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Issue 03#04B 6 May 2003

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RAIL SHIPPERS/RECEIVERS

[Omitted to gain space.]

PEOPLE, POSITIONS, EVENTS

FROM THE PUBLISHER

Optimism?
I applaud Maine Governor John Baldacci’s successful efforts to reduce the damage of the plant reductions at Great Northern Paper and Georgia-Pacific. But then comes news on Fraser Paper and Moose River.

How much more can we take? More. Our rail and port infrastructure can exist at lower levels of traffic than currently, but not much lower.

- Chop Hardenbergh

Next issue: 20 May

REGIONAL ISSUES

PROVIDENCE & WORCESTER
29 April, Worcester. **COMMENTS FROM THE ANNUAL MEETING.** As in the past, Chair Robert Eder handled the official business in short order. He turned the meeting over

to Orville Harrold, PW’s president, for discussion of issues in the 'shareholder's forum'.

Freight rail improvement project (Rhode Island)
PW Vice President Engineering Scott Conti said completion of the entire track is expected at the end of 2005 [see 8 April issue]. In response to a shareholder question, Eder stated that although Amtrak will own the track when complete, it is his “gut feeling” that the $0.99/car mile will not apply. [RIDOT and the federal government, not Amtrak, is paying for the new track. Editor]

Wethersfield Secondary
No customers are seeking rail service here. Harrold described it as operable if needed at 10 miles per hour, with all crossings requiring flagging.

Coal
As opposed to New Haven, Harrold noted, the run out of Provoport only involves three miles on Amtrak's Shore Line. [See Rhode Island.]

South Quay
Eder stated that this area [see map in 14 June 2002 issue] is not expected to be developed for rail service. When PW was a 45-mile shortline, the quay was its only port. Now it serves Provoport, Davisville (Eder called it “the biggest port on the East coast”), and New Haven. All are undergoing major upgrades.

Eder implied that PW at some future time could serve Bridgeport, New London, Fall River and New Bedford.

Buying Guilford
Harrold said in a conversation after the meeting that he understood Guilford was asking $400 million. PW had not, he said, made any overture to GRS. {e-mail to ANR&P from a shareholder who attended the meeting}

Rate for use of Amtrak lines
In June 2002, PW lost an arbitration case [see 28 June and 12 July 2002 issues]. Amtrak asked for and got a rate of $0.99/car-mile, a jump from the $0.33/mile PW was paying. Harrold noted that Norfolk Southern pays Amtrak $1.02/mile. The rate was made retroactive to 1999, not the 1994 Amtrak asked for. In 2004, the matter can (and likely will) be revisited. {e-mail to ANR&P from a shareholder who attended the meeting; PW annotations}

The arbitrator also awarded a premium of 22% above the $0.99/mile charge on cars weighing more than 276,000 pounds on the Northeast Corridor. {Annual Report 2002}

SLR/SLQ
30 April, Greenwich CT. REVENUES FROM THE FORMER EMONS PROPERTY SHOWED IT AS A ―FAVORABLE ACQUISITION,‖ said Jack Hellmann, Genesee and Wyoming’s chief financial officer, in a conference call to discuss the company’s first quarter results. Overall, according to the first quarter report, ‘GWΓ’s North American revenue increased 21.9% to $58.9 million compared with $48.3 million in the first quarter of 2002. Of this $10.6 million increase in revenue, $5.3 million was from the acquisition of Utah Railway, $3.5 million was from the acquisition of Emons Transportation and $0.6 million was from the start-up of a new rail line in Oregon. Same railroad revenue in the first quarter of 2003 increased $1.2 million, or 2.5%.’

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*Emons fiscal year ran from 1 July to 30 June, so 1Q calendar year is 3Q fiscal year. All quarterly results through 2001 come from Emons’ 2001 Annual Report.
In the first quarter of 2003, the contribution from Emons increased $3.5 million over its contribution in 2002. In 2002, it contributed $2.2 million for the 37 days of the quarter GWI owned Emons. Pro-rating that figure over the entire first quarter of 2002 yields $5.4 million for Emons/GWI.

Since GWI’s revenue from Emons increased $3.5 million in first quarter 2003, and it had $2.2 million in 2002, the revenue for 2003 totalled $5.7 million, or an increase year over year of 5.5%.

In a phone call later, Hellmann declined to discuss specifics, other than to say that GWI had earned $2.2 million from Emons in 2002. GWI does not disaggregate the results of any of its 30 railroads. But using that one additional fact shows that Emons revenues increased 5.5%, to $5.7 million over the first quarter of 2002.

[The drop in revenue beginning in 2Q01 stems from the decline of the pulp mill in Gorham and the paper mill in Berlin, culminating in the declaration of bankruptcy by Pulp and Paper of America in September 2001. Fraser purchased the two mills out of bankruptcy in May 2002–see 17 May 2002 issue–and has restarted the paper mill in Gorham–see 26 July 2002 issue. It also bought the Berlin Mills railroad–see 12 July issue–operated by SLR. The restart is reflected in the increase in revenue in 2003.]

Would GWI consider other acquisitions, such as Guilford?

One stock analyst, Gary Yablon from CSFB (Credit Suisse First Boston), noted that GWI had a credit facility of $160 million. Given what GWI officials called a slow market for acquisitions, why did not the company buy back some stock with the credit facility? Hellman replied that while the market is difficult, at every board meeting “we show the directors a list of acquisition candidates, some five to ten, a few of them hotter than others.” And that remains so. Some targets for acquisition are bigger than in the past, and the company wants to preserve some balance sheet capacity to make those acquisitions when prudent.

Your editor asked whether GRS was considered. Chair Mort Fuller replied, “We have heard those rumors [that Guilford is for sale], but we have not looked at it.” {ANR&P coverage and discussion 30.Apr.2003}

GUILFORD RAIL SYSTEM

5 May. THE BMWE RATIFIED ITS CONTRACT in April [see 28 March issue]. The signing will occur 8 May in North Billerica. {ANR&P discussion 28 April 2003 with General Chair Stuart Hurlburt}

Mediation for the others

UTU’s Michael Maloof said his union and the Brotherhood of Locomotive Engineers would go to mediation with GRS “the last week of May.” {ANR&P discussion 5.May.03}

CONNECTICUT

TRANSPORT. STRATEGY BOARD

15 April. THE BOARD POSTPONED A DECISION ON THE BARGE FEEDER SERVICE.

The Feeder Barge Task Force

Created by the Transportation Strategy Board (TSB) in January [see 14 January issue], the task force met three times. It had four members: Michael Meotti (member of the Transportation Strategy Board), Department of Economic and Community Development Deputy Commissioner Rita Zangari, George Wisker of the Department of Environmental Protection, and Carmine Trotta of ConnDOT.

