority of New York and New Jersey in New York. This would be one effective way of diversifying the monopolistic character of our community’s transportation industry. (submission 20.Nov.00)

Halifax Shipping Association

Background. ...By way of background, the HSA is an organization representing the various ocean carriers, shipping agents, stevedoring companies, terminal operators and other users and service providers involved with the commercial shipping trade at the Port of Halifax. The Association’s thirty-nine member companies encompass all aspects of commercial port activity at Halifax, including general and bulk cargoes, as well as the cruise ship sector. Commercial shipping activity at the Port of Halifax has an economic impact generating 8000 jobs and more than half a billion dollars in income as measured by gross domestic product.

Rail. For much of the Port’s business, and especially for container traffic, Halifax competes with U.S. ports [but] its local market is modest compared with its U.S. competitors. Halifax is therefore vitally dependent on continuing to have an efficient, cost-effective rail service to connect it with its primary markets in Central Canada, and increasingly, the U.S. Midwest....

The HSA is concerned however, that possible future consolidation of the North American rail industry may lead to a situation that could be detrimental to the Port of Halifax, unless its interests are protected. (For example, some industry observers have predicted that at some point we may end up with as few as two transcontinental railroads, supported by a limited number of niche regional railroads.) While the HSA was in support of CN’s unsuccessful bid to merge with the Burlington Northern Santa Fe, it is concerned that a situation might arise where CN could eventually link with a US eastern rail carrier (e.g. Norfolk Southern or CSX) and cause it to diminish its present strong focus on developing business via Halifax.

As the ongoing success of the Port of Halifax and its customers is dependent upon having continued efficient access to a transcontinental rail network, the HSA strongly urges that the CTA Review Panel recommend that the Canadian Transportation Agency be granted all the power and authority necessary to review and apply conditions to, or even disallow any merger that might not be in the national interest. (17.Nov.00)

Forrest Hume, Halifax solicitor: preserve the integrity and efficacy of final offer arbitration.: In the past six years I have filed eleven final offer arbitration submissions on behalf of shippers. Five of these went to full hearings before arbitrators, each of whom selected an offer at the conclusion of the hearing. The remaining six were settled at various stages of the process (one during the hearing itself). In each case, the shipper in question was either completely or substantially captive to the railway, and had no effective recourse other than to resort to final offer arbitration. In each case, the railway’s dominant market power was neutralized by the process, and a fair result was obtained, either by settlement, or by the award of a competent and independent arbitrator.

Despite what you may have heard, the arbitrators that have been selected by shippers and railways to conduct final offer arbitrations have been extraordinarily able and qualified.
Why is it important to maintain the integrity of final offer arbitration? Final offer arbitration is the only effective counter to the exercise of market power by the railways. Without final offer arbitration, a shipper would have no means of curtailing the abuse of a railway’s dominant position.

The best example of the need to maintain a viable final offer arbitration provision is the case of Eagle Forest Products Limited Partnership. This small captive Maritime shipper [now part of Weyerhauser] was forced to fund and endure the following:

- initiate final offer arbitration proceedings in each of three successive years,
- defend a review application challenging an Agency decision,
- initiate a review application clarifying an Agency decision,
- initiate a level of services complaint to force the railway to deliver its traffic,
- defend a civil lawsuit claiming monies owing as a result of “gaps” created when no agreed or arbitrated rate was in place,
- participate in a hearing before the Agency to demonstrate that the railway had misled the Agency,
- argue for the award of costs and the quantum of costs required to be awarded because of the railway’s misbehaviour,
- defend an appeal to the Federal Court of Appeal challenging a decision of the Agency, all to force the railway to honour a reneged commitment to provide a particular level of rates.

The shipper ultimately prevailed, but could never have done so without a strong and viable final offer arbitration provision, coupled with supporting provisions such as level of services and the power of the Agency to conduct a hearing as part of its investigation. {15.Nov.00}

Government of Nova Scotia
Premier John Hamm of the N.S. government appeared in person at the Canada Transportation Act Review Panel hearings in Halifax on 20 November 20th. He pressed several initiatives:

! Reinstitution efforts to establish a national rail network. This would be a protected network presumably with oversight and some support from the federal government. (similar to the national highway network).

! Ensure that VIA capital investment take place in ALL regions of Canada including the Atlantic provinces.

! Railroads be required to give 180 days notice of rail track removal in multiple track situations, and railroads and interested municipal governments be given a further 90 days to reach arrangements for the preservation of the rail track. {e-mail to ANR&P from Transport 2000 Atlantic chief John Pearce}

29 November, St.Leonard NB. THE CTA HAS THE AUTHORITY TO DETERMINE WHETHER A RAILROAD ABANDONED A ‘SPUR’, according to a decision following a complaint by your editor.

Background
CN abandoned a short section of the St.Leonard Spur, between mileposts 0.75 and 0.94 (end of track) in 1999, without prior notice. Under the Canada Transportation Act Act, a railroad is permitted to do so if it is abandoning a ‘yard track, siding, spur or other track auxiliary to a railway line.’ However, CN, post-abandonment, did publish a notice of its action with the CTA.

The application
The spur is the remaining west end of the St.Quentin subdivision, which formerly ran between St.Leonard and Tide Head. I filed an application to determine whether CN had correctly characterized the track section as a spur, because it had once formed a part of a subdivision.

CN responded that the application should be dismissed because the CTA cannot determine the status of the track in the abstract, all railway operations having ceased.

I rejoined that if CTA agreed with CN, then no one could challenge a railroad’s designation of track as a spur: all challenges would be foreclosed because railway operations would have ceased.

The decision
The Agency noted that ‘does not determine what constitutes a yard track, siding, spur or other track auxiliary to a railway line for every portion of track of this type that is discontinued by a railroad company. In fact, section 140 of the Act leaves the discretion of what constitutes a yard track, siding, spur or other track auxiliary to a railway line to the railway company and discontinuance can proceed without notification to the Agency.

‘However, once the Agency is in receipt of an application in which the discretion of the railway company is challenged, it must, pursuant to its legislative mandate, determine as a question of fact whether a portion of track is or is not yard track, siding, spur or other track auxiliary to a railway line. Only such determinations which are made in the abstract could allow the Agency to assess whether or not the railway company was subject to the discontinuance process.’

CTA went on to decide that the portion of track in question did indeed constitute a spur and its discontinuance was not subject to notification before the fact. {Decision 749-R-2000}

Note 1 wish that the CTA Review process would take note of this, and require some notice before any discontinuance, such as the Notice of Exemption procedure used by the STB.

GRS - 286
30 November, system-wide. GUILFORD WILL UPGRADE ITS ENTIRE SYSTEM TO 286, said GRS executive vice-president David Fink. “Last year we had VHB do a system-wide engineering review, and this year we are doing the first part on the Worcester Main.” [See Massachusetts.] “We will do
Mechanicville to Ayer next season,” and keeping working to get the whole railroad up to 286 [meaning capable of taking the 286,000-pound cars, up from the old standard of 263,000] as soon as possible.

