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Atlantic Northeast

Rails & Ports

operating railroads + ports, intermodal facilities, and government environment

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* Article unchanged from e-bulletin.

REGIONAL ISSUES

[No report.]

CONNECTICUT

[No report.]

MAINE

Amtrak: STB will hold public voting conference on Downeaster track speed.

BML: Offered for sale at $3.5 million.*

MMA: GNP shutdown forces service, salary cuts.*

SRP/Rockland Branch: Augusta track can be relaid.* Update on interested parties.*

PORTLAND 2002 tonnage.

MASSACHUSETTS

BCLR: Kennedy leaves Cape Cod Central, dispute about profitability.*

GRS: Lost Newark Group customer in Lawrence.*

MCER: Still negotiating with EOTC.* Fraser Paper customer.*

BOSTON: 2002 tonnage.*

NEW HAMPSHIRE

NHN: Eastern Propane returned to rail.* Collins & Aikman.*

RHODE ISLAND

Quonset Point/Davisville: Container port “dead”.*

VERMONT

VRS: Seeking permits for cement silos at Riverside Reload; cease fire with Attorney General’s office.*

Vermont passenger: Some preliminary findings.*

MARITIMES/QUÉBEC

CN: Starting two-train Halifax service on 2 February.*

SCR: Emera sold coal-related assets to Logistec.*

NS/NB SALT: Two mines supply Nova Scotia, one supplies New Brunswick.* All use CN rail.*

Halifax: EnCan leases piers at Richmond Terminals.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

People: Burt Russell, Bob Blanchard, John Didier.*

Event: Quebec Rail Symposium.

EDITORIAL

MMA socially responsible.*

Response: MMA employees should start finding other work.*

Little ‘new’ here
Those who get the e-bulletin: every story has already appeared, though I have tweaked those without the asterisk.

Any subscriber may receive the e-bulletin: just e-mail me.

- Chop Hardenbergh

Next issue: 11 February

MAINE

AMTRAK/MAINE

23 January, DC. THE STB ANNOUNCED IT WOULD HOLD A PUBLIC VOTING CONFERENCE on the

issue of track speed for the *Downeaster*. Amtrak contends the track meets the safety requirements for FRA Class 4, while GRS continues to state the track is suitable only for FRA Class 3.

The Surface Transportation Board has not held such public conferences for years. On 30 January, it will also vote on six other matters, both large and small. {STB press release}

**History**

In 1999, the STB said if testing showed Class 4 is permitted, Amtrak could run at 79 miles per hour. GRS did not accept the result [see 19 December 2001 issue]. By motion filed on April 12, 2002, the Amtrak requested clarification of the Board’s decision. Amtrak made its last filing in June 2002. The parties have awaited a decision since then.

**BENGAL & MOOSEHEAD LAKE**

15 January, Unity. *EXECUTIVES ARE OFFERING THE RAILROAD FOR $3.5 MILLION*. A press release stated: ‘A lack of operating capital has forced the company to make the public sale. However, company officials said their goal is to continue running the passenger service in 2003 while searching for a new owner.

‘Since the early 1990s, the B&MLR has operated at a loss [see 23 December 2002 issue], despite the fact that it’s a well-liked tourist attraction. Over the last several years, the railroad has stayed afloat due to the personal finances that previous owner and local businessman, Bert Clifford, invested after taking majority ownership in 1997 and sole ownership over the passenger service in 1998. Since Clifford’s passing in 2001, the Clifford family estate has been financially supporting the business....

‘Those interested in the property should contact President and CEO Robert Lamontagne by phone at (207) 948-5901 or via e-mail at lamont@uninet.net.’

**What’s for sale**

BML owns three miles+ of the main line at Belfast; MDOT owns the remainder of the 36-mile line. BML has a lease expiring in 2015. ‘The yards abutting the mainline and facilities are owned and maintained by B&MLR, providing the company with a strategic advantage at the time of the extension or renegotiation of the main line lease....

‘Current arrangements with the City of Belfast require B&MLR to operate five trains per month for five months each year. If necessary, some of the company’s assets will be sold off in order to run the minimum number of excursions required per month until a new owner has been secured....

‘Among the included assets in this transaction are lease rights to the use of the Belfast boat pier, which features space to accommodate as many as two marine excursion operations, and many attractive and strategically located real estate parcels.’

According to a subsequent e-mail from Lamontagne, the price was set ‘for quick sale.’

**Government financial support?**

BML met with MDOT officials to request financial aid. ‘[A]ll parties would like to keep the Belfast & Moosehead Lake Railroad running, however there’s a lack of available monies to support the cause.’ {BML press release; e-mail to *ANR&P* 21.Jan.2003}

**City of Belfast contract**

BML and the city renegotiated its lease in 1999 [see 22 November 1999 issue]. Under the previous lease, if the railroad had brought in a certain number of passengers, it had the option to purchase the waterfront property on which the engine house, turntable, and ticket office sat. Under the new lease, BML no longer had that option; it agreed to run five trains a month for five months a year, and to turn over to the city its marine float. The city agreed to build a public parking lot for the railroad to use.

City Manager Terry St.Peter pointed out that if the railroad defaults on the lease, the city could take over the waterfront property. {*ANR&P* discussion 22.Jan.2003}

**MONTREAL, MAINE, & ATLANTIC**

20 January, Millinocket. *THE RAILROAD IS CUTTING BOTH SALARIES AND SERVICE BECAUSE OF THE GREAT NORTHERN SHUT-DOWN*. The very day that MMA completed the acquisition of the B&A assets [see 14
January issue], its largest customer, Great Northern Paper (GNP), filed for bankruptcy. GNP had reached the sixth day of a temporary production halt. Initially either refinancing or a buyer was expected immediately, minimizing the damage to the railroad [see 14 January issue: Maine].

However, at the bankruptcy court on 15 January, MMA Vice-chair Fred Yocum was taken aback when Harold Murphy, the attorney for GNP, said: “A restart of the mills at this time is not practical ... and not in the best interests of the estate....We are not in production. There's no dispute on that. In the absence of funding, this mill will go down.”

