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

NEARS + REGIONAL ISSUES
NEARS: B&A: Traffic, revenue, operating ratio improve. CDAC still looking to MDOT for $3M.
NEARS: MDOT: Supporting rail more.
NEARS: Albany Port Railroad: Switching price.
NEARS: Irving transportation: Kent Line, Sunbury Trucking, NBSR, etc.
NEARS: SLR: First doublestack, growing.
NEARS: GRS: Positioned for Conrail split.
NEARS: Rate quotes: Yes, a problem, no solution.
FTR: NS assistance with GRS clearance. CSXT claims to best NS in Northeast.

CONNECTICUT
ConnDOT: Freight projects evaluated. No support for Norwich, other commuter routes.

MAINE
MDOT: Eight IRAP winners, three more? Transportation bond in Legislature.
Amtrak: Track work to start, bids awarded.
B&A: Presque Isle intermodal update.
BML: Belfast offers site for operation.
Calais Branch: No transload site yet.
SLR: Auburn competing for Pacific business.

MASSACHUSETTS
Legislature: Transportation bond bill detail.
GRS: Anticipated abandonments.
MCER and PVRR: Overview of traffic.
FTR: EPA says use Amtrak, not more runways.

NEW HAMPSHIRE
Legislature/NHDOT: West Lebanon negotiations, taxation of state-owned lines, Salem abandonment.
FTR: STB notice on NHVT.

RHODE ISLAND
Amtrak: FRIP update.
PW: Loss of customer on Warwick. Winner of South Quay decision.

VERMONT
ABRB: GRS positive view, no highrail yet.
SLR: Environmental award.
WACR: NECR interim agreement extended.
Wells River: Final resolution soon.

MARITIMES/QUÉBEC
NBEC: Jobs created, provincial grant forgiven.
QCR: Startup weeks away.
FTR: CN awards to regional shippers. PCS reopens in NB. CBCN could serve Upper Muscodoboit.

PORTS
Halifax: Disagreement between Scotia Terminals and CN on how to handle containers. Box on CN approach to intermodal traffic. Channel high spots removed. Two post-Panamax cranes ordered.

The NEARS meeting
Attending one of the largest spring offerings by the Northeast Association of Rail Shippers, in Rockland ME, I had a good and interesting time. You’ll find news in this issue.

The next meeting: 15-17 September at the Sagamore, Bolton Landing, NY on scenic Lake George.

Halifax
The contretemps story about CN and Scotia Terminals has got the two sides talking, and getting to a resolution, I hope.

Corrections
I erred in my story on the FRIP in Rhode Island; please see...
corrected story this issue. I also did not make clear that Merrill’s Marine Terminal had been shipping scrap for Tewksbury metals long before Prolerized got involved in the Tewksbury assets [more in a future issue].

Late issue
Due to the amount of material, this is getting in the mail on 3 May. I think you’ll find the slight delay worth while.

Chop Hardenbergh Next issue: 12 May

---

NEARS/REGIONAL

NEARS introduction
Leaders of the Northeast Association of Rail Shippers centered this meeting around the theme: Getting Freight Back on Track. Speakers addressed this, in the main, by looking a steps to win traffic from trucks. CSXT’ Jim Howarth, noting that only about 13% of traffic in the region moves by rail, said if the railroads spent their energies scrapping among themselves over that 13%, “Then shame on us. We should go after than 87%.”

NEARS: B&A
The vice-president and chief operating office of the B&A System addressed the rumors about the railroad’s financial position by his opening remark: “Rumors of our death are greatly exaggerated.” The Iron Road Railways team took a “bunch of railroads that nobody wanted” beginning on 3 January 1995, and have turned them around.

In 1981, the lines which eventually became the B&A System moved 20% of all freight in the region south and east of Montréal. By 1990 that had dropped to 13%, and by the beginning of 1995 to under 4%. “This reflects the anger of the shippers at the railroad,” which effectively abandoned the main line.

The B&A System is turning that figure back up: Today it has reached 6%, and the company aims at 9% by 2002. Despite a decrease in revenue per car of about 20%, the operating ratio, once 130%, will by the end of 1999 drop below 80%.

In 1994, the railroads of the system moved about 36,000 carloads. By 1999, that will have grown to well over 100,000 carloads. Because of its improved cycle times and service, the railroad will have done that with only a 10% increase in its car fleet, to about 4000 railcars.

The B&A anticipates increasing traffic by transload. For example, the Moosehead subdivision, between Brownville Junction and Sherbrooke, will generate 2400 carloads online in 1999, up from 24 in 1993. By the year 2002, it will add new, and enlarge existing, reload facilities and generate 5,000 carloads online per year. [See Maine: IRAP awards.]

Reliance on forest products as a percentage of traffic has also decreased as the B&A has diversified its commodity mix, a key step toward avoiding cyclical market fluctuations. In 1997, forest products accounted for 62% of the B&A’s total; this year that has dropped to about 55%; and Sabin expected their share of the B&A carloads to drop under 50% by 2004.

By the end of 1999, the system will have seven transloads online, with another in York, Pennsylvania (near many paper customers), and three intermodal terminals [see Maine].

Service improvements
The B&A service on the main line has tripled since 1994. At that point, for certain overall delivery times, trip time to the Midwest averaged 19 days. Now, trip time has dropped to nine days, but “that’s still unacceptable.” By the end of 2000, Sabin said, the time would go down to six days.

The system has experienced 21% average revenue growth per year since 1994. {Dan Sabin presentation to NEARS meeting}

Earlier comments
Sabin earlier addressed problems on the Moosehead subdivision in an interview with the Bangor Daily News following a derailment in March just west of Greenville, the second derailment in three weeks there. Sabin explained that the track, when purchased from Canadian Pacific, was designed for high-speed passenger service operated by VIA Rail between Montréal and Saint John. The superelevation on the curves, with the outside rail six inches higher than the inside rail, put all the weight of freight cars on the lower rail because the freights operated at a slower speed than VIA. This wears out the lower rail more quickly.

Despite an examination of the track by a Sperry rail detector car in September 1998 [see 22 October 1998 issue], which spotted two defects within a quarter-mile which were corrected, as well as daily manual inspections by B&A engineers, in February a rail broke in the same area. The March derailment occurred because the track spread. As a result, the railroad has instituted 10 mile-per-hour slow orders through Greenville, and stopped using six-axle locomotives on CDAC.

According to Sabin, an additional twelve miles of rail is ordered for work on the sharpest curves in the Moosehead subdivision, and six miles on the Sherbrooke subdivision. In May, the B&A will install new ties, rail, and ballast throughout the Moosehead subdivision. Each year thereafter, the company will eliminate other superelevation until similar sections of two subdivisions are rebuilt.

The missing funds
Some of the difficulty is attributed to the Maine Department of Transportation, Sabin said. In a 25 October 1994 letter to Iron Road written when IRR was assembling a package to purchase the Canadian Pacific trackage, then-Commissioner Dana Connors promised $3 million to help preserve the track in the Moosehead area. This help never materialized.

Sabin said the loss of the $3 million heavily affected the B&A, which was in a “deep economic hole” after the purchase of CDAC and BAR.

The original Connors letter never mentioned the bond issue, and the railroad continues to seek what it believes is an obligation on the part of the state. Many state legislators have joined in the effort [see MDOT/Legislature].
Recovery
Though money remains tight, the railroad has grown the business. CDAC had 24,366 carloads in 1995, which rose to 54,286 in 1998, and will increase to about 85,000 in 1999. It now has six trains a day: two manifest freights and one dedicated intermodal each direction. {Bangor Daily News 6-7.Mar.99}

NEARS: SLR
Full doublestack
Matt Jacobson, president, announced that on 18 April the railroad successfully ran a full doublestack trial car from Auburn ME to Montréal. The boxes ran empty, providing the worst case; full boxes would ride lower.

Other success
Jacobson told the gathering he anticipated carloadings for 2000 would rise to about 40,000 from 1998’s 30,000. He expects to replace 35,000 ties this year in the line’s 250 miles.