Work on the Freight Main from Plaistow to Portland for the coming Amtrak service did not include upgrading the bridges, and some of them will require work in the future, Fink said. \{ANR&P discussion\}

**B&A SYSTEM**

30 November, Alexandria VA. **THE RAILROAD IS REDUCING ITS LOCOMOTIVE LEASING COSTS,** according to Bob Schmidt, president of B&A and its parent Iron Road Railways. The B&A leases locomotives from five or six different lessors. It has successfully lowered its costs in recent months with some lessors because of the soft power market, and remains in negotiations—“sometimes very difficult negotiations,” said Schmidt—with others. \{ANR&P discussion\}

**FOR THE RECORD:**

**REGIONAL**

INTERESTED IN BUILDING AN INTERMODAL FACILITY? Get this report: Potential for Locating Intermodal Facilities on Short Line Railroads, MPC 00-111 (May 00). Produced by the Mountains-Plains Consortium at the Upper Great Plains Transportation Institute at North Dakota State University, it provides ‘an economic engineering model…to estimate start-up and operating costs of an intermodal facility located on a short line railroad. The model developed in this study has many useful features. Costs can be estimated for different equipment configurations and sizes of facilities. Sensitivity analysis provided insight into investment decisions where the proportions of annual operating costs increased at a much lower rate than proportionally larger investment costs. The model provides information for shippers, short line railroads, economic developers, and Class I railroads.’

Author Mark Berwick suggests that short line operators may enhance their traffic base and customer service by partnering with a community, rural manufacturers, and others to add an intermodal facility. \{http://www ugpti org/mpcrept html#Intermodal; Views and News 20 Nov. 00\}

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**DI D YOUR COMPANY MAKE THE TOP 10 IN ATLANTIC CANADA?** As presented in the October issue of Atlantic Progress, the following rail- or port-related companies made the list: McCain Foods (#3), NS Power Holdings (#6), TrentonWorks (#11), Halterm Limited (#51), Saint John Port Authority (#95). Rankings were based on annual revenue, counting only companies with headquarters in Atlantic Canada, but not limiting revenues only to those generated in Atlantic Canada. [So what happened to Irving and the Halifax Port Authority?] \{List created by Corporate Research Associates. pgaudet@cclgroup.ca\}

**CONNECTICUT RRs**

**ConnDOT - GRANTS EXPENDED**

29 November. **AN UPDATE ON THE STATUS OF THE GRANTS TO RAILROADS** [see 14 April issue] was provided by Ray Godcher, ConnDOT rail planner. The railroads have no deadline to spend the money: “We’re holding that money for them.”

Branford Steam Railway. $57,000, or 79% of the cost of installing a new grade crossing on Route 139. [Uncertain status of construction.]

Connecticut Southern. ConnDOT to award $100,000 [see below].

Central New England. “We still have a file grant out” to Central New England, said Godcher. Owner Belliveau asked to have the scope of work modified since ConnDOT took so long to make the grants. Originally the railroad was awarded $100,000, 70% of the cost to install about 2,000 cross ties on Hazzardville Branch (also known as the Armory line) in Broad Brook. Now, Belliveau wants to do a loading dock,

Guilford Rail System. The $185,000 grant was to pay 70% of the cost of installing welded rail on Waterbury branch in Plymouth. However, GRS also wants to revise its scope of work.

Housatonic Railroad. $385,000, 70% of the cost of a transload facility [see 16 May issue] next to its Shepaug Lumber Reload. Construction has begun, and should end this year.

New England Central Railroad. The $91,000 grant was to pay 70% of the cost of bridge rehab at two locations on the Palmer subdivision. However, NECR also wants to revise its work.

Providence & Worcester. $1.3 million for 70% of the Wethersfield line[see 17 November issue]. \{ANR&P discussion\}

**CONNECTICUT SOUTHERN**

1 December. **ConnDOT AND CSO HAVE NEARLY COMPLETED A DEAL ON THE BRADLEY SPUR.** This section runs off the Suffield Industrial track (CSO-owned) toward the Bradley International Airport, and was bought by the state in 1947. The state permitted the New Haven Railroad, and its successors, to operate over the Bradley Spur free of charge up to this year, said Godcher.

At this point, CSO has agreed to do some maintenance on the track in return for the trackage rights, and this agreement is
nearly executed. Once, that is done, ConnDOT will make available a rail improvement grant as it has done for other railroads. For CSO, the amount will come to $100,000, to cover 70% of a project. {ANR&P discussion}

**MAINE RAILROADS**

**AMTRAK - MAINE**

30 November, North Billerica MA. GRScrews will finish work on 8 December, said GRS executive vice-president David Fink. “The crews are now at Rigby, working back” and will reach the end of the rail job in December. Some small pieces were skipped along the whole route, but GRS will put those in during the spring. [See discussion of customer problems generated by track work in New Hampshire - NHN.]

Bridge work will continue. {ANR&P discussion}

**MASSACHUSETTS RR s**

**GRS - MASSACHUSETTS**

15 November, Worcester. Guilford plans improvements on its line to Ayer, the ‘Worcester Main Line’, which begins at Barber, a point in Worcester. GRS executive vice-president David Fink said the improvements, to begin in December, would permit 286,000-pound cars, a increase of 23,000 pounds. [See Regional.]

Bridge problems?

A day earlier, District 1 City Councilor Stephen T. Patton brought neighborhood complaints about the Brooks Street bridge in Worcester, site of a recent grain train derailment, to the City Council. The councilor said he is tired of delays and non-answers from GRS. Patton said a number of his constituents have complained about the bridge in recent years.

According to Edward J. Carrigan, director of engineering for the city Department of Public Works, Guilford Rail System workers have been out recently to inspect the bridge and pronounced it structurally sound. While the bridge may be safe, many people agree that at the very least it doesn't look that way, Patton said. In a number of areas concrete has fallen away from bridge foundation. Guilford “acknowledged that it is unsightly and will do something,” Patton said. {Richard Nangle in Worcester Telegram and Gazette 16 Nov.00}

29 November, Waltham. GRS has effected the abandonment of the Bemis Branch, which the STB permitted on 16 August. A rail observer noted that ‘the Bemis Branch rails have now been cut at the Pine Street grade crossing in Waltham (which is the first crossing on the line, a quarter mile or so south of the junction). Sometime on [28 November] a hundred feet or so of rail was pulled up and the crossing repaved.’ {e-mail to NERAIL list}

**THE ABANDONMENT DECISION**

The railroad (Boston & Maine) filed an application to abandon the 2.11 miles on 28 April [see 2 May issue]. The STB decision noted: ‘B&M states that the line it proposes to abandon is a dead-end branch line with no agency or terminal stations. According to applicant, traffic over the line has declined due to the decision by the major shipper on the line, Americold Logistics Corporation (Americold), to ship its freight by truck rather than by rail. B&M states that, although Americold shipped 192 carloads of food products in 1998 and 105 carloads in 1999, this shipper has decided to close its Watertown facility and convert its real estate into an office park [see 16 May issue].

