ATLANTIC RAIL WATCH
operating railroads + their intermodal facilities, ports, and government environment

Issue 99:15  13 August 1999

REGIONAL ISSUES
B&A/NBSR: Dedicated intermodal train suspended.
NECR: UTU rejects contract.
FTR: B&A finishing refinancing, Coes leaves, NS loses coal contract, PW regional RR of year, first CP train arrives in NYC.

CONNECTICUT
GRS: Last load to Plantsville.
FTR: No ConnDOT grant announcement, PW not started at Middletown, rail to piers.

MAINE
BML: Unity grain terminal?

 MASSACHUSETTS
CSXT: WMS site in Attleborough.
GRS: East Cambridge development, update on yards in Somerville and Cambridge.
FTR: No transportation bond bill yet, T service through Hingham in jeopardy.

 NEW HAMPSHIRE
GRS: NHDOT seeks operator for West Lebanon.
SLR: Crown Vantage sale.
FTR: NHDOT hasn’t bought balance of airport track, CLF hearing scheduled, MB/GRS trackage rights not yet resolved with NHDOT.

RHODE ISLAND
[No report.]

VERMONT
B&A: Service cut seasonally, transload closed.

TSRD: Death knell for Simpson and RR?
WACR: VRS may operate.

MARITIMES/QUÉBEC
B&A: New Bury customer, no intermodal yet.
QCR: New cars arrive, tourist train work.

ATLANTIC NORTHEAST PORTS
Belledune: Probably to be Port Authority.
Bayside & North Sydney: Independent.
Searsport: Sprague to become sole operator.
QPD: RIEDC wants more information. Table on cost to unload boxes at various ports.

FROM THE PUBLISHER
Hot, hot, hot!
And I’m not talking about the weather. August has brought big stories: Searsport, West Lebanon, Simpson Paper, and East Cambridge. My favorite: the GRS development, because it looks like creative re-use (anti-sprawl!) and because it gives me more understanding of the various yards there. Thanks to everyone who helped out, and especially to Mike Clements, who provided the map.

Date of issue
Again a little delay, in an effort to get as much detail as possible. I’ll give myself a little leeway next time.

REGIONAL ISSUES

B&A/NBSR - intermodal train
July, Saint John-Toronto. THE RAILROADS SUSPENDED THE DEDICATED INTERMODAL TRAIN for the season, combining the intermodal cars with the regular freight during the summer. According to Dale Thibodeau and Steve Wills of NBSR, the schedule of the regular freight is adjusted so that boxes leaving Saint John still arrive in Toronto Obico the second morning, as before with the dedicated train [see 11 September 1998 issue]. Eastbound, instead of a second morning arrival the boxes come in the second afternoon, only about four hours later than before. {ARW discussion 6.Aug.99}

NECR - union representation
27 July. UTU MEMBERS REJECTED A PROPOSED CONTRACT WITH THE RAILROAD on this day [see 23 June issue]. UTU official Michael Maloof said, on 5 August that the two sides were currently in mediation. {ARW discussion}

FOR THE RECORD: REGIONAL

TOP IRR OFFICIALS IN NEW YORK are working diligently with their investment banker and equity investor to complete the refinancing. [More when the closing happens.]

IRR's BEN COES MOVED TO PORTLAND and part-time work with the railroad [after the piece de resistance at Mack Point!]. B&A President Bob Schmidt called Coes' departure “bittersweet” because Coes was doing an excellent job for the railroad and “will be sorely missed.” However, Schmidt was glad Coes will handle some railroad projects and “applauded his initiative” in starting an internet company which will sell used industrial equipment. {ARW discussion 10.Aug.99}

NS HAS LOST A COAL CONTRACT. Public Service of New Hampshire, which receives 100-car trains of coal for its Bow power plant, cancelled its contract with NS and gave it to CSXT in early August due to NS congestion. This apparently means that coal which GRS could have moved from Mohawk Yard over its West End will now run via CSXT to Worcester and then up to Ayer. {Gordon Smith on d&h onelist 8.Aug.99}

FOR THE RECORD: CONNECTICUT

THE FIRST CP TRAIN ARRIVED IN NEW YORK CITY on 13 July, using the track rights over the CSXT east-of-Hudson awarded by the STB [see HRRC 26 February issue]. The southbound train, no.274, leaves Saratoga Springs at 8PM and arrives in The Bronx at 0345AM. The northbound train, no.275, departs The Bronx at 11PM with arrival at Saratoga Springs scheduled for 0645AM.

SLH President Jacques Cote said: “CPR is currently pursuing opportunities involving key segments of the huge consumer market in the New York City area that have traditionally lent themselves to rail carload service. This includes newsprint, lumber, flour, canned goods, frozen and fresh produce, wine and beer, rail transit equipment, plastic resins, scrap metal, and recycled paper. With the imminent closure of the huge Fresh Kill landfill on Staten Island, CPR is actively exploring ventures to ship out municipal waste as well as construction and demolition waste. Finally, CPR is actively studying the feasibility of launching its new intermodal service called Expressway, into New York City. This service carries truck trailers on newly designed cars and is currently operating successfully, and with increasing volumes, between Montreal and Toronto. This summer we are extending this service beyond Toronto to Detroit, and on to Chicago.” {Canada News Wire via NewsEdge Corporation 23.July.99}

CSXT and CP are still disputing the extent of the trackage rights [see extensive story in Rail Business Age]. It cited the P&W for its success in attracting new business with its "reliable, flexible service". The award will be presented at ceremonies September 13 in New York.

