REGIONAL ISSUES

Emons: Quarterly results terrific.
Passenger rail: June meeting in Durham.
Intermodal: Lily of Auburn MA becomes an IMC.
Railcar statistics: For the regional companies.

CONNECTICUT

[No report.]

MAINE

Legislature: Trespassing bill signed.
B&A: Updates on refinancing, Derby, excursions, Fort Fairfield.
FTR: Maine Coast, Lewiston Lower Road, Amtrak

MASSACHUSETTS

Cape Cod Central: Startup this weekend.

NEW HAMPshire

Commuter: Plaistow would work better than Portsmouth in the short term.
Airport branch: CLF files three actions on the airport’s lifting the rail.
GRS West Lebanon: Tentative agreement on sale. Barker Steel possible customer.

RHODE ISLAND

[No report.]

VERMONT

Legislature: Details on transportation budget.
VAOT siding program: Details on three years’ worth.
Amtrak existing: How to improve service.
Amtrak ABRB: Funding increased. GRS signs MOU on negotiations. Hi-rail trip.
GRS Wells River: Tentative agreement on price.

Wilder customer restored.
LVRC: STB declines to permit easy termination.
VRS: Commuter rail, OMYA spur update.

MARITIMES/QUÉBEC

B&A: SLH puts Edmundston sub for sale.
CBCN: Would like level playing field.

ATLANTIC NORTHEAST PORTS

Winterport: No legislative funding.

Favorite story
With Class Is raising the minimum volumes IMCs need to present in order to do direct business with them, you have to admire Lily’s effort to enter the IMC ranks.

Provincial support
I am glad to see CBCN’s Peter McCarron echo my call for provincial support of rail. Keeping the trucks off the road means less wear and tear, and more safety for the rest of us.

- Chop Hardenbergh

EMONS QUARTERLY RESULTS

May. EMONS HAD A SIGNIFICANT INCREASE IN RESULTS for the third quarter of its fiscal year, ending 31 March. Operating revenues increased 44% over the same quarter.

last year, and net income almost tripled to $371,000. Chair Robert Grossman noted that carloads had increased 74%, though revenues per carload decreased 15% “due to carload rates on our new railroad in Québec that are lower than the average rate per car on the Company’s other railroads.”

Intermodal volume at 1900 declined 21% [see 26 February issue] versus the same quarter last year, but increased from 1700 in the second quarter of the fiscal year. {Emons press release}

**NORTHERN NE REGIONAL RAIL**

24 May, Durham NH. POLICY MAKERS WILL TALK ABOUT REGIONAL PASSENGER RAIL, here on 10 June at the New England Center, to follow up the November 1998 meeting [see 5 February 1999 issue]. Brought together by TrainRiders/Northeast and the Conservation Law Foundation (CLF), 34-36 people will discuss how they can pool their efforts to revitalize regional rail. Wayne Davis of TrainRiders and Mark Sinclair of CLF anticipate representation from the governors’ offices, congressional delegations, key state legislators, departments of transportation, the FRA, and Amtrak. Davis listed FRA Deputy Administrator Arrigo Mongini and FTA administrator Dick Doyle as attending, with invitations to Hasty Evans of the MBTA and Commissioner Kevin Sullivan of EOTC.

Using the Midwest Rail Initiative as a model, Sinclair said the meeting could work on cooperating in rail efforts, planning a rail network, and finally deciding how to fund it. Two who address the November confab as well as a 1992 meeting will also come: Alex Metcalf, who worked on the Midwest effort, and Gene Skoropowski, a rail consultant who worked on the Florida high-speed rail initiative.

Davis said in response to requests, the participants would sit around one large square table from one to four PM in a work session. He hoped that they would agree to form a working group to push further on regional rail for northern New England.

**Amtrak’s new emphasis**

One spur to cooperation, said Davis, is coming from Amtrak, which is no longer starting service whenever a state requests it, but rather looking at the effect the new service will have on service already existing in the region [see 12 May issue: Amtrak Vermont].

**Preliminary meeting**

Representatives from Maine (Ron Roy), New Hampshire (Kit Morgan and Jim Marshall), and Vermont (Greg Maguire) DOTs gathered in Concord in early May to discuss coordination in advance of the Durham meeting. According to Roy and Morgan, the participants talked about which passenger rail efforts each advance of the Durham meeting. According to Roy and Morgan, the participants talked about which passenger rail efforts each

**High-speed rail**

On 11 March, the FRA received a joint filing from Massachusetts, Maine, and New Hampshire seeking designation of the Boston-Portland route as a high-speed corridor. If so designated, federal funds could pay for the work to increase the speeds above the current design for 79 miles per hour. {TrainRiders Northeast newsletter 5.99}

**NEW INTERMODAL PLAYER**

20 May, Auburn MA. LILY TRANSPORTATION’S IMC BUSINESS IS “REALLY POPPING” only months after starting up, according to Frank Napoli, director of operations of for the freight management division.

**Some history**

Lily has operated a trucking service in New England since 1958, and is the first trucking company ISO 9002 certified. It has grown to 850 employees and more than $100 million in revenue. In addition to intermodal, the company offers the following services: Logistics Management (direction and control of one component or the entire customer supply chain); Dedicated Contract Carriage (a turnkey transportation network tailored to a customer’s unique requirements); Full Service Leasing (transportation equipment for a customer’s unique requirements, plus on-going maintenance and support services); Warehouse Management (responsibility for the efficient flow of product and inventory in a customer’s facility); Specialized Maintenance Services (a fleet maintenance program to insure greater reliability and less downtime); Freight Management (management of all aspects of carrier movement of a customer’s products including negotiation of rates, selection of carriers and monitoring of service levels); Equipment Rental (late model equipment for peak or seasonal business requirements); and Driver Compliance Services (management of all DOT-required functions of driver compliance including log auditing, review of driver qualification files, controlled substance testing and driver history verification). {Lily website, http://lily.com}

Freight Management has two parts: truckload and less-than-truckload (LTL). The truckload division provides support to logistics management and contract carriage as needed.

