Atlantic Rail Watch
operating railroads + their intermodal facilities, ports, and government environment

REGIONAL ISSUES

[No report.]

CONNECTICUT

[No report.]

MAINE

Amtrak: Spike driving. No 79mph if 132# rail.
B&A: Packer for Presque Isle due end March.
FTR: $21 million for Calais branch? BTIP and Six Year Plan due in February.

MASSACHUSETTS

CSXT: Traffic on the main line.

NEW HAMPSHIRE

Legislature: Bills coming, capital budget.
CSRR: Bartlett tax issue settled, possible new tax bill.
GRS: Claremont customers. TSRD, NHVT sale.
FTR: Rail Council update.

RHODE ISLAND

[No report.]

VERMONT

GRS: Wells River and Hoosick access in one deal?
FTR: WACR problems. No LVRC decision yet.

MARITIMES/QUÉBEC

MTQ: Refundable tax credit.
SCFQ: Agreement on Gulf Railway. Offer to purchase Cogema rail ferry.
SLQ: More data, doublestack open.

PORTS


Strait of Canso: User fees for Canso Canal.
Bayside NB: Local port user group buys facility.

FROM THE PUBLISHER

Announcement!
As you see in the flyer attached, we have completed Atlantic Northeast Rail and Marine Transport Review 1999. A year in the making, this 300+ page review analyzes the transportation situation, plus provides up to date information on all railroads, intermodal facilities, ports, and terminals in the region. When you want an overview of what’s going on, plus a dedicated database, turn to your copy of Transport Review.

Those who ordered early reap the reward of a $50 price reduction, and their Reviews are going in the mail. Those who want one, send in the coupon to look at it. We’ll refund your money if you are dissatisfied.

- Chop Hardenbergh
Next issue: 5 February.


MAINE RAILROADS

AMTRAK

11 January, South Portland. DIGNITARIES DROVE SYMBOLIC SPIKES to signify the start of construction on the Portland-Plaistow rebuild. Governor, Angus King, and several others, including Amtrak Acting Northeast Corridor President Stan Bagley and Guilford Rail System’s Executive Vice-president David Fink, gathered on the rear platform of a special train parked in Rigby Yard in Portsmouth to deliver short speeches, and drive gold-painted steel spikes. As trackmen, they could have used some practice, but they got the job done.

GRS’s Fink said he looked “forward to working with Stan Bagley and Vic Salemme,” who will be Amtrak’s point man for the project. {Leo King coverage in NERAIL e-mail list}
21 January, Philadelphia. **IF THE STB RULES FOR 132-POUND RAIL, AMTRAK WILL RUN AT 60 MILES PER HOUR**, said spokesperson Rick Remington. Section one of the agreement signed in December states that ‘Amtrak shall apply to the STB for an order permitting Amtrak to operate at the speeds [of 79 miles per hour] and asking the STB to resolve [the weight of rail issue].’ Section two states that if ‘the STB issues an order permitting Amtrak to operate at the speeds [of 79 miles per hour], the Rehabilitation Agreement will thereupon be amended [to add the elements necessary for Class IV operation].’

Remington explained that while the application to the STB [see 18 December issue] does not explicitly ask for an order permitting Class IV (speeds up to 79 miles per hour) operation, the applicant is not required to spell out specific relief sought in the initial application. “We can do so in our opening brief, or even in our reply brief.”

The STB could rule that Class IV operation required the 132-pound rail. Since using that weight of rail will require $7 million or so in addition to the other rehabilitation necessary, NNEPRA and Amtrak have agreed that Amtrak service would only go 60 miles per hour (Class III operation).

**What status at the STB?**

Remington said Amtrak is still waiting to hear from the Board about its application, and expects to hear very shortly. {ARW discussion}

**BANGOR & AROOSTOOK SYSTEM**

19 January, Presque Isle. **THE PACKER FOR THE INTERMODAL TERMINAL MAY ARRIVE** by the end of March [see 18 December issue]. Larry Clark, executive director of the Presque Isle Industrial Council, said board members had chosen a Mi-Jack reach-stacker, model RS-50. It will arrive 45-60 days after he places the order, and he will place the order as soon as MDOT sends him a letter confirming that it will reimburse the Council for the packer.

MDOT agreed to pay one million dollars of the cost of the terminal from the proceeds of a state bond fund passed by Maine voters in 1995 [see 11 November 1995 issue], and the purchase price of the packer [these machines run over half a million dollars] will come out of that. PIIC has the option of getting maintenance on the machine from Lindsco, a company in Brewer ME.

**Construction of the permanent facility**

Clark said that during a meeting with the consultants on 11 January, participants agreed to submit the revised plan to the Maine Department of Environmental Protection. “Depending on how quickly DEP can turn it around,” the Council hopes to put the construction out to bid by the end of January, with responses due by 10 March. During the first week in April, the Council would agree on a contractor and issue a notice to proceed. After construction lasting four to six months, the new terminal would open.

**Dan Ross USA**

In response to a question, Clark affirmed that the trucking company Dan Ross USA, a subsidiary of McCain Foods, is moving its headquarters to the Skyway Industrial Park. Expansion of the McCain plant in Easton [see 27 August 1998 issue] used space formerly occupied by the headquarters. {ARW discussion}

**FOR THE RECORD:**

**MAINE**

MDOT RECOMMENDATION ON THE CALAIS BRANCH. On 12 January Commissioner John Melrose met in Augusta with members of the Calais Branch Commission [see 18 December 1998 issue] and legislators, to present a copy of the Commission report. {ARW discussion with Rob Elder} Melrose has recommended to Governor King $21 million for Phase I of the project, which would rehabilitate the line from Brewer to Ellsworth and Cherryfield. This would come from a bond issue. {Ellsworth American 21.Jan.99}

EXPACT TWO MDOT TRANSPORTATION PLANS IN FEBRUARY. The Six-Year Plan [see 5 November 1998 issue] should emerge early in the month, according to the head of the planning division, Carl Croce. The Biennial Transportation Improvement Plan (BTIP) will come out in late February. {ARW discussion}

**MASSACHUSETTS RRs**

**CSXT MAIN LINE**

21 January. **WHAT KIND OF TRAFFIC WILL CSXT INHERIT ON THE BOSTON-ALBANY LINE?** According to an announcement this day, NS and CSXT will take over direct operation of Conrail on 1 June, two months later than estimated. According to the Atlantic Northeast Rail and Marine Transport Review 1999, steel wheel carloadings (including bridged traffic) consist of:

[See corrected table in 99#03.]

