**Regional Issues**

- **Connecticut**
  - **CNZR**: Home Depot traffic.
  - **HRRC**: Trimac subsidiary to operate Hawleyville transload.
  - **PW/HRRC**: Making structural steel delivery for Balfour Beatty.

- **Maine**
  - **BML**: Concern about operation next year.

- **Massachusetts**
  - **Massachusetts road salt**: Four of five vendors cut prices at contract renewal.*
  - **Cape Cod Central**: New administration may cotton to commuter service.
  - **CSO**: Correction on Tighe warehouse.*
  - **CSXT**: Four customers in Norwood/Westwood.
  - **FRTC**: Track work, possible new customer.
  - **NEGS**: Assistance.
  - **MBTA**: Some believe the Connex consortium will win.*
  - **PVRR**: CSX Transflo to handle candle wax.*

- **New Hampshire**
  - **MBRX**: Two Budd cars have reached the state.
  - **Portsmouth**: Ro-ro + container service to come.

- **Rhode Island**
  - **[No report.]**

- **Vermont**
  - **Amtrak**: Legislature approves short contract.
  - **NVR**: State will buy line. WACR to operate.
  - **VRS**: Rutland rail yard wins award. Cement permitting at Riverside.

**Maritimes/Québec**

- **CN**: Layoffs in Maritimes.* Ocean carriers still unhappy about CN intermodal. Meeting 10 December.
- **CBNS**: Sludge by rail will not work.* Cape Breton plans a pro-rail media campaign.
- **Sheet Harbour**: Like Eastport, it needs to diversify, but has no rail to aid that.*

**Shipper/Receivers**

- A cross-reference to companies mentioned here.

**People, Positions, Events**

Paul Crawford, John Melrose, Jane Lincoln

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**From the Publisher**

Mini-editorial

CSXT, HRRC, and PW have put together delivery of structural steel for construction in Connecticut. This kind of innovative move should occur more often! State transportation departments should insist on use of rail where practical, such as here, rather than letting the contractor choose the mode of delivery.

I hope each of you enjoys these Holy Days.

- Chop Hardenbergh

Next issue: 20 December.

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**Common abbreviations:**

REGIONAL ISSUES

GUILFORD RAIL

November. TRAFFIC AND SERVICE HAVE BOTH IMPROVED, according to informal reports. [Guilford still refuses to talk to me because of my ‘bias’ against the railroad. Editor]

One observer noted both improved traffic to paper mills in Maine, and improved service. And an official overseeing Saxonville USA traffic in Charlestown NH said Guilford service there has improved the last six months.

Madison Paper

Glenn Schicker, who manages logistics for the company, wrote: ‘I would agree that the service from GRS has improved over the past year plus. They are willing and open to discussions of service commitments - case in point, we signed a service agreement with Guilford in July of 2001 which outlined details of switch times, equipment availability, equipment maintenance, transit times, etc. which was quite successful. Both Madison and Guilford chose to exercise the option for a one-year extension. We have also successfully implemented follow-up operations and business requirement meetings which occur periodically to measure against goals in service agreements and implement any changes necessary.’

Mead

Brian Sass, who handles transportation for Mead in Rumford, Maine, said Guilford service has improved, now that they are helping co-manage the business. [The railroad stationed someone in the mill in 2001—see 10 October 2001 issue.] “It’s exemplary compared to what it used to be.” {ANR&P discussion 21.Nov.2002}

Intermodal

A HUB source said intermodal traffic had definitely improved for Waterville. “They have a lot of equipment there and are doing a good job repairing it. My hat is off to them.”

He also said the railroad is better in terms of customer service: “I have no complaints as far as service. They are getting the loads out.” {ANR&P discussions 14&15.Nov.02}

Alliance Shippers, another major intermodal marketing company using Waterville, has improved its traffic there as well. Tom Boyle, located at the company’s Keasley NJ office, said the increase had resulted from putting the rail option in front of customers. “We’re doing nothing different; [the service option] is just falling into place.” As for the railroad’s service, he called it good: “We’re not having any problems.” {ANR&P discussion 5.Dec.2002}

Traffic

With no exact numbers, one can only turn to sightings, which do reflect larger trains. On 3 December in Lowell, EDPB [East Deerfield to Rigby Yard, so named as the B section of EDPO] had five locomotives and 103 cars. BAED [Bangor (Northern Maine Junction) to East Deerfield] had five locomotives and 100 cars. On 5 December NAED (Nashua to East Deerfield) had 90 cars and four locomotives. ‘With these big trains it’s worth chasing around here again.’ {NERAIL posting by Matt Rooks}

CONNECTICUT

CENTRAL NEW ENGLAND

3 December, Bloomfield. HOME DEPOT UNLOADS NEARLY 2,000 CARS every year, according to Dale Sellers, senior logistics manager. Its distribution facility [see 23 December 2000 and 31 August 2001 issues] here supplies stores in western
Massachusetts, Connecticut, and eastern New York. [see Massachusetts for the Norwood distribution center.] Sellers said both distribution centers handle the same products. {ANR&P discussion}

HOUSATONIC RAILROAD

5 December, Hawleyville. **THE second-largest bulk carrier in North America** is marketing the railroad’s transload facility here, which was completed early this year [see 9 August issue]. Rian Nemeroff, HRRC’s vice-president for marketing, said the railroad had engaged BulkPlus Logistics, a part of the Trimac Corporation, to market and operate the facility.

Peter Boyle, business development manager of the transload division of BulkPlus Logistics, said Trimac had just reached agreement with HRRC on the operation. He and Nemeroff together will market the facility, which has not yet handled any product.