Presentations

At the first meeting, James Wang briefly reviewed Bridgeport’s proposal and Marty Toyen provided details regarding financial and marketing aspects of same. Judy Gott introduced Marlin Peterson from DMJM & Harris, who reviewed New Haven’s proposal. Representatives of Bridgeport and New Haven were asked to provide responses to detailed questions developed by the Parsons Transportation Group by 21 February.
Split recommendation
At the third and final meeting, the Task Force passed this:

The Feeder Barge Task Force, as established by the Transportation Strategy Board (TSB) in January 2003, recommends that the State invest up to a total of $4.8 million ($1.5 million-Bridgeport, $3.3-New Haven) to develop feeder barge services in Bridgeport and New Haven, subject to the satisfaction of all elements as outlined by representatives of each port to the Task Force, including the commitment by the Port Authority of New York and New Jersey to provide a $25 per container subsidy for no less than 24 months.

Also, it is recommended that the TSB conduct an evaluation of each ports’ operations following six months of initiation and report its evaluation as to the long term viability of a feeder barge operation in Connecticut to the Governor and General Assembly. (TSB website)

15 April, Hartford. THE TRANSPORTATION STRATEGY BOARD COULD NOT DECIDE on the recommendation of the Task Force. A motion to select New Haven failed 2-11; a motion to accept Bridgeport did not get a second. {minutes from website}

Oz Griebel, chair of the Board, said later some advocated for investment in both ports and letting the market decide, “but we were in the minority.” The majority wanted a decision for one or the other port, and asked for additional information from ConnDOT.

With that information, Griebel believed, the board would decide at its next meeting on 13 May. {ANR&P discussion 5.May.3}

Legislative action
HB6671 [see 8 April] was amended by the House Transportation Committee to favor Bridgeport:

Sec. 3. (NEW) (Effective from passage) (a) The board shall, after container barge service is established for the port of Bridgeport pursuant to subdivision (1) of subsection (a) of section 2 of this act, determine whether container barge service should be established for the port of New Haven pursuant to subdivision (3) of subsection (a) of section 2 of this act. In making such determination, the board shall find that: (1) Establishing the container barge service will benefit the movement of freight into and out of the state, and (2) establishing the container barge service will not be detrimental to freight service at the port of Bridgeport. If the board determines that container barge service should be established for the port of New Haven, it shall make a recommendation to that effect in any report required under subdivision (1) or (2) of subsection (k) of section 13b-57g of the general statutes, as amended by this act, and such recommendation shall be accompanied by the analysis required under subsection (b) of section 9 of this act.

(b) The board shall, after container barge service is established for the port of New Haven pursuant to subdivision (3) of subsection (a) of section 2 of this act, determine whether container barge service should be established for the port of New London pursuant to subdivision (5) of subsection (a) of section 2 of this act. In making such determination, the board shall find that: (1) Establishing the container barge service will benefit the movement of freight into and out of the state, and (2) establishing the container barge service will not be detrimental to freight service at the ports of Bridgeport or New Haven. If the board determines that container barge service should be established for the port of New London, it shall make a recommendation to that effect in any report required under subdivision (1) or (2) of subsection (k) of section 13b-57g of the general statutes, as amended by this act, and such recommendation shall be accompanied by the analysis required under subsection (b) of section 9 of this act.

Judy Gott, executive director of the regional planning commission including New Haven, expressed dissatisfaction with this text at the Board meeting. {minutes from website}

AMTRAK
25 April, Connecticut Shore Line. A LIMIT ON THE NUMBER OF AMTRAK TRAINS ELIMINATED SOME SHORE LINE EAST SERVICE. This resulted from the electrification of the Shore Line east of New Haven to permit operation of the [sometimes-editor] high-speed Acelas. According to Mike Saunders, FRA official overseeing the Northeast Corridor work from an office in Glastonbury, Connecticut, the FRA wrote in the environmental record of decision that Amtrak had to reach agreement with the boating community about the required raising of the five movable bridges on the line east of Old Saybrook.
[My Comprehensive Railroad Atlas of North America: New England and Maritime Canada shows these as crossing the Connecticut River (Old Saybrook), the Niantic River (East Lyme), Shaw’s Cove (New London), the Thames River (Groton), and the Mystic River (Mystic). Editor]

In 1995, Amtrak originally proposed 52 trains a day, but later wanted only 34 trains a day, cutting back on proposed Acela service. In addition, PW would operate two trains and Shore Line East, the ConnDOT-funded commuter service east of New Haven, would run six. The agreement, among Amtrak, ConnDOT, the Connecticut Department of Environmental Protection (ConnDEP), and other parties, arranged times for bridge raisings spread throughout the day, and ensured that any boat would not need to wait an inordinate amount of time for the next bridge opening.

However, stressed Saunders, PW was not a party to the agreement, though it is involved in all meetings on bridge operations. Therefore, PW operations were not technically limited by the agreement. Practically, however, PW operates over the Shore Line under trackage rights from Amtrak, and its trains are dispatched by Amtrak. Therefore, Amtrak would need to decide whether any additional PW trains would fit into existing gaps between Amtrak trains, and be able to move over the bridges when closed.

The agreement permitted re-negotiation if Amtrak wanted to run more trains. It would need to develop a new schedule, and demonstrate adequate bridge openings.

More on Shore Line East

Shore Line East, funded by ConnDOT and operated by Amtrak, began in 1990 by providing commuting service from Old Saybrook to New Haven. It was subsequently extended east to New London, and west to Stamford.

The change

Earlier this year, Amtrak notified the DEP that it was operating 37 trains, and wanted to go to 38. DEP issued a cease-and-desist order. Amtrak, ConnDOT, and ConnDEP worked out a new arrangement under which Amtrak would operate an additional four trains a day, and Shore Line East will stop operating four trains east of Old Saybrook, so that they will not cross the bridges. That leaves the total at 38 trains.


Beginning 28 April, Amtrak will honor Shore Line East monthly commuter passes on four of its trains instead of the four trains now terminating or originating in Old Saybrook. The new agreement extends to October, to the next Amtrak schedule change.

Fred Riese of ConnDEP noted the new arrangement provided a win-win situation. ConnDOT no longer needs to operate six trains to New London, and Amtrak gets to increase the number of its trains from 34 to 38. The two remaining New London trains help ConnDOT fulfill a funding formula for federal aid, which depends in part on route miles travelled.

In addition, said Tom Ouellette of ConnDEP’s Office of Long Island Sound Programs, ‘the bridge operating schedule embodied in the new agreement preserves the federal coastal consistency provisions of CT DEP’s authorization for electrification by providing a sufficient number and duration of bridge openings to ensure safe and effective commercial and recreational navigation through the movable bridges.’