The auto traffic on CSXT

CSXT moves Ford autoracks to Worcester for interchange to GRS and termination at the Willows distribution center, just east of Ayer. CSXT also moves Chrysler and GM products.

In the late 1980s because the Hoosac tunnel barred tri-level auto carriers (at 192” higher than mixed doubles), Ford threatened to move the traffic from the Willows to the then-Conrail area around Framingham. GRS responded by agreeing to run the traffic over Worcester beginning 1 April 1990, a route which permitted tri-levels.

Observers had expected, now that GRS is raising the clearance of the tunnel to 196”, it will take the Ford traffic back on the west end when NS takes over its share of the Conrail
traffic. The Willows gets its product from the Ford mixing center in Ohio, which lies on NS [see 16 July 1998 issue]. The Ford traffic, moving in a unit train, comes to about 9,000 carloads a year, assuming 35 cars per train and 260 trains per year.

However, Conrail customers may choose between the two carriers are taking over Conrail. Reports indicate that under a new contract, the Ford traffic will remain on the Conrail route with CSXT for some time. Yes, NS does hold a huge contract for Ford mixing centers, but CSXT also holds a major chunk of that traffic.

**The bulk traffic on CSXT**

The two major coal-burning power plants in New England are located on GRS trackage, and provide about 19,240 carloads a year. Conrail does handle coal for the University of Massachusetts at Amherst MA, interchanged to the New England Central at Palmer. But these are only sporadic shipments, not enough to require a unit train. Up until several years ago, unit salt trains operated to Readville on occasion; 1995 figures may include these.

**Overhead versus received/terminated traffic**

ALK Associates of Princeton NJ studied Conrail on-line traffic using the 1995 Waybill Sample and came up with 49,000 inbound carloads, and 5,000 outbound on Conrail waybills. Much of the traffic moved by the short lines, especially those sold since 1981, moves on a Conrail waybill, and thus is included in the ALK results. *Transport Review* has these numbers:

<table>
<thead>
<tr>
<th>Source</th>
<th>Inbound</th>
<th>Outbound</th>
</tr>
</thead>
<tbody>
<tr>
<td>NESE</td>
<td>21,600</td>
<td></td>
</tr>
<tr>
<td>SENE</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>LASE</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>SELA</td>
<td>21,600</td>
<td></td>
</tr>
<tr>
<td>ML-438 (autos)</td>
<td>9,000</td>
<td></td>
</tr>
<tr>
<td>ML-439 (autos)</td>
<td></td>
<td>40,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31,600</td>
</tr>
</tbody>
</table>

**Estimating the interchange traffic between GRS and Conrail**

We can estimate this by looking at the trains. Outbound, if *Press Runner* (NESE) moved daily with 60 cars, that gives about 21,600 carloads a year outbound, and let’s assume about half inbound. LASE carries GRS traffic from Lawrence to Selkirk, with the inverse amount of traffic, since it comes from a mostly inbound state. I assume all other traffic originated on GRS moves out over GRS.

**GRS paper traffic**

Jim Howarth, vice-president for Northeast commercial operations, agreed with GRS’ David Fink that *Press Runner* traffic will grow. Car supply has limited rail utilization by Maine paper mills. CSXT has a paper car fleet of over 10,000 cars, about ten times as much as Conrail. Availability of that fleet should attract much more paper traffic to rail.

**Guilford coal traffic**

To feed the two major coal-burning power plants in New England, Guilford terminates two unit coal trains. Each train arrives on Guilford at either Rotterdam Junction from Conrail, a few miles west of Schenectady, or at Mechanicville from DH. Those to Mt Tom MA (Holyoke), about 70 carloads once a week (3,640 carloads per year), turn south at Greenfield and go down the Connecticut River main. Those to Bow NH, about 100 carloads three times a week (15,600 carloads a year), go on eastward through Gardner, Fitchburg, Ayer and through Westford to North Chelmsford and go up the "North Wye" to the Northern Main line, which it takes for about 40 miles north to the generating facility at Bow, about 5 miles south of Concord.

When NS and CSXT split the Conrail traffic, NS will move 95 Bow trains and 45 Mt. Tom trains / year. All Bow traffic and 1/3 of the Mt. Tom traffic will operate between Harrisburg PA and Mohawk (via the Sunbury) while the remaining 30 Mt. Tom trains will operate over the existing coal route, NS Buffalo - CPRS Mohawk route via Binghamton. DH will handle NS coal trains as part of the haulage agreement with NS.