Trimac is looking to acquire current operations, or expand, and has “projects going all across North America,” said Boyle, seeking to expand the number of its terminals. The Hawleyville facility constitutes Trimac’s first in New England; it operates CN’S Cargofo facility in Saint John, and is looking to develop another facility in New Brunswick about which he declined further comment. Boyle has no active prospect for further growth in New England at this time. {ANR&P discussions}

PW/HRRC

5 December, Milford. **Two railroads will cooperate in delivering structural steel.** CSXT had already brought nine cars of steel to HRRC, which will hand it to PW in Derby. PW in turn will move the cars to privately-owned land on Metro North’s Danbury branch.

Contractor Balfour Beatty [In early 2002, the MBTA selected Cashman Construction of Boston and the U.K.-based Balfour Beatty to build the third and final branch of the Old Colony Railroad line for $251.8 million. {Tom Benner in Patriot Ledger 28.Dec.01}] will put the steel on a barge and move it onto the Housatonic River for use on the Sikorksy Bridge, which supports the Merritt Parkway.

Why didn’t PW do the entire move?

Rian Nemeroff of HRRC explained that his railroad had the necessary height clearances to get the product to the Metro North line, while PW did not. {ANR&P discussion}

MAINE

BELFAST & MOOSEHEAD LAKE

4 December, Unity. **The railroad cancelled its Christmas season.** In addition, according Larry Sterrs, the chair of the board of Unity Foundation and the railroad, a concern has arisen over operation in 2003. {ANR&P discussion with BML official}

MASSACHUSETTS

CAPE COD CENTRAL

5 December, West Barnstable. **Proponents of commuter service to Cape Cod have a chance** to put the idea in front of Governor-elect Mitt Romney. Kathleen Schatzberg, president of Cape Cod Community College in West Barnstable, is serving on the transition team and has invited proponents to submit a paper through her.

Ted Michon, a rail consultant, is drafting such a paper in cooperation with John Kennedy and the group which wants to
use restored Budd cars to provide the service. They have already submitted a business plan to EOTC.

As Linda Simmons, one proponent, wrote: ‘Why invest over $30 million dollars into the refurbishing of the rail lift bridge just for moving trash, while the Bourne and Sagamore highway bridges are clogged?’ {NERAIL post; ANR&P discussion with Michon 5 December 2002}

**CONNECTICUT SOUTHERN**

*Correction:* The Tighe warehouse in Mansfield on CSXT, not a facility in Springfield MA, acts as the regional distribution center for the major winery supplying Wine Merchants of Connecticut. Tighe may have as many as 50 cars awaiting unloading. *Thanks to reader Mike Clements for this correction.*

**FORE RIVER TRANSPORTATION**

5 December, Quincy. **MIDDLESEX CORPORATION IS COMPLETING THE SECOND OF TWO CONTRACTS** for track work here. The first paid for redoing yard track so more cars could be stored inside Massachusetts Water Resources Authority (MWRA) property. According to Matt Horan of the MWRA, that cost $977,000 plus $200,000 in design costs, and is now complete. The second, a $700,000 contract for grade crossing work in East Braintree, is nearly complete.

MWRA put the two contracts out as one, received six bids, and awarded the work to Middlesex Corporation of Littleton.

**Is the railroad profitable?**

When Twin Rivers Technologies won the operating contract for the Fore River Railroad, some wondered whether it had bid too high a percentage of revenue [see 18 May 2001 issue]. Horan reported that the Fore River Transportation Corporation has paid the appropriate share of revenue since it took over, though, with no problems. {ANR&P discussion}

**NEGS assistance**

Peter Dearness, NEGS president and former participant in Quincy Bay Terminal’s operation of the Fore River Railroad, will assist FRTC in track maintenance on an as-needed basis beginning 1 January. {ANR&P discussion 5.Dec.02}

5 December, Quincy. **THE RAILROAD MAY ACQUIRE SOME NEW BUSINESS** depending upon which company buys 12 acres the Massachusetts Water Resources Authority has put on the market. The MWRA had used the site as a staging area when it was building the Deer Island sewage treatment plant, and no longer has use for the land. Six companies have bid:

- **Acorn Management of Quincy**, $5.65 million to use the site for a floating hotel.
- **Eastern Salt Company of Chelmsford**, $2.25 million to use the area as a terminal for accepting shipments of road salt, sand and other commodities.
- **Jay Cashman Inc**. $2.21 million to move its headquarters and marine equipment division to the area.
- **Northern Materials**. $2.20 million, to revive in cooperation with Hub Technologies, a steel fabricating company.
- **Boston Development Group**, $1.4 million to develop office, storage, and retail space.
- **Bluefin Robotics and Shawmut Crane and Rigging**, $1.011 million, as test site for unmanned submersibles and warehousing excavating equipment.

Northern Materials would probably use the most rail, while Shawmut and Cashman might have some rail traffic. Eastern Salt would generate commercial marine traffic.

The MWRA is considering the bids and analyzing why Acorn had bid so much higher. The sale needs the approval of the General Court and the signature of the governor, so the Authority is consulting with local and state elected officials.
Not so fast
Quincy Mayor William Phelan is suggesting that the MWRA and the city would be better served if the regional sewer and water authority waited to sell its land until after the sale of a much larger piece of the former shipyard property. The U.S. Maritime Administration will sell at auction on 16 January the 130 acres where Massachusetts Heavy Industries had promised to return shipbuilding. \{PatriotLedger editorial 4.Dec.02;ANR&P discussion with MWRA official 5.Dec.2002; AP in Maine Sunday Telegram 22.Sept.02\}

MASSACHUSETTS ROAD SALT VENDORS
28 October. \textit{FOUR OF THE FIVE ROAD SALT VENDORS CUT SOME PRICES}, in response to a request for a 10% cut from the Executive Office for Administration and Finance, operational services division \{see 9 August issue\}. International Salt, Cargill, Granite State, and Eastern cut their prices for some districts, as noted in the table below. Morton did not cut for any district.