Need for government support
Like other speakers, Jacobson noted that intermodal rates, at just below truck rates, are not paying for the infrastructure necessary to maintain them. “It’s the railroad’s premier product, and we charge the least. Do you know any other industry which sells its premier product at a low rate?”

To cover the cost of intermodal infrastructure, the railroad community should look to government, which did provide the funding for the SLR’s intermodal facility in Auburn. “This is a national strategic issue.”

NEARS: MAINE DOT
Bob Youden, vice-president for distribution of J.D.Irving, Limited, described his company’s four divisions: wholesale/retail (e.g. Kents Building Supplies), shipbuilding (yards in Saint John and Halifax), forest products (six million acres, a pulp mill in Saint John and 14 saw mills in Maine, Nova Scotia, New Brunswick and Québec plus a tissue mill in Fort Edward New York), and transportation (Atlantic Towing, Kent Line, RST, Sunbury Trucking, and NBSR).

The transportation arm handles Irving products, but 80% of traffic comes from non-Irving companies. Kent Line, which serves Saint John and Philadelphia, moves 1000 TEUs per week in four vessels. Sunbury’s intermodal traffic, which began using NBSR heavily after the initiation of the dedicated intermodal train in September 1998, comes 90% from former over-the-road hauling.

New Brunswick Southern
The railroad makes up “by far the smallest” part of Irving transportation, yet has the “biggest opportunity,” Youden told the NEARS attendees. He praised Dale Thibodeau, general manager of both Sunbury and NBSR, as a “very talented individual.” By combining both truck and rail positions, when Thibodeau calls on a customer he can offer both truck and rail. And if rail has a problem, the trucking company can quickly step in.

NEARS: McCaIN FOODS
Peter Green, director of distribution for the company, told the gathering that McCain began in Florenceville NB in 1957, and has grown into the largest french fry producer in the world, with $5 billion in gross revenues, $1 billion of that in the United States. The company spends $70 million a year on freight in the United States, and uses truck for 90%.

Easton to use rail?
At the Easton ME facility, Green said, the company is expanding from 200 million pounds to 400 million pounds of production [see ARW 98/#18]. It has initiated use of rail from the plant which has worked well: “I want to tip my hat to B&A, GRS, and CP” for providing the rail service. He anticipated 1000-1400 railcars a year for the Easton plant, which will receive a new siding [see Maine: IRAP].
Green advocated that shippers look for alternatives too, and in that vein he met with CN to look at what it could offer for the Easton products.

**NEARS: GUILFORD RAIL**

Tom Steiniger, president, showed NEARS a slide which included the Pan Am airline operation acquired by the principals of Guilford Transportation Industries (the GRS parent) in 1998 [see 13 August 1998 issue], saying “We now provide a full range of multi-modal services to our customers.” He made these points about the reach of Guilford:

- It has direct connection to four class I railroads [CSXT in Massachusetts; NS and CP in New York; and CN in Saint John]. The company is thus well-positioned to take advantage of the new opportunities offered by the Conrail splitup.
- Three weeks ago the company began talking to Saint John about access to the harbor and a liner service.
- The railroad has recently acquired new equipment: 100 cement hoppers for service from Canada; 384 paper cars; 140 centerbeam lumber cars; 50 steel gondolas for scrap; and 600 plate F paper cars, leased in conjunction with the paper companies.
- It has acquired a new Fantuzzi stacker for the Ayer intermodal terminal, using PC-90s for backup both there and in Waterville. (Waterville uses a P+H Superstacker.)

The new partners

During the same panel, CSXT’s Jim Howarth, vice-president of commercial operations for the Northeast, emphasized that his railroad views GRS as a key to serving New England, and is ready to work together. NS’s Jim McClellan, senior vice-president for planning, made the same point.

**NEARS: QUICK RATE QUOTES**

Shippers and others during the meeting often asked railroads and each other why railroads take so long to get quotes. Most agreed that truckers were far quicker, and with that speed win traffic which might go well on the rails. The short lines present assured the audience they could provide instant quotes for local traffic. They ran into problems when they had to ask Class Is for rates. Participants in the Class I panel agreed the problem existed, and could say only, “We’re working on it.”

Green of McCain’s advised shippers to “cover both ends of the pricing,” which McCain’s does. It does not rely on the initiating railroad to get prices on connecting service. Rather, his company also calls the other railroads to seek a quote from them.

Two companies providing a quote service

IMCs traditionally put together a quote for drayage and rail for shippers wishing to use containers. Now, said one official from Hub Group attending the meeting, he is providing this service for two breakbulk shippers moving product to Maine for distribution. The shipper doesn’t have to wait, or hound the railroad for the rate quote.

Safe Handling of Auburn, a large transload operation, also provides a complete quote, said President Ford Reiche in a later interview. Shippers call asking for the quote to transload, and Safe Handling tells them it can provide a quote to dray the product to the railroad, transload, and dray to destination. “They are amazed we can do this.” Reiche said Safe Handling in turn does hound the railroad for a quick rate quote. {ARW coverage}

**FOR THE RECORD:**

**REGIONAL**

YES, NS HAS ASSISTED GRS with the effort to raise clearances between Mechanicville and Ayer to 19’6” [see 12 March issue: Massachusetts]. Independent sources close to both railroads confirmed recently that NS provided some of the funding. The deal apparently also included other, undisclosed terms. {ARW discussions}

*******

CSXT CLAIMED TO BE BESTING NS IN THE RACE FOR NEW BUSINESS IN THE NORTHEAST. "I'm not going to tell you how we're doing, but we're going to whoomp 'em," Aden C. Adams, senior vice president of sales and marketing, told nearly 2,000 stockholders at CSX's annual meeting at The Greenbrier Hotel in White Sulphur Springs, West Virginia.

Without providing earnings estimates, Adams told CSX shareholders gathered in the hotel's plush ballroom, “You're going to be happy. You're going to be real happy.” The two railroads are vying for $1 billion worth of what CSX calls “jump-ball business” -- that is, contracts with shippers who can choose either railroad to move their goods. The contested freight business involves such major sectors as cars and chemicals in busy corridors such as Chicago to New York and Detroit to Baltimore.

Norfolk Southern spokeswoman Susan Terpay did not reply directly to CSX’s claim. But she said Norfolk Southern "is aggressively pursuing new business opportunities" and is "pleased with the progress we’ve made" at securing new business in competitive terrain. Norfolk Southern has acquired 58 percent of Conrail, while CSX has acquired 42 percent. (Chip Jones, Richmond Times-Dispatch 28 Apr. 99)

**CONNECTICUT RRs**

ConnDOT

27 April. THE DEPARTMENT IS EVALUATING THE RAIL PROJECT PROPOSALS submitted by the state’s freight railroads in response to a solicitation [see 12 March issue]. Ray Godcher of the Office of Transit said he had received “six to eight responses” totalling “two or three times” the department’s $500,000 it has available. “Some railroads have submitted more than one proposal.”

ConnDOT has developed no formal criteria for judging the proposals, such as a cost-benefit analysis. “We’ll probably spread the wealth around.” A decision will come “in a few weeks,” he said.

No deadline is set for the decision, but the department will favor those projects which can begin “as soon as possible, and have a reasonable duration.” Godcher did not want to have incomplete projects hanging over into 2000, when he expects to
conduct another round.

The state funding will not lapse, as the state share - 70% of the total - will probably come from bonding. If necessary, ConnDOT could use its revenue funds, but that would require that all projects be done and billed within the fiscal year, which runs from 1 July to 30 June. {ARW discussion}

27 April. A NORWICH-NEW LONDON COMMUTER ROUTE WON'T HELP, apparently, to relieve congestion in the Route 2/2A/32 corridor. ConnDOT’s Office of Intermodal Planning has just completed a draft Environmental Impact Statement, which finds that the transit alternatives to highway construction will not divert enough traffic, according to Andy Davis of that Office. ConnDOT examined the alternatives of busways, monorail, light rail, and heavy rail. The heavy rail would have used NECR track.