CONNECTICUT RAILROADS

GRS - CANAL INDUSTRIAL TRACK
8 August, Plantsville. THE PROBABLE LAST LOAD TO PLANTSVILLE, a press, has arrived on Atwater Street in Plantsville for the Rex Forge plant. In abandoning the line in October 1998 [see 8 October 1998 issue] from milepost 14.50 in Cheshire to milepost 24.0 in Southington, GRS had agreed to run a last few loads to RexForge at milepost 20.0. North of the load rest six B&M gondolas; GRS continues to lift the track south.

Remaining customers
GRS intends to keep the track intact north of I-84 in Southington, for two shippers: Les-Care Kitchens (Plant Number 2), a kitchen counter top factory, and the old Pratt Plant (currently vacant). In northmost Southington lies shipper National Propane Corp and in Plainville, Forrestville Lumber. {ARW correspondent James Bunger; STB decision Docket No.AB-32 (Sub-No.83) 22.Apr.98}
exists for the short rail section needing re-opening to reach the pier [see \textit{ARW} \textit{98}\#23]. In New Haven, the state and other parties are still working on the design for rail to again run down the east side of the harbor [see \textit{ARW} \textit{98}\#21]. \{\textit{ARW discussion 6.Aug.99}\}

\section*{MAINE RAILROADS}

\textbf{BELFAST & MOOSEHEAD LAKE}

8 August, Unity. \textit{THE RAILROAD MAY ACQUIRE A TERMINAL FOR ORGANIC GRAIN HERE}. Robert LaMontagne, general manager, said a number of people are working on the project, which would serve the 29 certified organic dairy farms in Maine, as well as the amateurs who want to use organic cattle feed. At this point, a single grain car is enroute from Iowa to Unity, a trip that will take 2-3 weeks, for the use of a single farmer.

Organic dairy farmers can sell milk for 30\% more than regular milk, but because of trucking costs must pay double for organic feed. A study by the Department of Resource Economics and Policy at the University of Maine concluded the grain facility could not only succeed, but stimulate the Maine organic dairy and poultry industries. Current demand comes to 2,000 tons a year, meaning 20-30 rail cars a year. \{Sharon Mack in \textit{Bangor Daily News} 9.Aug.99\}

In Unity the Maine Organic Farmers and Growers Association has its annual fair, which utilizes BML to bring fairgoers from satellite parking.

\section*{FOR THE RECORD: MAINE}

THE GRS-UNION DISPUTE OVER SWITCHING contracted out at the SAPPI mill in Hinckley is not yet resolved, said UTU official Michael Maloof [see 23 June issue]. The UTU had sought a contempt-of-court citation, but the court had appointed a 'settlement counsel' to resolve the dispute. The parties have met once, and will meet again, at the federal courthouse in Boston. \{\textit{ARW discussion 5.Aug.99}\}

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THE B&A DECIDED NOT TO USE ITS T-2000 AWARD FOR HOULTON [see 23 July issue]. Dick Rushmore, B&A director of marketing, said the company had found a facility in downtown Houlton on the tracks which it is using instead. There, LMS serves customers from both sides of the border. As for the Jackman T-2000 award, the railroad is still considering the option of building that facility. \{\textit{ARW discussion 9.Aug.99}\}

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MORE ON THE CALAIS BRANCH TRANSLOAD. Rob Elder, chief of MDOT’s Office of Freight Transportation, said the department would fund a small study through Eastern Maine Development Corporation to determine the most appropriate location for a transload facility, be it Calais, Ayers Junction, Charlotte, or elsewhere. This would provide, at least short-term, the sorely-needed [see 16 & 23 July issues] rail connection for Eastport. \{\textit{ARW discussion 10.Aug.99}\}

\section*{MASSACHUSETTS RRs}

\textbf{CSXT - ATTLEBORO WASTE SITE}

July. A \textit{TRUCK TO RAIL WASTE TRANSFER STATION} encountered opposition from neighbors in South Attleborough and across the state line in Pawtucket.

\textbf{Background}

The City of Attleborough voted on 20 July to sell to Waste Management of Massachusetts, a subsidiary of Waste Management, the former Pascale Block and Stone Company site, which sits a stone's throw from Pinecrest, a quiet residential section of Pawtucket. Waste Management plans to truck 150,000...
tons of trash a year into the facility, store it there long enough for it to dry out, and ship the withered rubbish on railway cars to a landfill the company operates in upstate New York.

William Bowles, chair of the Attleboro City Council’s Property Committee, touted the economic benefits, asserting that, in addition to the $400,000 that Waste Management Inc. is paying for the property, the company has agreed to pay Attleboro fees totaling $500,000 a year. Mayor Judith H. Robbins said the waste transfer station will be strictly regulated, both by the Massachusetts Department of Environment Protection, and by a still-to-be-written city zoning ordinance that will specify just when and under what conditions rubbish will be trucked into the facility, how it will be stored and how it will be shipped out. (John Castellucci in Providence Journal 6.Aug.99)

GRS - EAST CAMBRIDGE
30 July, Cambridge. GTI IS PLANNING A 55-ACRE DEVELOPMENT ON FORMER RAILROAD LAND, in cooperation with the MBTA. On 29 July, the T’s board of directors voted to form a public-private partnership with Guilford Transportation Industries (GTI), the parent of the railroads forming the Guilford Rail System (GRS) one of which, the Boston and Maine Railroad (B&M), actually owns the property.