Commercial traffic transiting the bridges

As well as for recreation boats served by marinas and other businesses, the bridges must also open for oil barges which serve power plants on the Connecticut River. The Connecticut River below Hartford ranks tenth in receipt of petroleum products in New England, the Thames 13th, according to A Study of New England and Massachusetts Petroleum Infrastructure and Distribution Systems, June 2002. Commercial fishing boats also transit the bridges.

A needed siding in Guilford will be built

Saunders also noted that as another part of the agreement for electrification, the stakeholders agreed to build two sidings (one on each side of the main line tracks) at the Guilford rail station to permit Shore Line East trains to stop without delaying Amtrak trains, and to permit better freight operations. New modelling has shown that with the reduction of Amtrak trains from the expected 52, the system would gain most from only one siding, on the track two (closest to the water) side for the afternoon rush hour out of New Haven.
Amtrak had delayed building the siding [see 16 January and 15 February 2002 recommendations]. But per Saunders, sometime after 1 October “this siding will go into construction. It’s been designed, [construction] will not take long, and the money is already allocated by Amtrak.” {ANR&P discussions 30.Apr.03}

**MAINE**

**GUILFORD RAIL**

3 May April, Atlanta, Georgia. **GEORGIA-PACIFIC PARTIALLY REVERSED ITS DECISION TO CLOSE TISSUE PRODUCTION.** On 4 April it had announced it would retire two tissue machines in Old Town as well as 13 converting lines and associated tissue shipping assets. ‘The machines...currently produce approximately 89,000 tons of tissue paper annually.’ The mill’s pulp operations and dryer will continue to operate. Mill management is examining ways to enhance the pulp operations’ long-term viability and retain more than 200 jobs. [In 1997, 450 of the 600 tons a day of pulp was sold into the market. 1998 Lockwood-Post Directory]

‘Approximately 300 employees will be affected by the closure of these tissue manufacturing assets. “This decision has nothing to do with the quality workforce at Old Town; they’ve done an outstanding job,” said David Spraley, senior vice president — consumer products manufacturing. “However, the overcapacity of paper, the mill’s geographic location, and energy and fiber costs make this decision necessary. Tissue customers will not be affected by the shutdown. Their orders will be shifted to other Georgia-Pacific tissue manufacturing operations.”

‘The Old Town facility is a unit of Fort James Operating Company, a subsidiary of Georgia-Pacific.’ {company press release}

**Some production saved!**

After the announcement, state government and others worked to reduce the impact to the state. On 2 May, Governor John Baldacci and G-P officials said one tissue machine and eight converting lines could be restarted. Baldacci aide Jack Cashman said the state would also be seeking to bolster the company's shipping capabilities.

“In the end, we were astounded by the efforts put forth to develop a tangible economic package - one that is too good for us to walk away from,” said G-P Chair Pete Correll said. “Georgia-Pacific is more encouraged now than ever before that Maine is a place where we want to do business.” {AP 3.May.03}

Rick Douglas, plant controller, said the reference to shipping described the fact that only one in ten outbound trucks to G-P customers in southern New England and other nearby destinations has any backhaul. Perhaps G-P could coordinate with Walmart or other large distribution facilities to get a backhaul.

**Impact on chip plant plans**

The proposed chip plant [see 26 March issue] remains an unapproved corporate project, per Douglas. G-P will continue use its current chip plants. Even after the corporation approves the plan, initial operational capability will take 12 months. {ANR&P discussion 5.May.03}

15 April, Augusta. **THE CLOSED TISSUE MILL HERE MAY REOPEN**, following approval by the US Bankruptcy Court in Bangor for its sale to the son-in-law of the former president of American Tissue. The former president, Mehdi Gadayzadeh, faces criminal charges in connection with the failure of the company, which idled its mills in Gilman Vermont [reopening by Dirigo, see New Hampshire], Berlin and Gorham New Hampshire [re-opened by new owners Fraser Paper see 26 July 2002 issue], and Augusta, among others.

The American Tissue mill, former Tree-Free Fiber and before that Statler Tissue [see 99#23], will become the property of a group led by son-in-law Nimi Nili. It will use recycled paper as its stock. {AP in Bangor Daily News 15.Apr.03}

**Use of rail?**

Whether the Augusta mill will follow the Vermont and New Hampshire mills in resuming the use of rail is not yet known. When owned by American Tissue, it did not use rail. {ANR&P discussions}
9 May, DC. **THE STB WILL DECIDE GRIMMEL’S REQUEST FOR SERVICE** on this day. In the second of its public voting conferences [the first addressed the right of the *Downeaster* to run at 79 miles per hour—see 12 February issue], the STB will act on about 20 cases, including:

-STB Finance Docket No. 33989, Pejepscot Industrial Park, d/b/a Grimmel Industries—Petition for Declaratory Order. At issue is whether the Maine Central Railroad Company, the Springfield Terminal Railway Company, and Guilford Transportation Industries, Inc. failed to provide railroad service requested by a shipper, Pejepscot Industrial Park, Inc., doing business as Grimmel Industries.” {STB press release}

The case is pending since 2000; the Board set a procedural schedule in 2001 [see 22 September 2000 issue].

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**MONTREAL, MAINE & ATLANTIC**

10 April, Madawaska. **FRASER WILL CUT JOBS AT BOTH MILLS HERE**, according to an announcement this day. Nexfor Inc, the owner of Fraser, will implement ‘a productivity improvement plan at its Fraser Papers operations in Edmundston, NB (pulp) and Madawaska, Maine (paper) that will result in the elimination of 325 jobs over the next 12 months. The move will reduce manufacturing costs, while positioning Nexfor Fraser Papers as one of the industry's most efficient integrated producers of specialty papers. Nexfor has global employment of 7100, of which about 1300 will remain at these two operations.’

Bert Martin, senior vice-president of Nexfor and president of Fraser Papers said the two mills will operate as a single complex with combined service and staff functions, and a greater degree of flexibility in job definitions and assignments. Total planned paper production at Madawaska will remain unchanged at 472,000 tons. Paperboard production at Edmundston (60,000 tons) will also remain unchanged. However, the groundwood facility at Edmundston will operate on a single, 12-hour daily shift instead of the previous two-shift operation.