**Sources of intermodal traffic**

*Transport Review* has this analysis breaking out the 1995 intermodal loadings for the Conrail line:

<table>
<thead>
<tr>
<th>Source</th>
<th>1995 units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston/Beacon Park</td>
<td>22,080</td>
</tr>
<tr>
<td>Worcester - Conrail</td>
<td>66,240</td>
</tr>
<tr>
<td>Worcester - PW (two terminals)</td>
<td>41,000</td>
</tr>
<tr>
<td>Palmer</td>
<td>15,000</td>
</tr>
<tr>
<td>Springfield</td>
<td>7,360</td>
</tr>
<tr>
<td>TOTAL</td>
<td>151,680</td>
</tr>
</tbody>
</table>

Note: This breakout of the Waybill Survey does not take into account the GRS startup of Ayer and Waterville intermodal traffic. The Palmer figure comes from 1998, so the 1995 may have been lower. {ARW discussion with Howarth 20Jan.98; Railpace Hot News, Southern Tier E-mail List reporting; Application to STB by CSXT and NS, Volume 2A of 8, June 1998, pages 165-168; NERAIL correspondents Mike Clements, Chuck Petlick, Jack Armstrong, Roger Tobin; AAR Profiles; Atlantic Northeast Rail and Marine Transport Review 1999}
**NH RAILROADS**

**NEW HAMPSHIRE LEGISLATURE**
20 January. THE NEW LEGISLATURE HAS SOME OLD RAILROAD ISSUES TO LOOK AT. Legislative services is drafting bills on:

Railroad liability. Limiting the passenger liability to $75 million failed in 1998 [see 22 January 1998 issue], but the idea is revived [see 18 December 1998 issue].

NHDOT remains undecided about supporting the bill. The department’s Kit Morgan noted that the Amtrak Reform Act in 1997 imposed a $200 million national liability limit. “We’ll talk to Guilford about this, to find out how much of an issue it could be in restoring commuter service to Nashua.”

Taxation of operating rights agreements. NHDOT has agreed to support this bill, introduced by Gene Chandler [see below].

Repair of a railroad covered bridge in Contoocook. The Claremont-Concord abandoned this in 1964.

Capital budget
Governor Jean Shaheen is currently reviewing requests from her departments totalling $150 million, but has said she will only approve a $40 million request to the legislature for capital projects. The budget should reach the Legislature in early to mid-February. NHDOT has asked for funding for two rail projects:

Replenishment of the Purchase of Rail Properties Fund. The department has requested that the governor seek a third tranche of $1.5 million, which would be raised by issuing bonds. Jim Marshall, NHDOT director of public works and transportation, said all or even more than all of the current balance in the purchase fund is committed for lines NHDOT is now negotiating on. The new funds might be used to purchase TSRD and the Salem Industrial Track [see below].

Concord-Lincoln renovation. The department has identified rehab needed on the line to the tune of $3.5 million. Marshall was not optimistic about getting all of this, but hoped for a fraction of it to begin work, including repairs to the bridge over the Merrimack. NEGS will still be able to run even without the repairs, albeit at slower speeds.

Some hope that the line will provide a showcase for the Flying Yankee, now under repair at the Claremont Concord Railroad. If used for excursions out of Concord, or as a ‘rolling classroom’, it would need to travel faster than the five to ten miles per hour currently permitted. It should get up to 25-30 miles per hour, believed Marshall. [Webster (NH website); ARW discussions]

**CONWAY SCENIC**
19 January. NHDOT IS SUPPORTING A REFORM PERMITTING BARTLETT TO RECEIVE SOME RAIL TAX

**MONEY**, after two legal settlements with the Town.

History of dispute
When NHDOT acquired the balance of the New Hampshire part of the Mountain Division from Guilford in 1994, the Town of Bartlett expressed concern about the loss of some of its tax revenue. Under NH statutes chapter 82, towns through which a rail line passes receives a portion of the railroad tax paid to the state [see box]. According to Ann Edwards, NH assistant attorney general, a representation was made in 1994 that Bartlett would receive some payment [see 29 August 1996 issue].

However, the state Department of Revenue Administration (Revenue) concluded that it could not assess a railroad tax on the value of the operating agreement, and declined to require a tax payment from the Conway Scenic Railway (CSRR), which received from NHDOT operating rights through Bartlett.

In 1995, Bartlett assessed a tax against the value of the state-owned property. In 1996, the Bartlett selectmen wrote NHDOT to argue that the Conway Scenic Railroad, as the ‘lessee’ of state property, must pay a municipal property tax on the value of the leasehold under statute 72:23 [see 29 August 1996 issue]. The town began filing liens against the state right-of-way in Bartlett.

NHDOT resisted, arguing that the railroads running on state property held an ‘operating agreement’ and not a lease. The department believed that all operating railroads were required to pay a railroad tax under Chapter 82 [see 20 November 1997 issue]. The department offered to support a bill which would distribute the railroad tax funds to all towns with railroads running through them, state-owned or not, but Bartlett Selectman Gene Chandler, also a member of the state legislature, introduced his own bill.

**NH’s CURRENT RAILROAD TAX**

In lieu of paying property taxes to each municipality, New Hampshire requires every railroad to pay a property tax on the actual value of its property and estate, at the average rate of taxation on other property throughout the state. \{82:2\} The Department of Revenue Administration is asked to consider not only the value of the physical property, but also the value of the stocks and bonds. If the value of the stocks and bonds cannot be ascertained, then the net receipts of the railroad, capitalized at an equitable percent, should be considered as evidence of the value of the property and estate. \{82:7\}

The railroads are required to furnish annually information on its stocks and bonds, gross receipts, operating expenses, the amount expended for ‘physical betterments’, and cash on hand. Furthermore the railroads must report any ownership by any residents of the state, and the total railroad trackage inside and outside the state. \{82:10-82:12\} Every five years, the railroad must supply the share of the capital of the corporation spent in each town for buildings and right of way. \{82:32\}

The commission of Revenue Administration distributes all railroad taxes as follows:

- 25% of the total is paid to the towns in which the railroad is located, proportionately to the ‘share of the capital of the corporation expended therein for its buildings and right of way.’
The 1998 tax reformation effort

Introduced in January 1998, Chandler’s bill (HB1566) was designed to require railroads to pay local property taxes if they ran on state-owned lines. The House in March 1998 decided refer the bill for interim study [see 5 March 1998 issue]. The study committee met in June and postponed further work to September [see 2 July 1998 issue]. In September 1998 NHDOT proposed compromise language. In November, after the election, the Legislature decided not to require a report from the study committee and to raise the issue in the form of a new bill in 1999.