The extension term for the renewal period is through 31 August 2003 with three (3) twelve-month options to renew. Renewals will begin on 1 September through 31 August for each extension year.

Source of supply
International Salt imports from Chile \{see 02#01B\}; Granite State from various sources \{see 02#01B\}; Cargill from Cleveland or Ludlowville NY \{see 01#12A\}; Eastern from various sources \{see 02#01B\}; and Morton from the Bahamas and Mexico \{see 02#11A\}.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
Districts served & Salt provider & Pile/delivery & Estimated annual usage in tons & Price (last year’s price) \\
\hline
1A (Williamstown) & International Salt & Albany NY/ship & 13,000 & 37.67* (39.67) \\
1B (Pittsfield) & International Salt & Albany NY/ship & 16,000 & 37.47* (39.47) \\
2A (Deerfield) & Granite State Minerals & Portsmouth/ship & 27,650 & 36.98* (38.12) \\
2B (Springfield) & Cargill & Westfield/rail CSXT & 24,400 & 38.97* (40.20) \\
3A (Littleton) & Eastern Salt Inc & Chelsea/ship & 38,600 & 36.00* (37.00) \\
3B (Framingham) & Eastern Salt Inc & Chelsea/ship & 44,800 & 36.00* (40.00) \\
3C (Worcester) & Morton & Providence/ship & 36,100 & 35.00 \\
4A (Lowell) & Eastern Salt Inc & Chelsea/ship & 21,700 & 35.50 \\
4B (Weston) & Eastern Salt Inc & Chelsea/ship & 38,000 & 34.80 \\
4C (Boston) & Eastern Salt Inc & Chelsea/ship & 25,600 & 32.57 \\
4D (Andover) & International Salt & Portsmouth/ship & 44,000 & 32.57 \\
5A (Stoughton) & Morton & Providence/ship & 51,000 & 34.64 \\
5B (Fall River) & Morton & Providence/ship & 37,400 & 33.59 \\
5C (Dennis) & Granite State Minerals & Portsmouth/ship & 10,000 & 36.00* (37.11) \\
\hline
\textbf{TOTAL} & & & \textbf{428,250} & \\
\end{tabular}

\end{table}

\textit* Indicates price reduced from the price (shown in parentheses) for the 2001-2002 season

CSX TRANSPORTATION
14 November, Norwood. \textit{CSXT HAS FOUR CUSTOMERS OFF THE UNIVERSITY AVENUE SIDING HERE}, and provides five-day a week service with switching available twice daily. The area now has the sobriquet University Avenue Industrial area; according to planners in both Norwood and Westwood, no formal industrial park remains. The buildings are
all individually owned, but not by the companies which occupy them.

Saxonville USA
This operation [see 19 November issue] will have about 750 carloads a year, estimated Scott Jenks of North Pacific Group [see 28 November issue: New Hampshire]. It occupies half of a building; the other half is occupied by Barrett Warehouse [see below].

Home Depot
In the mid-1990s, this company took occupancy of the half of the building now occupied by Saxonville. In 2002, according to Dale Sellers, senior logistics manager, it needed more space and moved to an adjacent building, the former Star Market facility, and started operation there in September after track reconstruction. The new facility has almost double the number of car spots, including some inside the building; the spur into the building existed when Home Depot took over.

From this distribution center, Home Depot supplies stores in eastern Massachusetts, Maine, New Hampshire, and Vermont [see Connecticut for the Bloomfield distribution center.] Sellers said both distribution centers handle the same products. Each unloads nearly 2,000 cars a year.

Jenks said that while Home Depot served competitors of Saxonville in New England, the two distributors had reached a rough “equilibrium.”[ANR&P discussion 3.Dec.2002]

Barrett Warehouse & Transport, Inc
A long-term tenant in the industrial area where it now shares a building with Saxonville, Barrett warehouses and distributes food, beverages, electronics, medical wares, apparel, and other goods. Tim Barrett, company COO, said CSXT brings in about 1000 carloads a year, mostly food and beverages.

Barrett also operates facilities in Franklin (opened 2001), Methuen, and Mansfield. The last has 12 rail spots served by CSXT, though it now sees little traffic. The COO would like more rail deliveries to Mansfield. [ANR&P discussion 13.Nov.2002]

General Motors parts
Also a long-term operation, GM gets rail service off the spur leading back toward Route 128.
**MASSACHUSETTS BAY T.A.**

30 November, Boston. **BOMBARDIER-CONNEX-ALTERNATIVE CONCEPTS HAS SOME ADVANTAGES OVER GRS** for the T commuter rail contract [see 28 November issue], according to MBTA officials who wanted to remain anonymous. It supposedly has more experience, money, and global ‘clout’ [reporter’s word].

**Judgement on labor issues?**
In assessing the competition between Guilford and the Massachusetts Bay Commuter Railroad, analysts and T officials based their opinions on past reputations and not on the actual T bids, which have remained confidential. Because of past labor strife, establishing positive labor relations early on is considered crucial, MBTA officials and rail industry analysts say. Guilford is the only one of the firms involved in the bidding process not to reach out to organized labor, according to union officials. [Possibly because GRS is currently negotiating with its own unions? Editor]

Charlie Moneypenny, leader of the Transportation Workers Union of America, said Guilford officials told him that they could not speak with labor officials because they believed the T’s bidding rules forbid it. But, Moneypenny said, “We couldn't find anything in the [rules] that prohibits them from doing it. I think we have some idea as to what the Massachusetts Bay Commuter Railroad would like to do, but we have no idea what Guilford would like to do.”