However, he stressed, the draft will receive public hearings at the beginning of May before it becomes final.

More on the eastern Connecticut Rail Study
As reported in the 7 April issue, this study found that commuter service would prove too costly, running either along PW track from Worcester to Groton, or NECR track from Palmer to New London. A reading of the study rated capital costs for rehab on PW track came to $41.6 million; for the NECR track, $44.5 million.

Operation costs for high frequency service (22 round trips daily) would result in a subsidy on PW of $26.63 per trip per passenger, and $39.77 per trip per passenger on NECR. For low frequency (four round trips daily), subsidies would come to $38.61 and $39.81 respectively.

The study concluded: ‘At the present time all transit capital monies are programmed until the year 2006 to keep the existing system in a state of good repair. Major projects in the program include the Catenary Replacement of the New Haven Line at $286 million, the New Haven interlocking at $105 million, and the Stamford Center Island Platform at $125 million. After 2006 the entire rolling stock of the Department will be replaced, and the replacement of various bridges will also continue. The Department does not have the capital monies available now or in the future to expend on this program.’ {text of study 1.99}

### MAINE RAILROADS

#### MAINE DOT

9 April. THE DEPARTMENT ANNOUNCED THE WINNERS OF THE IRAP FUNDS. The state accepted 15 proposals [see 26 February issue] and selected eight, with the assistance from the Department of Economic and Community Development:

<table>
<thead>
<tr>
<th>Rail line</th>
<th>Location</th>
<th>Project</th>
<th>State $</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;A</td>
<td>Easton</td>
<td>siding for McCain’s</td>
<td>$62,000</td>
</tr>
<tr>
<td>B&amp;A</td>
<td>Portage</td>
<td>siding for Maine Woods</td>
<td>$70,000</td>
</tr>
<tr>
<td>B&amp;A</td>
<td>Winterport</td>
<td>siding, Lane Construction</td>
<td>$54,000</td>
</tr>
<tr>
<td>B&amp;A</td>
<td>Taunton</td>
<td>siding imprv,Plum Creek</td>
<td>$130,000</td>
</tr>
<tr>
<td>GRS</td>
<td>Hinckley</td>
<td>siding for SAPPi</td>
<td>$274,000</td>
</tr>
<tr>
<td>GRS</td>
<td>S.Portland siding D Branch Kaolin</td>
<td>$284,000</td>
<td></td>
</tr>
<tr>
<td>GRS</td>
<td>Saco</td>
<td>track rehab,industr. park</td>
<td>$69,000</td>
</tr>
<tr>
<td>SLR</td>
<td>Auburn</td>
<td>track rehab, L A Railroad</td>
<td>$81,000</td>
</tr>
</tbody>
</table>

The South Portland, Winterport, and Saco projects qualify for CMAQ funding, providing an additional $407,000 to augment the $617,000 in IRAP bond funds. Each sponsor will also provide a 50% local match, from the company, the railroad, or other source [see 7 April issue].

Commissioner John Melrose said three additional project proposals could still receive IRAP funding. Rob Elder, head of the Office of Freight Transportation, listed these as a transload facility in Calais [see below], a siding in Madawaska for Fraser Paper, and another in Madawaska for Maine Alum.

At the NEARS meeting [see above], Elder said the department would conduct a second round, “if we see a positive cost-benefit” from the current projects. {MDOT press release 9.Apr.99; ARW discussion 28.Apr.99; ARW coverage}

12 April. RAIL AND PORT PROONENTS MOBBED THE PUBLIC HEARING on the state transportation bond, at a joint meeting of the Transportation and Appropriations Committees. Supporters of the bill as proposed [see 7 April issue] included officials from Lewiston, Auburn, Brunswick, Rockland, and Bangor as well as Matt Jacobson of the SLR.

Additional expenditures were proposed for:

- The Bangor and Aroostook Railroad. $3 million to cover a promise MDOT made in 1994 [see Regional]. Representative Dick Campbell introduced a bill to provide this funding, and spoke in favor of it at the hearing.
- Port of Portland. Proponents seek another $3 million to help rearrange the waterfront.
- Port of Eastport. $2 million to construct a transload operation in Ayers Junction [see Calais Branch, below].

The ability of MDOT to add projects to the bond bill is limited by Governor Angus King’s pledge to borrow each year no more than 90% of the previous year’s borrowing.

Next step: the two committees need to hold a joint work session. As of 30 April, that was not yet scheduled. {ARW discussion with Rob Elder of MDOT and Bill Giroux of Portland 27-28.Apr.99, with legislative staff on 30 April}

#### AMTRAK - MAINE

29 April, South Portland. THE MAJOR WORK KICKOFF WILL OCCUR ON 17 MAY, when a tie gang will start south from Rigby, replacing ties in the 13 areas needing undercutting. Mike Murray, executive director of NNEPRA, said the tie gang would then start north replacing other ties, while an undercutting machine would attack clearance problems.

No new clearances

Despite the effort elsewhere to increase clearances so that trains can run doublestack [see Regional: SLR and Regional: FTR],
NNEPRA will only restore the existing clearances. During resurfacing over the years, GRS did each side of the overpasses but not under the overpass, in order to preserve the clearance. A depression in the track has resulted, which the trackwork will correct by undercutting, but only to restore the existing clearance. To increase the clearance would cost too much, though Murray would like to have done it “for general benefit to railroads.”

Possible future relationship
Belfast remains willing to work with the railroad, said St.Peter. The city will take over that part of the yard closest to the water for other uses, but the railroad could use the west (land) side of the yard for continued passenger operation. The city would lease it, and is also open to a sale to the railroad. {Walter Griffin in Bangor Daily News 21.Apr.99; ARW discussion 27.Apr.99}

SLR - MAINE
20 April, Atlanta Georgia. AUBURN MARKETED ITSELF AS A COMPETITOR TO MASSACHUSETTS TERMINALS, during a presentation to the International Intermodal Expo here today by a delegation composed of Roland Miller, Auburn’s director of community services, Matt Jacobson, president of the SLR, Robert Grossman, president of SLR parent Emons Transportation, and a representative from Mead Paper in Rumford. They want to convince steamship companies to move product through the Port of Vancouver, and then via CN to Auburn. At present, New England traffic moves through Chicago to various terminals in Massachusetts [see 5 February issue].

Unlike rail lines serving US west coast ports, CN can offer single-line service, bypassing Chicago and the interchange there. “We’ve got to convince Canadian National to give us the right rates,” Grossman said; he has already begun those discussions. “We’ll work with CN and the steamship companies to put together a service package and a price package that makes sense.”

Grossman sees two other advantages. The SLR has full doublestack clearance, while Massachusetts has only mixed doubles. Furthermore, because of forest product shipments, Maine can offer backhaul.

The delegation must convince the steamship companies to use Vancouver, however. “And it’s always hard to get somebody to change. They’re used to a certain port, a certain route. But we’ve tackled difficult issues before, so we’re up for the challenge.”

The visit marks the kickoff event for the challenge, both Grossman and Miller said. “We have all the critical decision-makers in one place. It’s a chance for us to show what we’ve got.”

After the visit, Jacobson said CN is marketing the Auburn terminal from all its ports. Several steamship companies have expressed interest.

The Port of Auburn?
Miller likes to point out that Auburn already acts as a port, with goods transferred from one mode to another both at the SLR intermodal facility and at various transload operations. And in terms of bulk traffic, it is fast catching up with Portland in terms of the amount of bulk it is handling [much of it via Safe Handling]. {Lisa Giguere in Lewiston Sun-Journal 20.Apr.99; ARW communication with Jacobson 2.May.99}

CALAIS BRANCH
28 April, Calais. MDOT WITHHELD A DECISION ON
WHETHER TO FUND A TRANSLOAD FACILITY HERE [see above and 7 April issue]. Elder said the department would fund only one transload operation in the area; if the Legislature decided to add $2 million to the bond fund for such a facility at Ayer’s Junction, then the department would not fund the Calais proposal.