The tax lien dispute:

State of New Hampshire v. Town of Bartlett

Meanwhile, Bartlett pursued other remedies, as predicted by Chandler [see 5 March 1998 issue]. In September 1998, the town notified the state that the date to pay the tax liens was expiring and that under New Hampshire law the town was about to acquire the rail line in Bartlett. NHDOT filed a lawsuit requesting a temporary restraining order and a permanent injunction against the town acquiring state-owned property by virtue of unpaid taxes. The court granted a temporary order. Following negotiations, the attorney for the Town of Bartlett agreed on 19 October that the town could not acquire state-owned property.

On 2 November, the court granted a permanent injunction according to the terms of a settlement reached between the two parties, barring any claim the town would pursue against NHDOT.

The back taxes dispute:

Town of Bartlett v. State of New Hampshire

Immediately after 19 October, Bartlett decided to sue the state to recover taxes it insisted were still due because the operating agreement should be treated as a lease for purposes of 72:23. The town and the state then entered a second negotiation, and reached a settlement on 29 October. The town never filed its lawsuit.

Under the settlement, NHDOT agreed to pay to Bartlett $5,000 and to support a new tax arrangement. Noted Chandler: “This clears the slate. Technically, the state didn’t agree to pay the back taxes; we just settled. Now, if the bill passes we will receive some money every year.”

Edwards said: “The $5,000 basically covers all past tax bills that had been issued by the town,” for the years 1995-1998.

The 1999 legislative effort

Edwards said in December, following the settlement: “The Bureau of Rail and Transit has been working on this archaic railroad tax that we currently have and is trying to make it better for everyone. There is legislation that we will try to get passed in the next session that is specifically designed to cover excursion railroads.”

Kit Morgan, NHDOT rail administrator, outlined the bill provisions, which track the compromise language proposed in 1998:

- A clear statement that railroad operating agreements are not subject to the property tax, but to the railroad tax. The railroad tax is currently assessed at $25 in tax for each $1000 in valuation.

- The railroad tax is assessed on the estimated value of the agreement, probably based on the amount the railroad pays to the state as a “user fee” for the tracks. The user fee income currently is deposited into the Special Railroad Fund, which the state uses to maintain the state-owned lines. The Special Railroad Fund also receives lease revenue and license income.

- NHDOT would pay, from the Special Railroad Fund, to each town with state-owned railroad property subject to an operating agreement, a certain percentage of the user fee the operating railroad pays to the state. NHDOT is recommending 15% of the user fee, which would tax the value of the operating agreement at a rate equivalent to the railroad tax on private property.

The payment would pay to each town with the operating agreement (an NHDOT town) a proportion of the 15% of the user fee paid by the railroad holding the operating agreement, according to how many miles of the line ran through the town. Thus, towns with railroads which made a lot of money would get more than NHDOT towns with railroad which make less money.

- The revenue from the railroad tax would go:
  - 25% to the towns which have railroad property (as at present)
  - 25% to the Special Railroad Fund to pay back its payment to NHDOT towns.
  - 50% to the state general fund.

- The distribution to towns in which shareholders reside would be abolished.

Winners and losers

Under the new legislation, towns with state-owned lines subject to an operating agreement would benefit. Currently they receive no tax distribution from the state, and no local property tax from the railroad property.

But towns in which shareholders reside would lose the current distribution of tax revenue. Also, the general fund would receive less, because of the payment to the Special Railroad Fund.

THE DISTRIBUTION OF THE RAILROAD TAX IN 1998

<table>
<thead>
<tr>
<th>Type</th>
<th>current distrn</th>
<th>proposed distrn</th>
</tr>
</thead>
<tbody>
<tr>
<td>railroad towns</td>
<td>167,729</td>
<td>169,229</td>
</tr>
<tr>
<td>NHDOT towns</td>
<td>-</td>
<td>[27,000 (note a)]</td>
</tr>
</tbody>
</table>
shareholder town  19,739  -  
rr special fund-  169,229  
general fund  489,449  338,459  
total railroad tax  676,917  676,917  

Note a. The Special Railroad Fund would pay out the $27,000, and then get reimbursed by the railroad tax money.

Figuring the payments to the towns
Assume operating agreements pay 10% of revenue to the state as a user fee. Five railroads pay user fees:

NHC (3 towns)  
CSRR (5 towns including Hart’s Location)  
Plymouth & Lincoln (12 towns)  
M-B (5 towns)  
NEGS (4 towns)  

User fee income to the Special Railroad Fund came to $162,100, so the towns would get $27,017. A town like Bartlett, with a railroad paying a $94,000 user fee, would get $300 per mile or $3,428. A town like Stratford, with a railroad paying a $2,600 user fee, will get only $33/mile or a total of $50.

What if the legislation does not pass?
Edwards agreed that Bartlett could go to court for an interpretation that operating agreements should be treated as leases. Since the town had released all claim against NHDOT in the first lawsuit and had not raised that interpretation as a defense, the town would have to proceed only against the Department of Revenue Administration. {ARW discussion 18.Jan.99 with Gene Chandler, 19.Jan.99 with Kit Morgan, and 20.Jan.99 with Ann Edwards; NHDOT table of possible revenue distribution prepared for the study committee in September 1998; table of 1998 railroad tax revenue and distribution from Department of Revenue Administration; Lloyd Jones in The Conway Daily Sun 12 Dec.98}

GRS- CONN RIVER LINE
20 January, Claremont. A REVIEW OF GRS-SERVED CUSTOMERS here [see 9 May 1996 issue: Vermont]. Three sit in a triangle formed by the NECR line, NH Route 12A, and Grissom Lane, south of the junction with Claremont Concord. Under the ICC-approved trackage rights agreement of 1990, GRS can serve all customers then served by GRS, or occupying facilities formerly served by GRS [see 8 January issue - Vermont].