**Judgement on past performance?**
“If I were in charge of awarding a commuter rail contract, and I wanted a company that could meet the critical scheduling demands that commuters require, I'd stay as far away from Guilford as possible,” said one Wall Street railroad analyst who spoke on condition of anonymity. The MBTA board of directors will choose the winning bid following a recommendation from T General Manager Michael H. Mulhern, who could make his support known within a month.

But France’s CGEA Connex, parent company of Connex North America Inc. and the majority partner in the MassBay conglomerate, also has problems. Yes, it is the largest private passenger transportation company in Europe, with 40,000 employees working for about 700 authorities worldwide. However, two years ago, after four years of a seven-year contract, it became the first rail company to lose its contract to run a segment of British rail. The firm was accused of poor on-time reliability and of using old trains on the southern England line. Connex is among Britain’s least popular companies, according to recent British press reports.

In contrast, Connex rail service in other locales, from Stockholm to Melbourne, is considered among the best worldwide. \{Mac Daniel in *Boston Globe* 30.Nov.02\} [Daniel forgot to mention that Guilford’s dispatching of the *Downeaster* has produced the best on-time state service in the country—see 28 October issue: *Maine. Editor*]

**POINEER VALLEY**

2 December, Westfield. **THE RAILROAD HAS ALMOST COMPLETED REVAMPING ITS YARD FOR CSX TRANSFLO.** It has paid for and constructed, with the guidance of Transflo, one new track, which allows more cars to be stored for the transloading of different materials with a new piping manifold and boiler, which will permit transloading of wax.

Joe Dugary, business manager for Transflo facilities in the Northeast, said customer Yankee Candle of Deerfield had moved its transload from Beacon Park Yard to Westfield, closer to its plant. “It helps the shipper, it helps the receiver, and it frees up space for us” in Beacon Park. He estimated the traffic at about 110 cars, the first of which will arrive in mid-December.

Since the facility opened [see 15 March issue], Transflo has handled soda ash and petroleum oils. PVRR provides the switching, while Transflo employees do the actual transloading.

**Temporary marketing manager**
Pinsly Railroads, parent company of PVRR, has designated Scott Wimberly to fill in temporarily on marketing and customer service for PVRR following the departure of Jon Lasko [see 11 October issue: *People*]. Wimberly, who handles the three Pinsly railroads in Florida (which, like PVRR, interchange with CSXT), could not say how Pinsly would eventually apportion
NEW HAMPSHIRE

MILFORD-BENNINGTON

5 December, Nashua. TWO RAIL DIESEL CARS FOR THE PROPOSED TOURIST SERVICE have reached Nashua enroute to Wilton [see 28 October issue]. The Budd cars cannot move out of Nashua until repair to some bent grab irons uncovered by an FRA inspection. {ANR&P discussion with a source close to the scene.}

PORTSMOUTH

4 December, Portsmouth. THE NEW CONTAINER SERVICE WILL ALSO OFFER RO-RO, said Captain Fiaz Arain, head of Amer Transport [see 11 October issue]. This change resulted from the “overwhelming response from ro-ro carriers” and an underwhelming response for the container service.

Working with the business development team at the Port of Halifax, Arain began to look at ro-ro (roll-on, roll-off) as source of traffic for his vessel. Traffic would come first from ocean-going ro-ro carriers which could off-load traffic, usually heavy-lift and oversize cargoes, at Halifax as the first port of call, and then use Amer to move the cargo between Nova Scotia and New England.

A second source would come from local seafood and lumber producers. “Local truckers have a problem with long-distance driving” and could patronize a service which could move the trailers from Halifax to Portsmouth. Amer would supply tractors to move the trailers to the receivers in New England.

The service would still offer container moves, but thus far only one major carrier has given a positive response to Arain [see 30 September issue].

Arranging the local ro-ro business

Arain said the Port of Halifax business development team, led by Patrick Bohan, will help him connect to exporters of seafood and lumber, as well as trucking companies who would drive trailers aboard the ship. The trucking company “already has the business,” Arain noted, and will benefit from lower costs.

Amer “will also ask local businesses [in New England] to use the mode for their exports to Canada.”

Positive response from carriers

Arain first called on the agents of ro-ro carriers in Halifax. In mid-November, Arain and Bohan made the rounds of steamship line headquarters in New Jersey. “We went around together to sell the service and had a positive but cautious response for the proposed new service. Patrick Bohan is a young guy with a lot of energy; these Halifax people are real go-getters.”

The ship

Arain was considering a container vessel located in Europe. He has now located a combination carrier which will enter a Mediterranean drydock in February. Although Amer Transport has not yet signed a charter agreement, the owner may complete work on the ship and send it to North America in March.

No winter startup

Arain was not disturbed by the delay, as “the number one issue is weather” and he would prefer not to start a new venture “when the weather is harsh.” {ANR&P discussion 4.Dec.2002}

5 December. THE PORT IS CONTINUING TO HANDLE SCRAP AND SALT while awaiting arrival of the ro-ro/container service. Salt can remain until 31 March under the PDA contract with International Salt [see 14 June issue], noted
Geno Marconi, head of the PDA’s ports and harbors division. A salt ship will arrive in late December to replenish the salt pile which has shrunk from about 30,000 to 15,000 tons. International is railing in calcium chloride in covered hoppers to mix with the road salt.

Scrap
The contract with Renselaer Iron and Steel requires it to move the scrap off the pier every 90 days [see 28 June issue]. The last left in late October, so that another will arrive by late January.

Other
In 2002 both the ship-days at dock and estimated revenue have increased. The terminal has handled project cargoes this year for Westinghouse Electric and Chart Industries of Plaistow NH. \{ANR&P discussion 3.Dec.2002\}

Port security funding
According to spokesperson Sue MacDonald, the Pease Development Authority (PDA) is in the process of hiring a consultant to study the security issues of the Market Street Terminal, looking at both theft and terrorist attack. PDA plans to apply for the newly-available federal funds for capital improvements to security. The PDA will probably put temporary measures in place to facilitate Arain’s operation. \{ANR&P discussion 4.Dec.2002\}

Vermont

AMTRAK
November. \textit{THE LEGISLATURE’S JOINT FISCAL COMMITTEE APPROVED} the contract between VAOT and Amtrak [see 28 October issue].