Calais reaction
Jim Porter, who is honchoing the transload project for Calais, said that while Calais would like to have the project, a location at Ayers Junction would certainly help Eastport and he would be happy with it. “They have a lot more room there than we have in the industrial park.”

No increase to the tax base would occur from the facility, because the city would own it. Furthermore, many of the dockworkers live in Calais, or shop there, so his city would reap economic benefits of a transload operation in Ayers Junction.

Private interest
The Dicenzo Construction Company’s main facility lies in the Calais industrial park, adjacent to the transload site proposed by the city. Rob Bailey of Dicenzo said his company had about 3,000 feet along the sidings which were fields at this point; GRS had said it would do track upgrades if they could attract new rail traffic. If the Ayers Junction or the municipal effort fell through, and a shipper could provide sufficient transload traffic, Dicenzo would build the facility on its property. {ARW discussion 27.Apr.99}

MASSACHUSETTS RRs

LEGISLATURE
30 March. THE JOINT TRANSPORTATION COMMITTEE HELD A PUBLIC HEARING ON THE BOND BILL, H#3962. This will fund:

- $269 million for the extension of commuter rail service to New Bedford and Fall River [see 12 March issue: MBTA].

- $40 million for the Greenbush extension. This permits work on the project, which will ultimately cost $285 million, to continue.

- $180 million for MBTA station construction, including completion of North Station service.

- $15 million for the completion of the Framingham to Worcester commuter rail extension project.

In addition, the bond bill language covers all MBTA structure and operation, and it:

- Authorizes the MBTA to ‘extend or expand commuter service on the Providence-Attleboro line, so-called, in accordance with said authority’s Pilgrim Partnership Agreement with the state of Rhode Island, and is further authorized to build and operate a layover facility in the city of Pawtucket in the state of Rhode Island; provided, that the current layover facility in the city of Attleboro shall be relocated to the city of Pawtucket, as required by section 118 of chapter 205 of the acts of 1996, not later than 30 months after the effective date of this act; and provided further, said service expansion and facility relocation shall in no way restrict the selection of a commuter rail service provider.’ [Rhode Island has already performed the design work called for under the Pilgrim Partnership Agreement and awaits passage of this law - see 8 January issue.]

- Creates a trust fund to support MBTA current expenses funded by 1 cent (20%) of the regular and motor vehicle sales tax. All assessments [paid by cities and towns part of the MBTA] are also be deposited into this fund. {text of bill from governor’s office 17.Feb.99}

Transportation staffer Sean McDonnell anticipated the committee will hold executive sessions to complete drafting of the bill. It will then move separately in each house, first to the Long-Term Debt Committee and then to the Ways and Means Committee. Any differences between the two houses will get resolved in conference committee. {ARW discussion 28.Apr.99}

GRS - MASSACHUSETTS
2 February [better late than never!]. THE RAILROAD ANTICIPATES ABANDONING SEVERAL BRANCHES in the next three years, according to its annual filing with the STB. As published in the Boston Globe on 2 February, these consist of [compare similar NH announcement in 5 February issue]:

- GRS - MASSACHUSETTS - 2 February [better late than never!]
The railroad moves about 3,000 carloads a year and would like to do more, said General Manager Jon Lasko during an interview at the end of March. He took the reins here in November 1998, moving from position as the director of marketing at the Dakota, Minnesota, and Eastern in Minneapolis.

**Distribution customers.** These make up a large portion of the railroad’s carloads, with Rail Distribution Services (RDS - PVRR sister company with two facilities in Westfield and one in Holyoke) accounting for about 1,000 carloads a year. In the Holyoke facility, RDS stores aluminum coil, delivered by rail. It sends the coil out daily by truck to Crown Cork and Bottle in Lowell, as needed.

In Lowell, the customer makes the coil into aluminum soft drink cans, and then sends them further for filling. Why doesn’t the Lowell customer use Guilford, or at least a closer-in distribution center? RDS chief Craig Della Penna said while operating the fork-lift [yes, he actually does work] that GRS did not want to handle the carload business, and short lines did not exist close in to Boston. [BCLR lies within I-495, but to the south almost as far away from Lowell as Holyoke.] Moreover, he said: “We have the traffic rather than other close-in railroads and distribution centers because of our unmatched-in-New-England, award-winning quality of service and our redundant layers of trucking to points eastbound. A shipper’s placing a move this valuable in the Boston metro area would be akin to shooting itself in the foot, because we do it cheaper, on-time and undamaged. All other close-in options don’t include those three important factors.”

Other distribution centers include the US Distribution Center (food-grade warehouse) in Holyoke and the Westfield Distribution Center (dry-van).

**Bulk customers.** The railroad offers a bulk distribution service at Westfield Yard. Dry commodities like plastic pellets are directly transloaded from hopper cars to tank trucks for local delivery. With a paved and lighted yard and quick access to I-90, the service is popular and growing, said Lasko.

**Breakbulk manufacturing.** The line has several paper manufacturers. In addition to the paper shippers PVRR serves many other manufacturers and private distributors in the area including Barker Steel, RWC Corporation, and Sealed Air Company. PVRR also serves a pole yard in Westfield.

The railroad is also working on shuttle programs for Jen-Coat and Sonoco Paper, plus other projects for current and existing customers, the details of which Lasko preferred not to comment on [see 19 November 1998 issue]. “The PVRR recognizes that to survive in today’s environment, a small railroad must be creative and aggressive in the services it offers.

**Intermodal.** PVRR does not have one on its line. Since Westfield lies only about seven miles from the Conrail ramp in West Springfield, locating one in Westfield would not make sense.

**Interchange traffic.** PVRR also delivers occasional cars to GRS in Holyoke, and picks up from them. PVRR also delivers occasional cars to GRS in Holyoke, and picks up from them, at the Cabot Street Yard. Its major interchange occurs in Westfield, where a Conrail switcher from West Springfield will deliver and pick up daily.
General Manager Jon Lasko, who also serves as head of marketing and sales, said during a 26 March train ride from Westfield to Holyoke that despite the general decline of manufacturing in the region, he hopes to attract facilities back to the PVRR line. “We have ready rail access, plus immediate access to interstates.” The rail line also has large amounts of adjacent former industrial space which would serve new manufacturers well.

Massachusetts Central
This railroad handles about 5,000 carloads a year, and about 10,000 intermodal units. It interchanges with both NECR and Conrail. Paul Crawford, executive vice-president and chief executive office, said the Conrail interchange occurs in the Conrail yard in Palmer; MCER will switch out its cars and NECR’s at the same time, or NECR will enter the Conrail yard and switch for both MCER and itself.

MCER and NECR tracks run parallel north from the Conrail main line to a fork under I-90: MCER track curves to the east, and NECR to the west.

Distribution customers.
The railroad offers Barre Reload and Storage in South Barre, a company which has a common shareholder with MCER. Crawford serves as the president.

Bulk customers. A&R has two companies served by MCER in Ware. A&R Packaging and Distribution Services provides a bulk plastics transload and packaging operation in Ware, which does a significant amount of work for Mid-States Packaging. A&R Transport, a sister company, provides the trucking. A&R also operates a bulk transload site sans warehouse at Gibbs.

A&R Transport was founded in 1965, and the transload thereafter. Both are national firms with headquarters in Joliet Illinois, privately held by James Bedeker, president. Over the past 27 years, A&R has evolved from a small liquid bulk hauler to a specialized dry bulk plastics transportation company, which accounts for two-thirds of the business now. The company now operates several terminals across the United States, including 17 rail / truck transfer facilities. An affiliate, AR Intermodal, manufactures The Eliminator, a container within a container to make truck-rail movements easier.