‘Applicant indicates that a second shipper, Sterritt Lumber Company, also located in Watertown, shipped 17 carloads of lumber products in 1998 and 21 carloads in 1999. During the base year, B&M operated a total of 83 trains over the line on an "as needed" basis via a local train originating at Ayer, MA. B&M states that, because the line is bordered by State Highway 20 and Interstate Highway 90, trucks are readily available to the shippers on the line.

‘During the base year, B&M received revenues attributed to the line totaling $175,540 and incurred costs of $143,583, yielding a base year operating profit of $31,957. However, based on a projected gross revenue of only $27,452, due to the loss of Americold’s business, B&M projects a forecast year operating loss of $22,519.

**Trail conversion**

The City of Waltham asked for, and was granted, a 180-day public use condition, during which Waltham or another party must negotiate purchase of the corridor. {STB Docket No. AB-32 (Sub-No. 89 16 Aug. 00)}

**NH RAILROADS**

**NHDOT - I-93 CORRIDOR**

29 November. No rail option will preclude the need to widen I-93, said Jeff Brillhart, the NHDOT engineer handling the widening project.

**Study of traffic on rail lines**

A study close to completion shows that no mass transit option–bus, rail, or HOV lane–will eliminate the need to widen the highway. Nor will the coming commuter service to Nashua, even if extended to Manchester, draw drivers west to get on the train.

**Study of feasibility of rail lines**

Another consultant has finished the major rail feasibility study, which presents the feasibility and cost of three different rail options: reviving the Manchester-Lawrence line, building rail in the median of I-93, or creating Manchester-Lowell service.
Future need
According to Brillhart, even the expanded I-93 “will not solve all our problems over the long-term.” In the immediate future, New Hampshire should look at bus transport, and over the long term, rail. “We need a more detailed study of the I-93 corridor to see whether building rail in the median would be feasible.”

However, that study will not take place as part of the I-93 widening. “The commissioner and the legislature must decide to do the study” and then find the money to do it.

Right now, Brillhart is planning the highway so that it can accommodate rail in the median should that prove the best way to go. {ANR&P discussion}

21 November, Meredith. ANOTHER MEETING ON THE STATE RAIL PLAN happened at the Lakes Region Planning Commission. The panel consisted of Kit Morgan, NHDOT rail administrator as chair, plus David Wilcock and John Weston of the consultant Vanasse Hangen Brustlin.

The consultants sought public input into this draft plan, said Wilcox. VHB’s focus has been upon the state's rail infrastructure (to include a complete inventory) but with emphasis upon freight potential. The plan, or ‘ready guide’, will also include strategies for restoration of passenger service as well. On infrastructure, the plan will list projects that could be undertaken and funded to improve existing service.

Problem areas
Can the New Hampshire rail infrastructure support the coming of 286,000-pound carloads? Or the projected 317,000-pound carloads? Is New Hampshire double-stack (21’8” clearance) compatible? New England is in especially bad shape to receive such modern-day freight loads, as it has at least 280 clearance problems.

Credit was given to the SLR for upgrading its lines, the only road in the state to do so. As a result it is removing many trucks from the Route 2 corridor.

Consultants are talking with neighboring states and provinces to coordinate their findings. John Weston (VHB): “We are talking with freight operators about which specific projects would enhance their operations the most. We are calculating freight-flow tonnage by waybill totals per line.’

Question from the public
Q: Why did NHDOT so quickly remove the rails from The Northern? A from Morgan: The state did not buy the rail; when the state purchases an abandoned rail right-of-way it often does not. In hindsight, especially along such corridors at The Northern, it might have been better to purchase everything.

Next step
VHB is four months into the six-month study. The fourth and final session will occur in Portsmouth 19 December. A full public hearing will be held in late January, date and location to be announced. All regional planning commissions will receive a draft of the plan for further review, Morgan said. {e-mail to ANR&P from Malcolm Taylor, Northeast News Service}

NHN - STEEL CUSTOMER
30 November, Ossipee. THE RAILROAD IS MOVING STEEL TO FRYEBURG via a transload here. According to a rail observer, NHN started a train out of Dover this morning with five locomotives, 61 hoppers [presumably empty for reloading at Ossipee Sand and Gravel, the sister company of the railroad], 15 LPG tankers, one covered hopper, and two gondolas with the steel. The LPG and plastic will be set out at Tri-City.

The customer
MacFarlane Steel Corporation, located in Fryeburg, receives some of its steel, that coming from southern mills, via rail. Gary McFarlane, a principal, said: “We’ve been doing that for a few years. We move most of our steel in by truck, we fabricate it, and send it throughout New England by truck.”

Picking up the steel from the gondolas in Ossipee works well, because “I have five or six trucks going by the site every day, empty back to Fryeburg.”

Service problems
NHN serves us very well, said MacFarlane, providing a site to transload the product and doing other work. The problem lies with Guilford: “When the steel hits New England, the service goes to hell.”

For example, the gondolas arriving this day originated in Knoxville Tennessee on 13 October. CSXT delivered them to Guilford seven days later. “First Guilford buried the car in Deerfield, then in Lawrence.” It took forty days to move from New York to Dover.

Could MacFarlane use his trucks to transload the steel in New York? No, said MacFarlane, he needs all his trucks back every night, to load up with the next day’s deliveries.

Most of his raw material comes from New York or New Jersey. Recently his company has been buying a lot more.

“We would love to use rail more; NHN and CSXT would love to us to use rail more, as well as our suppliers. The only one not cooperating is Guilford.”

Guilford comment
While Fink declined to comment on this specific case, he underlined the difficulties [see 17 November issue: Maine - Amtrak] generated by the track reconstruction work on the Freight Main, both in Maine and New Hampshire for the Amtrak service, and in the west end. “We’ve done an awful lot of construction, and customers have been patient with us. I’ll be very happy when 8 December comes [see Maine - Amtrak] and we can go back to running trains.” {ANR&P discussions}

VERMONT RAILROADS

RAIL FORUM
30 November, White River Junction. A PUBLIC HEARING ON THE PROPOSED STATE was attended by 44 people from regional planning commissions, railroads, and state and local governments. the meeting was sponsored by the Two
Rivers-Ottauquechee Regional Commission (VT) and Upper Valley / Lake Sunapee Regional Planning Commission (NH) in conjunction with the Vermont Agency of Transportation. Peter Gregory of TRORC served as moderator. Ronald D. O’Blenis, PE, of Parsons Brinkerhoff/Quade and Douglas, the consultant, also attended.