The relocated Lechmere station
Initially, the T will relocate the Green Line’s Lechmere transit station and streetcar turning loop to the other side of the Monsignor O’Brien Highway, where GTI will pay $100 million or more to build the new station on current B&M property. In turn, GTI will acquire the site of the current transit station, for development. That will permit the dismantling of the transit line passing over the O’Brien Highway, and open up Lechmere Square.

The new location fits into long-term T plans to extend the Green Line as far as Ball Square in Somerville. Jim Hickey, project manager for Somerville’s Office of Housing and Community Development, said the city supported the Green Line extension, and also revival of commuter rail stops at Ball Square (on the line to Lowell) and Union Square (on the line to Fitchburg).

The new community
In East Cambridge, GTI owns a triangular piece of land northwest of Charlestown Avenue, bordered by the O’Brien Highway on the southwest and the now-filled Miller’s River, the rough boundary between Cambridge and Somerville. GTI plans to transform these 55 acres into a “21st century residential and business community which benefits Cambridge, Somerville, Boston, and the general public,” said Dave Fink, GTI president (Fink pere). “Over the years many plans have been presented for the use of our property, but none of these plans benefitted all parties, like this new Lechmere Station will.”

Overall, GTI aims at 60% mixed residential and 40% commercial; the latter will focus on office, hotel, and neighborhood-oriented retail. Boston’s Farmer and Flier Associates are working with GTI as development partners with an equity stake.

Transit access would include not only the Green Line, but also a heliport near the Gilmore Bridge, and a bus depot. The final layout would be worked out with Cambridge officials. “We wouldn’t go along (with the project) without total city cooperation,” Fink said.

Timothy Mellon, who owns a majority of GTI and co-owns Pan Am with Fink, holds a degree in city planning from Yale University. He envisioned the development with Fink as a way to
renew a decaying area of Cambridge as a vibrant center for business and residential life and create a center for transportation. The plan, Fink said, revolves around "attracting people back into urban areas," and could be a model for future developments in other cities around the country.

History of the property
According to John Reading, editor of the Callboy, the monthly newsletter of the Massachusetts Bay Railroad Enthusiasts, the area once held the yards of the Boston and Lowell Railroad. “A” House, located near the former engine house of the Boston and Lowell, served as the loading point for north-bound newspapers. Later, the area held freight houses where goods for the Boston area were unloaded.

But in more recent years, the area was converted into commercial space, as tracks were lifted. According to John Nadolny, GTI vice-president, the 55 acres have no rail shippers at this point. The last, a receiver of ADM corn syrup, moved recently.

With the development of the former Boston and Lowell Yards, GRS can remove the “Red Bridge” which carried the Lowell line over the Fitchburg Railroad.

Cambridge reaction
Apparently neither the T nor GTI informed the City of Cambridge of its plans. Some Cambridge officials expressed concern about the size of the project; T officials acknowledged that Charlestown Avenue already experience heavy traffic throughout the day. {Peter Howe in Boston Globe 31 July &3 Aug.99; ARW discussions with Reading and Hickey 9 Aug.99; Christine Gillette in Portsmouth Herald 30 July.99}

Other GRS yards
Some rail observers have expressed concern that GRS is developing so much of the former yards in East Cambridge and Somerville as to endanger a future freight rail revival, particularly an intermodal terminal. Others want the T and GRS to ensure that the future portals for the North-South RailLink are not blocked. The situation [see map, courtesy of correspondent Mike Clements]:

Yard 2. This former yard now contains the Boston Sand and Gravel facility.

Yard 7. This once served as the piggyback yard, and that part north of the Gilmore Bridge will become part of GTI’s new development.

Yard 8. Much of this yard was previously sold by GTI to become part of Somerville’s Innerbelt Industrial Park. According to Hickey and GRS Executive Vice-president David Fink (Fink/fils), GTI sold most of the remainder of Yard 8 two weeks ago to developer Cathartes Investments, which plans two office buildings. GTI retained one right-of-way.

Yards 9 & 10. These too were even earlier sold by GTI and form part of the Industrial Park. Approximately at the border between the two lies Sweetheart Plastics, one of two rail customers left in Yards 7-10. Near the Boston Engine Terminal on Third Street lies the other customer, MS Walker.

Yard 14. This is serving as a layover yard for the MBTA. If the T can take down the Red Bridge embankment, it can expand Yard 14 further.

Yard 19. No longer in existence, this lay to the east of the Western/Eastern route.

Yard 21. This lies where the Eastern and Western routes diverge, in Somerville just south of the Mystic River.

A new bridge is planned for the Lowell line over Washington Street, which will carry commuter rail, the future Amtrak trains to Maine, and the extended Green Line.

As for an intermodal site, some have suggested space on the Mystic Wharf branch, which GRS has listed for possible abandonment. At a Massport presentation on 24 June, Port Director Michael Leone said he has heard suggestions that Massport purchase the branch; he wants to wait to see how the CSXT/Conrail transition works out. He did not know how Guilford might fit into the access to the branch. Finally, he said, “at some point we will have to address the doublestack issue again.” {ARW discussion with Hickey; ARW correspondent Mike Clements coverage of Massport meeting}

FOR THE RECORD: MASSACHUSETTS
THE TRANSPORTATION BOND BILL - at least the transit and rail portion - won’t see legislative action until September. The General Court’s Transportation Committee did pass out some highway funding recently, but will wait for the rest. {ARW discussion with staffer Sean McDonnell 9 Aug.99}