Intermodal customers. Of the 10,000 intermodal units, about 30% come from NECR and are treated as CN units; the other 70% come from Conrail. Much of the intermodal business comes from ocean carrier Kline. Crawford said other ocean carriers are welcome to the terminal. Kline came because Kellaway Intermodal and Distribution Services brought the business to the terminal. MCER does have one intermodal shipper on line: Cascades Diamond. It receives scrap paper by rail, and ships by container its product: egg cartons.

Crawford and his director of customer service and marketing, Steve Fontaine, see growth in distribution and intermodal, rather than serving manufacturing customers. A CSXT representative has recently visited the railroad, looking for transload and distribution sites.

Fontaine explained that New England differs from the South, the territory CSXT began with. “There, the railroad supplies the transload facilities. Here, all dry bulk distributors have their own facilities.”

Furthermore, the Boston-Albany line has very little available space, according to Fontaine. Therefore CSXT is talking to the short lines looking for space for transload operations. {ARW interviews 26.Mar.99; A&R website www.ar1.net}

Growth in intermodal?
In emphasizing intermodal as a growth area for the railroad, Crawford and Fontaine are joined by the Class Is:

Through the week ended 17 April 1999, combined cumulative volume on 19 US and Canadian railroads reporting to the AAR totalled 5,937,248 carloads, down 1.2% from last year, and 2,942,439 trailers and containers, up 3.1% from last year. {Views and News 26.Apr.99}

Robert Krebs, BNSF chief, said in an interview earlier this year that he is counting on intermodal - “the engine that drives the industry” - to fuel the railroad’s future. {Progressive Railroading 3.99}

For CP, intermodal dropped from 1995 to 1996, but then rose from 1996's 14,700 revenue-tomiles to 16,300 in 1998, the fastest-growing segment of CP’s business. {CP Annual Report 1998}
Revision of the taxation of state-owned lines
HB709, sponsored by Gene G. Chandler of Bartlett, would provide to each town with a state-owned rail line operated by a private company a certain percentage of the user fee [see 7 April issue]. On 20 April, a subcommittee of the Finance Committee discussed the bill. Morgan expected the bill to move along.

Abandonment in Salem/revival?
GRS sent out a 16 April notice of intent to file a Notice of Exemption covering the Salem end of the Manchester Lawrence line. NHDOT has discussed with GRS purchasing the section.

However, Morgan questioned whether a reconstituted line from Manchester to Lawrence would provide good commuter rail service. In comparison with the Nashua line, which the state is currently pursuing for commuter service [see ??], it would not work as well. An extension from Lawrence MA into Salem or Windham might work. That would require dealing with several wide grade crossings, and a track which has seen very little traffic in recent years.

Nevertheless, as part of preparation of an environmental impact statement (EIS) on widening of I-93 in New Hampshire, the department’s Bureau of Highway Design is looking at commuter rail. Jeff Brillhart of the Bureau expected to issue a scoping report with a sketch of the alternatives in three to four months, and the actual draft EIS in about twelve months, “optimistically.” He is utilizing consultant Vanasse Hangen Brustlin for the project. [ARW discussions 29.Apr.99]

FOR THE RECORD:
NEW HAMPSHIRE
THE STB PUBLISHED THE NOTICE OF EXEMPTION ON NHVT. The decision noted that NHVT and NHDOT agreed on 15 March that NHVT would operate over the line purchased by NHDOT [see 7 April issue], and that the exemption permitting NHDOT to own the line took effect on 30 March, as did the exemption permitting NHVT to operate the line. It covers the ‘Berlin Branch’ from milepost 113.0 in Littleton to milepost 125.0 in Whitefield, and thence to milepost 130.9 in Jefferson (Waumbeck Junction). It includes also the ‘Groveton Branch’ from milepost 130.9 in Jefferson to a point in Groveton at the whistle post located south of the West Street crossing, where NHVT meets the tracks of the SLR. [STB Finance Docket No.33727 16.Apr.99 (service date)]

RHODE ISLAND RRs

AMTRAK - PW
7 April. CORRECTED UPDATE ON FRIP [see 7 April issue]: Project manager Peter Janaros expected the track seven work [from Boston Switch to Providence] to finish by autumn 2000, and the track three section [from Providence to Davisville] to be clear for doublestack by the end of 2001 or the beginning of 2002, though some finishing touches may remain. [corrections from Janaros letter 15.Apr.99] My apologies for the mistakes in the previous issue.

PROVIDENCE AND WORCESTER
16 April, Warwick. PW LOST ITS ONLY CUSTOMER ON THE WARWICK TRACK. The track runs south from Cranston Yard next to the Northeast Corridor, east across Elmwood Avenue, then half a mile to customer Bagging Services and end of operational track. Steve Devine, a RIDOT official, said the track formerly continued to former customer Ciba-Geigy at station Bellefonte, making the total distance about one mile.

The customer, Bagging Services, was used by the George Mann Company to bag bulk chemicals for local distribution. However, George Mann, a major PW customer, recently terminated that work because of decreased demand from the textile industry and depressed pricing in packaging materials.

Future plans
Deborah Sedares, PW general counsel, said “the branch will remain” and the railroad stands ready to serve other customers who would locate on it. “We constantly get inquiries about rail service” and possible industrial locations. [ARW discussions 28.Apr.99]

History
The Warwick Industrial Track was begun in 1875 as the eight-mile Warwick Railroad, and operated off and on by the New York, Providence, and Boston Railroad until taken over by the New Haven. The New Haven transferred it to the Rhode Island Suburban Railway which ran it as a streetcar line. From 1949 to 1980 it was operated independently as the Warwick Railway, by owner/engineer Oscar Greene and his wife, who often worked as conductor/brakewoman. A third employee ran the office. It was cut back to the 0.9-mile stub to the Ciba-Geigy plant in 1954 and qualified for a while as the shortest common carrier rail line in the country. Greene sold it to the P&W in 1982 when he decided to retire. [Ronald Dale Karr in The Rail Lines of Southern New England (Pepperell, MA: Branch Line Press, 1995), pages 133-34 - e-mail from the author]

23 April, Providence. THE RAILROAD RECEIVED A POSITIVE DECISION ON SOUTH QUAY. According to a PW announcement, the Rhode Island Supreme Court today confirmed the Company’s fee simple absolute title to the approximate 35-acre waterfront property in East Providence known as the South Quay. This property was created on formerly tide-flowed land by the Company to capitalize on the growth of intermodal transportation.

The facility is located 1/2 mile from interstate 195 and 1-1/2 miles from downtown Providence, has direct rail access and is adjacent to a 12-acre site also owned by the Company. Rail access runs over trackage owned by the state, and operated by PW under agreement.

Confirming the Company’s fee simple absolute title permits the Company to explore all development opportunities for this waterfront site including both rail and non-rail related uses. Sedares said the railroad still looks at the site as a potential TOFC site and will explore that use. [PW news release; ARW discussion 28.Apr.99]

On 28 April, PW management told the stockholders’ annual
meeting that the railroad which so far has spent about $12 million on the pier project, began developing the site in 1974 when it had no access to port facilities. Since then the railroad has gained access to water in Providence, at Quonset/Davisville and New Haven, explaining why the company is also looking at non-rail uses. 

And once rail line upgrading in Rhode Island and Massachusetts is completed by 2001, the P&W also anticipates getting involved in car hauling from the Quonset/Davisville port and commercial park at the entrance of Narragansett Bay in Rhode Island. {Peter P. Donker in Worcester Telegram & Gazette 29.Apr.99} 

VERMONT RAILROADS

SLR - VERMONT

14 April, DC. STEVE KNUDSEN WAS HONORED FOR CONTRIBUTING TO THE ENVIRONMENT at the fourth annual North American Employee Environmental Excellence Awards hosted by AAR. The luncheon hosted six nominees, five from Class Is and one, SLR Assistant Vice-president for Maintenance Steve Knudsen. SLR President Matt Jacobson nominated Knudsen for his effort to provide a herbicide-free vegetation control system.