In addition to its operations at Edmundston/Madawaska, Nexfor Fraser Papers operates paper and pulp mills at Berlin-Gorham, NH, Park Falls, WI, Thurso, Quebec, and an international paper distribution centre outside Chicago. It specializes in the production of premium lightweight and technical specialty paper grades. It also operates sawmills and owns or manages more than two million acres of timberland in New Brunswick and Maine. {Nexfor press release}

29 April, Portland ME. **GREAT NORTHERN PAPER BECAME KATAHDIN PAPER**, when Brascan finally closed on the purchase of the mills in Millinocket and East Millinocket, at a price of $103 million. Bert Martin, formerly of the Brascan subsidiary Nexfor Fraser Papers Inc, will serve as the Katahdin Paper Company LLC's new president. “We have acquired a pulp and paper facility that we believe can be extremely competitive to provide fantastic products for our customer base and solidify communities in which our employees live,” Martin said. “To us, that's very important. We tend to be simplistic people: We're from the north. And we're in business to make money for our owners and we're in business to provide products to customers that they can't get anywhere else.”

When’s startup?
The East Millinocket plant should be running by mid-June and will employ about 375 people, according to Richard Legault, an executive vice-president for Brascan. The Millinocket mill may not reopen for at least a year. Brascan has indicated that it wants to invest up to $60 million to install a new bleach chemi-thermo-mechanical-pulping operation there first to make supercalendered paper more efficiently. If all goes well, another 175 people would be hired to operate that mill.

Brascan aims to turn the bankrupt paper company into a successful business by improving efficiencies and investing about $100 million to position the two northern Maine paper mills to run through the worst of economic times.

The transition won't be painless as fewer than half of the employees who had jobs in December eventually might be rehired. The paper mills in East Millinocket and Millinocket will be operated as one complex, and the mills' infrastructure that once supported 17 paper machines will be reconfigured to support the remaining three. {A. J. Higgins, Deborah Turcotte and Mary Anne Lagasse in Bangor Daily News webposted 30.Apr.03}

[MMA had hoped for a 1 June startup. See 26 March issue.]

2 May, Moose River. **MOOSE RIVER LUMBER CUT PRODUCTION** and laid off 18 of its 85 employees late the previous week. The computerized high-tech sawmill is Maine's largest dimension lumber mill, capable of producing 80 million board feet a year, and northern Somerset County's largest employer. Lumber prices are suffering from a market glut created in part by
stud mills in British Columbia reacting to US duties by running their mills 24 hours a day, seven days a week. Moose River is also hit by higher log prices.

The company has been losing $150,000 to $200,000 a month since January and cut costs to survive. Steve Banahan, sales manager, said he hopes the layoffs will be temporary and that the workers will be called back within six to eight weeks. {Joe Rankin in Portland Press Herald webposted 2.May.03}

Use of rail
An official at Logistics Management Services, an MMA subsidiary, said Moose River was the major customer at its reload in Jackman. The number of outbound cars would be affected, but he could not predict how much. {e-mail to ANR&P}

ROCKLAND BRANCH
25 April, Augusta. THE SELECTION OF A NEW OPERATOR REMAINS “ON HOLD”, according to the department’s Allan Bartlett. Earlier, the head of the Office of Freight Transportation, Rob Elder, reported a delay in the process because additional people wanted a voice in the decision. {ANR&P discussions}

[ Bartlett initially hoped to winnow the seven applicants down to a short list by early April. See 26 March issue.]

MASSACHUSETTS

CAPE COD CENTRAL/BCLR
1 April, Hyannis MA. SCOTT HIMSTEAD BECAME PRESIDENT OF THE CAPE COD CENTRAL RAILROAD, a position vacant since John Kennedy resigned in December [see 27 January issue]. He had served the previous three years as vice-president for sales and marketing; earlier he was publisher of the Cape Cod Times for 24 years, from which he retired.

Outlook for the excursion business
Himstead pronounced himself “cautiously optimistic,” with group bookings running ahead of last year. The start date was moved back from early April to 19 April due to construction delays on a bridge culvert in West Barnstable. That work was scheduled to begin with the 1 March suspension of BCLR service due to repair to the rail bridge over the Cape Cod Canal, occurring from March to June. The new culvert, paid for by government authorities, will permit water to flow more freely to the adjacent marsh.

Himstead said the railroad will receive compensation for its lost trips, calculated on the basis of last year’s passenger count.

He recognized the effort to create a passenger service to Middleborough [see 6 December 2002 issue], but his railroad is not involved with that, although Kennedy was. {ANR&P discussion 17.Apr.03}

11 April, Falmouth. EOTC LEASED THE RIGHT OF WAY IN FALMOUTH FOR A TRAIL, ending the effort to re-establish rail service [see 01#07A]. {ANR&P discussion with Town of Falmouth engineering office 18 April 2003}

CSXT
30 April, Boston THE METROPOLITAN HIGHWAY SYSTEM ADVISORY BOARD SOUGHT A DELAY OF THE SALE by the Massachusetts Turnpike Authority (MTA) of the land under Beacon Park [see 8 April issue] after a hearing today.

The MHSAB was created by the Massachusetts Legislature in 1997, empowered to review MTA actions on MTA land within the metropolitan highway system. The MTA may disregard the MHSAB advice, but is required to give MHSAB 30 days to review actions. {text of hearing announcement}

Correction: Contrary to newspaper accounts [see 8 April issue], the sale includes land under Beacon Park Yard.

Opposition
The board heard testimony from about a dozen members of the public or representatives of affected organizations, most
“overwhelmingly opposed” to the sale. Mark Draisen of the Metropolitan Area Planning Commission, which staffs MHSAB, said the MBTA voiced a powerful concern: loss of the space would mean not only loss of a coach yard for expanded commuter rail [see 8 April issue], but also loss of the T’s access to its Boston Engine Terminal in Somerville via the Grand Junction branch, one end of which lies in Beacon Park.

The other “powerful concern,” reported Draisen, came from Massport, which fears loss of its near-dock rail. CSX did not present testimony. {ANR&P discussion 2.May.03}

Doesn’t anyone trust CSXT?
Craig Coy, chief executive officer of Massport, wrote, in a letter to MTA chair Amorello that CSXT’s easement is extinguished if it abandons the tracks and yard. The easement also provides that CSX cannot sell its interest in the easement without the prior approval of the fee owner. Harvard as the fee owner would want to sell. The MHSAB underscored this in its recommendation:

We have expressed concern that the sale of land may lead to the abandonment of the rail yards at the site. We have been told that Harvard does not have plans for the property and that CSX can operate in perpetuity. However, as mentioned in comment letters, Harvard is not in the rail business. Since Harvard has placed the land’s value at $75 million and much of the land is constrained by the rail easements, we can only presume that this value accounts for the future abandonment of the rail facilities in order to maximize development potential of the land. To presume otherwise would be to choose not to face the realities of the situation. These realities, in addition to Chairman Amorello’s comment to the Harvard Crimson regarding his preference for new buildings rather than rail yards and storage tanks, lead us to conclude that the land will not continue to function as a rail yard. {text from MAPC}

2 May, Boston. THE MBTA WILL SEIZE THE FEE OWNERSHIP OF THE BEACON PARK RAIL YARD, which Harvard University had won the right to purchase from the current owner, the Massachusetts Turnpike Authority (MTA) [see 8 April issue]. After notifying the authority of its intent at 6 p.m. Thursday, the MBTA board of directors met at 1 p.m. yesterday in executive session and voted unanimously to take 47 acres for $33.25 million, less than half of the $75 million Harvard agreed to pay for the full 91-acre parcel. The eminent domain taking will become official in 30 days, though the final outcome will probably be challenged in court, according to legal specialists.