EXTENSION OF T SERVICE TO SCITUATE. In May 1998 MBTA General Manager Robert Prince said despite some vociferous opposition in Hingham, “it’s full steam ahead and steady the course.” But in July 1999, Governor Paul Cellucci said: “If the costs increase significantly because of the environmental challenges, I think we have to take that into consideration.” On 22 July, Transportation Secretary Kevin Sullivan indicated the project would now cost about $400 million to build - nearly double the estimated pricetag before the Hingham minority succeeded in its delay. The Army Corps of Engineers and the Massachusetts Historical Commission must still offer blessings. If the latter group requires a tunnel beneath Hingham Square - the cost: roughly $200 million - hopes for the project will have ended. (Brian McGrory in Boston Globe 23 July.99)

NH RAILROADS

GRS - WEST LEBANON
30 July. NH DOT PURCHASED THE GRS TRACKAGE EAST OF VERMONT into Lebanon, consisting of three miles of track
beginning at the west side of the Connecticut River and the
West Lebanon yard (aka Westboro Rail Yard). According to
NHDOT rail administrator Kit Morgan, the state paid GRS
$790,000 from its Rail Acquisition Fund for all, including trackage
rights to NECR in Vermont.

The state also put in escrow $200,000 of the Rail Acquisition
Fund, to pay for any known contaminants. That money, or the
remainder of it, will be released in two years or following the
completed clean-up.

GRS retained two small parcels, Morgan said, which it had
leased to others. It will sell the land to the lessees.

The trackage rights
GRS is committed to give NHDOT a trackage rights pact, which
remains to be drafted. The sales agreement reads: ‘The Seller
[GRS] and the Buyer [NHDOT] agree that the Seller shall provide
to Buyer a non-exclusive Trackage Rights Agreement for access
across the land of the Seller located in White River Junction
Vermont, specifically shown on Federal Valuation Map 32.1VT,
Map 71 and marked as Exhibit “F”. The parties to this agreement
shall discuss and review the language of the proposed Trackage
Rights Agreement prior to formal execution of this agreement.

The parties have determined that the Trackage Rights Agreement
shall be a separate document and the Seller and Buyer shall
cooperate to obtain the necessary Surface Transportation Board
approval for the same. The Seller shall also cooperate with the
Buyer to assign the relevant operating rights of the Seller over
the Premises to the Buyer’s designated operator and to obtain
the necessary regulatory approvals for the exercise of those
operating rights over the premises. The provisions of this
paragraph shall survive the delivery of the deed.’ [The strikeout
and italics were added on the day of closing.] [text from NH
Attorney General’s Office]

Transfer of operating rights/new operator
The West Lebanon section is not abandoned, so GRS retains the
responsibility to operate for the time being. As indicated above,
the agreement provides that GRS will transfer the responsibility
to an operator of New Hampshire’s choice.

Morgan said the department intended to conduct a
competitive selection, sending an RFP to certain “qualified and
experienced” operators. Noting that a similar RFP process had
failed to find an operator for the NHVT, he acknowledged halffseriously that the department could require the winner of the
West Lebanon operation to also handle the NHVT. Morgan
hoped to issue the RFP in a week or two. {ARW discussion
6.Aug.99}

Bud Ames, principal of Twin State Sand and Gravel in West
Lebanon, who would have much of the traffic between his quarry
in Vermont and his facility in West Lebanon, said that NECR had
affirmed to him more than a year ago that whoever won the right
to operate the New Hampshire section could get trackage rights
to reach the Twin State quarry. {ARW discussion 11.Aug.99}

SLR - NEW HAMPSHIRE

9July, Berlin-Gorham.  CROWN VANTAGE COMPLETED THE
SALE OF ITS MILLS HERE to American Tissue Corporation
(ATC) for $45 million. Crown Vantage will continue to outsource
from ATC the production of its branded printing papers made at
the mills under a strategic marketing alliance announced
previously. Crown Vantage will continue to market and sell about
150,000 tons a year of printing and publishing papers made at the
Gorham paper mill for a period of at least three years. To facilitate
execution of the ongoing marketing and outsourcing agreement,
Crown Vantage will retain a manager on site at Berlin-Gorham.

The combined operations at Berlin and Gorham accounted
for nearly 20 percent of Crown Vantage net sales of $851 million
in 1998. However, on a pro forma basis Crown Vantage gross
margins without the two mills would have been about 25 percent
higher.

The company will apply net proceeds from the sale to pay
down debt stemming from its origin as a spin-off company from
the former James River Corporation in 1995. {Business Wire}

"In addition to eliminating the historical losses experienced by
these facilities, we will avoid major capital expenditures that
would have been required, particularly in the environmental
area," The company still has nine paper mills, including one at
Adams MA. {Business Wire}

American Tissue is a leading integrated manufacturer of
tissue products in North America. With the acquisition of the
Berlin-Gorham mills the company will increase its tissue/toweling
capacity by almost 18% and will be effectively 100% vertically
integrated with regard to virgin pulp and will extend its product
line offering in the commercial market with uncoated freesheet
papers. {PR Newswire}

Rail impact
The Crown Vantage facilities are using about 3,000 rail cars per
year, according to SLR President Matt Jacobson. American
Tissue has renamed the facility ‘Pulp and Paper of America.’
“Tissue has renamed the facility ‘Pulp and Paper of America.’
The new company is very aggressive, and is interested in
innovation. I expect we’ll get the opportunity to create some new
products, and compete for new business. So far it is a very
positive change. {ARW e-mail 10.Aug.99}

FOR THE RECORD:

