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Operating railroads + ports, intermodal facilities, and government environment

Issue 03#07B 9 August 2003

*Article unchanged from e-bulletin.

REGIONAL ISSUES

GWl/D&H: Both GWI and RailAmerica are interested in the rights to the D&H.

Guilford: Significant potential.

Intermodal growth: Traffic up at the ports. Compare to Vancouver and Montreal results.

Highway salt: State by state bid status.

CONNECTICUT

HRRC: Possible MNR passenger traffic.

NECR: Willimantic starts C&D shipments.*

New Haven: Update on port, rail activity.

MAINE

Rockland Branch: Morristown & Erie wins bid to operate. Dragon still considering Mason Station.

MASSACHUSETTS

CSXT: West Springfield hopes to increase intermodal biz. More on Beacon Park purchase.

GRS: Wilmington Woburn will refile at STB.

MCER: Selling HQ. Intermodal traffic.

Highway salt: Bidding on line 27 August.

Boston: Traffic up.

NEW HAMPSHIRE

Highway salt: ISCO wins most awards.

RHODE ISLAND

PW: Lost Getty as a customer. Capital Terminals not yet a customer.

VERMONT

VRS: Moving ahead at Riverside and Montpelier.

MARITIMES/QUÉBEC

CN: Railway says intermodal service has improved; shippers not so sure.

Saint John: Traffic mostly up.

Shelburne ferries: Gloucester looking for operator*, Portsmouth for money.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Jim Howard, Colin Pease, Gilles Dumont, Oscar Greene

FROM THE PUBLISHER

Market- or operations-driven?

Interestingly, CN has become the model of efficiency by running scheduled trains, thus meeting the standard customer demand for consistency in delivery. That stance marks CN as market-driven. On the other hand, the effort to wring cost out of intermodal marks CN as operations-driven, concerned with running the trains as well as possible despite customer complaints. Clearly the railway must strike a balance somewhere.

Overseas boxes up

Port container traffic has increased far above the growth in the still sluggish economy. Do the numbers portend better days, or just more companies outsourcing overseas? You tell me.

Visit to Quebec

I'm looking forward to seeing rail facilities in the Eastern Townships while giving my wife a ride back from Quebec City.

- Chop Hardenbergh Next issue: 19 August

GWI/D&H

4 August. **GWI AND RAIL AMERICA ARE INTERESTED IN RIGHTS TO THE DELAWARE AND HUDSON**, offered by CPR earlier this summer [see 26 June issue: Regional/GRS].

**Better for GWI?**

“The [D&H] line is a much better strategic fit for GWI given its existing presence in both New York and New England,” Bear Stearns analyst Tom Wadewitz said in a research report. The acquisition would be a major deal for either shortline, which normally acquire lines that range between $10 million and $50 million. A purchase price for the property is estimated at close to $100 million.

At first glance, the railroad would fit in well with the carrier’s existing network, said Mort Fuller, Genesee and Wyoming (GWI) chair and CEO. “The D&H is bookended by our New York-Pennsylvania region and our Canadian region, so it is something that we would [look at]. In terms of its location, strategically it’s contiguous [to other GWI lines]. It’s something that we’ll look at closely.”

G&W executives see large cost savings if the carrier were to merge its Eastern operations with the D&H. However, caution should always be in order when evaluating this specific property, Fuller said. “It’s important to remember that D&H has been a tough property for a lot of people over the years. I can’t think of when it was last operated successfully.” CPR officials have said that the D&H, which they purchased in 1991, essentially breaks even for them.

**Rail America**

If CPR were to lease the D&H, rather than sell it outright, the financial impact on the company wouldn’t be that extreme in terms of capital expenses, said Gary Marino, president and CEO of RailAmerica. “I think it would fold in very nicely with our Northeast rail operations that we have...the New England Central Railroad and other [nearby] railroads that are not actually contiguous to the D&H, which actually might be an advantage, we think. It’s a little bit early to tell on this, but we think we could actually increase the level of business that flows over the D&H through these other symbiotic roads that we have in the area…There would also be some cost takeouts... from synergies, and other cost savings that could result from the close proximity of those other railroads.” {Rail Business 4.Aug.03}

**GWI attitude toward acquisitions**

At the Morgan Keegan Transportation Conference on 23 June, GWI COO Charlie Marshall commented:

“I can’t predict where or when we are going to make an acquisition. We are always looking at half a dozen of them, and most of them don’t make the cut, either because somebody else thinks they’re worth more than we do, or we find stuff we don’t like and walk away.

“What’s changed is that the size of many of the acquisitions seems to be increasing -- the size of the offerings, I should say -- and there are fewer well-capitalized railroad operators competing to acquire them. There’s been some consolidation in our business, some weakness, and so we don’t see as many people out there sniffing around as we used to.

“In North America, Class I railroad branch line sales -- people talk about that all the time, and not much happens... There hasn’t been a lot of activity among the Class Is. Last week, Canadian Pacific talked about some rationalization. It will be interesting to see what they have in mind. I don’t think anyone knows at this point.

“The U.S. railroads are not, as far as we know, in the midst of any aggressive rationalization program. Several of them say they intend to get to it, although they know not when...

“There are still some industrial railroads out there for sale that might be attractive. There are some regional railroads that will turn over. One of the advantages of being a public company is that we have continuity, we have stock, and that can be appealing to an individual proprietor...” {Tom Murray’s Rail StockWatch 1 July 2003}
THE GUILFORD RAIL SYSTEM HAS SIGNIFICANT POTENTIAL OTHER THAN THE MAINE PAPER MILLS, according to Malcolm Laughlin, editor of *New England Rail Shippers and Receivers: Southern New England*. When working as a railroad economic analyst, Laughlin studied Conrail, the Boston & Maine, and Penn Central, among others. His comment:

While Maine paper traffic is trending down, in Massachusetts east of Fitchburg, the story is very different. The traffic is mainly commodities which are naturally handled by rail, some of which have an upward traffic trend, particularly plastics and bulk food products. Massachusetts paper products traffic is more related to demand for the end products in the Boston area than to the problems of the producers.