Transportation Secretary Daniel Grabauskas cheered the move, also approved by other state officials. “I fully expect at this point that 30 days from now, the MBTA will own the rail yard,” said Grabauskas. He compared the Turnpike Authority to “the drunken brother selling off the back 40 for a short-term fix, and we're all going to suffer for it.”

MBTA General Manager Michael Mulhern said: “Time was quickly evaporating and . . . I realized that I'm not necessarily dealing with the most honorable people over there. One of their attorneys smugly said [a few weeks ago], ‘If you want it so bad, why don't you just take it by eminent domain.’ Well guess what? . . . I never thought it would come to [this].”

A Turnpike Authority spokesman, however, said the agency would decide a week from today whether to go ahead with the sale to Harvard, despite the MBTA's eminent domain decision. Last month, MTA Chair Amorello set 9 May as the deadline for a decision on the authority's sale to the university, after the required 30-day period to permit the Highway Advisory Committee its statutory review.

One authority official said the agency could hand the deed to the land over to Harvard on 9 May, regardless of the MBTA's action. Harvard, with its strong finances, would then take over the fight for the land, something some state officials said they feared because of the university's wealth and ability to wage a long court battle.

Harvard willing to negotiate?
MTA officials said they were "mystified" by the land grab and reacted yesterday morning by hand-delivering a letter to MBTA attorneys. Pike General Counsel Michael Powers wrote: ‘Harvard University is fully prepared to include terms and conditions necessary to facilitate the continuation of commuter rail and freight services to ‘run with the land’ . . . should there ever be a cessation of the CSX easement.’

Transportation Secretary Dan Grabauskas blasted the Pike's letter as nothing more than an attempt to spin the public. “That is the most disingenuous piece of crap. These guys have done nothing except stonewall (us) or move this thing (forward) as fast as they could.”

Proceeds from the land sale were going to be earmarked for the Pike's commuter discount program for Fast Lane users. The loss of $42 million [the Harvard purchase price versus what the MBTA will pay] could prove a mortal blow to the reduced toll initiative, which was mandated to continue by the Legislature last year. {Doug Hanchett in Boston Herald 3.May.03; Mac
Daniels in *Boston Globe* 3 May.03}

[Question: If Harvard will buy the balance of the fee ownership, where’s the large financial loss to the MTA? *Editor*]

**GUILFORD RAIL**

15 April, DC. *GRS FILED TO ABANDON ITS OPERATING RIGHTS ON THE BEMIS BRANCH.* GRS’ Boston and Maine Company had abandoned its obligations on the line in March 2000 [see 2, 26 May 2000 issue]. EOTC had no interest in the track [see 28 July 2000 issue].

Now GRS wants to abandon the ST operations, which it acquired under a lease in 1988 from the B&H. Why? The petition states in response to possible re-use: ‘ST is unsure about the suitability of the line for public non-rail purposes. Prior to the effective date of this discontinuance [15 June 2003], title to the line was or will be acquired by third parties.’ {STB Docket No AB 355 (Sub No.27X)}

*Why this second filing*

Rob Culliford, general counsel for GRS, explained in a supplemental letter dated 29 April: ‘Due to the nature of the ST leases, which encompass the entire Guilford system, it was assumed that the discontinuance of B&H’s common carrier rights and obligations would similarly discontinue the ST leasehold interest, because ST’s rights and obligations flowed from the original lease by the B&H. As a result of this assumption, and a need to conserve limited resources, an application was filed to abandon the B&H interest only and no reference was made to the ST lease that was presumed to have terminated with the consummation of abandonment authority by B&H. However, as I became more aware of the issues underlying Board and Commission-approved leases, particularly during the conveyance of the Mystic Wharf Branch by the B&H and ST in late 2002, it appeared that the safe course of action would be to discontinue ST’s leasehold interest in the Line as well.’ {STB filing website, Docket No. 355 27X}

*Some of right of way already gone*

Craig Della Penna, New England coordinator for the Rails-to-Trails Conservancy, reported that as of 1 May, Boston Bark Landscape Supply had occupied at least part of the right-of-way and bulldozed out some of the fill which created the corridor. {e-mail to *ANR&P* 1.May.2003}

Three years earlier, local rail consultant Tony Jewell and others looked at the Bemis Branch as ideal for a light rail line providing a connection to the T commuter station in Waltham, noting the growing residential and commercial use in the area. Beyond passengers, the line had some promise for transloading. They were ‘politely but firmly told that rail was no longer politically viable in that area.’ {e-mail to *ANR&P* from Jewell 4.May.03}

**HOUSATONIC RAILROAD**

30 April, Lenox. *THE BERKSHIRE SCENIC RAILWAY WILL START* Memorial Day weekend, as the trackwork is complete. HRRC Executive Vice-president Ed Rodriguez corrected an earlier report [see 26 February issue], noting that the scenic railway had signed a seven-year operating agreement, under which it may use the 11 miles of track from Lenox to Stockbridge. The Berkshire pays no fee to use the track, but does reimburse for any expenses. At the end of seven years, the parties will need to renew or renegotiate.

*More customers?*

Rodrigue said HRRC is holding discussions, and hopes to make announcements very soon, about customers for the Coltsville branch and the Shepaug bulk terminal. {*ANR&P* discussion 30.Apr.2003}

**MASS BAY COMMUTER**

3 April, DC. *THE NEW COMMUTER OPERATOR SOUGHT A DECLARATORY RULING* from the Surface Transportation Board. The Massachusetts Bay Commuter Railroad (MBCR) said it wanted ‘the removal of uncertainty and ambiguity with respect to the status of MBCR in terms of regulation by the STB and whether MBCR is subject to other statutes relating to employer-employee relations. Stated differently, if MBCR is a rail carrier subject to the jurisdiction of the STB it needs authorization to commence service.’ But because federal statutes permit an exception for mass transit, attorney Jim Howard argued that the STB does not have jurisdiction over MBCR. {STB Finance Docket 34332; e-mail to *ANR&P* from Howard}
PROVIDENCE & WORCESTER

15 April, Millbury MA. **LB RAILCO CEASED ITS EFFORT TO CONSTRUCT A WASTE TRANSFER STATION HERE.** According to Ray Houle, Millbury town manager, LB Railco will withdraw its application to the town, and its petition to the STB [see 8 April issue]. {ANR&P discussion 17.Apr.03}

While on the surface local opposition looked like NIMBYism (Not in My Back Yard) Houle stressed in January: “It is not a NIMBY thing.” He noted that a Wheelabrator waste-to-energy facility operates in the area and has not received opposition from the city. What was creating problems: LB Railco was attempting to circumvent the permitting process through its claim that it is a rail company, and not a waste management company. As a rail company LB Railco is exempt from permitting issues.{C&D Recycler Online 7.Jan.03}

Letter from LB Railco

William Gay, executive vice-president of LB Railco, wrote Houle that ‘we have decided to cancel our efforts to open and operate a transload facility at the McCracken site...[I]t has become abundantly clear to us that many in the town just do not want this type of facility near the bike path and/or the Blackstone River, regardless of the environmental controls implemented.’