**VAOT**

AOT Rail Division Director Charlie Miller told the forum that the rail division, which consists of just 11 people, plays a pivotal role in Vermont's rail picture because, unlike most states, Vermont owns more than half the tracks within its borders and leases them out to railroads.

Although passenger rail service generates the most public interest, it's actually the freight rail operators that pay most of the bills and make it possible to maintain the tracks that passenger trains piggy back onto for their routes.

Freight activity has been picking up across the state over the past year, especially in White River Junction. "The freight railroads will always be the backbone of this," Miller said. "We couldn't have Amtrak here if we don't have freight to provide all the infrastructure."

**Amtrak**

Vermont’s subsidy to Amtrak is expected to hit $1.5 million this year. Miller wants to get rail passenger service into the town of Manchester by next fall. "Now we are really looking at putting passenger service all the way up the western side of the state," said Miller, noting that such trains haven't run by many of those stations for 60 years. The state is still looking at different scenarios for resuming rail service clear to Montreal, something that observers have long thought critical in terms of making the service profitable in the long run.

[Earlier, Miller said the state is renewing its agreement-in-principal with Guilford about using its line from Mechanicville to Hoosick Junction. The agreement ran out in June. Amtrak and GRS are looking at the necessary improvements to the line. {ANR&P discussion 30.Nov.00}]

**B&A System**

"We're off, we're started, and we are looking forward to growing the business," Northern Vermont Railroad's District Manager Bill Magee told the gathering. "We moved 61 carloads of french fries this month coming out of Presque Isle, Maine, down to Taunton, Massachusetts, for McDonalds and Burger King and others." Magee said that any number of new freight rail customers may be added in the months ahead as businesses see that the Berlin Branch is once again operating and that Northern Vermont is serious about building traffic. "We've got an untapped market here and we are just getting our feet wet," he said.

**Green Mountain Economic Development Commission**

All of this is music to the ears of the Commission, which in recent years has seen at least a half dozen large companies which could potentially have been major area employers locate elsewhere because they did not have adequate access to freight rail in the Upper Valley. Commission Director Jim Saudade wants an intermodal terminal to make rail service work for the Upper Valley.

"We don't really have an intermodal rail terminal of consequence," Saudade said. "We need places to get stuff on and off the trains." [e-mail from Malcolm Taylor of Northeast News Service and Eric Francis in Rutland Herald 1.Dec.00]

**LAMOILLE VALLEY CORRIDOR**

21 November. *THE CORRIDOR CONSORTIUM IS POSTPONING THE RFP* beyond the December date it originally had in mind, said Catherine Dimitruk, chair of the consortium and executive director of the Northwest Regional Planning Commission. The Mountain-Valley Corridor Consortium has the goal of making a recommendation to the governor on how to use the corridor [see 19 June issue]. At a meeting this day [see 3 November issue for previous meeting], it continued to evaluate the study of the corridor condition, and worked on how to issue the RFP.

Dimitruk will write a letter to VAOT, asking it to reiterate its objectivity in the process, in view of the concern that the agency may have already de facto decided on trail use.

The letter will not ask for revised rail costs. Although the agency provided revised trail costs in late October, it did not, as requested, bring revised rail costs to the 21 November meeting. "The agency said it will provide them," she said.

**Next steps**

Dimitruk intends to meet with AOT officials to set forth who needs to be involved in the RFP process, and what resources AOT can offer to help review the proposals. “We will finalize the RFP and get it out the door” as soon as possible. But she declined to provide a date. {ANR&P 30.Nov.00}

**THE POSITION OF RAIL LINK**

Brad Worthen of Vermont Rail Link, which proposes to run trains on the corridor, attended the meeting and found the attitude of VAOT troublesome. He listed these points:

**Removal of grade crossings.** Within the last month, the state has ripped up two crossings in Danville. Worthen questioned this action, saying the study showed one a brand new rubber crossing, and the other a very good non-rubberized crossing.

Charlie Miller, head of the agency’s rail division, said later his crews could not spike the rubber to the ties underneath because the ties were deteriorated. Rather than fix the crossing weekly, he had them removed. “The rail is right there and can be put back.”

**Trail favoritism**  Mique Glitman, deputy VAOT secretary, was interviewed in a 19 November article of the Burlington Free Press about the railroad. The journalist, without quoting sources, wrote this: ‘All indications are that the governor and administration are leaning toward the trail option.’

**Costing of the trail option.** AOT revalued the cost of installing a trail from the study’s figure of $61 million to about $10 million. To reach that figure, AOT’s Sam Lewis took the same $60,000 per mile figure the state spent when it ‘trailed’ the Beebe spur, and plugged it into 96 miles. But, said Worthen, the Beebe spur had no washouts, and had been used more recently. Another
AOT conversion, four miles of former Springfield Terminal [the original] rail to trail cost $200,000 per mile. Using that figure, the trail conversion would cost $20 million.

Taking out the rail. AOT originally had agreed that any trail work would leave the rails in place, as a railbanking effort, and cover them for the trail. This would keep the corridor in rail status, and not let abutters file to reclaim the property. Now, reported Worthen, AOT appears to acquiesce on removing the rails.

Refusal to revise rail costs. Following the 25 October consortium meeting, chair Catherine Dimitruk requested VAOT re-examine the $22 million rail figure prior to the 21 November meeting. VAOT’s Sam Lewis said the agency had not had a chance to get to it. Yet, pointed out Worthen, the agency was able to quickly revise the trail figures.

Why not transfer the lease now? Worthen believes that AOT can move now to transfer the lease to Rail Link, for an interim period, just as it did for the Wells River-White River [see 20 October issue]. “Pete Snyder and I have offered to take the lease for a short period,” but AOT has resisted. “Our attorney has said it will not be a big deal.”

The value of Rail Link’s plan Worthen explained that Rail Link plans the revival of the entire corridor in three phases. To restore the first phase, from Morrisville to Swanton, should cost only $4.8 million. This section offers the most scenic route for excursion trips, as well as 65% of the shipping potential of the line.

Rail Link expects to move 50,000 riders, who will infuse $5 million into the local economy the first full year.

For freight, “we expect in our second year between 2-3,000 cars.” Receivers on the line offer “instant traffic” in aggregate, feed, and fertilizer. “It’s already arriving by rail at St. Albans or Sheldon Junction, and then moving by truck” to the final destination. In many cases, the truck blows the product back into silos along the rail line.

Rail Link has written commitments from more than 20 potential customers to use the line. [For details on the plan, see Rail Link’s website,  www.vtraillink.com.]

Where would the money come from? Worthen acknowledged that some feared putting $4.8 million into the Lamoille Valley would affect other rail projects in the state. Yet Rail Link has approached the offices of the US senators, and both indicated that finding the necessary federal money is a very realistic possibility.