NEW HAMPSHIRE

NHDOT PURCHASE OF AIRPORT  track won’t take place for
some months. Mark Richardson of NHDOT’s right-of-way
division said the Attorney General’s Office needs to look at a
proposed draft purchase and sale, selling to NHDOT right-of-
way north and south of the airport which the Manchester airport
bought from GRS [see 19 November 1998 issue]. He expects
to execute that agreement in a few months. {ARW discussion
9.Aug.99}

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A HEARING ON PRESERVING THE AIRPORT ROW is
tentatively scheduled for November [see 23 July issue]. At the
pre-hearing meeting held on 6 August, attorneys for the three
parties (Conservation Law Foundation, NHDOT, and the
Manchester airport) could not find a mutual date until then. CLF
will file a pre-hearing brief, and then the two others will file
responsive briefs before November. {ARW discussion with Kit
Morgan 6.Aug.99}

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NHDOT AND MB HAVE NOT RESOLVED the issues which
would permit GRS trackage rights to haul aggregate out of
South Lyndeborough [see 16 July issue]. Morgan said he had received a copy of the proposed agreement between GRS and MR and had several discussions with MR owner Peter Leishman. If Leishman can accept some conditions in the agreement - which Morgan declined to specify - then the state will permit GRS to have the trackage rights.

In the meantime, GRS and MR are running 10-car aggregate trains nearly daily; the agreement will permit 25-car trains. {ARW discussion; NERAIL list}

VERMONT RAILROADS

B&A SYSTEM - VERMONT

9 August. **SERVICE SOUTH OF NEWPORT IS CUT BACK SEASONALLY**, according to Dick Rushmore, director of marketing and sales for the B&A. Four days a week, trains run to Newport; the other two or three days each week, the train runs through Newport as far as the southernmost customer needing cars.

According to a rail observer, the train delivers daily to the H.K. Webster feed mill in Richford VT.

Closing of transload

Up until July, B&A’s Logistics Management Services (LMS) had operated a transload facility in St. Johnsbury. However, the main customer lost its contract with a Canadian shipper, and LMS notified the lessor of the 12,000SF facility in January that LMS would not renew the lease. “It was a truck-truck reload,” said LMS chief Tom Flack, “with only four or five railcars ever using the facility. {ARW discussion}

TWIN STATE RAILROAD

30 July, Gilman. **SIMPSON PAPER WILL close its CENTENNIAL MILL** on 1 October, the only active shipper on the NHVT/TSRD stretch. Mill manager Bill Ernst and Chair Colin Mosely of the company, headquartered in Seattle, notified the 155 workers at the plant. The mill produces commodity grades and security paper used widely in IRS refunds, military payroll, U.S. Savings Bonds, and well as diazo paper.

Ernst explained that the Gilman machine produces paper up to 1750 feet per minute on a web 150 inches wide. Newer, Southern paper machines are producing up to 4500 feet per minute on webs 330 inches wide. “It’s a hard race to compete in.” Mosely said the price asked for the mill, which was for sale the last two years, did not block a sale; finding a way to compete with the other machines did. The mill had run on a 10 days open, 4 days closed schedule recently.

The future

According to Roy Daigle, president of the union local, “The union did everything they could to make it work, including exploring an employee buyout, but we couldn’t make a business plan work.” {Peter Riviere in Caledonia Record 31 July.99}

Charles Carter, executive director of the Northeast Vermont Development Agency, anticipated a meeting with Ernst and others in the next week to explore options, including purchasing new equipment for the mill. {ARW discussion 5 Aug.99}

Rail impact

Matt Jacobson, SLR president, estimated he would lose about 200 carloads a year which he interchanges with NHVT in Groveton NH [see 8 January 1998 issue]. “Obviously there is some shake out left in the paper business. I expect we’ll see a few more mill closings in our area before too long. There is just too much world wide capacity.” {ARW discussion 9 Aug.99}

The end of the last active shipper on TSRD/NHVT gives NHDOT an even more difficult job of finding an operator for the line, which the state wants to retain for its value to potential businesses, as well as the access for CSRX.

John Dunleavy, assistant attorney general for VAOT, reported on 12 August that Clyde Forbes, the operator of TSRD, had informed the agency that it would probably abandon the railroad. {ARW discussion}

WASHINGTON COUNTY

12 August. **VAOT HAS ASKED VRS FOR A PROPOSAL TO OPERATE THE LINE**. According to Dunleavy, the state just renewed for another month, to 8 September, the temporary agreement with NECR [see 30 April issue]. But the latter is not that excited about the operation, so the agency is looking for other proposals. {ARW discussion} [Here’s your editor’s suggestion: the same outfit which will operate the West Lebanon NH to White River Junction VT section - see New Hampshire - should also have trackage rights over NECR to operate WACR. Surely one engine could handle both sections of track.]

MARITIMES/QUÉBEC RRs

B&A SYSTEM - QUÉBEC

9 August, Bury. **THE RAILROAD HAS A NEW CUSTOMER** in Bury (east of Sherbrooke), Produits Foresters Champlain Inc. CDAC is moving wood waste from New Brunswick in BAR chip cars via the west-bound freight to Sherbrooke, and a local brings them back to Bury. There, the customer, a mulch company, utilizes an earlier-constructed rudimentary off-loading dock of logs and earth. Because the loading dock is located across the main line from the company’s facility, the company is thinking about constructing a new siding on its side of the line.
According to Don Patenaude, vice-president of the company, Québec has a shortage of wood waste, while New Brunswick lumber and shingle mills are under pressure to get rid of wood waste because of leaching into the soil. His company receives the waste year-round, and trucks mulch out during the 12-week spring season to landscaping companies in New England and New York.