GNP is trying to find a “white knight” that could buy the mills and rescue their operations, Murphy said. But “there’s no assurances of that.” A few prospective buyers have walked through the mills, testified Robert Calhoun, a company turnaround consultant hired by Great Northern in May. He acknowledged, however, that he was not told whether any of the shoppers were willing to buy the mills in the next 13 weeks. {Deborah Turcotte Seavey in Bangor Daily News 16.Jan.03; ANR&P discussion with Yocum 17.Jan.03}

The MMA response: salaries
On 16 January MMA acted to decrease its cash outflow; at start-up it was projected to lose $430,000 in operations alone in January [see 14 January issue] even with GNP in production. MMA President Bob Grindrod sent a letter to employees stating:

The GNP situation ‘is a serious matter....As a result, MM&A must take more drastic action to more closely match our expenses with revenues.’ Effective 18 January, MMA would reduce salaries to Grindrod and the five vice presidents [Schauer, Goss, Scott, Rushmore, and Flacke] by 40%, and salaries to the other nearly 300 employees by 25%.

‘We regret having to take this action, but there is no realistic alternative, other than larger-scale force reductions. We feel it is better to continue to provide jobs and health care coverage to a larger number of our extended family, although at a reduced salary.’

The railway expects to temporarily lay off an undetermined number of employees, but it will provide health benefits to them for up to six months. Involuntary reductions in the work force also are expected. ‘At the present time, we are uncertain as to the number of reductions which will be required,’ Grindrod said in his letter.

Expense reduction/cut in service
The railway will also reduce expenses ‘to the greatest extent possible....It is anticipated that the start of the capital improvement program scheduled for this year will be delayed. In short, we must do all we can to reduce the amount of money we are spending.’

That includes cutting service because of the lower traffic flow. ‘One of the two round trips between Millinocket and Montreal will be eliminated, and yard jobs at Millinocket will be rearranged.’

In a telephone interview, Grindrod said wage reductions, layoffs and other cost-cutting measures will equal the amount of lost business from GNP and its suppliers, which came to $800,000 a month. “That's the number that we're trying, in total, to offset.”

MMA will continue railing heating oil into the mills, as the judge order it should be purchased to heat the facilities. “We bring that up from Searsport, and that's the only traffic going into the mills,” Grindrod said.

The future
Grindrod called the wage and expense reductions temporary. In the interview, he said: “Our understanding is the present owners [of Great Northern] are looking for either a partner or a buyer....[the mills] are quality pieces of property. Our view of the world, and hopefully it's right, is that we're losing them temporarily. Either GNP will resurrect itself, or a buyer will come in and resurrect it.”

In the letter, Grindrod concluded: ‘These events will upset everyone's lives. All of us will have concerns in the back of our minds. While you are distracted, you will be more subject to a small mistake that could result in an accident or an injury. Keep your mind in the game and come safely home to your family every day. That is what matters most of all.’ {Deborah Turcotte Seavey in Bangor Daily News 17.Jan.03}

One bright spot
Yocum noted the railway was continuing its weekday service to Madawaska to serve Fraser Paper, and will bid to handle more of Fraser’s traffic. Fraser had agreed to postpone the bidding until MMA took over [see 28 October 2002 issue]. {ANR&P discussion 17.Jan.03}
THE INDUSTRIAL PROBLEM

Edward Murphy of the Portland Press Herald found two experts to discuss the situation, where not only are mills trying to sell paper into a slow US economy, but mills elsewhere in the world have invested in large new machines and benefit from the strong dollar. Lloyd Irland, a Maine-based forestry consultant, noted that publishers in Chicago will buy paper from, for example, Sweden rather than truck it a few hundred miles from mills in Wisconsin.

Peter Ruschmeier, a paper industry analyst at Lehman Brothers in New York, said: “We’ve had such a long, sustained period of weak pricing for the industry and a record trade gap.”

In the past, mills would continue running even in slow times because the machines are efficient only when running close to capacity. But now, companies will lay off workers rather than churning out paper for which they have no buyers. When a company closes a mill, it will more than likely leave a shell, as Kimberly-Clark did in Winslow Maine, rather than sell the paper machines to another manufacturer. Irland noted: “That’s what capacity discipline means, that you have to leave behind an empty building.”

When investors want to create new capacity, said Ruschmeier, they will fund a newer, larger mill rather than rebuild an older, smaller mill like many of those in Maine. “Some of the machines are very large, efficient machines. The scale and speed of those machines force smaller machines [at older mills] to serve niche markets....

“I understand the social considerations of shutting down mills in small towns, but I also understand the economics of facilities that are not competitive. If they can’t be made competitive, then they’re going to close down.” {19 January 2003}

However, in Augusta American Tissue, the owners of the former Statler Tissue mill, which uses recycled paper, have chosen to keep the machines inside the building as it tries to find a buyer. {Betty Adams in Blethen Maine Newspapers 21.Jan.03}

SRP/ROCKLAND BRANCH

20 January, Augusta. **MDOT IS PLANNING TO RE-OPEN THE LOWER ROAD TO AUGUSTA** in the spring, replacing the track between Hallowell and Augusta torn up for the storm water system construction [see 12 July 2002 issue]. It also plans to remove the rails on the Cobbossee branch in Gardiner to accommodate a trail. The paper mill on the branch no longer uses rail.

The department does not plan to remove the gravel poured between the rails in Augusta to provide parking until a need for rail service on that section arises. {Jack Sutton in DownEast Rail newsletter 1-2.03}

Additions to the interested party list

The following were listed in the latest posting from MDOT, which asked for confirmations from those wishing to attend the pre-bid and h-rail on 4 February (no hi-rail on Lower Road, covered with snow): Reggie Howell, general manager of C&J Railroad in Indiana, which operates a short line in Mississippi; Ken Forgey, president of Mobile Locomotive Services in Chicago Heights, Illinois; Jeff Woods, marketing manager of the Cedar Rapids and Iowa City Railway; Chisholm Hofe, who operates the Caledonian RailLines, which offers private varnish trips along the Claremont Concord Railroad branches; and Renee Lindsay (unascertained affiliation).