From the directory of shippers and receivers, Laughlin found east of Fitchburg 65 customer locations on Guilford, in the following commodity groups. This is an industry mix which CSXT and PW are successfully growing in Connecticut, southeastern Massachusetts and Rhode Island. A marketing-oriented railroad owning the GRS-facilities in the extended Boston metro area could do likewise.

**Plastic pellets** (12), including one of the largest transloads (RVJ), a large distributor and 10 manufacturers.

**Food products and ingredients** (14), including corn syrup receivers (3), vegetable oil (3), refrigerated food products (3), as well as ground bones, grain, flour, and alcohol. Two (Costa Fruit and Produce in Charlestown and Crystal Warehouse in Wilmington) have grown rapidly in receipts of produce in UP Chilled Express reefers, obviously a result of recent pricing, service and car supply improvements.

**Building materials** (7), including brick and lumber receivers, two major distribution operations, and a transloader.

**Warehouse/transload operations** (6), of which two are major paper handlers.

**Paper products** (6), including three box manufacturers, the *Boston Globe*, and a cut paper distributor.

Two of GRS's largest customers are located at Ayer, the auto ramp and the intermodal facility.

**Others.** The balance is made up of one each of aerosol propellants, carbon dioxide, clay, chemicals, coal, crushed stone, granite, latex, perlite, propane, and scrap metal; three of cement; and two each of scrap paper and methanol

Conspicuously missing: construction and demolition debris, a category rapidly growing on CSXT and PW. {e-mail to ANR&P}

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*On-line reverse auction
**PORT CONTAINER TRAFFIC**

At the three major ports in the region, container numbers have risen. See Boston and Saint John. Halifax numbers are not yet available through June, but through April, tonnage was up 7.9% over the same period in 2002. Guilford recently reported intermodal growth. The next issue should have statistics for Halifax and for PW’s international terminals, as well as more on Guilford (but no exact numbers).

**Atlantic Northeast not alone in traffic growth**

**Vancouver.** In the container sector, total container growth surged 16% to 752,819 TEUs shipped. Strong North American consumer demand for Asian-produced goods continued to fuel increases in imports. Total laden imports increased 21% to 346,749 TEUs. On the export side, total laden exports increased to 301,193 TEUs, a 3% gain. {www.portvancouver.com}

**Montreal.** In containers, Montreal handled 4.8 million tonnes in the first half of 2003, an increase of close to 260,000 tonnes, or 5.6% percent, compared with the same period in 2002. Traffic in non-containerized general cargo reached nearly 248,000 tonnes in the first six months of 2003, for an increase of 30,000 tonnes, or 14.4%. Steel products were in large part responsible for the increase. {www.port-montreal.com}

**CONNECTICUT**

**HOUSATONIC**

5 August, New Milford. *ADVOCATES CONTINUE TO SEEK EXTENSION OF METRO-NORTH TO THIS TOWN*, entailing a continuation of the Danbury service out of New York City. The most recent effort occurs within the aegis of a study entitled ‘Feasibility Study, Danbury Branch Electrification’ undertaken by the Bureau of Policy and Planning at ConnDOT. Peter Richter, who oversees the project, said the title was misleading, because the study will look at enhancing the Danbury Branch service to (1) relieve automobile congestion in the Route 7 and adjacent north-south corridors, and (2) stem the exodus of Connecticut commuters to New York’s Harlem Line.

State Representative Malone asked for the study. ConnDOT has engaged the services of the Washington Group of Rocky Hill to assist, with Steve Gazillo as point person. Len Lapsis of ConnDOT is acting as project manager. The study will have its own website within a few weeks.

**Meetings**

An initial meeting of the advisory committee took place on 26 June. Among others, Robert Bass of HRRC attended. Another meeting, and an open house about the study, will occur at the end of September.

**New Milford advocates**

The Housatonic Valley Council of Elected Officials, the planning agency for that region of Connecticut, has long sought a return of passenger service, as evidenced by its sponsorship of three studies of the topic in 1983, 1992, and 2001. These do not indicate any disruption to HRRC freight service caused by the introduction of passenger service.

A private, non-profit group has also worked for passenger service: the New Milford Rail Service Restoration Society. Spokesperson Bob Rush said the group, in existence for a little more than ten years, has succeeded in getting the topic on the agenda for the study. {ANR&P discussions with Richter, Lapsis, and Rush}

**NEW ENGLAND CENTRAL**

28 July, Willimantic. **WILLIMANTIC WASTE RECEIVED ITS FIRST CARS FOR C&D SHIPPING** this day, said principal Tim DeVivo. The transfer station has received its permit, and opened on 24 July. The construction and demolition debris will move via NECR, CSXT, and another short line to various Ohio landfills. He expects to ship 30-40 cars per month.

**Willimantic rail sidings**

DeVivo said that the C&D transfer facility, with its own siding, sits on a newly-acquired parcel at 1590 West Main Street
adjacent to the company’s existing recycling operations. Scrap cars, and occasional fiber cars, are handled at a siding into the original parcel at 1 Recycling Way. \{ANR&P discussion 29.July.03\}

**Why did Willimantic begin shipping C&D?**

David Brown, a consultant who helped Willimantic with the new move, explained that the company has a great deal of experience with rail operations due to the scrap metal and fiber operations, each of which has operated for decades. In addition, it has a “significant regional refuse and bulky waste [example, discarded furniture-\textit{editor}] collection system,” including a very large fiber recycling program, and long-term contracts with 20 to 30 municipalities in eastern Connecticut. It was trucking the C&D and bulky waste to distant landfill sites.