If the state had to provide 20% of the $4.8 million, that would come to about $1 million, or $500,000 over two one-year budget cycles. Worthen noted that the legislature had, in this budget year, appropriated $220,000 budgeted for official abandonment filing and waste disposal. [See 2 May issue.] {ANR&P discussion with Worthen 29.Nov.00}

MARITIMES/QUÉBEC RRs

CN - HALIFAX TRACK

7 November, Halifax. CN INDICATED IT WOULD OPPOSE LIGHT RAIL on a second track through Halifax, during a recent meeting with HRM senior management and Commuter Rail Committee members, because freight runs on the parallel track.

Commuter on single track? However, railroad officials expressed a willingness to consider conventional commuter rail on the remaining single track, and offered to provide a "ballpark" quote if HRM were to indicate the stations and schedule that would be of interest.

In the third week of November, a draft schedule and station list was submitted to CN on behalf of HRM. ‘We are awaiting a reply from CN at this time.’ {e-mail to ANR&P from HRM staff member Marcus Garnet 30.Nov.00}

Some preservation CN agreed to leave the roadbed in place so that at a future date, Halifax could restore double tracks to permit commuter rail operation [see 6 October issue]. City Councillor Peter Kelly, an advocate of rail preservation, won election as the mayor of the Halifax Regional Municipality on 21 October. {CBC website}

26 November, Halifax. CN HAS REMOVED ONE TRACK IN HALIFAX, from a point just west of Tower Road (milepost 1.4) to Southwestern Junction (milepost 4.7). The track removed was called the main track, and the track remaining was called the Halifax Transfer Track.

Now, according to one observer, the remaining track has received the sobriquet HOT-ROCK Connecting Track, as it runs between Halifax Ocean Terminals and the Rockingham Freight Yard. The Bedford Subdivision, which once terminated at 0.0, now begins at Fairview Junction, milepost 5.0. [See map.]

Problems already CN only permits one train on the HOT-ROCK track at a time, even if both are travelling in the same direction. This rule required that on 23 November, VIA Train 15 had to hold for 15 minutes, waiting for a light engine move from the Fairview Roundhouse Yard to the Ocean Terminals. {e-mail to Mark Rushton to Transport 2000 Atlantic 26.Nov.00}

QUEBEC CENTRAL

29 November, Charny PQ. THE FIRST INTERCHANGE WITH CN TOOK PLACE, according to Michel Champoux, operations manager for QCR.

On Monday morning 21 November, locomotive JMG1, driven by Serge Giguere (Jean-Marc’s son) and accompanied by CN’s Martin Thibault, ran over the new track connecting QCR and CN.

On 27 November QCR picked up empties at Charny for delivery to customers, and on 29 November brought them back loaded. “It’s a big breakthrough for us, now we have an
interchange on both ends of the line.” He anticipated very soon QCR would interchange every weekday with CN, but with the B&A System only on demand, meaning about once a week recently.

By the end of December, Champoux related that crossing protection will come into service at all grade crossings from Sherbrooke to Charny.

Expansion to Lac Frontiere
Champoux said once QCR got agreement with CN to connect at Charny, the railroad postponed renovating the track to Lac Frontiere. At this point, QCR is running to mile 7 on the Lac Frontiere branch [see map in 1 September issue].

Growth
Serge Giguere and Jean-Marc Giguere do the marketing. Champoux has now the challenge of operating the railroad. {ANR&P discussion}

The department still has the goal of not losing the next its next assignment is unknown, and it could be here as long as six months. Its presence is expected to mean a small fortune to

The best structure for the port
A legislative committee, authorized by HB 1559, is currently meeting to study the organization and functions of the port authority. After meeting eight times, it issued an interim report on 1 November, as required by the bill. The report expressed concern about the lack of an executive director, and a failure to utilize the facility.

But Kathleen Salisbury, a member of the Authority, said its problems lay in a lack of staff and budget, not in structure. The committee’s final report is due 1 November 2001. {Jerry Miller in Manchester Union Leader 3.Nov.00}

Possible cargo
Recently the state facility has seen little cargo. However, Geno Marconi, the Port Authority manager, is continually working for traffic, and may have an announcement soon. {ANR&P discussion 30.Nov.00}

PORTLAND
29 November. TURNER’S ISLAND RAILROAD IS DOING A DIVERSE BUSINESS. Owner Roger Hale Jr recounted traffic such as 270-ton General Electric generators offloaded from barges and shipped by rail throughout Maine [see 4-6.00 issue of Guilford Xpress], steel brought in by rail for a flat barge for his Fore River Dock and Dredge, and a tugboat stern railed from Megquier and Jones in South Portland to the shore. “We’re installing the stern ourselves” right there, said Hale.

Heavy crane terminal
The generators were lifted by Hale’s 500-ton capacity heavy lift crane, mounted on a barge. The crane permits Hale to offer a heavy crane terminal for Portland Harbor, for movements from ship/barge to rail or vice-versa. Hale also intends to use the crane in salvage operations: “It can lift a 100-foot ship, such as a tugboat or ferry.” The crane is also available for use along the coast of Maine, New Hampshire, and Massachusetts.

The granite movement
Turner’s Island holds another, smaller crane most recently used to lift 20-ton granite blocks off barges for railing to Pawtucket. Hale reported that another company was now moving the blocks directly from Stonington Maine to Rhode Island. “But the business will come back, it always does.”

Maritime crane repairs
Hale’s maritime company, Fore River Dock and Dredge, has a contract to repair a huge crane atop a barge off Turner’s Island. The rig had been stationed in Boston Harbor lifting and moving heavy objects as part of the Big Dig, but now will lay over in Portland for the winter. The crane, with a lift of 250 tons and a reach of 250 feet, is owned by Interbeton of the Netherlands. It travels around the world for large construction projects, though its next assignment is unknown, and it could be here as long as six months.

Its presence is expected to mean a small fortune to
HALIFAX

Note: I include much of the text of this decision not because of the major amount of traffic involved, but because CTA provides wonderful detail about the time and effort involved to serve a third container terminal in Halifax. The CTA also discusses the relationships among terminal operators, rail lines, shipping lines, and cargo owners.

[See map of harbor at Quebec/Maritimes.]

15 November. THE CTA DECIDED SCOTIA TERMINALS COULD NOT COMPLAIN about a lack of service to its facility at Pier 9A, because only shippers or receivers may complain about service. Excerpts from the decision follow:

Background

Scotia Terminals was established in 1998 through a partnership arrangement between I.H. Mathers & Son Ltd. and Sherritt International Corporation (hereinafter Sherritt) for the purposes of establishing a long-term solution for the handling of Sherritt’s imports of nickel sulphide and export of mining material, and the support of other Sherritt activities.

The Port of Halifax invested $5 million in the revitalization of the docks at the Pier 9A terminal and $565,000 to make the rail reconnection with the CN network. Scotia Terminals’ function is to perform bulk cargo handling for the movement of Sherritt’s nickel sulphide traffic at substantially reduced costs, while providing cargo handling services for the shipping lines. Scotia Terminals serves two shipping lines, namely Coral Container Lines (hereinafter Coral Lines) and Melfi Marine Corporation (hereinafter Melfi Marine), which call into the port every two weeks. Scotia Terminals commenced operations at Pier 9A on January 1, 1999, and it received the first vessel delivering nickel sulphide in bulk on January 13, 1999.