Finger Lakes Railroad is interested, said Mike Smith [see MCER]. George Betke serves as the contact point for his group. {ANR&P discussion 22.Jan.2003}

PORTLAND

14 January. **THE PORT SAW INCREASES IN CARGO CATEGORIES** for 2003. Containers: 2,331 (up 43%). Bulk dry cargo: 800,000 (up 8.75%). Petroleum: 28 million tons (up 10%).

Other categories did not fare as well. Fish exchange: 18 million pounds (down 28%). Overall: 50 million pounds (down 10%). Scotia Prince international ferry passengers: 165,000 (no change). Cruise ship passengers (43 ships): 41,185 (down 10%). Casco Bay Lines ferry passengers: 963,000 (no change).

City Ports and Transportation Director Jeff Monroe concluded, “We are growing in an economy that is not, we are competitive, and improving every year mostly due to a diverse economic mix on our waterfront” {port press release}
BCLR/CAPE COD CENTRAL

December, Cape Cod. **THE CAPE EXCURSION TRAIN IS NOT RUNNING SMOOTHLY.** On 26 December, President John Kennedy issued a statement that he made a voluntary decision to leave the company at the end of 2002 to create his own transportation consulting company. But soon afterward one of the two owners [see 10 January 2000 issue], Phil Doherty, submitted his own statement: ‘Noting operational losses for the past three years, ownership of the Cape Cod Central Railroad announces a management change effective immediately.’

Doherty and South Dennis physician Timothy Biliouris bought the company from Jon Delli Priscoli, a Shrewsbury developer, in January 2000, and hired Kennedy, who had worked for a predecessor. Cape Cod Central Railroad pays the state $12,000 a year for the right to operate on state-owned track, according to its licensing agreement with the state, which is up for renewal December 2003.

Outwardly doing well, but not making a profit

*USA Today* named the Cape Cod Central Railroad one of the Top 10 train experiences in the country. The Food Network cable channel called it one of the nation’s top three dinner trains. And by last year, ridership had grown to 40,000 annually. Wrote Biliouris on a 23 December recommendation: ‘In essence, John Kennedy's responsibilities were virtually unlimited. During his tenure, the revenue in our organization tripled, and our ridership soared.”

But Biliouris said on 31 December that he and Doherty “have different business styles. Although both of us would like to see the railroad turn the corner and make a profit, we haven't thus far. At this point in time, it's hard for me to make a concrete statement about the future of the company.”

Another source, however, said that the railroad was breaking even. “It lost money on paper [in subsequent years] because the operating company (Cape Cod Central) leased the equipment from the holding company (CCCRR, Inc.) for about $130,000 per year which is roughly the amount of the "loss" to the operating company. The holding company and the operating company are exactly the same people. In essence, the rolling stock (owned by the holding company) was leased to themselves (Cape Cod Central). Cape Cod Central owned the operating contract from the state. The railroad itself owns no rolling stock.”

“It has been obvious for some time that there has been friction between the two owners,” said George C. Betke Jr., chair of Farmrail System, an Oklahoma railroad. Betke has worked with Kennedy to propose a feeder rail service from Hyannis to points off-Cape.

But operators of even the most popular train services have found profits elusive. Russell Seybold, president of the Conway Scenic Railroad in New Hampshire, said the likelihood of turning a profit on his 28-year-old tourist service varies year-to-year. “You put up all that money into it at the beginning, and you don't know what's going to come out at the end.” {Frederick Melo and Damian Paletta in *Cape Cod Times* 1 Jan.03; *ANR&P* discussion 7 Jan.03}

Kennedy: the railroad breaks even

Kennedy began as superintendent of operations for the Cape Cod & Hyannis Railroad from 1981 to 1988. He worked at Amtrak as an engineer from 1988 to 1989 and from 1996 to 1999. At BCLR he worked as supervisor of rules, dispatcher, and engineer from 1991 to 1996. At this point, he will begin ‘operating my own transportation and real estate consulting firm, Cape Light Corporation, here in Marstons Mills...Beyond that, I am exploring many opportunities and possibilities and have been responding to offers from several organizations. It's really an exciting time for me. My partners, George Betke and Ted Michon, and I are also pursuing the proposed Feeder Rail service for Cape Cod and the region that we unveiled in 2001.’ {e-mail to *ANR&P* 16 Jan.03}

GUILFORD RAIL SYSTEM

7 November, Lawrence. **THE LAWRENCE YARD LOST A CUSTOMER, NEWARK ATLANTIC.** While the Newark Paperboard Product Division at 91 Glenn Street is still making cardboard cores, the Newark Atlantic paperboard mill at 250 Canal Street, closed in September.

The Lawrence Yard location

According to an official at the Paperboard Product plant, Newark Atlantic brought in higher-grade recycled paper from
Virginia to a shed in the yard whence it was trucked to 250 Canal Street. But nearby sister facilities supplied most of the scrap to the mill. Two months after the closure, a considerable amount of scrap paper remained at the shed. \{ANR&P on-site visit; discussion with official\}

**Still a customer in Salem**

Newark’s Recycled Fibers Division has a plant in Salem which uses a very small amount of rail: ten cars over the past five years. An official there said the plant had an order which was railed out, one car in December and one car in January. “Most of our paper moves by truck.” \{ANR&P discussion 21.Jan.2003\}

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**MORE ABOUT THE NEWARK GROUP**

The Newark Group, a 100% recycled paper manufacturing company headquartered in Newark, New Jersey, has more than sixty operations in the United States, providing a national network of paper recovery facilities, paperboard mills, and paperboard converting plants. The company is recognized by paper analysts as the largest manufacturer of 100% recycled paperboard in the United States. \*Note* Processing plants receive scrap paper, sort it, and bale it. The paperboard mills receive the baled scrap paper, and create paperboard. Converting plants, operated by both the Paperboard Products and the BCI Bookcovers divisions, receive the paperboard created by the Paperboard Mill division, and ‘convert’ the paperboard into usable products. Newark does not make any paperboard boxes, but sells the paperboard to other manufacturers who make paperboard boxes.

It has four divisions:

**Newark Paperboard Products**

An international supplier of tubes and cores for paper, film, fabric, and tape manufacturers. The division manufacturers a full line of mill finishing supplies and offers a full spectrum of converting and finishing services.

**Paperboard Mill**

13 sites which operate 20 machines around the clock, producing 100% recycled paperboard, 35% used by Newark’s converting plants, and 65% sold to independent converters worldwide.