NORTHERN VERMONT RAILWAY
27 November. \textit{VAOT WILL PURCHASE THE LYNDONVILLE SUBDIVISION} from the B&A System, operated under the name Northern Vermont Railway. Trustee for the estate, Jim Howard, today filed a motion to approve the sale for $2,125,169 of the track extending from Newport, Vermont south approximately 61.58 miles to Wells River Junction. MMA elected not to purchase the Lyndonville Subdivision and other Vermont property.

Retention of freight easements
‘According to the purchase and sale agreement, two certain Freight Railroad Operations Easements (collectively, the “Freight Easements”), will either be conveyed at Closing to an operator to be identified prior to Closing or be temporarily retained by the N&R and CDAC estates pending further developments, and then conveyed by the Trustee as directed by the State, all as set forth more fully in the P&S and related documents.

‘The State of Vermont is the grantor of both Freight Easements. The current grantees of the Freight Easements are N&R (the “N&R Easement”) and CDAC (the “CDAC Freight Easement”). The N&R Easement permits certain freight operations along the line to be sold to the State as part of the sale of the Vermont Assets. The CDAC Easement permits freight operations from Wells River southerly to White River Junction, Vermont, over a line that is not owned by these Estates.

‘The Trustee requests that any order granting this motion specifically authorize the Trustee on behalf of the N&R and CDAC Estates to retain the Freight Easements pending further developments, with full power and authority to convey the same as later directed by the State, free and clear of all liens, claims, interests and encumbrances.’

Higher or better offers
‘The proposed sale of the Vermont Assets is subject to approval of the Bankruptcy Court, and such higher or better offers as may be (1) filed with the Court and served upon the undersigned counsel to the Trustee no later than the Objection
Deadline; and (2) accepted by the Trustee and approved by the Court.

‘Any entity that is willing and able to purchase the Vermont assets for a higher purchase price and under terms and a closing timeline at least as favorable to these estates as those set forth in the P&S must file an objection/substitute Offer with the court, with a copy received by undersigned Counsel to the trustee, Roger A. Clement, no later than the objection deadline of December 11, 2002. Mr. Clement will also provide further information, upon request, to any parties interested in submitting offer(s) to purchase the Vermont assets or conducting due diligence thereon.’

Hearing on 18 December
The bankruptcy judge will consider the sale at a hearing on 18 December. Objections to the sale, and any competing bids, are due on 11 December. {texts from court website}

5 December, Montpelier. VAOT HAS ASKED WACR TO OPERATE THE LYNDONVILLE DIVISION and the trackage to White River Junction. Charlie Miller, head of the rail division, said WACR will become the interim operator and take over responsibility on 31 December or 1 January, whenever MMA assumes ownership and operation of the rest of the B&A System. [Another part of the VRS, GMRC, became interim operator of the Wells River to White River section before VAOT awarded the operation to NVR. See 20 October 2000 issue.]

Currently NVR operates one train a week to White River Junction, and more frequently to customers south of Newport.

Permanent operator
Miller said VAOT would not begin the process for determining a permanent operator until the new gubernatorial administration took office. He estimated the permanent operator would take over in June.

Where did the money come from?
Given the financial straits of the state government, Miller took the funds out of his own 2002-2003 budget, cutting from all areas. “Losing that line to abandonment would be a very, very bad situation.” The price consumed 10% of his budget.

He hopes that the General Assembly will take his cuts into account, and replenish his budget either in the budget adjustment for 2002-2003, or in next year’s funding.

Under a provision covering such emergencies, VAOT was permitted to spend the money without legislative approval. {ANR&P discussion 5 December 2002}

VERMONT RAIL SYSTEM
3 December, Rutland. THE RUTLAND RAIL YARD PROJECT WON AN AWARD from the American Association of State Highway and Transportation Officials (AASHTO). Matthew Sternberg, executive director of the Rutland Redevelopment Authority, characterized the rail yard movement as part of an effort to recast existing transportation infrastructure on the west side of Vermont. He noted that infrastructure, Route 7 and the railroad, run parallel from Bennington to Burlington. In applying for federal funding, Vermont combined these elements:

- Moving the rail yard out of downtown [see 26 July issue] in both Rutland and Burlington to permit downtown development;
- Improving Route 7 in Pittsford and Brandon;
- Creating a rail spur in Middlebury to the OMYA quarry;
- Restoring passenger rail between Bennington and Burlington.

The award
The west side project won the AASHTO award as one of eight examples nationwide of smart growth strategies. The award doesn’t come with a prize, but local and state officials said at a luncheon in Rutland attended by more than 50 people this day that the national recognition might help generate federal funds.

“It’s big because it shows that this is not just a project that’s good for Vermont, it’s one that’s recognized nationally as
good for everyone,” said Sternberg to the group.

**Funding**
Charlie Miller, AOT’s director of rail, said during the luncheon that the corridor project was an innovative approach to addressing the state’s future transportation needs. He planned to include work on the rail yard in the coming year’s budget — provided he wasn’t replaced in Governor-elect James Douglas’ new administration.

**Support from environmental groups**
Before environmental permitting has begun, the project enjoys the support of four Vermont environmental groups. At the luncheon, Mark Sinclair of the Conservation Law Foundation said: “I pledge that the Conservation Law Foundation and the environmental conservation community will work hard to find state and federal money to make the western rail corridor concept a reality,” Sinclair said. “It’s very seldom that we endorse transportation projects as good examples of smart growth.”