Coral Lines and Melfi Marine have signed contracts with Sherritt in which they agree to handle all cargo at the Pier 9A terminal. In these contracts, Scotia Terminals is a contractor in the case of the sulphide to the shipper and a contractor in the case of containers to their shipping lines.

The position of the parties: Scotia

Scotia Terminals states that CN agreed to provide rail service for the transportation of nickel sulphide but has refused to provide service to Pier 9A for container traffic, despite the fact that CN provides all types of rail service to all other piers at the port of Halifax. Scotia Terminals contends that CN neither satisfies its statutory service requirements nor meets its common carrier obligations by selectively providing direct rail service to Pier 9A for nickel sulphide traffic and by refusing to provide the same service for container traffic.

Scotia Terminals submits that CN, as the sole provider of rail service in the area, has the obligation to act in a fair and proper manner to all terminal operators. Scotia Terminals submits that because of CN’s refusal to provide direct rail service at Pier 9A, the shipping lines have been forced to shift their vessels from Pier 9A to another terminal (at Halterm Limited’s container terminal) to undertake the container operations. Scotia Terminals’ inability to fully service these two shipping lines has resulted in a significant loss of revenue and a substantial increase in operating costs. The cost of vessel shifting endured by the two shipping lines for 1999 amounts to over $100,000. In addition, Scotia Terminals stresses that the total lost revenues resulting from CN’s refusal to provide direct service to Pier 9A for container traffic amount to $970,000 for the year 1999. Scotia Terminals indicates that, in certain cases, it has been forced to truck its container traffic two miles to Halterm Limited’s container terminal. This has cost Scotia Terminals considerable expense since it began operating in January 1999.

Scotia Terminals submits that CN classifies it as a new customer in order to impose additional charges for container traffic. CN submitted that it will experience additional expense by providing direct rail service to Pier 9A, which must be recaptured. Scotia Terminals contends, however, that in the provision of direct rail service for nickel sulphide, CN performs the same service under the same terms and conditions from the Pier 9A terminal as when the cargo moved from Scotia Terminals’ previous location at Pier 22. Scotia Terminals emphasizes that the fact that CN has proceeded with the rail transportation of nickel sulphide at Pier 9A shows that it is capable of providing similar direct service for container traffic at the same pier. Scotia Terminals stressed that adding restrictive conditions and exorbitant costs is similar to refusing service.

One of the main reasons for transferring the operations from Pier 22 to Pier 9A was the fact that the area would allow all cargo to be handled at one location, without having to shift the vessels to another terminal to handle containers, as was the case at Pier 22. There were no containers handled at Pier 22 because the facility was not suitable to accommodate container traffic. Scotia Terminals submits that, as CN had always provided full service to Pier 9 in the past, it did not anticipate the position of CN that no container service would be provided to Pier 9A.

Scotia Terminals indicates that the container traffic belongs to the container lines, which have the alternative of tendering it to one terminal or another, based upon their determination of the best commercial option. The refusal by CN to provide service to Scotia Terminals is simply intended to prevent market forces from operating. Scotia Terminals stresses that the import of nickel sulphide is directly compromised by its inability to secure the diversity of cargo, due to the lack of secure rail service needed to offset the fixed costs associated with the nickel sulphide operations. Scotia Terminals also indicates that the refusal by CN to provide direct rail service for container traffic at equal cost places Pier 9A at a distinct cost and service disadvantage when compared to every other container terminal at the port of Halifax, which is placing Scotia Terminals in severe financial stress.

Scotia Terminals adds that the profitability of long-haul freight rates derives largely from the longer line-haul movement of the containers to destination. Accordingly, traffic originating costs in the port of Halifax should be of significantly lesser importance in the determination of the applicable freight rate. Scotia Terminals contends that for this reason, CN absorbs the costs of direct service for each of the other terminal operators at the port of Halifax, but not for Scotia Terminals. According to Scotia Terminals, the selection of a
terminal operator is based on criteria such as costs and service; without the availability of a direct rail service, a terminal is essentially a non-entity because it would never be considered by the shipping lines or the cargo owners as a viable option.

**Position of CN**

CN submits that it has not refused to provide service to Scotia Terminals at Pier 9A. CN emphasizes that since the first shipments of nickel sulphide, which were tendered to CN for transportation in early 1999, there has been no official requests from shippers regarding additional traffic to be potentially offered at Pier 9A. Scotia Terminals is a ship terminal operator and, accordingly, it does not enter into a shipper-carrier relationship with CN. Scotia Terminals indicates that it is dealing with the container traffic of three customers; these three entities (Melfi Marine, Coral Lines and Sherritt) are CN customers bound by contractual arrangements, and their traffic is presently being handled via other ocean terminals in Halifax.

CN further submits that Scotia Terminals is not a *bona fide* shipper who either ships or receives traffic, but rather a ship terminal operator whose principals are the shipping lines themselves. According to CN, Scotia Terminals has never tendered any traffic to CN, has never issued a bill of lading in its own name, and has never paid freight charges in connection with rail transportation. On each occasion that traffic was tendered to CN at Pier 9A for furtherance by rail, CN states that it did honour its common carrier obligations vis-a-vis its true customers, without any consequent complaint being filed. Scotia Terminals cannot point to a single instance where traffic remained unattended and CN defaulted on its obligations. At all times CN has honoured its statutory obligations and provided suitable and adequate accommodation for the traffic which was tendered either at Pier 9A or at other terminals at the port of Halifax. Should in the future Scotia Terminals, for and on behalf of any of its customers, tender container traffic to CN for furtherance by rail, then and only then would there be evidence that CN is or is not honouring its level of service obligations.

CN indicates that the development of an additional container terminal at Pier 9A would not lend itself to the most economic and efficient operation compared to other existing facilities because of the additional transfer operations these activities would necessitate. CN insists that there is quite a difference in the operating characteristics of this potential container terminal, as compared to Halterm Limited's container terminal or the Fairview Cove Container Terminal operated by Cerescorp Company.

The operational difficulties at Pier 9A are related to the absence of support trackage required for switching manoeuvres. As a result, CN indicates that for comparison purposes, a typical movement takes about an hour at Cerescorp Company's terminal, about 45 minutes at Halterm Limited's terminal, and a minimum of two hours at Scotia Terminals' Pier 9A terminal. CN stresses that if customers currently using Scotia Terminals' facility at Pier 9A request additional services, CN would be willing to provide these services at terms and conditions that would normally be discussed with the shippers involved.