**Recycled Fibers**

These facilities collect, sort, and pack recovered paper. The division supplies Newark mills with recycled paper, and sells half of its product to other companies’ mills, both nationally and internationally. It accounts for 5% of all paper collected for recycling in the United States.

**BCI Bookcovers**

North America’s largest supplier of heavyweight paperboard for stationary, loose-leaf, game board, and book publishing industries.

**Facilities in New England:**

The company has eight facilities in New England, one using rail, with seven in Massachusetts. An official in Newark said facilities in the western US do use rail, but the New England facilities lie close to one another.

**Chicopee.** Newark Paperboard Products converting plant

**Fitchburg Newark America.** Paperboard Mill paperboard industrial plant. Purchased out of bankruptcy in 2000, produces for bookcovers. \{Bill Archambeault in *Boston Business Journal* 30.June.00\}

**Lawrence.** Newark Paperboard Products converting plant

    Paperboard Mill plant, closed in November 2002. Received some scrap by rail [see above].

**Bradford.** Haverhill Paperboard Corporation paperboard mill. A siding here was removed years ago.

**Natick.** Natick Paperboard Corporation paperboard mill. Has a siding, not used.

**Salem.** North Shore Recycled Fibers paper processing plant [rail, see above].

**Webster.** North Shore Recycled Fibers paper processing plant.

**South Gardiner** (Maine). Newark Paperboard Products converting plant. \{company website; ANR&P discussion 20.Jan.2003\}
MASSACHUSETTS CENTRAL

22 January, Geneva NY. **MCER AND EOTC ARE STILL NEGOTIATING ABOUT THE NEW LEASE**, said Mike Smith of the Finger Lakes Railroad, which assumed management of the MCER [see 28 November 2002 issue]. “I hope we are able to come up with a satisfactory package for all parties.” The parleying did not stop while a new secretary was appointed for EOTC.

Involvement in the paper industry

The railroad handles paper out of Fraser in Madawaska, Maine, shipped via CN and NECR to Palmer, and delivered to Kanzaki Specialty Papers. “We have an interest in the Maine paper situation,” said Smith. He suggested that Maine government take a look at its paper mill policy. “Why do mills in Wisconsin and the South do ok, but in Maine they are constantly bought and sold, with little capital investment taking place?”  {ANR&P discussion 22.Jan.2003}

BOSTON

15 January. **MASSPORT BOXES ROSE 9.7%, AND EXPORT BOXES 30%** at Conley Terminal.

<table>
<thead>
<tr>
<th>Containers</th>
<th>2001</th>
<th>2002</th>
<th>change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEUs</td>
<td>132,665</td>
<td>145,474</td>
<td>9.7%</td>
</tr>
<tr>
<td>export</td>
<td>29,810</td>
<td>38,879</td>
<td>30.4%</td>
</tr>
<tr>
<td>import</td>
<td>65,387</td>
<td>70,128</td>
<td>7.3%</td>
</tr>
<tr>
<td>Tonnes</td>
<td>850,960</td>
<td>967,019</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Description

“Much of this is new growth and is attributable to the increased trade with Asia,” said Mike Leone, Massport's director of the port. “Much of the volume is being carried by direct ship calls from the China Ocean Shipping Company (COSCO) and its partners, K-Line, Yang Ming Line and Hanjin Lines' weekly direct service between Boston and Asia. The C-K-Y-H service, as it is known in the trade, has had a huge impact on container operations here. Bringing a Far East service to Boston really opened up the market for increased trade and allowed for new business in the area. Ultimately, that translates into jobs.”

Leone noted the other container services: Mediterranean Shipping Company (MSC), SPM (weekly feeder service from Halifax), and Columbia Coastal Transport (weekly barge service from New York.) At Conley Terminal, in 2002 the monthly net rate of box moves per hour measured at 29.4 moves in April and only once dipped below 26 moves per hour. The Port of Boston consistently rates as one of the most efficient port facilities when it comes to vessel productivity.

New call in January 2003

COSCO and its partners began calling the Port of Boston from ports in Asia with a direct, inbound service in March 2002. Later in January, the C-K-Y-H partners will further increase their service in Boston by adding a direct outbound call back to Asia. {Massport press release}

In November, the port announced the new service would provide sailing time from Boston to Qingdao in 24 days, Yantian in 27 days, and Hong Kong in 28 days. “With these changes, both direct inbound and outbound services from China will provide transit times which are almost as fast as landbridge,” said Leone.

Previously, C-K-Y-H had called Boston as part of a pendulum service China-US East coast-Mediterranean, outbound from China [see 16 January 2002 issue]. Now, C-K-Y-H has ended the pendulum service; the ships will sail in the all-water service China-US East coast, and back. Inbound Boston becomes the last port after Charleston, Norfolk, and New York, but also the final call before the ship returns to China. Asia represents the largest market for New England-based businesses and
accounts for approximately 33% of this region's exports and 57% of this region's imports. {Massport press release 12.Nov.02}

NEW HAMPSHIRE

NEW HAMPSHIRE NORTHCOAST

21 January, Rochester. **EASTERN PROPANE INBOUND TRAFFIC IS BOOMING.** Jim Hurley, the manager, said Sarnia producers had returned to using Mont Belvieu pricing [see 16 January 2002 and 28 November 2002 (QPD) issues], so that he had stopped using Sea3 and returned to railed propane. Some arrives from Sarnia, but also Edmonton.

He anticipates doing 600+ cars this year. Some of that comes from the normal schedule; the excess is bought on the spot market due to this winter's cold.

Eastern has two sites: one in the Gonic section of Rochester at the end of a former rail spur, and one in the northern part of the municipality, off Northcoast Drive, which uses rail. The latter has a team track plus three spurs, all off a switch on the main line.