Though the company has operated for four years in Bury, it began receiving by rail only this spring. Patenaude, located in Derby VT, estimates the Bury mill receives about nine railcars a week.

He and his partner-president Bruno de Champlain are looking at a yard in Newport VT to conduct the same kind of operation. {ARW discussion 11.Aug.99}

No intermodal facility yet
B&A is not moving ahead on intermodal facilities in Magog or Megantic [see 8 October 1998 issue], according to Vice-president-marketing Dick Rushmore. {ARW discussion}

QUÉBEC CENTRAL
29 July, Sherbrooke. THE RAILROAD ACQUIRED MORE CARS when Marco-Express owner Jean-Marc Giguerre, rail activities supervisor Michel Champoux, and a crew of half a dozen rumbled into Sherbrooke Thursday on the QCR’s multi-coloured engine, picked up two passenger cars, six flatcars and a side-dump ballast car, and rumbled out again.

The two smoothside commuter cars come apparently from the Long Island Railroad, and Giguerre bought the flatcars at the auction which liquidated the leftovers of the Beloit Industries (ex-Ingersoll-Rand Canada) factory, adjacent to the CDAC yard.

Since the switch has been removed at the CDAC-QCR junction next to the Sherbrooke yard, the crews bent the rails around with a payloader from one line to the other, then CDAC shoved the little train through the makeshift interchange beneath the Belvedere Street overpass.

According to a crew member, three of the flatcars have roller bearings and will eventually be used to carry freight, while the other three have older bearings and will be used on work trains only. All six were used as sandblasting platforms in the Rand paint shop and haven't really rolled for many years. {Charles Bury report on pqrr e-mail list}

Next step?
A consultant to Express-Marco, Alain Saint-Amant, reported he had worked on 5 August at the Tring station on one of the coaches which will make up a ‘Trains Touristiques Chaudière-Apalaches’. The train will move to the Vallée station for further minor work on water, power, and compressed air. Saint-Amant reports that significant work remains to be done on the track itself, but the cars are nearly ready for use. {ARW e-mail from Saint-Amant}
However, CPC believes that “would not be in the best interest” of Belledune, Lynes commented. “The port management has shown it is capable of moving on from there,” and he expects Belledune to become a Port Authority.

According to the 1998 CPC Annual Report, Belledune ‘recorded revenues of $6 million, compared to $5.7 million in 1997. Operating expenses increased to $2.7 million from $1.9 million the previous year, mainly due to depreciation at the Mixed Cargo Terminal. As a result, net income totalled $228,000, down from $835,000 in the previous year.’

Current traffic
Goodman said traffic this year looks sufficient to equal or come close to the 1998 record year of 2,218 million tonnes, carried in 116 vessels. This moves over three wharves:

Coal wharf. Built in 1992 to handle coal for the New Brunswick Power (NBP) 450MW steam plant at waterside, it receives both coal and coke (the latter sometimes mixed in with the coal) totalling about 1.2 million tonnes per year.

Could the Sable offshore gas, a pipe for which could soon reach northern New Brunswick, supplant the coal traffic? Lynes said his team had asked NBP that question, and received a “no.” The plant was build only seven years ago, and has state-of-the-art equipment. “Perhaps twenty years from now” gas would make sense, but given the current price of coal and the efficiency of the plant, NBP will continue to use coal. It may, if the gas arrives, use it for other purposes such as internal heat.

BMS wharf. Built in 1968 to meet the shipping requirements of Belledune Fertilizer, it is leased and operated by BMS (formerly Brunswick Mining and Exploration). A division of Noranda Mining and Exploration. Zinc ore concentrate moves outbound, and lead ore concentrate inbound for the smelter. In 1998, Noranda moved a total of 793,000 tonnes, up from 721,000 tonnes in 1997.

The wharf also contains a pipeline to service a Shell Canada tank farm, which receives about 60,000 tonnes, and a pipeline to transfer for Noranda sulphuric acid in or out by chemical products tanker. Liquid bulk dropped from 232,920 tonnes in 1997 to 224,047 tonnes in 1998, when an increase in petroleum products was more than offset by a decline in sulphuric acid.

Mixed Cargo Terminal. Completed in 1998, this is currently leased and operated by Eastern Canada Stevedoring.

Outbound, gypsum briquets come from a byproduct of the NBP Power plant, which is trucked to a nearby industrial park and pressed into the briquets by Canadian Gypsum. In 1998, 200-250,000 tonnes of gypsum moved either to Montréal or south to the United States. Goodman explained that ships coming from the Great Lakes unload in the lower St. Lawrence (for example, Sept Isles), and then come to Belledune to load product for the return trip to Montréal.

Some forest products also move outbound, the only product to arrive thus far by rail. Goodman said only a small number of rail cars had arrived. “It’s a marketing issue and we need to build up the market over time” not only for forest products, but also other bulk and break-bulk traffic. Forest products make up most of general cargo, which increased in 1998 to 33,611 tonnes, up from 13,293 in 1997.

Inbound, some coke arrives for the smelter. Total traffic at the terminal came to 246,341 tonnes, up from 1997’s 218,462 tonnes, {ARW discussions; Port of Belledune website and CPC annual report; Transport Canada backgrounder on Marine Act; Times and Transcript 22.Apr.99}

BAYSIDE & NORTH SYDNEY
6 August. TRANSPORT CANADA HAS TURNED OVER MORE PORTS to local owners during the last six months. According to Lloyd Henderson, Atlantic divestiture manager for those owned by the harbours and Ports branch of Transport Canada:

Bayside NB. On 18 June, the Bayside Marine Terminal was sold to the Bayside Port Corporation for $2.8 million, a sum borrowed by the corporation [see 22 January issue].