He asked the town to work with Aubin to find a new buyer or tenant. ‘She has the right to rent or sell the property to a commercial user, and the Route 146 project construction has caused her problems.’ {Donna Boynton in Worcester Telegram & Gazette 16.Apr.03}

25 April, Millbury MA. **THE LAND LB RAILCO SOUGHT REMAINS UNSOLD.** The many requests to the STB to postpone filing dates cited ongoing negotiations, and Town Manager Ray Houle reported that the landowner, Elizabeth Aubin, was negotiating with a party who would purchase the land for a non-rail use.

Apparently the developer of an adjacent mall became interested in the land, then backed out. Two, possibly three successive prospective purchasers also discussed a sale with Aubin, but to date neither Aubin nor any other party will state whether the land is sold.

State Senator Guy Glodis (D, Auburn) said if money could be found, he would like the state to consider purchasing it for open space. {ANR&P discussion with reporter Donna Boynton}

More

On 28 April, Gay said that while the neighborhood resistance played a role, his company pulled out principally because the pending Massachusetts regulations would require all C&D facilities to recycle 88% of the incoming debris within two years. “So there would not be much left to ship anywhere.” He estimated most C&D facilities recycle 25-30%. Massachusetts no longer would be a good site, but “if two years from now, the regulations are overturned, or not implemented, that’s another story.” [This account of the new regulations does not jell with the account by Commonwealth officials. More in a future issue.]

The company had no interest in operating a recycling facility. “We're a railroad, interested in transloading product.” Incidental transloading would “not be consistent with pre-emption.”

LB Railco is interested in other spots outside of Massachusetts. Gay might have something to say about that in “two or three months.” {ANR&P discussion 28 April 2003}

NEW HAMPSHIRE

GUILFORD RAIL

5 May, Hampton. **THE RAILROAD HAS TAKEN A STEP TO ABANDON THE HAMPTON BRANCH,** which begins in Portsmouth and runs south about ten miles to its only customer, Foss Manufacturing. [Saxonville USA left for the Commonwealth in 2002. See 19 November 2002 issue: Massachusetts.] Foss makes engineered non-woven fabrics. [Very roughly, Foss receives on the order of 100 carloads a year, well short of the 100 carloads per mile per year used as a rule of thumb about the viability of short lines. *Editor*]
Kit Morgan, NHDOT administrator, said New Hampshire’s environmental agency had received notice that GRS was beginning an assessment of the environmental impact of abandonment.

**What about the mag-lev test track?**
A lease of the three-mile right-of-way between Seabrook and Hampton, already purchased by NHDOT, to test trains operating by magnetic levitation, is not yet signed. [See 00#17 and 02#01B.] {ANR&P discussion 5.May.2003}

**NASHUA COMMUTER**
5 May, Concord. **THE BILL REPROGRAMMING STATE FUNDS FOR THE NASHUA MATCH** [see 8 April issue] has passed the House with the language unchanged. The Senate Capital Budget Committee will hear the bill on 6 May. {legislature website}

**Impact of proposed matching fund requirement**
The Bush administration budget for FY04 formally changes the formula for New Starts, requiring states to provide a 50% or greater match for New Starts, while leaving the highway match at 20%. {Railway Age 4.03} Kit Morgan, NHDOT administrator, said the change would not affect the Nashua commuter program much, if at all, since the state had planned to use CMAQ funds for some of its match (the FTA permits the use of other federal funds to provide the match to the New Starts funding). Moreover, pundits did not believe the change would pass Congress in any case. {ANR&P discussion 5.May.2003}

**NEW HAMPSHIRE CENTRAL**
February, North Stratford. **THE RAILROAD WITHDREW A PROPOSAL TO PURCHASE ITS TRACKAGE** from North Stratford to Colebrook. NHDOT, which supports returning railroads to the operators, made the same request to the Council on Resources and Development, composed of the heads of various state agencies which decides whether property is surplus to the needs of the state.

The Council notified the towns affected, which almost unanimously opposed the sale. The Coos County delegation to the General Court also opposed it. Representative Eric Stohl, a selectman from Columbia, said his town objected to the storage of railcars on the line in his town [see 14 January issue]. The cars await scrapping when the price of steel improves. NHCR receives a dollar a day for the storage. {Berlin Daily Sun cited by The 470 4.03}

Kit Morgan, NHDOT administrator, reported that when the local opposition persuaded the railroad to withdraw its proposal, NHDOT withdrew its proposal to the Council. “We found surprisingly strong feeling that the state should own” the trackage.

**New lease**
Under the new lease effective 9 October 2002, the railroad must pay 20% of the car storage fee, as well as other revenue, to the state. NHDOT in turn pays 20% of the revenue from the railroad to the towns through which it runs. {ANR&P discussion 5.May.03}

**TWIN STATE RAILROAD**
5 May, Gilman VT. **TSRD HAS NOT RESPONDED TO A REQUEST FOR RATES.** Kit Morgan, NHDOT rail administrator, said the department [which now owns the trackage, see 19 November 2002 and 12 February 2003 issues] had received a request for rates. In turn, the department passed the request to the operator, TSRD, two weeks ago. TSRD did not respond to phone calls, nor to a faxed request; NHDOT has now sent a request by certified mail.

**What next?**
The stakeholders await a decision by the STB on adverse abandonment [see 12 February issue]. Pending that, the STB offers two other modes of resolution.

- The shipper may call the rail consumer hotline, 866-254-1792. The STB will attempt to resolve the issue.