Willimantic realized that if it built its own C&D transfer station, it would not only save the time and expense of trucking it out of the area, but also could serve other haulers as well. With Brown’s assistance, the company began discussing the project with NECR and then CSXT; the latter “provided helpful guidance in locating gondolas, setting pricing, and working with the Ohio short line to develop an operating plan.” Brown named Jerry Gargarin, business manager of CSXT’s emerging markets unit at headquarters in Florida, and Jack Dail of NECR as the helpful contacts. \{ANR&P discussion 30.Jul.03\}

**NEW HAVEN**

5 August. *AN UPDATE ON SEVERAL PORT ISSUES* was provided by stakeholders:

**New Haven Port Authority**

Mike Piscitelli in the city planning department said four of the nine commissioners had been appointed. [See 12 February issue.] He looked for a first meeting by September or October, noting that the rush to get the port authority functioning had ceased when the Transportation Strategy Board selected Bridgeport over New Haven for the barge feeder service [see 20 May issue].

**Leasing the East Shore Parkway**

The long-awaited reconfiguration occurred early in 2003 [see 10 October 2001 issue]. Pending the creation of the Authority, the city has “licensed” the East Shore Parkway to several users. Helen Rosenberg at City Hall listed these from north to south:

- **Parcel D**, 0.63 acres, to Colonial Hardware.
- **Parcel A**, 5.15 acres, to Coastline Terminals (Logistec operator).
- **Parcel P**, 2.1 acres, to Petroleum Terminals, related to Gateway.
- **Parcel B**, 3.75 acres. Westchester Motor Lines has leased this part of the Parkway area for “years,” said Rosenberg.
- **Parcel K**, not yet leased.

**Westchester moving to North Yard**

Jim Schine of Logistec confirmed that Westchester would move to the North Yard, a long-planned event, by the end of the year to locate on some of the land owned there by Coastline Terminals. [See 10 October 2001 issue and map this issue.] Gateway will take over the Westchester space.

**Relaying of track**

Some years ago, the state removed the Tomlinson Bridge, which carried Route One and the PW’s spur to the port. The bridge is now rebuilt, including a track, but the track does not connect to Waterfront Street. The reconnection awaits the rebuilding of the I-95 bridge across the Quinnipiac River (Q bridge) [see 31 May 2002 issue].

Pending the bridge rebuild, rail users got a subsidy to pay for drayage across the Q bridge, but that subsidy has now ended [see 11 October 2002 issue].

**Transload facilities**

All shippers may use the public transload dock at the current end of the Belle Dock Industrial Track, constructed as mitigation for removing the Tomlinson Bridge. PW is the operator. Logistec’s Jim Schine said two years ago the company used it on a regular basis to send metals to Tennessee. And he did use it about six to eight months ago for a steel transfer. “We have had recent inquiries about rail” as well, which would entail the use of the dock. Logistec employs its own workers at the dock.
Gateway’s Tom Dubno said his company used its own 12-acre site at Chapel and East Streets, leased from Southern Connecticut Gas. It has transloaded sand, coal, and steel billets. It also uses the space for storage. Gateway had never used the public dock: “We built our site with our own money and no subsidy.”

Other reconfiguration
Dubno added that even with the acquisition of the East Shore Parkway parcels, his company wants more space. The Q bridge reconstruction should result in some work area under I-95, which Gateway would like to use. “We have no room for rail in our ‘postage-stamp’ facility” on Waterfront Street. The area under I-95 would provide a transload area.

The concept of changing port vehicular traffic flow, still under discussion, should take shape as the work on the Q bridge progresses, said Schine. \{ANR&P discussions with Rosenberg, Piscitelli, Dubno, and Schine\}

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**MAINE**

**ROCKLAND BRANCH**

23 July, Rockland. **MDOT HAS SELECTED MORRISTOWN AND ERIE TO OPERATE THE ROCKLAND BRANCH** and the Lower Road, rail honcho Allan Bartlett told a public hearing at Rockland City Hall. The hearing was convened to consider a whistle ban on some crossings in the city. Bartlett wanted the selected carrier there, as it would be responsible when the decision about whistling took effect.

Current operator Safe Handling Railroad (SRP) wanted to resume whistling at the eight crossings on the Atlantic Branch; the City of Rockland wanted whistling suspended at the crossing nearest city hall. The final decision on the requested ban is made by the commissioner, generally taking six to eight weeks. \{ANR&P discussion 1.Aug.03\}

**M&E’s plans**

Director of Operations Service Steven Friedland said:

- **Start date.** MDOT would like the new operator to start on 1 September. “We will shoot for that,” said Friedland, but he cautioned that much remained to be done.

- **Contract/subsidy.** The two parties have the draft of an operating agreement in negotiation. Friedland said the M&E proposal did include a subsidy, but declined to comment on the proposed structure, as it will become part of the agreement.

  Earlier, Chief Operating Officer Gordon Fuller said at the Rockland meeting that after revenue exceeds a certain threshold, the railroad will pay the state.

- **Operating details.** “We’re still figuring out reporting marks, obtaining an interline settlement agreement, setting up electronic data interface, and so forth,” noted Friedland. One nice feature: the Morristown and Erie’s website address: www.merailroad.com. “We’re pretty much settled on the name Maine Eastern Railroad, and reporting marks MERR.”