When Knudsen discovered that two women living next to the SLR track in Vermont were suffering because of herbicide spraying, he designated the area a no-spray zone. As Jacobson wrote: 'With this action taken, most would have considered the problem solved. Steve did not. He wondered if there were others that had chemical sensitivities....Steve convinced me to institute a self-imposed, year long moratorium on spraying for the 30 miles we run in Vermont. Together with Barbara Alexander of Vermont Forest Roundtable, Steve persuaded Vermont's federal delegation to find money to help with the development effort. Due to Steve's leadership and effort, the current Federal budget contains a $250,000 line item to be used exclusively to test alternatives to herbicide application on the St. Lawrence and Atlantic.'

Section 12a of the Vermont transportation capital program permits the state to accept the federal money {Views and News 19.Apr.99; communication from Jacobson}.

UPDATE ON THREE LINES

This information came from VAOT Assistant Attorney General John Dunleavy:

Wells River Branch: On 29 April, the director of VAOT’s rail and public transit division, Greg Maguire, plus Sue Compton, rail coordinator, and Dunleavy met with Kelley Dunn, GRS official in charge of real estate. “We had a constructive meeting,” said Dunleavy. The two sides have an agreement in principal, and Dunleavy anticipated final resolution soon.

The deal depends on approval from the legislature’s Joint Financial Committee, consisting of the chairs of various committees, which meets when the legislature is not in session. Section 7 of H.537, the state’s transportation capital program and project develop plan, asks VAOT to accomplish the purchase in FY00, which begins on 1 July 1999. The legislature had earlier wanted the deal done in FY99 [see 12 March issue].

According to Dunleavy, the two sides agree that GRS will sell all its property in and north of White River Junction. The state will provide trackage rights to GRS, to permit it access to shippers in West Lebanon.

Language in H.537 currently reads:

Sec. 7. ACQUISITION AND REHABILITATION OF BOSTON & MAINE RAILROAD LINE FROM WHITE RIVER JUNCTION TO WELLS RIVER

(a) The secretary of transportation, as agent for the state of Vermont, is authorized to acquire the Boston and Maine Corporation’s railroad line between Hartford (White River Junction) and Newbury (Wells River), to lease the line for continued railroad operation and to assist with rehabilitating the line to repair washouts and to remedy deferred maintenance.

(b) For the purposes of subsection (a) of this section, the agency may add a new project to the transportation capital program for fiscal year 1999 [2000].

(c) Notwithstanding any other law to the contrary, should an agreement be reached for acquiring the Boston and Maine Corporation’s railroad line between Hartford (White River Junction) and Newbury (Wells River), the secretary of transportation is authorized and directed to transfer an amount of any unexpended state funds appropriated to the agency of transportation in FY 1999 [2000] to the rail, air and public transit appropriation line, excluding funds appropriated for town highways, up to the amount required for such acquisition and rehabilitation of the line to repair washouts and to remedy deferred maintenance. The amount transferred to the rail, air and public transit appropriation line shall be used for the purposes contained in subsection (a) of this section.

(d) Prior to the release of any funds in accordance with subsection (c) of this section, the secretary of transportation shall brief the joint fiscal committee on the details of the acquisition and committee approval shall be necessary before the expenditure of any funds.

Washington County: As predicted [see 7 April issue], NECR and VAOT have extended the interim operating agreement another ninety days, so that it now expires in August.

Albany-Bennington-Rutland-Burlington: Dunleavy said GRS had given “positive indications” about track access for the proposed Amtrak service [see 12 March issue]. The highrailing first scheduled for March has not yet occurred, due to the difficulty of coordinating schedules.

The legislature in H.537 added a new project ‘to the rail and aviation program, Hoosick-Burlington. The agency of transportation, or a consultant of its choice, shall inspect five bridges on the Hoosick branch from the New York state line to
the Boston & Maine railroad main line in Hoosick Junction." \{ARW discussion 30.Apr.99\}

**MARITIMES/QUÉBEC RRs**

**NEW BRUNSWICK EAST COAST**

12 April, Campbellton. **THE RAILWAY SURPASSED ITS JOB CREATION GOAL** by 30 positions, Premier Camille Thériault announced today. Société de chemin de fer du Québec bought the railway from CN in January 1998 \[see ARW 98#04\]. In May 1998, the Department of Economic Development, Community, and Tourism provided a $175,000 forgivable loan to the railway company to create 24 new jobs, in addition to retaining 35 existing CN employees. In addition, the Department of Labor provided a $75,000 grant for job training of the new workers, many of whom were employed by CN earlier but needed training for NBEC operations.

Clifford Kennedy, the department’s investment project executive handling the railway, explained in a discussion on 29 April that the terms of the loan provided that the department would forgive it if the railway maintained the jobs for one year. Within ten months, the railway had not only created and maintained the 24 jobs, it had surpassed its goal by 30 jobs, for a total of 54 new jobs in Campbellton.

"New Brunswickers can take great pride in the New Brunswick East Coast Railway's job creation and business success," Thériault said in Campbellton. "It has made amazing strides in a very short time and the dedication of the people of Campbellton will certainly ensure it continues to grow and develop. This is wonderful news for northern New Brunswick." For some time, the premier has emphasized his priority of helping northern New Brunswick, which economically lags behind the southern region of the province.

Francis Mimeault, NBEC executive vice-president and general manager, made two other announcements of investment: "In order to deliver our cars expeditiously from Rivière du Loup to Moncton, we needed to purchase 11 new locomotives. These new locomotives will enable us to reach a superior level of service for our existing and future customers. We are also working on a turnkey service with the introduction of a lumber transloading facility. This facility will better meet the needs of the sawmills in the Restigouche region." \[Restigouche County sits at the top of New Brunswick, but does not include Edmundston, which belongs to Madawaska County.\]

Kennedy pointed out that the railway has now invested $41 million: $11 million for locomotives plus the original $30 million in purchase price and equipment acquisition. \{press release from NB Department of Economic Development, Tourism and Culture; ARW discussion 29.Apr.99\}

**QUÉBEC CENTRAL**

28 April, East Broughton. **START-UP OF THE RAILROAD COULD BE WEEKS AWAY** according to Michel Champoux, who is administering the project for Jean-Marc Giguere, owner of the trucking company Express Marco. Giguere himself described the status in an address to the Chambre de Commerce de L'Amiantein early April: the track is 75% repaired and a financial plan is in place for the necessary $25 million. Marco Express will contribute $4 million, a bank will loan approximately the same amount; another $8 million is also in place, with the provincial support of $3 million included in that. The remaining $8 million is currently being negotiated.

M. Giguère stated that the Québec Central would employ 45 people by the end of its first year of operation, and that number will increase to 125 eventually, including those employed at transload operations. \{La Tribune 10.Apr.99\}

**Trackage, trains, and employees**

According to Champoux, QCR will first operate between Vallée Junction and Sherbrooke; by the end of the first year it will add two other trains, one to Lac Fréntière from Vallée Junction, and one to Charny from Vallée Junction.

The railroad has begun to accept workers. It has not needed to do much advertising, since people in the region for some time have known about the revival of the railroad. "They keep knocking at our doors."

To operate these three trains, plus maintain the 229 miles of track, will require the 45 workers, Champoux said. He himself will serve as general manager, drawing on his 15 years of experience at CN in a variety of roles.

**Equipment and interchange**

The railroad currently owns one locomotive, named after the future owner. "We have an option to bring in others as needed," said Champoux.

Three interchange points could be used. The only one now possibly operational, in Sherbrooke, permits QCR to interchange with CDAC at the point QCR formerly met the CP. QCR is currently negotiating with B&A about the interchange.

With the laying of a few hundred feet of track in Sherbrooke, the railroad could interchange with SLQ. The same applies in Charny, where QCR could re-establish the former interchange with CN at the east end of the Charny yard.

**Potential traffic**

Forest products will travel both ways on the line. "Our sawmills need to import logs," Champoux explained, because the area no longer has lumber-sized trees. QCR can bring them in from the other parts of Québec, the rest of Canada, and the United States.