- The shipper may request directed service by another willing railroad. {ANR&P discussion 5.May.2003}
[For immediate action, New Hampshire could declare TSRD’s contract breached, as it is not providing service, and sign up another railroad—probably New Hampshire Central—to provide rates, at least to the Vermont line. The status in Vermont is uncertain, since Guilford still owns the trackage there, although Guilford could take the same step. Editor]

GRS lifts embargo
Until April, Guilford rather than TSRD had posted embargoes to the line. On 24 April, GRS cancelled its embargo of traffic to or from Whitefield, giving as a reason it had sold the line to the State of New Hampshire. {AAR Embargoes Online}

The shipper
Peter Hanson, expediting the re-start of the mill [see 12 March: Regional] “in a couple of months,” said he had met Ed Jeffrey of NHCR, but not with anyone from the Vermont side. {ANR&P discussion 5.May.03}

PORTSMOUTH
10 April. PEASE EXTENDED ISCO’S CONTRACT AT THE MARKET STREET TERMINAL for another year, enabling International Salt Company LLC (ISCO) to store salt on 1½ acres at the port until 30 May 2004. The Pennsylvania-based company had sought a one-year extension with an option until 2005 [see 12 March issue].

Not completely happy: bring on the containers!
Portsmouth City Manager John Bohenko, who serves on the board, said he was “not thrilled” about supporting the motion and wanted to see a more diversified product at the port rather than just salt and scrap metal. Bohenko said he supports a bill in the state legislature (HB 624) to allow the Pease Development Authority to use 50% of its land lease revenue for such capital improvements as purchasing equipment to support a container service operation [see 8 April issue]. “If we’re going to move forward as a port, we’re going to need some capital to do that.” [The bill was deemed ‘inexpedient to legislate’ on 12 February by the House Public Works and Highways Committee. {legislative website}]

Vice-chair Peter Loughlin amended the extension request so the rate would rise from $50,000 to $53,000 an acre to reflect a 6% increase in the cost of doing business in Portsmouth. Chair William Bartlett said companies like Granite State Minerals and Sprague Energy are telling him the rates the authority charges for storage are 30 to 50% below market. Bartlett said he has been working with the private terminals for the past year, but they would not share what they say is proprietary information.

Six months ago, Bill Creighton, general manager of Granite State Minerals, provided the authority with a document showing the port charges $50,000 for land lease per acre yearly compared with about $65,000 per acre in the Boston port.

Board member Margaret Lamson, who opposed the motion, said she was not convinced International Salt had looked for alternative storage places. Jim Hood, a Manchester attorney representing International Salt, said the company had tried to reach an agreement at the Sprague terminal in Newington, but the salt company thought the rate was too high. {Michael Goot in Foster’s Daily Democrat webposted 10.Apr.03}

Comparable rates?
George Meyer, executive director of the Pease Development Authority [retiring soon, see People], said acreage charges in the tariff books of other terminals such as New York’s were comparable to Portsmouth’s, at least. [Bill HB719, passed by the House on 10 April, would require Pease to set fees for ‘wharfage, dockage, and other marine terminal operations...comparable with the fees for wharfage, dockage, and other marine terminal operations assessed by other port authorities and other marine terminal operators and stevedores in the United States.’ {legislative website}]

But the board has asked the staff to review the charges at other ports, “and we will go back and do that again” even though teasing out the figures for land leasing is difficult.

Other traffic
Meyer had hoped to announce new traffic for the Market Street Terminal [see 12 March issue], but nothing firm had emerged by the 10 April meeting, so he had nothing to announce. Both the container project and the ro-ro project remain in the talking stage, he said. {ANR&P discussion 18 April 2003}
RHODE ISLAND

FREIGHT RAIL IMPROVEMENT

25 April, Providence. AMTRAK IS DOING TRACKWORK FOR THE FRIP. Kazem Farhoumand, RIDOT engineer overseeing the Freight Rail Improvement Project [see 8 April issue], corrected his earlier account after conferring with Amtrak.

The work
In October, Amtrak will undercut bridges on Track Seven, complete upgrading of the track, install new switches and crossovers, and do other work, for a total contract price of $18 million. In April at a cost of $1.6 million, maintenance of way crews were replacing some of the tracks and ties so that undercutting machines could use the track later this year.

“We’re still working on the Track Seven agreement,” said Farhoumand. He expects “very soon” to sign that. {ANR&P discussion}

[See Regional for other comments.]

PW/PROVPORT

17 April. THE SHIP DELIVERING COAL TO PROVPORT WAS DELAYED because of heavy swells in the Atlantic. The ship, carrying coal from China, has too much draft to dock directly at the Provport pier as other coal ships have; logistics personnel planned to lighter the ship. Unfortunately, swells in the bay made lightering too difficult. So the ship went to Bridgeport–another planned call–to lighter off coal in the relative shelter of Long Island Sound.

THE BRIDGEPORT CALL

Like Provport, Bridgeport has too little draft–35-foot channel–to permit direct unloading of many coal ships. According to Harbor Master Joe Savino, coal for the Bridgeport Harbor Generating Station in recent years has always arrived via lighter. On 17 April, the ship with Chinese coal, as well as another with Indonesian coal, were both anchored outside Bridgeport harbor. The smaller Norwegian vessel Barkald of 29,000 tons was used as a lighter to serve both ships.

Ownership of the generating station
United Illuminating, a company headquartered in New Haven, sold the Bridgeport station and the New Haven Harbor Station in 1999 to Wisvest Connecticut a non-regulated subsidiary of Wisconsin Electric Corporation. Then in 2002, Wisvest sold them to PSEG Fossil, LLC, a subsidiary of PSEG Power. {respective websites}

29 April, Providence. PW WILL MOVE 4,000 CARS OF COAL this year, according to a statement by Frank Rogers at the railroad’s annual meeting in Providence. Some eleven ships have either arrived, or will come this year. For the foreseeable future, stevedores will load 60 cars, three days/week. [See Regional.]

Beginning this month
The giant collier moved off Providence after unloading at Bridgeport [see above], and began lightering its coal to Provport on 28 April. The railroad began moving it to Mt. Tom the same day. According to Keith Saunders, fuel principal for customer Northeast Utilities, the unloading process did utilize the revived trackage on the wharf [see 8 April issue]. He also noted that when new tar gets laid on I-495, some of the coal will move by truck. {e-mail to ANR&P 2.May.03}

VERMONT

ACT 250

25 March. THE VERMONT HOUSE HAS NOT ACTED ON THE BILL TO EXEMPT RAILROADS from some of Act 250’s scope [see 12 March issue]. The bill, H.176, came to the floor from the House Transportation Committee without
recommendation. {legislative website}

**LEGISLATURE**

29 April. **THE VERMONT SENATE SUPPORTED THE HOUSE PROVISIONS** permitting the WACR to become the permanent operator from White River Junction to Newport without bidding. [See House version of H.454 in 8 April issue.]

**Goodbye LVRC?**

But the Senate proposed amending the House language, calling for expediting the transformation of the entire corridor into a trail. {legislative website}

The LVRC issue will be resolved in conference, but WACR appears home free!