Claremont Steel
This company was formed when East Coast Steel went bankrupt. East Coast had moved to Claremont [see 9 May 1996 - Vermont], and consolidated its facilities from Rindge NH and South Portland ME. In the process, however, East Coast overextended itself, according to Steve Crowell, former president of East Coast Steel and current president of Claremont Steel. The current company continues to do what East Coast did: bring in steel by rail, manufacture I beams for bridges, and send them out by truck. Crowell said GRS brought in about 100 carloads for him in 1998; he rates the service “ok.”

[Note: the Famm Steel Company operates in East Coast’s former Rindge location, and will soon receive steel via a rail transload facility.]

Rymes Heating Oil
East Coast had formed a partnership to create a propane tank farm adjacent to its site. The partnership was dissolved; Rymes Heating Oil Inc. ended up leasing the land from a Rymes family member, and owning the six 30,000-gallon tanks on site.

According to Matt Ross, Rymes controller, GRS delivered about 130 cars in 1998. Rymes plans to install six 60,000-gallon tanks in the near future. The expanded facility would not only serve Rymes trucks, but also other suppliers. For example, National Propane in Hillsboro currently trucks its propane in. Even though it competes with Rymes, located in Antrim, Ross would arrange inbound propane for National Propane which would pick it up in Claremont.

Ross is currently working on a deal under which one supplier would “throughput” about 5 million gallons of propane a year. This would probably triple the number of carloads.

To handle the carloads, Rymes added a second track in mid-December, built by a Massachusetts firm named Aberjona Construction. Aberjona built the first track in 1996. Each can hold about six cars.

Non-rail customers
The Claremont Foundry adjacent to East Coast Steel, formerly the Joy Foundry, was rail-served in 1989, but no longer. Tambrands, located about a mile north of the Joy Foundry switch, also had a siding in 1989 which remains in place, but the switch is removed.

Irving’s propane facility, located at some distance from the rail line across NH Route 12A, does not use rail. Nor does the Amerigas propane facility, located at the interchange with the Claremont Concord Railroad. {ARW discussions 20&21 Jan.99}

GRS: TSRD & NHVT SALE
20 January. GRS HAS PROPOSED THAT NEW HAMPSHIRE AND VERMONT BUY THE REST OF THE MOUNTAIN DIVISION. Jim Marshall said that in recent conversations with Guilford officials, they have wondered whether New Hampshire would buy the MEC line from Whitefield to the Connecticut River. Karen Songhurst, VAOI rail coordinator, said Guilford had mentioned to her the possibility of selling the Vermont MEC line from the river to St. Johnsbury.

TSRD and NHVT future
Morgan said that sale of the MEC line, over which the Twin States Railroad (TSRD) now has operating rights, would make the effort to find an operator for the NHVT easier. Currently Assistant Attorney General Ann Edwards is talking with David Anderson, the attorney for owner Clyde Forbes, about the details of the operating agreement NHVT would sign when NHDOT bought the NHVT line [see 8 January issue].

Salem Industrial Track
Since the movement in December of one of the final two customers on this section [see 8 October 1998 issue], GRS has
renewed interest in selling it to the state. Morgan said that when Guilford offers it for abandonment, NHDOT will step in to purchase. Marshall said Guilford is currently getting an appraisal of the section.

A new infusion of state dollars into the Railroad Purchase Fund will help the department purchase both the Salem Industrial Track and the Mountain Division [see above, Legislature]. {ARW discussions 20-21 Jan. 98}

FOR THE RECORD: NEW HAMPSHIRE
RAIL COUNCIL? Marshall said he had submitted a draft on the function of such a beast - based in part on the Maine and Vermont experience - to Commissioner Kenison who has not had a chance to complete reviewing it. {ARW discussion 20 Jan. 99}

VERMONT RAILROADS
GRS-WELLS RIVER/HOOSICK BRANCH
20 January. SOME INTERESTING PROGRESS on several issues, according to Karen Songhurst, VAOT rail coordinator. At the Rail Council meeting on 19 January, participants agreed to get some work underway on the line between Rutland and Hoosick Junction.

Pat Garahan, who is talking with GRS about access for Amtrak trains between Mechanicville NY and Hoosick Junction, reported that Guilford is interested in negotiating access, and would like to couple that with closing the deal to sell the Wells River branch to the state.

Wells River status
Songhurst said the agency has the numbers together to put a value on the line. Once done, and the agency upper echelon agrees on the price, she will submit an offer to GRS.

The bridge in Wilder remains out of service [see 8 January issue]. GRS put an embargo (its number 6-98) on the entire line on 23 December. {ARW discussion; Views and News 11 Jan. 98}

FOR THE RECORD
VERMONT
WACR SERVICE ISSUES. Songhurst reported that Bombardier is having difficulty getting service from WACR, in part because of a lack of track maintenance. This in spite of the fact that Bombardier had loaned its locomotive to the railroad [see 13 August issue]. She surmised that owner Clyde Forbes is paying so much attention to the NHVT and TSRD [see New Hampshire] that WACR has taken a back seat. The general manager for Bombardier’s Barre plant declined to comment.

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AND LVRC? No word from Secretary Glenn Gershaneck about endorsement of the evaluation committee recommendations [see 8 January issue]. {ARW discussion 20 Jan. 99}

MARITIMES/QUÉBEC RRs
QUÉBEC - MINISTRY OF TRANSPORT
22 December. A REFUNDABLE TAX CREDIT FOR RAILWAY COMPANIES was implemented by the Ministry of Finance as part of a package of corporate tax reforms. Under the Québec government framework, the minister of finance has the power to effect such tax reforms without consulting the cabinet, much less the legislature.