Plastic pellets

NHN spots plastic pellets hoppers at the team track for Collins and Aikman, the company which took over the former Textron plant in Farmington. {ANR&P discussion 21.Jan.2003}

RHODE ISLAND

QUONSET POINT/DAVISVILLE

18 January, Providence. **NEW GOVERNOR CARCIERI ON THE CONTAINER PORT: “IT’S DEAD...I’ve said consistently over the years that I thought [the container port] was consuming too much time and energy and money,” said Carciieri, who as governor is now also chair of the RIEDC (Rhode Island Economic Development Corporation) board. “It was retarding other things.” [See 19 November 2002 issue.]**

Frank J. Montanaro, president of the Rhode Island AFL-CIO and vice chairman of the EDC board, disagreed. He cited a report that former Governor Lincoln Almond released just before leaving office, saying a container port would create 550 jobs in its first year, plus $6 million in tax revenue. Montanaro noted that the state has been trying to find new uses for the site for about 25 years. The U.S. Navy closed its Quonset base in the 1970s and its Davisville base in the 1990s, and both sites were transferred to EDC.

For years now, officials have talked about building a container port at the site, Montanaro said, but the state did not begin an environmental analysis of the concept until last year. So now is not the time, he said, to pull the plug on work toward an environmental impact statement. “We should at least look at whether a container port is environmentally and economically feasible and then have a debate about whether we want the port....The labor movement wouldn't want a port if it wasn't economically or environmentally feasible.”

And the Environmental Impact Statement/auto port?

Michael E. McMahon, the former venture capitalist who Carciieri appointed as EDC's executive director, said the Almond administration had earmarked $3 million for the environmental impact statement, and $2 million of it has been spent. Of the remaining $1 million, $800,000 will not be spent, McMahon said, but $200,000 will be spent to measure seasonal changes in the tidal flows of Narragansett Bay. “The sensors are already in the water. It doesn't make sense to yank them out,” McMahon said. “This is not a subterfuge to continue the deep-water container port. It's completion of data gathering.”

McMahon said that data could be used if the state decides to do “limited dredging,” which he said might be needed for
the automobile-import business that uses the existing port facilities at Quonset-Davisville. “Some ships bringing in cars are starting to scrape bottom,” Carcieri said. “So we might have to do something.”

Even if the job and tax revenue projections for a container port were correct, the state had to factor in the effect such a project would have on the environment and Rhode Island’s “quality of life,” McMahon said. “We are going to develop good union jobs, but they should not have a negative impact on the environment, and that was certainly a high concern for a container port. They are noisy and messy, and the trucks tie up traffic.” [And this guy is tasked with economic development? That probably means hamburger flipping and office jobs to him. Editor]

A feeder barge service?
The EDC worked on feeder service in 2002, emphasizing that barges would not require the dredging needed for a deep-water container port. In March 2002, the EDC voted to enter a “due diligence cooperation agreement” with the Port Authority of New York/New Jersey, which wants to ship cargo to this area by barge rather than continuing to send trucks up increasingly congested Route 95. Quonset-Davisville would become one feeder port in a network that could also include Bridgeport and Albany [see 23 December 2002 issue].

Carcieri, who lives in East Greenwich, said he would look at the barge proposal. “But I'm highly skeptical. I think New York/New Jersey has a problem, and as part of their EIS they had to relieve congestion on highways, and they are scrambling. If that's what they are talking about, we don't want to build a strategy off someone else's congestion problem.”

What future for the port area?
Carcieri said he has some ideas, but he's not ready to talk about them publicly. He wants to gather the views of people from, among others, the Town of North Kingstown and the Quonset-Davisville Management Corporation, which advises RIEDC.

Carcieri said RIEDC is offering Quonset-Davisville as the site where General Dynamics assembles amphibious tanks. The company, whose Electric Boat division already manufactures submarine hull sections at Quonset, has the contract to build 1,000 “Advanced Amphibious Assault Vehicles” over 10 years for the U.S. Marine Corps. The project has a price tag of at least $8 billion and is expected to generate about 350 direct jobs and 600 spin-off jobs.

But McMahon cautioned against being too hopeful that Rhode Island will land the lucrative project. The state is facing stiff competition from Virginia, Maryland and Texas, and a mix of business and political factors will determine the outcome.

“If the first time you hear about a project is the request for proposals, you are not in the lead,” McMahon said. “We don't want to wait for people to come to us, saying, 'Do you have a site?' We want to go out to them and say, 'Here's why you should locate in Rhode Island.' “

He will look at the Pease Development Authority in New Hampshire [ironically the site for a proposed feeder barge service—see 6 December 2002 issue]. The Pease project involved the kind of “public/private partnership” that Rhode Island needs to pursue. “We have to look at the asset and get someone else to share the burden.”

When the RIEDC board meets on 27 January, board member State Representative Bruce J. Long, (R-Middletown) will propose reopening the master-plan process and hiring a firm to suggest ideas for developing Quonset-Davisville over the next 20 years. Sarah Kite, of the Sierra Club's Rhode Island chapter, said, “We'd like a professional industrial-park developer to come in and use some of this money set aside for the EIS to evaluate the park—the tenant mix, the land use, transportation, the needs of the surrounding communities.” [Edward Fitzpatrick in Providence Journal 18 Jan. 2003]

VERMONT

VERMONT RAIL SYSTEM
10 January, Bellows Falls. VRS IS AGAIN SEEKING ACT 250 PERMITS FOR FOUR CEMENT SILOS AT 700 TONS each at its Riverside Reload Center in Rockingham, just west of Bellows Falls [see 29 March 2002 issue]. The 2001 proposal to do so met some resistance from the state because of differences over the applicability of Act 250, and VRS lost customer
Lafarge Cement to West Lebanon, New Hampshire. Jerry Hebda, VRS vice-president, said serious interest in the project has been expressed by several potential users. He is confident that, when the permits are issued, VRS will secure commitments from one or more cement companies. \{e-mail to ANR&P 10.Jan.03\}

But what about the federal pre-emption case?
GMRC is asking the federal district court in Vermont to declare the application of Act 250 to railroad action on its own property a violation of federal supremacy, arguing that federal law pre-empts state law in this case. That case remains in the discovery phase [see 9 August 2002 issue].

While the case moves forward, Hebda said, the railroad has client needs which must be met, and projects to do, and had concurred on a “cease-fire” with the state. The railroad’s attorney for the court case, Robert Luce of Downs Rachlin Martin in Burlington, has reached an agreement with the state which permits the railroad to move forward without jeopardizing the position of either side.