He also spoke on behalf of the Vermont Natural Resource Council, the Sierra Club, and the Vermont Public Interest Research Group.

5 December, Rutland. **THE CONSULTANT FOR THE PERMITTING, HDR ENGINEERING**, should be approved by the board of the Redevelopment Authority on 10 December, according to Sternberg. The time line was published in the *Federal Register* on 29 November, and HDR will begin “pulling the scoping meeting together.”

Charlie Brackett, at HDR’s office in Boston, will act as project manager.

**Environmental permitting**
Preliminary engineering was being done on the 77-acre site south of the city where the rail yard would be moved. Sternberg said officials were also preparing to apply for federal permits — a process that could take up to 18 months to complete. {ANR&P discussions with Charlie Miller and Matthew Sternberg; submission to AASHTO from Sternberg; Brent Curtis in Rutland Herald 3.Dec.02}

5 December, Riverside. **VRS IS SEEKING ACT 250 PERMITS FOR CEMENT SILOS** here. Although the railroad and the state remain at loggerheads over federal pre-emption, said Vice-president Jerry Hebda, “we have a truce for this particular project.” VRS is soliciting offers to operate the silos. {ANR&P discussion}

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**QUÉBEC/MARITIMES**

**CANADIAN NATIONAL**
26 November, Moncton. **CN WILL LAY OFF ABOUT 20% OF ITS WORKFORCE HERE** as part of a systemwide reduction. The railway, once the city’s biggest employer, had about 6,000 workers at its shops in the middle of the 20th century. That workforce numbers about 460 now, of which 93 will lose their jobs in 2003. As well, CN is laying off five in Halifax and four in Saint John.

CN spokesperson Pierre LeClerc said the layoffs will save the company money and many of the laid-off workers will be offered buyout packages or early retirement. Others may apply for the 17 jobs that are being transferred to Quebec. {CBC webposted 26.Nov.02}

Systemwide, CN is cutting about 5% of its employees, or 1,146 jobs. President Paul Tellier ascribed the reductions to a significant decline in rail equipment because of the scheduled railway, and efficiencies from information technology. {Rail Business 2.Dec.02}

2 December, Montreal. **STEAMSHIP LINES REMAIN UNHAPPY WITH CN’S INTERMODAL CAR**
RATIONALIZATION. Shortly after the program began in Halifax [see 30 September issue], the Shipping Federation of Canada wrote to Paul Tellier on 22 October, stating:

The members of the Federation have asked me to convey their deep concerns regarding some recent changes to CN’s practices that are causing a considerable amount of turmoil in our industry. In the last few months we have suffered the discontinuation of some services and longer turn-around times at rail terminals, mostly in the Toronto and Montreal areas.

May we at first express our surprise at the absence of any prior notice and any offer to consult with the industry so as to minimize the impact of the changes these new practices were likely to have. Such initiatives might have allowed both yourself and your clients to have a better understanding of their respective problems and to devise mutually agreeable approaches to deal with them. In the absence of such, we are left with the impression that the CN acts with its clients in an arbitrary and unresponsive fashion, taking their business more or less for granted.

Since we truly believe in the value of maintaining good client-supplier relations, and that we consider the CN to be of critical importance to the services we provide, we would welcome an opportunity to meet with your senior management to address our current issues relating to the operation of rail terminals, increases in waiting times and delays, lack of responsiveness to carrier and customer concerns, steps to improve CN’s current performance, and the impacts of increased costs.

For your information, the Shipping Federation of Canada represents 95% of ocean vessels trading to and from ports in Atlantic Canada, Newfoundland and Labrador, the St. Lawrence River and the Great Lakes. Its membership consists of the Canadian companies that own, operate or act as agents for the foregoing vessels, which transport virtually all of the trade between overseas ports and eastern Canada.

Yours truly, Richard Le Hir, president

CN response

On 31 October, Tellier responded admitting the lack of consultation and offering a meeting:

You are correct in stating that there was limited consultation earlier this year when the new storage tariff was implemented. A significant increase in the level of business and the impact of our Terminal operations did not allow us time to hold protracted discussions, as we needed to act quickly to reduce on-hand inventory at our facilities. Our tariff changes introduced rate increases for loaded storage charges and reduced free time at our facilities simultaneously. It was our opinion that without significant change, there would have been a major degradation of our service in both Toronto and Montreal. We also thought it would have been difficult to find a ‘mutually agreeable’ approach that would have achieved the desired outcome in this particular instance. Having said this, I strongly encourage your input and suggestions as we continue to plan for the future. There are further improvements to make and the input of the Canadian Shipping Federation membership is critical to our success.

I have asked Mr. Matt Jacobson, Assistant Vice-President International to arrange a meeting with you to review the changes and their impacts to date and most importantly, how we should best plan our next steps. CN will continue to change and innovate and I look forward to hearing that we are doing so together. {Shipping Federation website}

The meetings

In a telephone interview on 3 December, Jacobson related that he had a first meeting on 13 November, with Le Hir in Montreal. “We talked about issues in a frank and friendly dialogue, and agreed to have a follow-up meeting with more representation from Federation members on December 10th in Toronto. At that meeting, CN will talk about the issues such as car supply and what the railway is trying to do, and what the lines can do so that CN can serve them better.

CN has created a group called IMX (“intermodal excellence”), under General Manager Ed Murphy. “IMX is looking at every aspect of the intermodal business, trying take out costs while keeping service up.” Murphy will talk about the current process, and the lines will talk about what is working for them, and what is not, and why not. “We want to get started talking with the lines collectively to solve issues.” Ideas produced at the meeting with the Shipping Federation will be taken back to the IMX group.