  As for locomotives, Friedland anticipated that the new operator will begin with leased power, until M&E has had the chance to decide which of its stable of ALCO locomotives to use, and has sent that north. \{ANR&P discussions 31.Jul.2003\}

  SRP has about six employees from the Rockland area, said President Ford Reiche; SRP is doing all it can to make sure they keep their jobs when the railroad changes hands. Fuller said Morristown will be hiring local people.

**The major customer: Dragon Products**

Reiche said on 24 July SRP decided not to bid on the new agreement because the possible port at Mason Station in Wiscasset did not come together in time [see 4 June issue]. \{Daniel Dunkle in Rockland Courier-Gazette 26.July.03\} Terry Veysey of Dragon Products of Thomaston, the major shipper [see traffic counts in 14 January issue], said the firm is still considering Mason Station instead of Atlantic Point in Rockland. \{ANR&P discussion 8 August 2003\}

**Why Morristown and Erie**

Bartlett listed two factors which, among others, led the committee to select M&E over Finger Lakes, the other competitor for
the award [see 18 July issue]. George Betke of Damariscotta, Maine, a principal of Finger Lakes, noted that with the award to a New Jersey-based company, “Nobody can say that this was a ‘homer’ decision.

- M&E proposed to do all maintenance with its own people and equipment. Finger Lakes proposed that MDOT hire outside contractors. The committee did not want MDOT to go through further selection processes.

- M&E had much more experience dealing with passenger entities: It uses trackage rights over New Jersey Transit, it interchanges with Amtrak, and has a fleet of passenger cars. While MDOT will use another selection process to choose the passenger operator over the Rockland Branch [just rehabbed at cost of tens of millions for passenger service — editor], the experience would help either M&E to offer the passenger service, or to interact with another operator.

Friedland explained that M&E operates Christmas trips, Easter trips, and trips for historical societies. It uses both private and M&E-owned equipment, and has just bought some former NJT coaches, though it has not taken delivery of them.

It also offers trips on Amtrak lines, such as an upcoming October trip to Montreal in private cars. {ANR&P discussions}

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MASSACHUSETTS

CSXT - WEST SPRINGFIELD

7 August, West Springfield. **THE STUDY ON ACCESS TO THE RAIL YARD** and development of the surrounding area, the ‘Merrick’ neighborhood, began this summer. The first half of a $400,000 grant [see 15 February 2002 issue] is paying consultant Vanasse Hangen Brustlin, chosen this spring by a selection committee under the aegis of the Pioneer Valley Planning Commission. Tim Brennan, executive director of the Commission, gave these details:

Hopes on intermodal service
The stakeholders seek a project under which the rail service would re-invent and invigorate the immediately adjacent industrial land and buildings, “once vibrant and now largely fallen on hard times.” Companies report difficulty finding rail-served parcels in New England, but cannot utilize the industrial area in part because of contamination, in part because the ownership is balkanized, and in part because some of the parcels have been taken by the city for back taxes.

Proponents hope to find a preferred alternative for using this land which would draw companies which need rail service. At the outset, Brennan said, the study is emphasizing increasing the use of the intermodal yard. Until recently, it handled only trailers; it is now handling containers.

Enhanced intermodal service, noted Brennan, would possibly draw shippers and receivers located in southern Connecticut who now use I-95 into New York to move product. Their switching to intermodal service in West Springfield would help relieve I-95 truck congestion.

The neighborhood goals
The study area includes residential parcels to the south and the north of the rail yard, which together make up the ‘Merrick neighborhood.’ Residents would like the study not only to identify means to improve the local economy, but also to move trucks off some streets and onto others.

Second phase
Once the study has identified a preferred alternative in terms of physical feasibility, cost, and political acceptability, the Commission would like to use the second half of the grant to begin implementation. Brennan underscored his desire to avoid spending the entire grant on the study, and to spend a significant amount, in at least the first three years or so, managing the projects identified by the first part.

The entities involved
VHB’s Ken Schwartz is managing the overall project. VHB’s David Wilcock will do the rail part. A subcontractor, Hatch, Mott, MacDonald is doing the yard safety and security aspect.

The study has an advisory committee which met first in July, and per Brennan will meet again in September. For CSXT, West Springfield trainmaster Jim Cronin and government affairs specialist Paige Kane belong to the committee.
To handle the real estate, the community and the state have formed the West Springfield Redevelopment Authority. Brennan said it has “a substantial amount of power and ability to move the project.” \{ANR&P discussion 7.Aug.2003\}

**CSXT - BEACON PARK**

11 July, Cambridge. *MORE BACKGROUND ON HARVARD’S PURCHASE OF THE BEACON PARK LAND* came out [see 18 July issue]. Fred Salvucci, former secretary of EOTC and currently an MIT professor in the Department of Civil and Environmental Engineering as well as a transportation consultant, assisted Harvard during the negotiations. In a recent interview, Salvucci said that solving urgent transportation problems in and around the Boston area could help both the city and the University.

Harvard’s promise to provide future rail space to the MBTA, a concession Salvucci suggested during negotiations, is crucial in helping the mass transit system cut costs and improve service. “A future layover facility would pose some inconvenience to Harvard but would be important to the T,” Salvucci observed.

Another issue that will likely be addressed by the transportation study is the poorly-organized turnpike interchange. “If you can redesign the interchange in another configuration you can also improve the ability to build over it,” said Salvucci, thereby benefitting the University.

Even though Salvucci has a long history in state and local government and transportation planning, he mostly shrugged off suggestions that his role at Harvard is political. But he said that his policy experience could be very helpful to a University planning the largest expansion of its life. “I can tell Harvard how someone working for the mayor is likely to see these issues. I think I can see this from a variety of perspectives. But I don’t have a plan.”