North Sydney NS. On 31 March, the Marine Terminal was sold to a local shrimping company, M/V Osprey Limited, for fair market value of $447,000. The deal contained no operating restrictions, meaning the company need not make the facility open to the public.

Miramichi NB. On 31 May, the Millbank Wharf was given back as a non-operating facility to the person it was taken from by eminent domain some 50 years ago. Henderson characterized it as in disrepair.

Baddeck Government Terminal NS. Located in Bras D’Or Lake, this was turned over on 14 May to the Baddeck Area Business and Tourism Association along with a contribution of $275,000. {ARW discussion}

SEARSPORT
3 August. SPRAGUE WILL BUY THE BAR’S PIER AT MACK POINT, according to an announcement by MDOT Commissioner John Melrose. Under a 1998 agreement [see 22 March 1998 issue], Sprague and the Bangor and Aroostook Railroad (part of the B&A System) would, with state assistance, each rebuild its own pier. Since that time, the two companies and MDOT have been discussing a master agreement describing exactly how to design the piers and back land [see 12 May and 9 June issues], and how each company would repay the state’s investment.

The B&A’s project manager, Ben Coes, said during the discussions, both decided that one company should manage both piers. “We had mutual concerns. We realized we would be spending a lot of time and money competing with each other, and if that occurred it would have been bad for both companies and their customers. The solution we came up with is that Sprague will focus on its company mission, which is managing ports, and the B&A will focus its mission on transportation.”

B&A President Bob Schmidt later characterized the deal as creating an informal joint venture. “You need a pier, an operator, and a rail connection” to make the port succeed. B&A is contributing its pier (eliminating the possibility of damaging competition and lowering the price of the construction), as well
as the 16-hour rail connection to Montréal and intermodal yards. The railroad, the state, and Sprague will all aggressively, and jointly, market the port.

Terms of the BAR/Sprague agreement
The railroad is selling the pier and 12 acres of land for a price estimated at $4-$4.5 million by one port source (the price was not officially disclosed). Apparently as part of the deal, the railroad is terminating the agreement with International Terminal Operators (ITO) which has operated the B&A pier for some time. ITO - a union shop while Sprague is non-union - will remove all of its equipment by 16 August.

Bob Blanchard, vice-president of terminal operations for Sprague, said the deed for the B&A property actually covered only 2-3 acres of dry land, with the balance underwater. Sprague will acquire land at the head of the B&A pier for laydown area [see 19 February 1998 issue for map].

The master agreement
Two days after the announcement, on 5 August, the Maine Port Authority (MPA) and Sprague concluded a commitment letter, which sets forth the operations, financing, and ownership aspects needed to allow permitting, engineering, and construction of the new B&A pier and revamping of the Sprague pier.

MDOT Commissioner John Melrose said, "Sprague will work in conjunction with the [MPA] to replace the ageing B&A pier on Mack Point with a new pier dedicated to handling dry cargo. Containers will also be handled on the new pier under subcontract to a union operator. The existing Sprague pier will continue to handle the liquid bulk products which presently move through Mack Point...."

"Under the new, two-stage plan, the B&A pier will be completely replaced [by a state-owned structure] in the first stage. In stage two, the Sprague pier will receive a major overhaul and upgrade." Following payoff of the pier cost by Sprague over a 30-year period, ownership will revert to Sprague.

MPA will hold the payments, and reinvest the money in state transportation infrastructure.

The commitment letter makes reference to roughly 20 more documents which must be concluded to get work started, said the MDOT director of special projects, Brian Nutter. Blanchard explained that one document, the operating agreement, will require Sprague to issue an RFP to find a stevedoring company for running the Sprague pier.

"Immediate plans for the B&A pier
The source said that Irving Oil has leased long-term the use of the pier to deliver petroleum products to its tank farm. Irving purchased the land for the tank farm from the BAR

But break-bulk will not land in Searsport, or at least not until the new pier exists. According to tug operator John Worth of Maineport Towboats, a ship did take on paper at the BAR pier in July. Irving ships arrive 20 or 30 times a year, delivering more gasoline in the summer and more heating oil in the winter.

The new pier
The B&A pier has traditionally handled exports of the paper industry and imports of tapioca flour. Sprague’s existing pier currently handles inbound commodities such as gypsum, alum, silica, iron oxide, coal, and salt. These would all move to the new pier, which will have the same shape as planned in 1998: 100 feet wide and 600 feet long [see 22 March 1998 issue].

Blanchard said Merrill’s Marine Terminal and Sprague have a commitment letter stating that once the new pier is completed, the two parties will form a joint venture, with Merrill providing the labor, skills, and equipment to get running quickly a breakbulk operation.

P.D. Merrill noted that his Portland terminal had for years handled spot cargoes for Great Northern Paper, a user of the B&A pier, and that in July it handled another for a Saga ship. Blanchard expected that the joint venture will quickly recapture any paper and tapioca business lost to other ports during the reconstruction of the B&A pier.