Jacobson echoed Tellier in saying that CN had not consulted with the shipping lines earlier this year, “and we need to include them.” Back in August, CN was getting buried in volume at its terminals, so “we had to motivate people to move boxes off the property and we tightened our storage policy to shorten the time they could leave containers for free.”
Future changes will occur “in concert with our customers.” Jacobson anticipated follow-on meetings after 10 December. “I’m optimistic” about the relationship. “We can keep it out of the letter-writing stage.”

Some specific ideas
Jacobson noted that the steamship lines can make subtle changes which can significantly help CN. For example, bringing in ships on time. For example, if a ship has an 8AM slot in Vancouver on a Saturday, and another ship an 8AM Sunday slot at the same berth, and the Saturday ship is eight hours late, that causes havoc for the Sunday ship while the Saturday ship “feels no pain.” CN has to shift cars out of the plan for the first ship, and cannot get back to plan for the second ship.

Lines can also help by evening out the flow of boxes over a week. “If we can run a balanced train seven days as week, that keeps our costs low, and rates don’t go up. So the lines have an interest here, too.” CN can tell the lines which days have slack, and which days are better for delivering empties.

But CN also realizes that some cargoes have critical delivery times, and cannot be shifted, such as auto parts. “We cannot say we won’t take your traffic.”

Nobody has tried to do this before
In “re-inventing intermodal from the ground up,” as CN spokesperson Mark Hallman described it, the railway began on the Halifax-Montreal-Toronto corridor. “That’s a corridor we think we can manage,” Jacobson explained. “It’s short, so that if we make a mistake we can make it up more easily than in, for example, the long corridor from Vancouver to Chicago.”

Vancouver also has congestion, noted Jacobson, but teasing out the reasons is harder than in Halifax. “Is it something CN did, or is it ships out of cycle, or is it an effect of the West coast port lockout?”

And IMX is working on more than car rationalization. “It’s train starts, waiting time for cars,” and terminals. Hallman pointed out that IMX is rebuilding the entire intermodal system, not just the international side. Combining the intermodal and the merchandise yards, as CN has done in Montreal and is doing in Toronto, is part of it.

And shifting the operation of CN’s inland terminals more evenly around the clock is also part of it. “As we spread utilization around the clock, we spread costs out.” Later, said Jacobson, “we can apply the lessons learned elsewhere.”

Back to first principals
CN created IMX to improve the margin on intermodal. The railway’s intermodal business is growing significantly. [Canadian National’s intermodal revenues grew by nearly 15% in 2000 and represented 18% of its total freight revenues. The trend continues.] However, relative to other parts of the railway, intermodal [at other railways as well—editor] has a low margin. Railway managers and investors have difficulty putting capital—in the form of terminals, cars, and other equipment—into a sector which does not provide the return offered in, for example, lumber reloads.

“There’s an easy answer to that,” noted Jacobson, “raise rates. But that’s not sustainable.” Instead, CN seeks to operate the intermodal sector “as intelligently as possible, driving all the costs possible out of the system.” By decreasing the costs, the railway increases the sector’s profit margin, permitting CN “to provide significant capital to intermodal and not raise rates. That’s why the customers and the steamship lines need to be interested as well.”

Why didn’t this happen before?
Cutting costs appears obvious as a route to profitability. But revamping the intermodal system to the degree CN is doing “is not easy,” said Jacobson, describing why the railway had not undertaken it earlier. “Intermodal represents a significant amount of revenue, so that’s not something we would do lightly.” Furthermore, managers might have feared that tinkering with the growth engine would create more problems than it would solve. [ANR&P discussion]

The situation from the carriers’ point of view
Richard Le Hir, president of the Shipping Federation, said “we can understand the cost pressures” CN is under, and “we are under similar cost pressures.” But the unilateral moves “create a great deal of bad feelings.” Federation members hope to address the issues at the meeting on the 10th, and to have “a greater focus on the need to maintain good customer and service
provider relations.”

Despite CN’s statement that most containers are grounded at the terminals, and that not all containers need to move out the first day [see 30 September issue], Le Hir said his members are encountering “a serious imbalance in car supply” in Halifax. Some major carriers are losing business because their cargo “has to stay on the docks for days.”

**Direct loading best**

Le Hir continued: “The containers shouldn’t be grounded. The idea situation is for the containers to be directly loaded onto a rail car. That’s the most economic situation for all involved.” He understands CN’s view point, but has “a hard time understanding their car supply situation, even from their point of view.”

**West coast issues addressed as well**

The Federation represents members who have operations on the West coast as well, noted Le Hir. So the carriers at the 10 December meeting will also be addressing concerns in West coast ports. {ANR&P discussion 4.Dec.2002}

**CAPE BRETON & CENTRAL NS**

1 December, Sydney. *SLUDGE SHIPMENT BY RAIL WOULD NOT WORK* [see 28 November issue]. RailAmerica Senior Vice-president for Marketing and Sales Al Sauer wrote: ‘While we had attempted to secure this business, it was not feasible due to the fact the volumes would be split between a site in PQ and one and Sarnia, and no rail unloading facilities exist at either destination. This would necessitate both an origin and destination transload, and no destination transload facility [had a permit] to handle this commodity.’ {e-mail to ANR&P}

4 December, Sydney. *CAPE BRETON COUNCILLORS WILL START AN ADVERTISING CAMPAIGN* to save the rail line. They see potential traffic for the line in the future, as interest in exploring for offshore oil and gas grows, and the proposed new coal mine in Donkin is developed. But until that new business becomes a reality, the line needs about $1 million a year in subsidies to survive.

That money should come from the provincial and federal governments, according to council member Vince Hall. “The province closed Sysco, which reduced the railway traffic by 20 %. Then the closure of the mines by the federal government reduced traffic on the rail line by 70%.”

John Whalley, the municipal economic development officer, wanted the two levels of government to treat railways more fairly. “Truckers and road transportation are highly subsidized, and that is not the case with railways.”