The text of the announcement noted that municipal taxation imposed a relatively high burden on railroads. The province will therefore give a tax credit of 75% of the property taxes on rights of way of a railroad doing business in Québec and having a place of business there.

Any government or non-government assistance received by the operator will offset the amount of property taxes and thus reduce the tax credit.

The credit is applied against income tax and tax on capital. {text of Bulletin issued 22 Dec. 98}

More changes in policy?
Roger Ledoux, who handles railroads for MTQ, said the tax reform is the first action in a policy on railroads, announced in October [see 22 October and 5 November 1998 issues]. More steps “might come.” {ARW discussion 21 Jan. 99}
SCFQ - GULF RAILWAY

13 January, Montréal. **CN HAS REACHED AGREEMENT IN PRINCIPAL WITH SCFQ** on the sale of the 118-mile rail line linking Matane to Saint-André Junction PQ. The rail line handles 39,000 carloads of traffic annually and serves major shippers in the aluminum, forest products and newsprint industries. It is also used by VIA Rail Canada Inc. for passenger service to the Gaspé Peninsula and the Maritimes.

"This line is a natural extension of the current **Société de chemin de fer du Québec (SCFQ)** [Quebec Railway Corporation] rail network in Quebec and New Brunswick," said François Hébert, CN assistant vice-president, corporate development. "SCFQ has been very successful at growing the rail business, and we expect this transaction to generate new rail traffic from both the Matane and north-shore Baie-Comeau area."

In January 1998, SCFQ acquired from CN the 484-kilometre (301-mile) rail network linking Moncton NB and Mont-Joli PQ [see 19 February 1998 issue], also known as the Intercolonial Railway (ICR). The acquisition of the Matane to Rivière-du-Loup line by QRC [SCFQ] will add the Matane traffic to its network, as well as the Baie-Comeau traffic, which is transferred to the south shore via the Cogema rail-ferry service.

"This new acquisition consolidates and completes the rail network set up by the [SCFQ] on the north and south shores of the St. Lawrence River and in eastern Quebec and New Brunswick," explained Serge Belzile, SCFQ president. "The [railroad] has reached a critical mass, enabling it to play an important role in the economies of the regions its serves."

The sale of the Matane - Rivière-du-Loup line will affect 30 CN employees, who will have a number of options available to them under their collective agreements. [CN press release]

**The traffic of the system**

The SCFQ system currently comprises the **chemin de fer de Baie-des-Chaleurs** (BCB), the **chemin de fer de Matapédia** (CFM), and the **New Brunswick East Coast Railway** (NBEC). With the addition of the Matane- Saint-André Junction line - ARW has accorded it the temporary name ‘Gulf Railway’ - the traffic flow should look like this:

13 January. **SCFQ HAS LAUNCHED A PUBLIC OFFER FOR SHARES OF COGEMA**, the company operating the rail ferry between Matane and Baie-Comeau. CN owns 49% of Cogema, while 51% is publicly held. CN is willing to sell its share to SCFQ. If SCFQ can acquire most of the publicly-held shares, it can under Canadian law buy out the balance of the shares. [Gilles Gagne in Le Soileil 15 Jan.99]

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**SCFQ SYSTEM TRAFFIC**

<table>
<thead>
<tr>
<th></th>
<th>originate/receive</th>
<th>bridged</th>
<th>bridged to Moncton</th>
<th>local</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gulf</td>
<td>11,000</td>
<td>28,000</td>
<td></td>
<td></td>
<td>39,000</td>
</tr>
<tr>
<td>CFM</td>
<td>2,000</td>
<td>26,000</td>
<td></td>
<td></td>
<td>28,000</td>
</tr>
<tr>
<td>NBEC</td>
<td>18,400</td>
<td>7600</td>
<td>3,000</td>
<td>4,000</td>
<td>33,000</td>
</tr>
<tr>
<td>CBC</td>
<td>7600</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7,600</td>
</tr>
</tbody>
</table>

(Source: Atlantic Northeast Rail and Marine Transportation Review 1999)

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**The Baie Comeau-Matane Railcar Ferry Service**

COGEMA operates a railcar ferry service between Matane and Baie Comeau, as an extension of the CN network along the South shore of the St. Lawrence. This service, provided by the **George-Alexander Lebel**, with a capacity for some 28 railcars, permits the major industries of Baie Comeau to use a direct rail service to North American markets. This service did not exist some twenty years ago. The traffic of alumina and grain from the region is handled at private wharves, but the other industrial traffic is loaded and unloaded at the public facilities of the Port of Baie Comeau, including the rail ferry traffic as per the table below.

**TRAFFIC OF THE RAILCAR FERRY**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>From/to</th>
<th>1994 Tonnes (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum products</td>
<td>Baie-Cu/Matane</td>
<td>0.087</td>
</tr>
<tr>
<td>Basemetal</td>
<td>Baie-Comeau/M</td>
<td>0.21</td>
</tr>
<tr>
<td>(other than Iron and Steel)</td>
<td>Baie-Comeau/M</td>
<td>0.022</td>
</tr>
<tr>
<td>Containers</td>
<td>Baie-Comeau/M</td>
<td></td>
</tr>
<tr>
<td>Newsprint</td>
<td>Baie-Comeau/M</td>
<td>0.19</td>
</tr>
<tr>
<td>Woodpulp</td>
<td>Matane/BComeau</td>
<td>0.057</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>0.56</td>
</tr>
</tbody>
</table>

Traffic carried by the ferry in 1994 totalled more than half a million tonnes of cargo, of which 90% was loaded at Baie-Comeau. In 1995 the tonnage carried by the ferry totalled about 686,000 tonnes. [Figuring about 100 tons per car, that yields 5,000 carloads full, or 10,000 cars empty and full.] [from a Canadian government report about maritime fees]

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**SLQ**

15 January. **MORE ON THE SLQ.** Address: St. Lawrence & Atlantic Railroad (Quebec), Inc., 775 Principale North, P.O. Box 788, Richmond, PQ J0B 2H0. SLR chief Matthew Jacobson said that the new manager of operations, Daniel Belanger, “is a former CN trainmaster, and is qualified in the running trades. He is a great manager, and has done a spectacular job.”