**When’s startup?**

Champoux hopes to begin operation in June \[several deadlines have come and gone, however\]. Talks to secure the necessary funding are happening, and, he noted, the railroad did not need all the $25 million up front. Before beginning, QCR will close on the purchase of the line from CP. \{ARW discussion\}

**FOR THE RECORD:**

**CANADA**

CN AWARDS TO REGIONAL SHIPPERS OF DANGEROUS GOODS. Out of 42 shippers, all of whom use a minimum of 100 tank cars per calendar year, who received Safe Handling
For awards for 1998, the following were located in the Atlantic Northeast: Praxair Canada of Saint John; PCI Chemicals Canada of Dalhousie; Eka Chemicals Canada of Magog PQ; Elf Atochem Peroxide Canada of Bécancour PQ; Ultramar Limited in St. Romuald PQ. {Canadian Business Wire 21 Apr.99 via NERAIL e-list}

PCS MILLS AND MINE RE-OPENED as of 18 April [see 7 April issue]. The company is once again shipping potash out of Saint John to Brazil, because the market there opened up again, according to the PCS general manager for New Brunswick, Roy Gautier. He noted that the salt production, which occurs at the mine in Penobsquis (Sussex), had continued even while the potash mining was closed. The company mines salt in a different location from the potash. {ARW discussion 27 Apr.99}

HOW TO SERVE UPPER MUSCODOBOIT. In the 22 March issue, ARW called for the provincial government in Nova Scotia to support rail by funding rail to four places, including Upper Muscodoboit. Peter Touesnard of CBCN told your editor at NEARS last week he figured a build-in from the CBCN line to Upper Muscodoboit would cost only as much as re-opening the old CN line from Dartmouth.

Touesnard also noted CBCN would not lose as much traffic from the DEVCO shutdown as previously thought: rather than drop to about 5,000 carloads, it will drop to only 7,000. Nova Scotia Power will not use as much gas as previously thought. {ARW interview}

**ATLANTIC NORTHEAST PORTS**

**HALIFAX**

15 March. THE PORT BEGAN IMPROVING CHANNEL DEPTH. Beaver Marine of Halifax, under a $2.3 million contract, is lowering three high spots in the Narrows area of Halifax harbour. Channel depths will then be 16.5 metres (55 feet), better than anything on the U.S. coast. {ARW discussion with Beaver Marine}

1 April. HALTERM ORDERED TWO POST-PANAMAX CRANES from the Shanghai Zhenhua Port Machinery Company (ZMPC) of China, a purchase approved last November [see 19 November 1998 issue]. Halterm President Pat Morin expected delivery by April 2000. ZMPC, which has supplied 100 post-Panamax cranes around the world, will also build two rubber-tired yard gantry cranes for terminal support.

As the first cranes in Halifax which can reach across a post-Panamax ship, Morin termed their acquisition “a critical step toward making Halterm a world-class container terminal and Halifax a world-class container port.” {Halterm press release}

26 April. CN AND SCOTIA TERMINALS DISAGREE ON HOW TO HANDLE SCOTIA'S CONTAINERS. This story is unfolding at Richmond Terminals, a common user facility at the north end of the shoreline in Halifax proper, adjacent to CN's domestic intermodal terminal. Richmond has five piers (9, 9A, 9B, 9C, and 9D), with three sheds (one each for 9 and 9A, the third shared by 9B and 9C).

**Nickel sulfide ore**

Scotia Terminals, a cargo-handling company owned by the Mathers families, which also owns shipping agent I.H. Mathers, in December 1998 began leasing pier 9A and the adjacent shed to handle nickel sulfide ore. According to Bernard Prevost, Scotia president, Pier 22 of Ocean Terminals, another common user site, formerly handled the ore. Because Piers 20-22 are often used for cruise ship calls, much of the building at Pier 22 now houses restaurants and retail stores, and the shipper moved its operation.

The ore is imported from Cuba aboard ships of Cuban lines Melfi and Coral. It moves by rail to Alberta, where smelting turns the ore into nickel briquets.

CN does “push railcars through” for the ore, Prevost said. CN is earning $8 million by handling the ore, which will amount to about 52,000 tons per year. [ARW analysis: Assuming 80 tons per car, that’s 650 cars per year. $8 million means $1200 or so per car, which sounds about right.]

**So what about containers?**

When Scotia was considering using Pier 9A, its officials and those of the Halifax Port Corporation (now Halifax Port Authority) met with CN engineers to look at the condition of the track adjacent to the pier. The engineers told the Port how to get the track upgraded. The Port subsequently spent some $1.5 million on needed upgrades to re-connect the service, and another $3.7 million on improvements to the pier. “There was never any discussion before we started operations” about the kinds of cargo CN would handle, said Prevost. He underlined that CN does handle containers not only at the major terminals of Ceres and Halterm, but also at a third location, Ocean Terminals. Why not 9A, directly adjacent to CN’s domestic intermodal terminal?

When Scotia opened operations at 9A and requested CN pick up its containers, CN declined. Prevost said CN had told them “every story under the sun” for its refusal. The railroad said, “We did not know the track was there.” And, “We’ve never serviced it before.” Or, “the track is not strong enough.” Prevost said CN had promised months ago “to put some answer in writing” but Scotia had never seen a written reason.

**Past container service for Melfi and Coral**

Up until the move to 9A, Melfi and Coral had to move ships to Halterm to unload their containers. Scotia had hoped to cut out that expense by giving the containers to CN right at 9A.

CN advised Scotia in a meeting in January that CN's new business plan dictated that they would only service Halterm, and that if Scotia wanted to work any cargoes other than nickel at 9A, they would have to seek permission in advance from CN Marketing and Operations. As a result, Scotia has turned away business, and Coral and Melfi ships have continued to shift from pier 9A after nickel discharge to Ceres or Halterm to handle their containers. Moving from 9A to the other terminals costs the lines more in time, harbour pilots, and tugs.
Prevost said in particular he has turned away imports of rail, pipe, and heavy equipment because he could not get a commitment from CN to handle the traffic.

Drayage to Ceres or Halterm would not work; that would require up to 350 truck trips for each ship call. Prevost pointed out the ships give CN up to 350 containers per call, which comes to 5,000 to 10,000 TEUS per year. “Some 5,000 of this would be new cargo for Halifax, which Montréal currently handles.” CN would make more money on the boxes because of the additional rail move.

**CN’s account of the Melfi and Coral moves**

According to CN’s Jim Powell, general manager for overseas liner traffic, CN expected to continue the arrangement used at Pier 22 after the move to 9A, and had never indicated it would handle containers at 9A. Powell related that Melfi has 3-year contract with Halterm to handle its containers; during 1999 Melfi’s lifts have come to under 100 per week. Coral has moved about 200 lifts thus far in 1999.

In Halifax, CN has a highly-efficient intermodal arrangement [see box]. “These volumes [from Melfi and Coral] do not warrant breaking up a dedicated intermodal train. We could not serve Pier 9A efficiently,” Powell said. For example, if the boxes had four different destinations, serving them would require rebuilding the train.

Furthermore, CN could not move the boxes easily to its domestic terminal; a ten to twelve-foot difference in elevation prevents that.

**What can be done?**

Not only is Scotia troubled by CN’s refusal to handle containers, but by the more general point of needing to ask CN’s permission before accepting cargo at common user piers - “unheard of until now,” said Prevost. He believed that all indicators point to CN’s desire to control all container cargo through Halifax. “I feel we’re just the first penguin in line to get pushed off into the water. Others will follow.”

To change CN’s position, “We’re trying to put pressure on the railroad.” Scotia is seeking support from those affected, or who could be affected, by such a decision: stevedoring companies such as Logistec, the Port Corporation, labor, and politicians.

Scotia is encountering some reluctance to act, because the port is waiting to hear whether it will get some of the huge container flow for Sea-Land and Maersk [see below]. “Everyone’s trying to tread nicely until the post-Panamax decision is made.”