While Salvucci is officially scheduled to be advising Harvard only through August, his role will be crucial in shaping Harvard’s contributions to the transportation study, which could start before the end of the year. {Alex L. Pasternack in Harvard Crimson 11.July.03}

**GUILFORD RAIL**

6 August. *THE WILMINGTON AND WOBBURN RAILROAD WILL REFILE* papers about its creation later this year, said principal Ron Klempner. [See 18 July issue.] {ANR&P discussion}

6 August, North Chelmsford. *THE SPUR FOR FLETCHER GRANITE WON’T BECOME OPERATIONAL* until late autumn [see 30 August 2002 issue], said Plant Engineer Dave Psaledas. The company has run into problems with abutters, and will continue to transload granite from Billerica. {ANR&P discussion}

**MASSACHUSETTS CENTRAL**

23 July, Palmer. *THE RAILROAD HAS PUT ITS HEADQUARTERS BUILDING ON THE MARKET.* “The railroad is much smaller than it was,” said Michael Smith, railroad manager. “At one time, we had 32 people and now it's eight. We don't need anywhere near the room or office space. We have more offices than we have people.” The company started reducing its workforce about eight years ago when its large container business dropped off. Upon selling the building, which MCER has owned for more than 20 years, Smith anticipates looking for and relocating to another office in Palmer.

The building now houses track and signal maintenance, locomotive and car maintenance, and clerical and administration operations. {Holly Angelo in The Republican 23.July.03}

**Land retained**

The railroad will retain the land behind the building. It contains the intermodal facility, at which the railroad loads containers of contaminated soil for one particular customer, “approximately every quarter,” said Smith. While involving only a “modest amount of boxes,” (8-14) he believes the move will become more regular. MCER owns a packer, recently upgraded, and a crane as backup, which the railroad will upgrade this year. MCER has ceased handling international intermodal traffic [it lost the last customer to Worcester a few years ago-\editor\]; Smith seeks additional domestic intermodal traffic.

The land will also provide the railroad with a third bulk transload facility; it now utilizes a larger space at Gibbs and a smaller at Ware. Nearly all of the railroad’s traffic, 2800 carloads in 2002, consists of plastic pellets for transload or use. The railroad also is planning to install a cross-dock facility there, a segment–one which does not use a warehouse–currently “underinvested,” said Smith.
C&D facility at Ware
The permitting for this, a facility owned and operated by Richard O’Reilly, is moving ahead. [See 28 November 2002 issue.]

The lease negotiation
Since July 2002, MCER and EOTC have sought to reach agreement on a new lease for much of the track MCER operates over [see 26 July 2002 issue]. Smith reported continuing discussions. {ANR&P discussion 7.Aug.2003}

PORT of BOSTON CARGO VOLUMES for CY2003 through JULY

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Source: Massport Terminal Reports. AWD = all water service.

HIGHERWAY SALT
6 August, Boston. MASSACHUSETTS WILL CONDUCT AN ON-LINE REVERSE AUCTION FOR HIGHWAY SALT. Ron Whitaker, procurement team leader, said he had conducted two other reverse auctions, which had saved the state money. His team had looked at prices up and down the East coast, and believed that going to auction, rather than implementing the contract renewal for a second year (three renewals permitted under 2001 contract), would benefit the state.

The “on-line event” will occur on 27 August. Check the Comm-Pass procurement website under VEH52. {ANR&P discussion 6.Aug.03} [See 6 December 2002 issue.]

NEW HAMPSHIRE

NHDOT - 2003 SALT CONTRACTS
early June, Concord. THE DEPARTMENT AWARDED SALT CONTRACTS IN SIX DISTRICTS [see 2002 results in 14 June 2002 issue]. Steve Gray of the Highway Maintenance Division said the rock salt prices were so much lower than solar that NHDOT did not have a designated solar salt provider.

Prices for rock salt ranged from $39.34 in district one to $28.86 in district six. {ANR&P discussion 5.Aug.03}

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<td>International Salt</td>
<td></td>
</tr>
<tr>
<td>6 Southeast #</td>
<td>International Salt</td>
<td></td>
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# District five bid applies to central Turnpike locations, and District six bid to eastern Turnpike locations.
RHODE ISLAND

PROVIDENCE & WORCESTER
1 August, East Providence. **GETTY STOPPED USING ITS TANK FARM HERE** in March, reported Emile Fontaine, an official at the terminal. The company decided to throughput product elsewhere, so the tanks are now empty. PW delivered its last tank car of ethanol at the end of March. {ANR&P discussion}

Natasha Koll, general counsel, and Paul Stendardi, director of terminals, for Getty Terminals said the company had decided to use the Irving terminal in Boston [see 12 March issue] for most of the throughput, and ExxonMobil and Motiva in Providence [see 14 June 2002 issue] for the rest. The company is looking at a variety of possibilities for the future of the East Providence terminal.