GMRC is applying for Act 250 permits for the cement silos, but the state agrees that it will not use the permit application as an admission that the railroad is subject to Act 250. Similarly, the railroad has agreed that, even if it encounters very burdensome hurdles in obtaining the permits, it will not use that as evidence that Act 250 should not apply to railroads. If, before the permits issue, GMRC receives a ruling that Act 250 does not apply, it may stop the Act 250 process.

This agreement is memorialized in a stipulation signed by both parties. Luce noted that it reflected the state’s desire for the railroad to succeed, and evidence that the railroad and the state continue to be partners. \{ANR&P discussion 8.Jan.2003\}

VERMONT PASSENGER RAIL
23 January, Montpelier. \**THE FUTURE OF VERMONT PASSENGER RAIL DEPENDS UPON FUNDING.** According to Charlie Miller, interim rail program manager, he has paid Amtrak for the *Ethan Allen* (to Rutland) and the *Vermonter* (to St.Albans) through the end of March [see 28 October 2002 issue], by using the $2 million the legislature made available [see 26 July 2002 issue]. He must notify Amtrak by 14 March whether the state will pay an additional $670,000 to cover the two trains to the end of FY03 on 30 June.

Medium-term: FY04-FY05
According to preliminary results from a study by the Vermont Transportation Authority, because of necessary equipment lead times a new way of delivering passenger rail cannot come into effect until FY05 at the earliest. Thus the General Assembly needs to decide whether it can come up with the $4-$6 million the service may cost [see 26 July 2002 issue].

Brad Worthen, who is doing the study for VTA, hoped that if Amtrak can get the $1.2 billion it needs from the US Congress for this fiscal year, Amtrak will instead phase in the increased state contribution.

Long-term: FY05 and out
According to Worthen, the study has identified several areas in which the state could achieve savings. First, it could purchase its own equipment, rather than leasing or renting from Amtrak. He has in mind the diesel-multiple-units (DMUs) offered by Colorado Railcar. The state could then hire either Amtrak or VRS to operate the equipment to cross-platform points in, say Palmer or New Haven for the east side service, and Saratoga for the west side service.

He believes the state can save money by purchasing its own liability insurance, packaging it with other state-purchased insurance. It could also save by sharing the management of the services with the commuter service now operated by VTA from Burlington to Charlotte.

Worthen recognizes that if VRS operates the service, the state loses Amtrak's ability to force itself on freight railways. That may present a problem to CSXT for the Palmer/Springfield stretch of the Vermonter, but “VRS has a good relationship with CPR and the D&H, with VRS crews qualified to Saratoga.”

The biggest opportunity may come from sharing cost with other states. New York is getting hit with proposed fee increases from Amtrak, and New Hampshire may be willing to pay some of its share for the passenger rail services it enjoys on both the east and west side of the state.
Next step for the study
Worthen is working with the Amtrak’s latest Route Contribution Analysis numbers (released 23 December), as is New York. He will meet with New York officials possibly in February, and also meet Amtrak face-to-face that month. With Amtrak, “we will hammer out the costs of six different scenarios for providing services.” That will include costing service from Penn Station via Albany to Bennington and Manchester, for weekends only.

With those costs, VTA can hold a public hearing on the study, and then present it to the legislature by late winter, believed Worthen. \{ANR&P discussions 22&23.Jan.2003\}

QUEBEC/MARITIMES

CANADIAN NATIONAL
14 January, Halifax. **CN AGREED TO STATION SOME INTERMODAL CARS** here as part of its scheme to run only two trains a day in each direction [see 14 January issue]. At a Smart Port meeting of the Halifax Port Authority, Scott Roberts, CN's assistant vice-president of public affairs and advertising, announced the railway “will launch new train service February 2 that will see a couple of significant improvements.”

Length of trains/empty cars
Although CN will cut the number of trains leaving Halifax daily from three trains to two, it will maintain an approximate 3,050-metre [10,000 feet for us Americans still avoiding the metric system - editor] buffer of empty intermodal cars.

The two trains leaving the port daily will range between about 1,600 metres and 1,950 metres. CN will try to move priority containers on the first train out, and also guarantee to move 90% of the import cargo out of Halifax within 48 hours of the container landing. “That is a big commitment on our part,” Roberts said.

Gerald Murphy, president of Local 269 of the Halifax International Longshoremen's Association, called the plan “good news for Halifax.” By providing a surplus of cars and higher-capacity cars, it will reduce the grounding of containers. “It will definitely be an improvement over what we have had since September.”

Higher-capacity cars
Currently, about 35% of the platforms delivered to the port are of 125-ton capacity (vs. the standard 85 tons for a well car). This will be increased to 70%. Roberts noted later: ‘Car capacity is a big issue. Halifax has a high number of reefer and heavy containers. Because of this heavy weight, sometimes the [light-capacity] railcars cannot be double stacked. This wastes capacity because ideally all cars would be double-stacked, i.e. the train weighs out before it bulks out.

‘By increasing the percentage of heavy cars in the fleet, we can better utilize all capacity, therefore increase capacity without necessarily adding train length or using more cars.’

Still some doubt
Russ Herder, chairman of the Halifax Shipping Association, seemed less optimistic about the plan but still hopeful. “We will have to wait and see if there is an improvement.” He questioned the fact that some containers will still be grounded and will require an extra lift.

Patricia McDermott said the CN recommendations could “potentially improve the situation.” The port authority's vice-president of marketing said a mix of optimism, concern and wait-and-see attitudes was expressed among the group at the meeting. The problem needs to be resolved and the dialogue must continue with CN to resolve the issue.

Shipping lines and other port interests complained that the plan CN introduced in September reduced the number of rail cars available at the port. That bogged down the movement of containers, resulting in increased costs and hurting port competitiveness.
CN feels it now has a plan that will provide a service “that will be substantially better than over the last while,” Roberts said. CN has agreed to meet with the Smart Port group in March to discuss any concerns with the new program.