CN submits that inasmuch as it has not breached its level of service obligations prescribed in section 113 of the CTA, consideration of subsection 27(2) of the CTA becomes totally irrelevant. Alternatively, CN submits that the evidence submitted by Scotia Terminals in this regard is misleading and inappropriate as it is not associated with traffic which was ever tendered to CN at Pier 9A, but rather was given routinely by the shipping lines to CN at another terminal. The fact that Scotia Terminals was unsuccessful in attracting this business cannot be held against CN. CN contends that the difficulty with Scotia Terminals' reasoning is that it considers third party's traffic over which it has no control as its own....

**CTA findings on terminal operators**

With respect to the selection of the terminal operator, it is either the shipping line or the owner of the cargo who determines which terminal operator is going to be used to transload the cargo; the shipping lines or the cargo owners will negotiate directly with the terminal operators at a given port seeking the most competitive terms and conditions. In the case of the traffic moving on the account of Sherritt, Sherritt is responsible for the cost associated with the discharge of the cargo and, consequently, it determines where the traffic will be handled. In the case of containers where the shipping line is essentially the principal, the shipping line would determine which terminal operator will be used for the transloading of the cargo.

An examination of the evidence and information provided by the parties demonstrates clearly that it is the shipping line or the cargo owner, depending mainly on the type of traffic involved, that determines the routing of the traffic and negotiates contracts separately with the rail carrier and the terminal operator involved. As a result, the relationship between the rail carrier and the terminal operator is mainly for operational purposes. CN indicated that there is no formal agreement between CN and terminal operators, but rather a letter of understanding concerning the operational requirements. Scotia Terminals confirmed that the relationship between a rail carrier and a marine terminal operator is that of a cooperative effort, the goals of both of those service providers being to meet the needs of the client.

**Agency conclusions**

For example, in the case of the nickel sulphide traffic, Scotia Terminals is the contractor hired by Sherritt, the owner of the cargo, to provide marine terminal services in Halifax, which includes the unloading of the nickel sulphide from the importing vessel, storing and sorting of the cargo and reloading it into rail cars for shipment to Western Canada. CN is also the contractor hired by Sherritt to provide rail service from the port of Halifax to Fort Saskatchewan, Alberta.

Conversely to bulk shipments such as the nickel sulphide traffic where, typically, the cargo owners would negotiate directly with the rail carriers and not with the shipping lines, container traffic is handled on the basis of a contract between the rail carrier and the container line which is carrying the cargo for hundreds of shippers distributed in different containers.

Furthermore, the evidence adduced reveals that Scotia Terminals does not enter into contractual arrangements with CN for rail transportation service and it does not exercise any degree of control over the routing of that traffic. Scotia Terminals admitted that the decision to divert the container traffic from Pier 9A to Halterm Limited's container terminal was a decision made by the shipping line.

Having determined that Scotia Terminals does not exercise any degree of control over the routing of the traffic, the Agency must conclude that the present complaint is not well founded.
Only the parties who do control the routing of the traffic, either the shipping lines or the cargo owners, depending on the type of traffic, and who do enter into contractual arrangements with CN for the rail transportation of the traffic may legitimately request the Agency to undertake an investigation of the service offered by CN at Pier 9A. In that context, the Agency has determined that it would be inappropriate to investigate further the issues raised in the complaint of Scotia Terminals.

The Agency would like to stress, however, that should a complaint be filed by the proper parties, the Agency would be receptive to reconsider the issues underlying the present complaint and to make a determination on whether or not CN has failed to fulfill its common carrier obligations to provide adequate service at Pier 9A at the port of Halifax. (Decision No. 715-R-2000 15.Nov.00)

Next step for Scotia Terminals

Bernard Prevost, an official at Scotia Terminals, acknowledged that CTA had good grounds for its decision. “Why did the agency take 13 months?” CN argued that jurisdictional point “on day one, and we did not contest it.”

Scotia looked at an appeal to the Federal Court, but “that would take a year, at least. We’ll take a try at having a shipper take up the cause first,” as the CTA invited.

Prevost argued that CN would try to dissuade use of Scotia by charging more for containers: “Then the other terminals with cheaper rates will get the service.” However, he believed that CN lost the argument about differential tariffs within Halifax, when the railroad admitted during the hearing in June that it charged no other terminal a higher rate. “So it has no right to charge us more.”

Best: find a shipper with a rate to Halterm and Ceres, and ask CN for service to Pier 9A. Prevost admitted that Pier 9A had a more difficult track configuration than Halterm, where CN can push a train in, unload it, and sail away. “But we’re no more difficult than any other pier which gets rail service. Pier 30-31 [just adjacent to Halterm–see map in Quebec/Maritimes] get regular container service, while 26, 27, and 28 [just to the north of Pier 30-31 and only a bit farther from the Halterm yard than Pier 9A is from the Ceres yard] get irregular container service.”

With other irons in the fire, Scotia is postponing a direct examination of this issue until the new year, Prevost said. (ANR&P discussion 28.Nov.00)

27 November. IS THE PORT MARKETING ITSELF? James Frost of Marinova Consulting argued that the port had to increase its cargo volume to over a million TEUs to remain competitive with Montreal and Norfolk. “Consultants who have looked at the [port are worried]...that we are in danger of losing our lines which we need in order to....remain competitive in the North Atlantic....It’s a matter of putting a plan in place and pursuing it. He noted CN President Paul Tellier had challenged the port to “get your act together” to develop a plan, and CN would be a partner. “To my knowledge, that has not happened.”

But volumes are growing

Frost acknowledged that the port will pass the half-million TEU level this year [see 17 November issue], yet it has missed opportunities to increase container business. “I don’t think [the

Authority] have been aggressive as they might be, and I don’t think they have capitalized on the momentum that Maersk/Sea-Land created.

HPA response

HPA President David Bellefontaine agreed that “ports have to continue increasing the traffic volume, and that’s what we are doing....We have been out there hustling our buns. I just got back from Asia and called on a number of accounts. Halifax is on the radar screen of these world-class shipping lines. “They know an awful lot about the Port of Halifax. The Maersk/Sea-Land thing really raised the profile of the port.”

Wade Elliott, port development consultant to the provincial government, said: “We recognize it will take a team effort and we have been talking to the port authority and Canadian National about how to put our best foot forward.”

Rank has dropped

Frost pointed out, however, that the port’s rank, based on volume, has dropped from 33rd in 1980 to 90th in 1999. “In 1989, Halifax was within 50,000 TEUs of its arch-rival, Montreal, and in 2000 we are probably going to handle about half as much traffic as Montreal.

“And if we go back that far, we handled about 100,000 more TEUs than Vancouver, and last year Vancouver went over [a] million.

“Granted, it’s more complicated than that. There were structural changes within the industry in the late 80s and early 90s which adversely affected Halifax, but not Montreal, but basically we are where we were in ‘89-’90.” (Tom Peters in Halifax Herald 28.Nov.00)

[See comments about the port in Region - CTA review.]