Council has decided to appeal the closure of the line, and to begin an advertising campaign to raise public support. It also wants to meet with federal and provincial officials, to look for a way to keep the rail line open. {CBC webposted 4.Dec.02}

**SHEET HARBOUR**

2 December. *THE PORT NEEDS TO DIVERSIFY FROM ITS SINGLE COMMODITY*, wood chips, according to Malcolm Swinemer, vice-president of marketing for North Atlantic Marine Terminals. In 2000, shipper Northern Fibre Terminals loaded out seven ships [see 15 September 2000 issue]; in 2002, Northern Fibre will do eight ships, each moving about 40,000 tonnes. The year 2002 will see 20-25 total ships, with cargo totalling 300,000 tonnes. That compares with 2001’s 11 vessels and 258,791 tonnes of cargo.

**Types of cargo**

One ship brought in iron ore for coating piping for the Sable Island project stage II, and another ship brought in the pipe. Swinemer explained that Shaw & Shaw, in its shoreside facility here, applies an anti-buoyancy coating of 2-3-inches of a concrete/sand/gravel/iron ore mixture.

ExxonMobil brings in pipe-laying vessels and carriers to pick up the coated pipe for the well site. North Atlantic does the drayage and stevedoring for the pipe both ways.

Two cargoes of barite (drilling mud) arrived by ship. Swinemer explained the barite moves to Upper Musquodoboit, where
Mosher Limestone processes the material before it moves to the Port of Halifax for shipping to the drilling sites.

Sheet Harbour in the past has handled steel and rebar; those ran into import barriers. He expects them to resume next year. {ANR&P discussion}

**Pairing with Belledune?**
In April testimony, Swinemer told the Legislative Assembly’s Standing Committee on Economic Development that “there is not enough base cargoes in the immediate area that we can get ships to come in on stand-alone calls. We worked very closely the past year with some people who were operating a service out of Belledune, New Brunswick, where they had peat moss and lumber and lead and so on, but were looking for additional traffic. That option is still out on the table, and we will twin with them if we can, and combine Sheet Harbour and Belledune on a service that was running down to the U.S., South Atlantic.”

In December Swinemer said the Belledune pairing was still possible, but some lumber to southeast United States ran into import barriers in the US.

**Need for rail and better road**
He told the Committee: “When you look at small ports and the attempt to try to attract cargo, without a rail connection, you are already taken out of the loop for a lot of cargoes, and it has a very direct impact on just where you can go to try to get your hands on a more diverse cargo base. Highways are a major issue. I don't think there is a single customer we talk to who does not say, ‘You have a major problem in Sheet Harbour: (a) you have no rail, and (b) that highway is terrible.’ We try to put a positive spin on that, there are improvements coming and there will be gradual upgrades, but in the short term, it is an issue and we can't escape it. We just have to try to find a way to work with it.”

In December, Swinemer agreed that Sheet Harbour and Eastport share two primary problems: dependence on one outbound cargo, and no rail.

**Rail from Musquodoboit Valley?**
In December, Swinemer pointed out that products suitable to rail, such as lumber, gypsum, and kaolin clay, are plentiful in the Musquodoboit Valley, but the rail line out of Halifax was abandoned in 1988, without direct access to rail. By building from Upper Musqodoboit to Sheet Harbour, only about 30 miles of rail would be needed. While development is proceeding on a gypsum deposit in Elderbank, downriver from Upper Musqodoboit, Swinemer did not expect that gypsum alone to justify building a rail line.

**Controversy about operating contract**
In 1997, the Province of Nova Scotia, which owns the Sheet Harbour facilities through Nova Scotia Business Development Corporation, signed North Atlantic Terminals, a subsidiary of Cerescorp [just sold to NYK, see 28 November issue], to a five-year contract with two five-year renewals. In April 2002, the government accepted North Atlantic’s renewal of the contract; the government explained that getting out of the lease would require more than $1 million.

Nevertheless, some MLAs were not impressed with North Atlantic’s performance. They noted that Cerescorp had stated it would invest $500,000 in the port. Swinemer explained that no buildings were constructed or improved, “but I believe the dollar figure was surpassed through equipment purchases that were put in that terminal in forklifts, yard hustlers, flatbed trailers, and bulldozers that needed to be put in place.”

Nor had North Atlantic improved traffic. Swinemer explained to the Committee: “The situation in Sheet Harbour is very frustrating when we look at where we have to try to draw cargo from or to move that cargo to or from the dock, or the types of conversations that we have ongoing with potential users for those services or infrastructure.

“Are we happy? Absolutely not. That is probably the most disappointing thing I have done and the most frustrating because it is a nice little terminal. Yes, it's not as deep water as you would like, but with the labour contract that we have in Sheet Harbour, which has no minimum manning requirements, you hire what you need to do the job. The rates are attractive and we have not raised our port fees in basically the five years we have been there.” {text from Legislative Assembly website}
On 30 November, Paul Crawford, former COO of the Massachusetts Central, became vice-president - Safety, Training and Loss Control for OmniTRAX in Denver. He will assume the safety, training and loss control responsibilities for their 12 railroads, different switching operations, intermodal facilities, and ports in the United States and Canada. He’ll move to Denver after the first of the year.

John Melrose, former MDOT commissioner, has returned to his former consulting firm, Maine Tomorrow, in Hallowell.

Jane Lincoln, acting MDOT commissioner who was mentioned as a possible successor, will become Governor-elect John Baldacci’s chief of staff. That leaves only Dan Gwadowsky, current secretary of state, as ‘mentioned.’

# RAIL SHIPPERS

As a precursor to our forthcoming Directory of Rail Shippers & Receivers: Southern New England this section lists the companies discussed in this issue.

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