**Plan for carload freight**

Roberts later wrote: ‘With respect to local traffic, we bring automotive and merchandise traffic into Halifax today on one of our three intermodal trains. In the future, our hope is to deliver this traffic on a third train that only reaches Truro, leaving the two Halifax trains to handle only international and domestic IM traffic without any stops in Truro. This final schedule has not been worked out, but if it comes to pass, a local will handle Dartmouth and Halifax traffic from Truro. This will eliminate the current pick up and drop off at Kinsac.’ Roberts cautioned that the mix of IM and carload remains to be determined. {Tom Peters in *Halifax Herald* 15.Jan.03; e-mail to ANR&P from Roberts 21.Jan.03}

21 January, Montreal. **CN’S INTERMODAL PROFIT COULD IMPROVE**, said Hunter Harrison, who succeeded Paul Tellier as chair and CEO at the beginning of the year.

CN intermodal revenues are doing well. A press release announcing 2002 results stated that four of CN’s seven business units registered gains during the final quarter of 2002: intermodal (16%); petroleum and chemicals (11%); forest products (4%); and automotive (3%). Revenues declined for grain and fertilizers (21%); metals and minerals (2%); and coal (2%). “Based on our superior service levels, we are optimistic that our merchandise and intermodal revenues will outpace overall economic growth.”

CN has created the intermodal excellence group (IMX) to improve CN’s intermodal services [see 6 December 2002 issue], which for the quarter tied for second to top in revenue with petroleum & chemicals at $283 million. For the year, intermodal tied with petroleum & chemicals for second at $1.02 billion behind forest products at $1.323 billion. However, the revenue per unit for intermodal came in second to last at $850, only ahead of coal.

**Not making the cost of capital**

Despite the intermodal revenue results, CN is not satisfied with the sector. Speaking in a media conference call after the release of 2002 results, Harrison noted that most railroads are never pleased with their intermodal returns.

“I would suggest to you that we are the low-cost carrier in North America and we are not pleased with our results. If you look strictly at the intermodal, it certainly does not cover the cost of capital and that is not satisfactory in this organization. But I would characterize IMX as not only an exercise in improving yield, but also further improving the model and service the customer sees.

“So we are very excited about the IMX opportunity. We’ve had a great deal of dialogue with the marketplace. Our first test balloon goes up on February 2 on the Montreal-Halifax corridor. I am optimistic that it will be able to move our intermodal up to the level we experience with our other merchandise non-bulk business.” Harrison said the other merchandise non-bulk business does cover its cost of capital. {ANR&P discussion 21.Jan.2003}

**CN/NOVA SCOTIA: SALT**

The only two salt mines in Nova Scotia, served by Canadian National, are located in Cumberland County. Annual production is more than enough to fill Nova Scotia’s industrial and highway needs. Significant quantities of salt are shipped within Canada to New Brunswick, Prince Edward Island, Newfoundland, Quebec and Ontario. Exports are shipped to such destinations as the West Indies, Saudia Arabia, Panama, Costa Rica, Bermuda and New England. {Provincial website}

**Nappan: SIFTO Canada**

This company, a subsidiary of North American Salt [see 02#01B], operates a rock salt mine in Goderich, Ontario, and the evaporated salt plant in Nappan which produces about 100,000 tonnes per year by evaporation from a brine pumped up from underground.

Most moves by truck, but some, in the form of fine evaporated salt, moves by rail as far as Montreal depots, which distribute it by truck. The railcars are kept clean by inspection, and move only in the Sifto salt service.
Located about a sandwedge shot from the CN main line, the plant was built in 1947 there to take advantage of rail. It sits atop the two-billion tonne Cumberland salt basin. The facility formerly brought in supplies by rail, including bunker C oil, but all supplies now move by truck.

About 5% of the production of 100,000 tonnes goes out in railcars in the form of bulk fine evaporated salt for industrial uses, loaded via conveyor. {ANR&P discussion with company official 7.Jan.2003}

[Five percent means 5,000 tonnes. Assuming one car holds 100 tonnes, CN moves only 50 railcars a year for Sifto. {ANR&P analysis}]

**Pugwash: Canadian Salt Company**
The Morton Salt Company subsidiary, Canadian Salt Company, operates a large underground mine near Pugwash [see 02#01B]. The more pure salt is used on highways; the less pure is cleaned and used for food and other applications under the name Windsor Salt (named after the Ontario town where the predecessor to Canadian Salt was founded).

In 1993 CN abandoned its branch line from milepost 1.0 to milepost 16.50 in Pugwash. Canadian Salt continues to operate a mine in Pugwash which produces about 900,000 tonnes per year.

Some salt, both coarse rock salt and food-grade salt, is trucked to Oxford Junction, where CN has hired a contractor to operate a loading facility on the remaining one-mile stub of the Pugwash branch, on the site of a former lumber mill. Canadian Salt uses front-end loaders at Pugwash; the operator’s trucks dump the salt via the tailgate at Oxford Junction into a hopper from which a conveyor moves it into an elevator high enough to load hopper cars.

Both kinds of salt go to the only rail customer, located in Dalhousie, to the tune of 14 cars a week, with a ratio of 5:1 in favor of the rock. {ANR&P discussion with Ray Angus 9.Jan.2003}

Customer PCI Chemicals Canada in Dalhousie receives the cars. The salt used to produce chlorine for paper mills in the region, as well as sodium hydroxide, sodium chlorate, and hydrogen.

PCI is owned by Houston-based Pioneer Companies. {Donald Redstone in *Canadian Chemical News* 9.99; company website} In 2001 PCI in Dalhousie received the third straight annual Safe Handling award from CN. {CN website press release}

**NOVA SCOTIA HIGHWAY SALT**
Since 1998, the province has contracted with Canadian Salt for its highway needs [see 15 February 2002 issue] and continues this winter. The Canadian Salt facility in Pugwash supplies needs through December. In January, the province opens its depot in Mulgrave, which Canadian Salt supplies by ship from Isles de la Madeleine [see 19 December 2001 issue]. Mulgrave provides about 50,000 tonnes for the rest of the winter to the Cape Breton end of the province. Total tonnage comes to roughly 280,000 tonnes per year. {ANR&P discussion with Girard Lee of NSDOT Dec.02}

**NEW BRUNSWICK HIGHWAY SALT**
Annually in April, the province asks for two offers to supply highway salt. The first requests salt for stockpiling beginning in July, about 60-70% of the annual requirement. The second requests a price for salt on demand, for later in the winter. Both prices are for supply at the mine, or entry point into New Brunswick. According to Bruce McFarlane, who handles the salt for the New Brunswick Department of Transportation, the province conducts a separate tender for trucking to 90 storage locations.