MORE ABOUT GETTY
The original Getty Oil Company was purchased by Texaco in 1984. To get permission from the Justice Department, Texaco had to divorce the Northeast portion of Getty, which included eight terminals plus about 1300 retail outlets. {www.getty.com} Many of the outlets are now leased from Getty Properties Corporation, and operated by Getty Petroleum Marketing Inc. A subsidiary of Getty Petroleum Marketing, Getty Terminals, handles the terminals. {ANR&P discussion 4.Aug.2003} In 2001, Lukoil, a Russian petroleum company, purchased Getty Petroleum Marketing. {Pravda 7.Feb.01}

The now-empty terminal in East Providence did handle gasoline and a small amount of #2 heating oil. The product reached the 11-tank terminal via two pipelines from a dock off PW-owned South Quay [see map in 02#06A]. Barges supply both Getty and the Capital Terminal Company. Capital Terminal owns the dock, Getty owns the pipelines, but Capital has the right to use the pipes in perpetuity, according to Capital President Avery Noe. {ANR&P discussion 4.Aug.2003}

4 August, East Providence. **CAPITAL TERMINAL STILL HAS NO RAIL LOADING RACK**. President Avery Noe said that he needed one major customer to justify the installation of a rack for his petroleum storage tanks. The Lake Road Generating Plant in Killingly, Connecticut had appeared to take on that role [see 11 October 2002 issue], but the company remains mired in financial problems.

Once the rack is installed, Capital could serve smaller customers by rail as well. Lake Road could have used 31 million gallons of oil for is generator per year. {ANR&P discussion}

VERMONT

VRS: GMRC AND WACR
7 August, Burlington. **THE RAILROAD WILL PROCEED TOWARD CONSTRUCTION** on two projects the subject of recent court rulings, according to Vice-President Jerry Hebda.

Montpelier petroleum
The Vermont Supreme Court ruling in June [see 3 July issue] allowed WACR to proceed without seeking an Act 250 permit to construct a petroleum distribution facility. Initially MacIntyre Fuels planned to operate it. Now, Hebda said, he is negotiating with other companies: “It’s almost a done deal.” Sprague, the operator of other MacIntyre facilities, declined to operate this.

Riverside cement
The Vermont Environmental Board ruled on 5 August that the project fell under Act 250 jurisdiction. While VRS had hoped the Board would rule differently, the railroad had already applied for permits under Act 250 under the ‘cease-fire’ agreement [see 27 January issue], an application it would have withdrawn if the board ruled differently.

Hebda said as it happened, GMRC had submitted the final application to the Act 250 district board on 4 August. “This is a reasonable way to get the project done while waiting for the legal rulings.”

GMRC is still going forward at the US District Court to get a ruling that Act 250 is pre-empted by federal law from
covering railroad projects. \{ANR&P discussion\}

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**QUEBEC/MARITIMES**

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**CANADIAN NATIONAL**

5 August, Montreal. **AN UPDATE ON CN’S REVISED INTERMODAL SERVICE FOR HALIFAX** was provided by Scott Roberts, assistant vice-president corporate affairs. On the basis of a meeting he had with Darrin Dobie, CN’s terminal manager in Halifax last week, the service “is working very well because people have had a chance to get used to it.” Of course glitches occur because of derailments or a late ship arrival, but these are “normal exceptions.”

The IMX project

In February, the railroad launched IMX (for ‘intermodal excellence’), to wring costs out of the intermodal operation first in the eastern corridor. [In the period September-February CN tried an effort to reduce the number of cars drawn from the pool, and be more judicious in their use. That did not work as well, so the railroad then set out to redesign whole intermodal offering, by using a fixed consist.]

IMX experienced difficulty at the February start-up because of extreme cold in central Canada and weather-related ship delays, and with operations in the second quarter because of ACL moving from Halterm to Ceres and other events [see 4 June issue]. Beginning in April all stakeholders conducted a weekly call to go over problems. That call, per Roberts, went to an irregular basis “a few weeks ago, as we did not have the number of issues” after the second quarter problems were solved.

[In 2002, Halifax traffic of 410,000 OSM plus domestic constituted nearly 40% of CN’s total 1.1 million intermodal units. {Chop Hardenbergh in Rail Business 7.Oct.02}]

Operations

CN has achieved its goal [see 27 January and 12 February issues] of running two intermodal trains east and two trains west of fixed length seven days a week, with some regular freight “built around the intermodal,” Roberts said. At this point, CN also runs a regular freight to Dartmouth with a switcher handling the Halifax freight.

The trains, which run as far west as Chicago, serve the domestic intermodal terminal in Moncton (“just drop off and pick up”), a crew change point, as well as the Halifax Intermodal Terminal (domestic), Ceres at the Fairview Cove Intermodal Terminal, and Halterm at the South End Intermodal Terminal.

Reservation system

In an effort to “squeeze the unexpected out of the system”, CN has begun implementing a reservation system on the Halifax trains. “We started at the end of March,” Roberts said, first with domestic customers. They call one phone number, and reserve a container and a slot on the train, or just a slot if the customer owns its own boxes. Large customers are allocated a certain number of slots on the trains, but must call to confirm the use of the slot by noon each day, or CN will give the slot away.

The railroad has begin to expand the reservation system for OSM (overseas markets) customers, said Roberts. While working on a limited basis now, on 18 August CN will roll it out for OSM exports only. Customers may also take advantage of a reservation system for refrigerated containers and trailers now, “particular for domestic reefers.”

The reservation system has contributed significantly to fluidity at inland terminals, particularly getting the train–with both domestic and OSM boxes–out of Toronto.

Roberts noted that the system had started up without incentives to use it, but “incentives” are now in place to ensure that people who reserve the slots use them.

Flexible pricing

To level out the traffic so trains will run at a consistent length and capacity over all days of the week, CN has begin day-of-the-week pricing for OSM traffic, that is, pricing the less-used trains lower than the crowded trains. This has met, said Roberts, with “moderate success” thus far.
Implementation in western Canada

Following the successful introduction in the Halifax service, CN will introduce it to the West coast ports. Matt Jacobson, assistant vice-president - United States intermodal, noted that the railroad has for several months operated with a train of fixed length to Deltaport, one of the Port of Vancouver’s three intermodal terminals. He expects stakeholders in western Canada to experience a less dramatic change than did their eastern counterparts.