SLQ runs trains 393 and 394 7 days, 146 and 147 6 days.
The local, 510, runs 5 or 6 days depending on customer requirements. CN runs round trips from Montreal to Richmond with the freight and intermodal trains. SLQ runs round trips from Richmond to Island Pond. The SLR operation is essentially unchanged, though it no longer runs-through CN power.

The doubleset question
The lowest bridge, the one near Acton Vale, is 20' 7". Jacobson did not know if CN will run intermodal to Auburn stacked. {ARW correspondence}

FOR THE RECORD:

HALIFAX COMMUTER RAIL. Several months ago Halifax Regional Municipality staff finished drafting a detailed memo evaluating various alternatives from a financial standpoint. A member of the Advisory Group requested that staff revise the memo based on additional information. This information has not become available and the Advisory Group has not met for several months. {ARW discussion with Marcus Garnet 15.Jan.99} [See 5 February 1998 issue.]

NEW MAGAZINE. The C.M.U.A.R. (Coalition to Maintain and Utilize Actively the Railway) or la Coalition pour le Maintien et l'Utilisation Accrue du Rail, has issued the first issue of TRAQ (Transport sur Rail Au Quebec), with 16 pages on railways in the Province of Quebec. The next issue is due for middle of February and will contain 20 pages. The magazine is completely in French and shall stay this way.

CMUAR is also organizing a railway Colloque or Seminar in Sainte-Foy on 27 April, with sponsorship from MTQ. Contact Louis-Francois Garceau, TRAQ Editor and Secretary-Treasurer CMUAR, 6243, avenue des Generations, Charny (Quebec) G6X 2H5. Phone (418) 832-2114, fax (418) 832-1502. {CMUAR announcement}

ATLANTIC NORTHEAST PORTS

HALIFAX

26 December CERESCORP'S TERMINAL WILL COMPLETE A $2.2 MILLION EXPANSION in spring 1999. General Manager Calvin Whidden explained that in 1991, the Halifax Port Corporation as owner of the Fairview Cove Container Terminal facility built a finger pier to provide a second berth. In 1998, the Corporation began the process of infilling and paving of the lagoon behind the pier to add 2.8 hectares (about 10 acres) of usable space to the 20.8-hectare complex.

The additional laydown space will permit Cerescorp to increase the throughput of the facility, said Whidden. The terminal received two new tracks at a cost of $800,000 in autumn 1998 [see 8 October issue], located just south of the existing four tracks.

About Cerescorp
Whidden explained that Cerescorp, headquartered in New York, operates facilities in North American and European ports, including Montreal (Cadillac Terminal), Norfolk, Savannah, Charleston, and New Orleans. Cerescorp is owned by a single individual.

Any concern about a Sea-Land/Maersk facility?
Sheryl Bidgood, a spokesperson for the Halifax Port Corporation, said it would continue to upgrade and improve its two container facilities at Fairview Cove and Halterm. Those are open to all users, while the superterminal at Rockingham Shores proposed for Maersk and Sea-Land would be used only by those two carriers. {Tom Peters in Halifax Herald 26.Dec.98; ARW discussions 18.Jan.98}

13 January. THE NEW GOVERNING BODY IS BEGINNING TO TAKE SHAPE. On 1 April, the new Halifax Port Authority will assume the operation of the port's public facilities from the Halifax Port Corporation. Peter Gregg, a spokesman for federal Transport Minister David Collellette, said earlier that discussions are continuing to spell out certain authority powers and the selection of board members is not complete.

The Halifax Port Corporation recently distributed nomination papers to port user groups seeking their nominations for the seven-member authority board. Two of the three levels of government, each with one appointment, have made their choices known.

The Halifax Regional Municipality has nominated Air Nova president Joseph Randell as its choice for the board while the provincial government put forth the name of Sir Graham Day, a prominent businessperson and Dalhousie University's chancellor.

Mr. Gregg said the federal government has not made its choice and did not indicate when that would happen.

The four classes of port users - inland transportation; tenants, shipping lines and agents; labour, non-terminal operators and other port service providers; terminal operators and shippers - will each be allowed one representative. Each group is allowed up to four nominations and the deadline for submissions is 20 January.

Under the criteria established for the directors, the authority is looking for candidates knowledgeable and experienced in the transportation industry and with extensive experience related to the management of a business, preferably involving a port or maritime trade. The nominations will be reviewed by a port nominating committee and then sent to the federal minister for approval. {Halifax Herald}

14 January. PORT INTERESTS HAVE CREATED A CORPORATION TO FURTHER THE SEA-LAND/MAERSK BID, named Rockingham Terminal Incorporated. A Crown corporation [non-profit], it will handle all contracts for the creation of the terminal, and receive all awards. Nova Scotia created the Crown corporation on behalf of the Port Working Group (composed of the Halifax Port Corporation, the municipality, and the provincial government) and appointed a current chief, the deputy minister of Finance, Bernard Smith. [Both the federal government and the provinces may create crown corporations, a title describing a government-created not-
for-profit entity.]