The Sprague pier
Since the existing pier will convert to handling only liquid bulk, Blanchard said, refurbishment will cost far less than rebuilding the B&A pier. Sprague has its own tank farm from which it wholesales petroleum products, and presumably Irving would move to the Sprague pier.
Some negative reaction
I TO and the union working for it, International Longshoreman’s Association Local 1519, had both supported efforts to refurbish the port for more than 20 years, “only to have their throats cut,” said the port source. The Local is seeking a meeting with the governor, MDOT, and the chairs of the legislative Appropriations Committee.

And ITO spokesperson William Frazier said: “The railroad has sold the pier right out from under us. State money is putting us out of a job.”

Sale of B&A rail yards
MDOT has agreed to purchase the rail yard to satisfy a $1 million 1994 obligation [see 9 June issue]. According to the letter which Melrose wrote to the Legislature, ‘$1 million will be added [from the bond issue] to the Marine Infrastructure Development category to purchase rail yards from the Bangor and Aroostook Railroad at fair market value at Mack Point.’

Once the bond issue passes, Nutter said MDOT and the railroad will meet to negotiate the terms of the deal, including the area of the purchase.

Next steps

QUONSET POINT/DAVISVILLE

28 July. RIEDC RESPONDED TO THE QPP PROPOSAL FOR A SMALL LOAD CENTER, in a letter following its board meeting on 26 July [see 16 July issue]. The Rhode Island Economic Development Corporation asked for more information in 27 points. Many of these concerned the budget and financing; the following points addressed transportation issues:

13. Please provide the market and operating analysis which leads QPP to believe that the 2,000 moves/day as set forth at page 57 of the Plan is appropriate to make Quonset competitive and financially viable.

14. Please refine or clarify your market analysis to demonstrate the competitive advantage a terminal at Quonset would have in comparison to other ports. In addition to estimated tariff structure, what other factors have been analyzed and in what detail? Such analysis should include total price and shipment time issues as well as other ports’ capacity. Please explain why Montreal was not included in your initial competition analysis.

15. With respect to service indications from CSX as identified on page 70 of the Plan, please elaborate and provide backup information to clarify CSX’s pricing and service models with respect to Quonset. Additionally, please elaborate and clarify QPP’s exploration of options to create dedicated rail distribution facilities, also as referenced at page 70 of the Plan.

16. Please provide your market analysis and data which supports the long term financial viability of a channel depth of 45 feet.

17. Please provide your market and operating analysis and data which leads to your conclusion at page 79 of the Plan that 5,000 feet of wharf and a minimum of 300 acres of container storage are necessary to implement a successful container terminal. Further, please articulate what terminal expansion plans must be accommodated within the park, if any.

18. Please provide your market analysis and supporting data which indicate the intermodal splits of containers arriving at the terminal from overseas. Also, what is the margin of error in these estimates and what impact will changes in splits have on traffic projections?

19. Please provide detail on what road and rail improvements outside the terminal will be required in addition to the FRIP and Route 403 upgrade.

27. With respect to the Carrier Commitments, please provide for public distribution commitments from Carriers which include the expression of interest of the Carriers for long term agreements; their infrastructure requirements; and their willingness to guarantee payments or throughput which in the aggregate are sufficient to cover fixed costs associated with developing the Port Project as defined in the Development Agreement. While we appreciate the descriptions of interested shipping lines provided, they are inadequate to support the acceptance of the Plan.

Next steps
Due to August vacations, RIEDC gave QPP until 24 August to respond. Following that response, RIEDC must according to the agreement with QPP give a final answer in 15 days. John Martin, RIEDC spokesperson, said the board of the Quonset-Davisville Management Corporation, which has an advisory role here, will look at QPP’s final offer on 30 August, and the RIEDC board will take final action on 8 September. {ARW discussion 6.Aug.99}

QPD advantages: low costs
The initial 30 June QPP presentation made many arguments in favor of a new port. Among them, the low tariff for moving a container across the dock and through the gate stands out [see box]. QPP notes that the tariff for other ports does not include other costs, such as docking fees and wharfage. The proposal submitted to RIEDC states: ‘Initial pro-formas for the terminal concept at Quonset indicate that the total cost to the shipping company for moving a container through the terminal (including port/vessel and other cargo fees) would be in the $200 per container range.’ QPP argues that its operating partner, Stevedoring Services of America (SSA), will help it in this regard.

Intermodal operations
The proposal also noted that SSA operates, through a subsidiary, all of the rail intermodal container terminal transfer facilities (ICTF) nationally for SCX. ‘QPP is exploring options to create dedicated rail distribution facilities for specific steamship line customers in important markets as an integral part of its
marketing approach. This service option is uniquely appealing to the container lines and provides QPP with a significant marketing advantage.’

**Open ocean access**

‘The Quonset approach channel is only 8 miles long and vessel transit takes 55 minutes, as opposed to a 40-mile, five-hour transit in NY/NJ and a 10-12-hour transit in the port of Baltimore.’ Quonset like Boston also lies one day closer to Europe than ports in the south, but Boston has ‘high terminal costs and lack of land and on-dock rail.’

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{text of QPP submission from RIEDC website}

**FOR THE RECORD**

**PORTS**

DREDGING OF NEW YORK HARBOR began on 19 July, aiming to deepen eight miles, from 40 to 45 feet, in the Kill van Kull and Newark Bay channels. The US Army Corps of Engineers is expected to spend $733 million to do the work. (Intermodal Business 9.Aug.99)

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KENT LINE NOW ARRIVES ON WEDNESDAY and sails on Thursday. It added St.Lucia and Leeward Windward Islands as ports of call. (Wavelength)

_Acela car shells at Bombardier Plant, Barre Vermont, served by WACR._

{photo courtesy Fred Hirsch}
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