‘Hot box’ system

On introducing the ideas to the Halifax service, CN and its stakeholders wanted to have a notification system so that steamship lines could tell the railroad about ‘hot boxes’ – those which needed rush treatment [see 30 September 2002 issue]. “We’re not there yet,” said Roberts, meaning all the stakeholders still need to work on it. Keith Heller, CN senior vice-president, eastern Canada division, recently in a Montreal presentation said the stakeholders “need a better way to communicate with each other about which boxes are hot, which are not.” Jacobson said the task is made more difficult because of the number of stops made by many ships before they get to Halifax.

Scorecard

The SmartPort initiative, within which the port stakeholders develop and implement measures to improve the Port of Halifax, is creating a ‘Balance Scorecard’ which will provide a number of metrics of port performance. Right now, noted Roberts, each stakeholder has its own set of numbers measuring intermodal performance, from container dwell time at the terminal to on-time train performance.

The problem is that “we can never compare numbers” because each stakeholder uses a different measurement for the metric. In the Balance Scorecard, the stakeholders will agree how to measure each metric. With this common understanding, then the stakeholders can agree that a particular feature needs improvement, and discuss how to do so.

Roberts could not state when the SmartPort group would complete the Scorecard. George Malec, the Port Authority’s vice-president for operations and security, is leading the effort.

The results and praise

Roberts said the trains were running near to double-stack capacity both ways, meaning that each car capable of carrying one container stacked on another was actually doing so. {ANR&P discussion 6.Aug.2003}

CN officials were extolling the IMX effort this summer. CEO Hunter Harrison told the Merrill Lynch Global Transportation Leaders Conference on 11 June:

“Shame on us for going through double-digit growth with margins as thin as they have been for intermodal... Most of the Intermodal Excellence initiative is cost takeout... The issue is, the significant costs in these major hubs. We had to really think through whether we were a transportation company or a warehouse with these containers and trailers being stacked around facilities for weeks at a time...

“Right now it’s in effect between Halifax and Toronto... We are running fixed consists of trains so we’re not sending one day to Halifax 20,000 feet of train and the next day 5,000 or 6,000 feet. We’re running fixed consists based on our market intelligence.

“We’re trying to smooth the day-of-the-week demand in selling capacity by pricing by day of the week. We’ve created a reservation system so, contrary to the old way, if you want to get on the train, if you want to get a slot, you’ve got to get a reservation... You cannot bring a trailer or container in the gate without forwarding instructions, and instead of taking the trailer or container from the gate to the ground and putting it in some corner, and handling it later, it goes direct to the railcar...

“We are not going to spend precious capital on intermodal unless we can get returns up... It only encompasses about a third of the railroad [over one billion $C], so I’m pretty excited about the opportunities overall, with this new process, to improve intermodal profitability.” {Cited by Tom Murray’s Rail StockWatch 1 July 2003}

Jim Foote, executive vice-president of sales and marketing, said CN “has had quite an improvement in the service that we’ve been able to deliver to the marketplace, a more balanced and more consistent level of service — principally in the Halifax, Montreal, Toronto, and to a degree in the Chicago corridors...A disproportionate amount of the cost associated with operating our intermodal service is associated with the terminals. This project is helping us improve the efficiencies, the dwell times, the turn times and the amount of container-handling costs that we have there.” This is driving the potential for contribution improvement in this business to 25-30%. {Multimodal Business 4.Aug.03}
6 August, Montreal. **SHIPPERS REMAIN DISSATISFIED WITH THE INLAND DISTRIBUTION OF CONTAINERS**, but the railroads are only one contributing factor, according to contacts of the Shipping Federation of Canada. Ivan Lantz, director of marine operations, summed up comments made to him:

‘Although the railroads have made some improvements, the overland container distribution system in general is challenged by high demand. Members of the Federation will meet in September with a view to identifying infrastructure and logistics solutions at various nodes along the intermodal canal.’ {e-mail to ANR&P}

**Will the performance in Halifax last?**
Fritz King of ACL wrote to Lantz: ‘While rail service has improved over Halifax in the last 4 to 6 weeks it must be remembered this is the most hospitable of seasons for the movement of container freight inland. Volumes soften in the summer months, cargo flows tend to be more balanced, weather conditions are ideal, and clients by and large do not exert as much pressure regarding on-time service.

‘Fairview Cove has also been working virtually 24/7 in order to effectively unload/load and turn rail cars; an operating program that cannot continue indefinitely. CN will of course take credit for any and all improvements but we should be careful not to be lulled into a false sense of security.

‘CN have not changed their policy in any meaningful way and although the number of high-capacity rail cars dedicated to this corridor has increased, the percentage in place is far from the number initially promised the community back this past March.

‘The fear we have is, unless the heat stays on, come October with the rush to holidays and year-end we will find ourselves back to the black days of the first and second quarters of this year with the harshness of a real winter yet to come.

‘Any help you can bring to keep all parties focused going forward will be very valuable.’ {e-mail to ANR&P from Lantz}

**CN response**
Roberts said he was not surprised by King’s remark [especially since ACL’s move to Fairview played a major role in the Ceres problems-**editor**]. But, noted Roberts, “it’s not that difficult to run 24/7...in fact it may be the objective of Fairview to run 24/7.” {ANR&P discussion 6.Aug.03}

**Freight forwarders inveigh against CN**
A recent edition of the Canadian International Freight Forwarders Association eBulletin contained this:

A CIFFA member has informed us that the following bulletin is being sent to their clientele. This in the hope that other members follow suit with similar communication.