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**QUEBEC/MARITIMES**

**CN/NBSR**

5 May. **WESTROC IS “REVIEWING ITS OPTIONS”** for moving gypsum from Milford NS to McAdam NB, following the test rail shipments [see 26 February issue]. {ANR&P discussion with one stakeholder}

**BEAVER HARBOUR**

1 May. **THE GOVERNMENT NIXED A AGGREGATE TERMINAL HERE**. J.D.Irving, Limited wanted to build a sand and gravel pit between Sealey's Cove and Pennfield, then ship the material to the United States from a 300-metre wharf it will construct in Beaver Harbour.

The Conservation Council of New Brunswick had opposed the terminal. The council's Janice Harvey says the public needs more information about the proposal. “This is a major industrial proposal and it's going into a rural undeveloped coastal area.....The material could be trucked to Saint John and taken out of the Saint John Port which then prevents the industrialization of a small fishing harbour.”

Bill Borland, director of environmental affairs with J.D. Irving, said the company is sensitive to local concerns. “We have talked to people about how can we minimize the impact on marine life in that area, minimize [damage to] habitat and things like that.”

After 600 people attended a public hearing in late April, New Brunswick Environment Minister Kim Jardine rejected the application outright because it doesn't fit into the area's plans. {CBC webposted 27.Mar.03 and 1.May.03}

**SAINT JOHN**

March. **THE PORT IS FOCUSED ON NEW CONTAINER BUSINESS, DRY BULK, and expanded cruise business.** [In 2002, bulk rose, while containers fell. See 12 February issue.] The port’s newsletter this month described several customers using the port, and new port administration. The Saint John Port Authority now has two main departments: marketing and operations are merged into the division of Trade & Operations; engineering, finance, and administration have become the division of Finance & Technical Services. The Port Authority plans to hire a new vice-president to run Trade & Operations.

**Sugar returns**

On 27 January the first ship delivering sugar arrived at Lower Cove Terminal, just a few hundred meters from the former Lantic Sugar Refinery, which closed in 2001. Sugar is discharged into trucks for delivery to CanSugar, a new refinery in McAllister Industrial Park in East Saint John.

**Containers improving**

Captain Al Soppitt, president of the Port Authority, said: “We have been working together to develop a customer base following Tropical’s acquisition of Kent Line in 2001. The numbers are now starting to add up and the container service is hitting its stride.” Preliminary figures for the first quarter indicate a year-over-year increase of 10%.
Scrap metal
Since August 2002, two ships have called to pick up scrap metal for Maritimes Metal [see 28 October 2002 issue]: one loaded 15,000 tonnes and the other 22,000 tonnes, both by Logistec. Jean-Pierre Belisle, vice-president of public and legal affairs, said: “We will definitely continue at the same pace and we expect five or six more vessels this year.” The company has renovated a maintenance garage at Pier 10.

Food products: tapioca
Forterm, a subsidiary of Logistec, recently met the requirements for food-grade warehousing, and is handling tapioca for the A.E. Staley Manufacturing Company in Houlton. Staley uses it to make foodstuffs such as starch. Tom Strong, Staley plant manager, said Forterm “have competently and confidently adapted to our specialized requirements for handling food products. Because of this, we continue to expand their role in servicing our business.”

In December 2002, the Ingrid Oldendorff discharged more than 5,000 tonnes of bagged tapioca for storage at Forterm.

Molasses
Almost 10,000 tonnes per year of molasses, the juice from mature sugar cane, is discharged over an 1800-foot pipeline at Pier 14 to Crosby Molasses terminal on the west side, adjacent to the Bay Ferries terminal. The multi-tank terminal, located here since 1911, serves the plant on Rothesay Avenue (East Saint John) which produces clarified molasses and fills smaller containers. Trucks deliver the product across Canada and the New England states.

Crosby also now handles fish oil (for fish food) and calcium chloride (road dust control). Jim Crosby, whose great-grandfather founded the business in Yarmouth, Nova Scotia, said: “We’re the only bulk terminal on the East coast handling food-grade and edible oil products.”

HALIFAX
30 April. HALTERM ANNOUNCED FIRST QUARTER RESULTS, following the the loss of Atlantic Container Line's (ACL) business and the discontinuation of Maersk Sealand's North Atlantic Service, both of which took effect in the second week of April [see 12 and 26 March issues].

The first three months went well. On volume of 45,795 containers, up 16% over the previous year, the Fund generated $2.4 million in earnings before depreciation, taxes and a one-time earnings charge. This compares with earnings of $2.0 million before depreciation and taxes in the first quarter of 2002.

But the loss of two services will drop about 60,000 containers on an annual basis, or one-third of the 1Q volume.

How to deal with the loss
Halterm announced ‘the president has been replaced [see People], the staff count has been reduced by 20%, all discretionary spending has been cut, and the Company’s marketing program has been reinvigorated to attract new business.

‘The earnings impairment caused by the loss of business resulted in a suspension of future distributions to Unitholders until further notice, and a $56 million non-cash write-off of goodwill in the quarter. The write-off of goodwill resulted in a net loss of $51 million for the quarter compared to net income of $1.4 million in 2002.’

New labor agreement
‘Halterm operates with a unionized workforce. Agreements with three union locals expired at the end of 2002. A new three-year agreement has been reached and was ratified by the union membership on April 28, 2003. The agreement is retroactive to January 1, 2003 and expires December 31, 2005.’

Remaining customers
‘Halterm has a very narrow customer base, which is common within the container terminal industry. In 2002, three customers, Atlantic Container Line (ACL), Maersk Sealand and Zim Israel Navigation Company (Zim), represented 76% of the terminal’s overall volume.

‘The Company's main customers now include Zim, Maersk Sealand, Costa Container Lines, Oceanex, Melfi Marine and SPM Container Line....Zim which now represents a significant portion of the Company's volume is currently operating under the continuation of a contract that expired at the end of 2001. If the Company is unable to renew this contract or obtain
equitable rates it could have a material effect on earnings.’ {Halterm 1Q report}

PEOPLE

On 30 April, Halterm announced that Doug Rose would succeed Patrick Morin—who left to pursue other interests—as president.

Massport will honor retiring Paula (Mahan) Moriconi and Frank Sheehan on 15 May.

On 1 May James Anders II became NECR general manager. He began his career in 1988 working as a trackman/machine operator on the Central Vermont, NECR predecessor, and most recently worked for CN as assistant superintendent within Chicago Terminal. Anders will also supervise CSO, where Joe Duffy is trainmaster and Steve Wichman chief mechanical officer.

George Meyer will step down as executive director of the Pease Development Authority effective 30 June.