QUONSET POINT/DAVISVILLE

31 July. CONSULTANT R.K.JOHNS ISSUED ITS FINAL FEASIBILITY STUDY FOR QPD. In September 1999, RIEDC asked its consultant, R.K.Johns, to look at the feasibility of establishing a container port and container terminal at QPD. Despite a comment that releasing the final report in advance of a completion of the masterplan “would be problematic,” RIEDC did release the report, on 31 July. Herewith the virtually complete text of the conclusions section of the executive summary:

Conclusions

In this Report, there will be found the necessary factual data and information to support the following conclusions:

1. RI Jobs and Tax Revenues - There are a significant number of new jobs as well as tax revenues to be generated from such an operation that will also open a major new window of opportunity for Rhode Island into the burgeoning world of international commerce.

2. Prospective Operators - Global and regional terminal operators can confidently be expected to (a) compete for the concession to operate this terminal and (b) participate in its planning, construction and financing.
3. Cargo Growth - America’s containerized commerce has grown at a rate of about 5% over the past two decades, notwithstanding several recessions and other downturns that have sporadically impacted the global economy during that period. Ports on the East and the West Coasts of the United States have benefitted greatly by this steadily expanding trade growth. It has continually exceeded the overall rate of U.S Gross National Product growth.

[See, for example, the plaint about Halifax growth in Ports.]

4. Cargo Market Projections - It is the clear consensus of government and private forecasters, as well as both cargo owners and carriers, that North America’s ports can anticipate further robust trade growth in the balance of this decade at a rate not less than 5% per annum. Indeed, many anticipate at least 8% and a few predict periods of 10% - 12% growth in this time frame.

5. North Atlantic Ports - While container ports along the East Coast, ranging from Norfolk to Halifax, have seen cargo volumes and revenues expand dramatically, there has been a general lack of new facilities, modernization, and systems development in recent years. Except for Halifax, there is relatively little on the drawing boards for the immediate future either. With steady cargo growth assured, existing container ports, terminals and intermodal service companies are already seeing increased congestion, lower productivity/efficiency, higher costs and dissatisfied customers.

6. Quonset’s Attributes and Location - Quonset has both the necessary berth area and backup land to efficiently accommodate QUONSETPORT, a modern ocean and intermodal terminal facility, without disrupting its existing tenants or planned operations. Further, there are excellent rail and road facilities in place with major improvements already underway. Additionally, the main shipping lanes used by containersons in the Asian, North European, and Mediterranean trades, sailing to/from the Port of New York, lie just to the south of Narragansett Bay. This critical geographic advantage, when coupled with Rhode Island’s existing deep water channel running from Conanicut Island past the Bay’s Entrance Buoy to those shipping lanes, provide substantial competitive advantages for QUONSET PORT.

7. Containership Requirements - Containership operators are continuing to build larger, deeper draft vessels, both to accommodate ever-rising cargo volumes and to meet the need for lower operating costs. The Port of New York & New Jersey, among others, is not able to accommodate the new generation of vessels because of inadequate water depth, nor will it be able to do so for at least a decade because of extraordinarily costly and complex dredging requirements. By contrast at QUONSET PORT, the magnitude of channel dredging needed to meet shipping industry requirements and the related costs are of a far lesser magnitude and can be accomplished over the next several years.

8. QUONSET PORT’S Productivity – QUONSET PORT will be a new facility situated at a former U.S. Navy Base. It can therefore be developed as a compact, highly efficient terminal, considerably more advanced and productive that any others in North America although generally in line with the newest facilities in Europe and Asia. This, coupled with a new, supportive labor force and a positive, cooperative attitude in Rhode Island, will allow the operation of QUONSET PORT with substantial operating cost and productivity advantages.

9. QUONSET PORT’S Markets – QUONSET PORT, with its geographic, cost, service and productivity advantages, will be able to efficiently serve the Rhode Island and New England containerized cargo markets, as well as provide a vital, seamless rail artery into the Midwestern and Canadian areas. Combining high quality rail and truck services, QUONSET PORT can also competitively serve the greater New York regional market. It will not supplant New York and other Ports but rather provide (a) a needed new outlet for rapidly rising cargo volumes and (b) a competitive alternative for containerization operators and containerized cargo routings to the otherwise crowded, aging and inefficient terminals and intermodal facilities at existing ports.

Recommendations
QUONSET PORT would occupy about 170 acres adjoining the existing State Airport facility and be operated in harmony with its neighboring Quonset tenants and the surrounding communities. It will, to a considerable degree, serve as an intermodal container transfer facility at which vessels and cargoes are expeditedly received, handled and dispatched. Few containers will remain at QUONSET PORT more than a few days, and relatively little land has been designated for parking and storage, quite unlike the situation at most other North American terminals. This would create opportunities in other areas of the Quonset Davisville Port and Commerce Park, as well as in surrounding State and Regional environs, for the establishment of:

- distribution and logistics services centers;
- cargo consolidation operations;
- maintenance and repair facilities;
- sales/customer service offices; and
- a host of other commercial businesses needed to support a high productivity transportation complex like QUONSET PORT.

QUONSET PORT will also enhance efforts to grow the current marine terminal operations at Davisville. With those opportunities come additional sources for private investment, new jobs and increasing tax revenues for the State and local communities. QUONSET PORT will be the most modern container port in North America with a high degree of automation and productivity coupled with effective and responsible use of available land.

Through:
- limiting chassis, trailer and truck operations within the facility;
- a focus on double stack intermodal railroad transportation; and
- efficiently utilizing its land side resources through an optimal footprint.

QUONSET PORT would minimize, if not entirely avoid, the kinds of environmental and quality of life issues (including air, noise and light pollution) often associated with older, largely inefficient transportation facilities....We therefore recommend
that steps be taken to commence a formal EIS process that will more finitely determine this project’s feasibility. We recommend that consideration be given to the formation of a governmental entity with adequate resources to take the lead for the State of Rhode Island and its Economic Development Corporation in the development of QUONSET PORT.

A CONSULTANT WAS HIRED TO CREATE A VISION STATEMENT FOR THE PORT. The Quonset Davisville Management Corporation (QDMC) and the Rhode Island Economic Development Corporation (RIEDC) have engaged Rackemann Strategic Consulting, Inc. (RSC) and Environmental Service Professionals (ESP) to assist them in developing a Vision Statement and Strategic Guiding Principles for the Quonset Davisville Port and Commerce Park. The Vision and Principles will provide a framework for updating the Master Plan and developing a long-term Implementation Plan for the facilities at the Park.

To provide background information for the Strategic Guiding Principles, the QDMC and RIEDC Boards of Directors asked the RSC/ESP Team to interview representative public and private parties interested in Quonset Davisville. Much relevant information was elicited in the earlier Stakeholder Process, the results of which have been reviewed by the Team. Even so, interviews with interested parties can add flesh to the bones of the written results and allow the Team to understand the foundation of the positions expressed in the Stakeholder Process. {announcement by e-mail from RSC/ESP}