*Quote*

Dear Customer,
Please be advised that effective 30th July 2003 CN rail will increase storage for loaded containers from $50 per day to $75 per day. Free time will remain at 3 working days (Including weekends and holidays). Please be assured that, like you, we are not at all happy with this increase, particularly in light of the ever deteriorating services provided by the railroads. In addition, the inclusion of weekends and holidays in a free period is both arbitrary and unprecedented, and does not give our customers adequate time and opportunity to retrieve cargo without having to pay storage and/or demurrage charges.

We have today copied our association, CIFFA, with this broadcast, to assist them in advising the Rail providers, government, and other affected associations, that the incredible delays and costs inflicted upon the importing community are NOT acceptable and must be addressed. The forwarding community is dependent on carrier contracts with the rail companies and to date the carriers, despite attempts, have been unable to force any improvement in Rail services. This is particularly between Halifax, Montreal and Toronto, and we believe it is time that contractual obligations are enforced, and penalties applied accordingly.

We highly recommend that all importers who are suffering because of inadequate rail services lodge complaints directly with their local MP and direct copies of the complaints to any association they may belong to, or government contacts. This in the hope that someone will take notice of the additional costs and time delays that have been affecting your business.’ {CIFFA eBulletin}
SAINT JOHN 1st SIX MONTHS

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* Figure for general cargo

SHELBURNE-PORTSMOUTH

4 August. *AN UPDATE ON THE PROPOSED SERVICE* was provided by proponent Ralph Belfiore. [See 26 June issue.]

**Now passenger and ro-ro**

Initially, the service would handle only freight ro-ro. That changed as the proponents studied the available ro-ro ships, and realized that a ship acquired from Greece would suffer intensive US Coast Guard scrutiny to get certification and remain certified. Comparatively, using a ship already Coast Guard-certified would save trouble and expense; Belfiore found an already-certified ship sailing out of Puerto Rico which would handle ro-ro and passengers. So he is now aiming for a service which will handle passengers, autos, buses, and ro-ro freight.

**Financing**

On 25 July, Belfiore and Shelburne officials met with Nova Scotia Business Inc, which inter alia per its website provides 'financial products and services to help Nova Scotian companies expand and to attract inward investment. Financial tools include loans, loan guarantees, payroll rebates, and equity financing. Efforts include identifying effective financing options and responding more quickly to the demands of the market.'

The loan officer agreed to fund about 60% of the project, known in Nova Scotia as 'Scarlet Letter Cargo and Cruise.' It was named after the movie made in Shelburne; the town retains the set as a tourist attraction. The officer noted that the balance of the funding could come from the province itself, or from private sources.

Belfiore declined to specify the total cost except to state it ran into the millions. He reported strong interest from one investor who would furnish the ship, and another who would invest funds. Either would provide the other 40%.

**Major ro-ro customer/other customers**

The Nova Scotia company which would use the ro-ro has not yet opened; it too is seeking financing. Per Belfiore, it anticipates starting operations this autumn. Shelburne told Belfiore that the town had received many phone calls from freight companies asking when the ferry would begin.

**Facilities/intermodal**

In Shelburne, Belfiore anticipates using a pontoon barge onto which the ferry ramp would land, and then a second ramp from the barge to the shore. The town anticipates building out from the current shore to provide a full terminal and lanes for staging.

Geno Marconi of Portsmouth said low tide heights meant only the ferry ramp was needed there.

Belfiore continues to discuss using rail intermodal service with an official from the Hub Group; some destinations quoted were significantly less than over-the-road, while others were note.

Interested? Belfiore asks any freight forwarders or transportation companies to contact him at ralph.belfiore@rrcruiseline.com. {ANR&P discussion 5.Aug.2003}
SHELBURNE-GLOUCESTER

29 July, Gloucester. **GLOUCESTER IS SEEKING AN OPERATOR FOR A PASSENGER/AUTO FERRY** between Shelburne and Gloucester. Greg Ketchan, the harbor plan implementation coordinator, explained that following the discussion in 1999 [see 99#17 and map 26 June issue], Massachusetts paid for a marketing feasibility study which showed that a market existed for such a service.

The state then paid for a second study to look at operational feasibility. This was completed by Annapolis Tech Infrastructure Consultants (Jim Hunt, principal for the branch in Annapolis, Maryland) in December 2002. The combination of the two studies shows that a service which would take both passengers and their cars, operated between May and October, can operate without a subsidy.

Since December, Ketchan has sent the study to several ferry operators. While he has no serious proposal, he continues to hold discussions. One drawback: in order to operate efficiently, the service needs a ro-ro terminal in Gloucester. The community would probably not fund it, nor would the ferry operator, so Ketchan believes a private developer might build it.

He hopes for an operator to start up next year. {ANR&P discussion}

RAIL SHIPPERS

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

Fletcher Granite (GRS MA), Gateway (PW CT), Getty (PW RI), Logistec (PW CT), Willimantic Waste (NECR CT)

PEOPLE

**Jim Howard**, attorney in Charlestown with an extensive rail practice (he continues as trustee for the Bangor and Aroostook bankruptcy), is handling the Milford and Bennington Railroad’s STB matters. **Colin Pease**, rail consultant out of Concord, Massachusetts, has done a bit of work for the MBRX while primarily consulting for the Wilton Scenic Railroad.

**Logistec USA** hired a sales manager for the US East coast. **Gilles Dumont** will start work at the end of August.

The former owner of the Warwick Railway died in July. **Oscar J. Greene**, 85, worked as a PW engineer after that company purchased his railroad; he owned it from 1960 to 1980. He previously had worked as a trolley-car motorman for the former Rhode Island Company and a bus driver for the former United Electric Railway of Providence.
FIRST CLASS MAIL