Ownership of site
According to Gillian Wood, the director of strategic research for the Department of Finance and the province’s representative to the Working Group, the proposed terminal would sit on land built out east from the current shore; CN’s main line currently runs along that shore, just up from the Fairview Cove terminal [see map]. The “water lots” which would receive fill to create the terminal (“a huge fill” said Wood) are currently owned either by CN or by the Halifax Port Corporation.

The railway and the Port Corporation have agreed to transfer the lots to a new entity which would hold the land and lease it to the ocean carriers. Wood emphasized that the just-created Rockingham Terminal Inc. would not be that entity.

The new port authority will receive the water lots as part of the federal lands now held by the Port Corporation, and cannot sell them without the permission of the federal government. Wood expected to get federal permission. [ARW discussion 21 Jan.99; Halifax Herald, 15 Jan.99]

Nova Scotia negotiations with Sea-Land/Maersk
On 14 January, Nova Scotia Premier Russell MacLellan announced the appointment of Sir Graham Day to represent the Port Working Group in talks with the two carriers. "With Sir Graham Day on our side of the table, with his wealth of international experience and expertise to tap into, Nova Scotia will be clearly indicating to the shipping companies that we intend to seize this economic opportunity."

Sir Graham serves on the boards of not-for-profit corporations and national and international companies, including the Bank of Nova Scotia, Sobeys Canada Inc., PowerGen and Cadbury Schweppes. He was chairman and CEO of British Shipbuilders in the mid-1980s and was chairman of British Aerospace between 1991 and 1992 during a period of management and strategic realignment. A holder of Canadian-British dual citizenship, he was knighted in 1989 by the Queen for services to British industry.

Currently, Sir Graham is chairman of Ontario Hydro Services Company Inc. He is chancellor of Dalhousie University and holds the Herbert Lamb Chair at the Dalhousie School of Business. The province recently nominated him to a three-year term on the board of directors of the Halifax Port Authority. {NS Premier's Office 14 Jan.99}

Baltimore and New York/New Jersey efforts
New Jersey raised the political ante over the last two weeks when Governor Christie Whitman intervened to convince Maersk and Sea-Land to build their coveted load-center terminal at the East Coast’s largest container port. "It’s very heartening to see the governor talking directly to Sea-Land and Maersk, and I’m hopeful that she can convince [New York] Governor Pataki to get involved as a fellow Republican governor from an adjacent state," said Joan Verplanck, president of the New Jersey State Chamber of Commerce. "We in New Jersey see this as a regional thing, but New York only seems to approach things as regional when it’s the only clear winner."

The infighting among the bistate port authority has led to negotiating inflexibility, observers said, and the cost of the port’s total package is still considerably higher than the Baltimore deal. In addition to the original package, Sea-Land and Maersk this month signed a letter of intent with Baltimore’s three locals of the International Longshoremen’s Association that could potentially save millions of dollars a year on local work rule concessions.

A Sea-Land spokesman said in early January that the lines continue to wade through proposal information from all three ports. The process has been slower than anticipated but a decision could come by the end of the month. {Terry Brennan in New York Times cited by Conrail Technical Society Update #01-42 20 Jan.99}

Provincial discussions with NE railroads
According to Don Stonehouse in the Department of Transportation, the province is deciding whether to go back to a New England for a second round of talks about moving containers between Halifax and the tri-state area [see 18 December issue]. Alternatively, it could invite everyone to Halifax. Stonehouse believes the carriers will decide sometime in February, leaving a window for the second round to occur. {ARW discussion 19 Jan.99}

STRAIT OF CANSO
13 January. THE CANADIAN COAST GUARD IS CONSIDERING INTRODUCING A USER-PAY SYSTEM for the Canso Canal, part of the Canso Causeway, which connects Cape Breton with the mainland. A study commissioned by the coast guard favours a fee to cover annual canal operating cost of $500,000. A consulting firm suggests different rates be applied to different types of boats. One example is a fee of $50 to $100 per transit of the canal that might be charged local vessels involved in aggregate hauling. The consultant says that would generate $35,000 to $40,000 in annual revenue. The study calls for a final fee schedule to be announced sometime this winter. {Halifax herald 13 Jan.99}

BAYSIDE NB
31 December. THE PORT FACILITIES WILL REMAIN IN LOCAL HANDS, according to a last-minute deal struck between the federal government and a group of local residents and port users sell the small Charlotte County port to the Bayside Port Steering Committee Inc. for $2.8-million.

Some details to be worked out but the tentative deal could put ownership of the port into local hands by the first of April, said Fred Nicholson the president of a steering committee made up of representatives of users, area municipalities as well as the port unions.

The deal involves a half million dollar loan guarantee from the province plus a $2.3-million loan from the federally owned Business Development Bank of Canada. The second loan is backed partially by loan guarantees of $100,000 by 11 companies. Originally the government wanted the market value of $9-million for the project but eventually the committee convinced the Department of Transport to sell for $2.8-million plus HST. The tentative deal ends about three years of discussion and debate over the future of the facility.

At one time the owners of a gravel pit near the port offered...
to buy the facility in order to get control of the port. But Mr. Nicholson said the steering committee, which had been running the port for many years, decided it was in the best interest for Charlotte County if a consortium of port users and community representatives owned the wharf. For Mr. Nicholson the key was to make sure one port user doesn't have priority over another. Right now the wharf is operated on a first come first serve basis. Only cruise ships have the right to bump another ship from the wharf, he said.

MP Greg Thompson who has campaigned to keep the port under local control was pleased with the resolution. He noted that competing interests operate at the port. On one hand are the customers that ship bulk goods such as gravel and gypsum through Bayside.

On the other hand there are the operators of the refrigerated food terminal and McCain Food that ship potatoes and food products through the terminal. Nicholson said the goal will be to balance the projects. "Bulk and non-bulk [users] have to operate side-by-side in a co-operative way. They have to get along."