As in 2001, Cargill Salt in Sussex NB has won the salt tenders [see 15 February 2002 issue] The province pays Cargill about $C38/tonne and uses about 170,000 tonnes per year. {e-mail to ANR&P 18.Dec.2002}

**SYDNEY COAL RAILWAY**
24 January, Halifax. **EMERA SOLD THE COAL HANDLING ASSETS IN SYDNEY** recently for $32 million to CFQ and to Logistec Stevedoring Atlantic, a subsidiary of Logistec. Margaret Murphy, Emera spokesperson, said Emera had bought the assets on 18 December 2001 in order to continue coal deliveries for its Lingan and Point Aconi plants as DEVCO sold them. However, Emera had always intended to sell them, and after working with Logistec and CFQ as operators of the assets
[see 28 October 2001 issue], “we are happy to complete the transaction.”

The deal
For a price of $32 million, CFQ will acquire the rail lines between the International Pier and Lingan, with an interchange to CBNS, the rail cars, and the locomotives [see 14 January issue]. Logistec will acquire the coal conveyor equipment, and the maintenance sheds. Emera owns the pier, which it is leasing to Logistec, and the real estate underlying the rail line, which it is leasing to CFQ.

Emera has also given the two companies a 10-year service agreement to handle coal and petcoke imports for Lingan and Point Aconi, which amount usually to about 2 million tonnes per year.

Emera and then Logistec recently received environmental permits to increase coal storage at the Pier from 60,000 tonnes to more than 200,000 tonnes. The company will invest $7 million to modify the coal handling so that trucks may move directly out of the Pier to Point Aconi [see 28 October 2002 issue]. {ANR&P discussion 24.Jan.2003} [More in a future issue.]

HALIFAX
17 January. **THE PORT AUTHORITY RE-SIGNED ENCANA AS A TENANT** for Richmond Terminals 9B, 9C, and 9D. [See map in 23 December 2000 issue and in www.atlanticnortheast.com]. EnCan had leased the terminals for at least the previous two years; the new lease will run 15 years.

What EnCan has
The Port Authority stated that Pier 9B&C encompasses 356 meters of berth space; Pier 9C and Area D encompasses 30,596 square metres of open space. On-dock rail runs to the beginning of Pier 9A. Richmond Terminals underwent a $5.2 million re-engineering in 1998 which included reconstructing the 9A wharf and reinstating the CN rail siding from Pier 9C to the landside of Shed 9A. This investment revitalized Richmond Terminals by creating a multi-use facility with the ability to provide direct loading to ship, rail, or storage for breakbulk operations.

What about piers 9 and 9A?
Scotia Terminals, which engaged in a struggle with CN about receiving rail service at 9A in 2000 [see 1 December 2000 issue], continues to occupy and utilize 9A for breakbulk.

The port continues to receive locomotives for export at piers 9, 9A and 9B, though it has capacity to handle them at Ocean Terminals also. {ANR&P discussion with spokesperson Dawn Dalley 21.Jan.2003}

More about EnCan
EnCan Corporation, one of the world's leading independent oil and gas companies with an enterprise value of approximately C$30 billion, is North America's largest independent natural gas producer and gas storage operator. Ninety percent of the company's assets are in four key North American growth platforms. EnCan is the largest producer and landholder in Western Canada and is a key player in Canada's emerging offshore East Coast basins. EnCan common shares trade on the Toronto and New York stock exchanges under the symbol ECA.

Supply base services coordinated through Richmond Terminals include: Drilling equipment such as pipe drill bits, cables, etc; Supplies of drilling muds [landed in Sheet Harbour–see 6 December 2002 issue], fuel, food, and cement; Services of logistics, oceanographic, transportation (supply boats, helicopters), catering, housekeeping, medical, and safety; Materials range from bulk to containers to heavy-lift components. {background material from Port Authority}
PEOPLE/EVENT

Burt Russell became vice-president of terminals and transportation for Sprague. The previous office-holder, Bob Blanchard, found new employment at Aggregate Industries of Saugus, Massachusetts. Russell formerly served as director of marketing and technical services for Sprague. In mid-2002, John Didier became manager of terminal operations for Sprague.

Seventh Railway Symposium/Second Railway Exposition
April 30 and May 1, 2003. Hotel PLAZA Quebec in Ste.Foy, PQ.

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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EDITORIAL

When Ed Burkhardt, chair of MMA, was awarded the honorific Railroader of the Year in 1999 by Railway Age, one associate called him “a class act.” The same description fits how MMA reacted to the shutdown of GNP, its largest customer. Instead of chopping jobs, President Bob Grindrod cut salaries, and cut management’s 40% while the rest of the workers took a 25% paycut. The railway expects to temporarily lay off an undetermined number of employees, but it will provide health benefits to them for up to six months. This concern for the workers deserves applause.
RESPONSE TO EDITORIAL

Chop:

Hope always springs eternal. Your coverage of the railroad bankruptcy in Maine did not get to the heart of the matter, that the rail business is precarious at best and most railroads do not have the ability to earn the cost of capital, hence viability is only achieved by reorganization, rationalization, refinancing or other innovative financial gimmicks.

Here's the issue. Maine does not have a viable rail network with adequate tonnages that will support the existing capital plant without state money, bailouts, rationalization or bankruptcies.

The state keeps infusing taxpayers’ cash into the network (i.e. Amtrak service, Auburn Intermodal, Presque Isle Intermodal, etc.) This blatant subsidy of for profit corporations needs to be examined in light of the current railroad and state fiscal budget crisis.

It is nice to see the railroad take immediate action to stem the losses caused by the bankruptcy of GNP, but cutting employee wages by 25-40% is devastating to those railroad employees. You know this is the common theme in railroading these days, if we could only control the cost of employee payroll and benefits, we could make a profit.

The employees would be better served in the long run if they found other employment rather than being held hostage by poor business climate and unfound management decisions.

Brett Rekola 22 January, 2002
(Brett runs Rekola Engineers & Surveyors, Inc. in Webster, Massachusetts)