What about creating a port railroad, which could act in a neutral and perhaps less expensive capacity? [This suggestion was made in a study of port expansion in 1996 - see 30 January 1997 issue.] Prevost feared that CN might not lower its rates, and the switching fees charged by a government-run railroad would be high because the railroad would be “labor-heavy.”

**CN is willing to meet Scotia**

Railroad spokesperson Patricia Tokai said on 28 April that CN’s intermodal operation “does not want to handle intermodal outside of Ceres and Halterm. It’s not cost-effective.” It had no agreement with Scotia about handling intermodal at 9A.

When asked why CN had permitted the rail construction to proceed when it knew it would not serve the container traffic at 9A, Tokai noted that CN had not handled boxes at Pier 22, the former nickel sulfide import location. “The vessel called at Pier 22, and then went to Ceres and Halterm. We propose to continue to serve the traffic at Pier 9A in the same way.”

Powell agreed that he could serve Scotia at Pier 9A, and if asked he would provide a rate. But that would require CN to price service to different points on the harbor at different rates.

Rather than do that, Powell plans to sit down with Scotia and discuss the situation. He noted that his office was not consulted when Scotia and the Port Corporation revamped the track to 9A, as to whether handling containers there made sense from a marketing or operational point of view. Since the dispute began, he has talked with Port Authority President David Bellefontaine, who is looking into it. [Calls to the Port Authority were referred to Bellefontaine, who had not returned them by press time.] {ARW discussions 27-29.Apr.99; Halifax Herald 12.Mar.99}

**What legal obligation?**

Under the Canadian Transportation Act of 1996:

Section 113 (1) A railway company, shall, according to its powers,...(a) furnish adequate and suitable accommodation for the receiving and loading of all traffic offered for carriage on the railway; (b) furnish adequate and suitable accommodation for the carriage, unloading, and delivering of the traffic....

If a shipper finds the rate quoted by the railway for carriage, unreasonable, it may seek Final Offer Arbitration to determine a rate [see 26 February issue for Eagle Forest Products use of this process]. The situations under which the arbitration process is available are listed in the Act:

Section 159 (1)... [O]nly in respect of matters arising between shippers and carriers that involve (b) the carriage of goods by railways..., other than the carriage of goods in trailers or containers unless the containers arrive by water at a port in Canada, served only by one railway company, for further movement by rail or arrive by rail at such a port in Canada for further movement by water....

---

**CN’S APPROACH TO INTERMODAL TRAFFIC**

**A question of efficiency**

CN’s general manager for overseas markets, Jim Powell, explained the railway’s approach to intermodal service at the port, which derives from the goal of providing the most cost-effective, efficient service as an effort to make Halifax a world-class location. The approach views intermodal service as a “pipeline” in essence, the running of a unit train from one terminal to another and return, say from Ceres to Toronto’s Brampton Intermodal Terminal.

Ideally, the train would not require any switching, meaning
the adding or withdrawing of intermodal cars. If a train must serve both Ceres and Halterm, the railway blocks the cars by loading in certain cars. On arrival in Halifax, the train stops at, say, Ceres where the cars are cut out for that terminal, and then proceeds to Halterm to deliver the remaining cars.

Westbound, the same applies. CN seeks to run unit trains where possible - say a cut of cars for Chicago and points south. When not possible, the railway will block the train; when it reaches Montréal, the cars with boxes for Montréal are cut out, and the train will proceed west with the balance.

**Difficulty serving additional terminals**

Powell acknowledged that CN does serve Ocean Terminals already, in effect making them a third intermodal terminal. Because of the pier configuration, the railway must provide more switching than it needs to do at the two major terminals. Since CN’s intermodal rates do not differentiate among the various terminals, the fact that Ocean gets more work for the same rate leads to comment from Ceres and Halterm.

To serve a fourth terminal would add to the inefficiency, Powell said. Providing the equipment to haul the loaded, westbound containers would mean uncoupling cars from the unit trains and switching them over the Pier 9A, then returning to pick them up. Furthermore, for eastbound containers, which would not be preblocked for 9A, the railway would probably have to ground the containers at Ceres and Halterm and then reload them and rail them to 9A.

For the railway, the process would cost far less if Scotia would dray the boxes involved to Ceres or Halterm. Powell said that he could quote a rate - a much higher rate - to Scotia to handle the containers directly at 9A, and a higher rate to Ocean Terminals, but that would change CN’s current policy of treating all container terminals equally. The higher rate would probably lead to complaints about CN’s approach. [ARW discussion 29.Apr.99]

**THE SEA-LAND/MAERSK DECISION**

1 May. *WHEN, O WHEN, WILL SEA-LAND AND MAERSK DECIDE?* While we’re waiting, a couple of interesting stories:

**The view of CN**

On 23 April, CN President Paul Tellier said during a visit to Halifax that 55% of the two carriers’ traffic is destined for the tri-state region. He viewed as highly unlikely the chance that Halifax would therefore get 100% of the business. CN is concentrating its effort on winning the bid for the US Midwest portion of the business.

The Port Working Group has not given up on winning 100%. But Premier Russell MacLellan said the same day that if Halifax gets the remaining 45%, the volume would justify construction of a new terminal for the port. {editorial In Halifax *Herald* 27.Apr.99}

**Rail links to the New York region must improve**

Even if Halifax wins 0%, it can win the business of other carriers if it can improve the rail lines. CN can get a box from Halifax to Chicago in about 48 hours, but not to New Jersey. Rather than building a terminal and hoping post-Panamax vessels will arrive, Roger Taylor, Halifax *Herald* business editor suggested that ‘perhaps some though should be put to improving our transportation links as part of the overall project.’A timely and efficient rail line to the northeastern United States may, in the long run, be the most important investment in the long-term prosperity of the Port of Halifax and the province.

Taylor also invokes the *bete noir* of Class Is, competitive access. ‘If competitors were to begin bidding for cargo coming to and from Halifax, it might provide the spark that would lead to greater interest in Halifax as a major destination rather than a port. The lack of rail competition has been a disincentive for shipping companies to invest in the Port of Halifax.’ {Herald 25.Apr.99}

**CN container service at Ocean Terminals**

While most of the 210,000 Halifax boxes pass through Ceres and Halterm [see 7 April issue: CN], the Port’s Ocean Terminals also handle boxes which are railed by CN, a point underscored by Prevost.

Captain Aage Roren, head of Logistec’s Halifax operation, said on 27 April his company worked at the common user facilities in Ocean Terminals [see ARW97#13], handling cargo for many lines, including two of the major lines at the port: Wilhelmsen Lines and the National Shipping Corporation of Saudi Arabia (NSCSA). Logistec also handles a wide variety of other cargoes, including grain through the Halifax Grain Elevator, break-bulk and project cargoes. At present it utilizes the Richmond Terminals for handling of export locomotives only.

Both Wilhelmsen and NSCSA offer ro-ro service to Australia and the Far East; these ships also carry containers, which Logistec handles at Piers 33 and 34, and interchanges with CN. While declining to give a number for the containers handled, Roren characterized it as “relatively small” compared to the Ceres and Halterm traffic.

**CN’s efficiency push**

According to Roren, CN had not mentioned it would not handle his containers. However, over the last few months it had engaged Logistec in an ongoing discussion about improving equipment turnaround. This had resulted in improved efficiency not only for CN, but for Logistec. Powell explained that when CN had parked a cut of cars alongside the sheds at Pier 33 and 34, they had blocked access to the sheds. By talking with Logistec, the two companies worked out a plan to use the rail line alongside Pier 31 for train storage.

Roren said the major change occurred in communication, which was much improved between CN and his company. But, he emphasized, CN had not mentioned to Logistec that it wanted to stop serving his terminals’ container traffic.

CN’s Tokai underscored, however, the plan to consolidate all containers. The railroad does have long-term agreements with some of Logistec’s customers to accept the containers at Ocean Terminals, which CN will honor. Furthermore, serving Piers 33
and 34 can be done easily because track access comes right out of the Halterm rail yard [see map].