**Lily’s truck-operating territory**

Beginning in Massachusetts (corporate headquarters Needham MA), Lily has expanded to the rest of the US Northeast, with offices in New Haven, CT; Newark, DE; Auburn, Scarborough, and Bangor ME; West Springfield, Auburn, Boston, Westwood, and North Reading MA; Hudson and Concord NH; Newark, Cherry Hill, Woodbridge, and Carteret NJ; Bronx, Brooklyn, Albany, and Newburgh NY; High Point NC; Providence RI; South Burlington, Brattleboro, and Barre VT.


Why the creation of intermodal
Because it was providing logistics management, contract carriage, and freight management, the head office decided, rather than farm out the intermodal, Lily could start its own intermodal marketing company. That way, Lily can offer intermodal services to its customers in these three areas, as well as reduce costs to the customer.

In December 1998, Lily hired Frank Napoli from Alliance Shippers, where he was handling intermodal accounts. By February, Napoli was ready to offer intermodal rates to customers.

**Basic business: backhaul**

As detailed in *Atlantic Northeast Rail and Marine Transport Review 1999*, inbound land freight flows in New England at 94 million tons far exceeds the outbound flow of 68 million tons. Both the trucker and the container shipper seek means of filling the excess empty trailers and containers which must go back to the point of origin - better known as ‘finding a backhaul.’

Napoli has arranged with four steamship companies, whose containers need to return to the West coast, a rate to use the otherwise empty containers. The steamship companies already have a wholesale rate from the railroad to move the box across the country. Lily arranges a rate with the steamship company and adds a drayage fee to move the box to the ramp here in the East, and to deliver the box from the ramp in the west.

“We’re strictly North America,” Napoli noted, not a NVOC [non-vessel-operating common carrier] who would provide a backhaul for the box all the way to Asia. Lily only uses the box as far as the West coast.

**Other business/relationship with the railroads**

About 65% of Lily’s intermodal uses the steamship company boxes; the remainder Lily arranges directly with the railroad by obtaining a wholesale rate for containers or trailers.

Given that railroads want to serve only the larger IMCs [see box], how does a startup break in? “We brought to the table a very liquid company, well-known in truck leasing.” Within a few months, Napoli had gotten Lily past the biggest hurdle, adequate credit, and established rates with several railroads and the four steamship companies.

**How quickly can Lily get rates from the railroads?**

When using steamship boxes, Lily already has a set rate on the railroad and can quote a rate to a customer in five minutes.

It’s a different story with the railroads. As noted at the NEARS conference in April [see 30 April issue], railroads have created a lot of shipper dissatisfaction because of the length of time they take to quote a rate. Lily can get rate quotes “within 24 hours,” said Napoli, in a new lane.

But Lily cannot readily re-use that rate with a new customer in the same lane. Even though the railroad has already set a rate for one particular traffic lane - say Boston to Vancouver - for customer X, Lily cannot use that rate for customer Y wanting to ship in the same lane without the permission of the railroad.

Instead, customer Y must itself ask for the same rate, using what’s called in the industry as a ‘Me-too’ letter. Customer Y writes: ‘Dear Railroad, You have provided customer X with a rate between Boston and Vancouver via Lily Transportation. Please give us the same rate.’

**Lily versus the established IMCs**

“Our intermodal revenue comes nowhere near the large companies,” Napoli readily admits. “We compete against them by providing more personal service.” Lily’s website states: ‘All good service companies want to meet their customer's needs. Most companies that offer pre-packaged “solutions” do meet most customers needs some of the time. At Lily, solutions don't come pre-packaged. We diagnose each customer's individual needs and then provide our customized capabilities.’

Customers decide based on cost and service, Napoli said. Some of the IMC’s customers were using over-the-road shipping before. Some have switched from other IMCs. “Our revenue is growing - we’re a little above the target of our business plan at this point.”

While confident that Lily is succeeding in entering the IMC market, Napoli declined to specify a target volume level. “We want to crawl first, and then walk, and then run.” Even while crawling, he noted, “some larger IMCs have taken notice of us, recognizing we are a player in the market.”

**CLASS Is RAISING REQUIREMENTS**

IMC sources say that NS will raise its minimum requirement from 250 to 1200 loads per year. In 1997, BNSF raised the minimum annual requirement for IMCs from $500,000 to $5 million. At the same time, BNSF told NS of its change, including naming the smaller IMCs that fell below its new $5 million mark. Many IMCs shares the concern expressed by one small IMC: “This appears to be an orchestrated effort among the large carriers to get the small intermodal companies out.”

One solution to get around the minimum requirements: the little guys band together in consortia. Results have not been stellar, because BNSF requires all communications be channelled through one member of the consortium. The consortium members have posted bond to one another to cover volume commitments, and have had to hire someone to coordinate between the railroads and the IMCs. [Intermodal Business 17.May.99].

**NS AND NE**

20 May, Lowell. *NORFOLK SOUTHERN IS WORKING WITH GRS TO ACCESS NEW ENGLAND MARKETS*, said Alex Jordan of the NS Corporate Affairs office during a presentation to the Massachusetts Bay Railroad Enthusiasts meeting. In particular, he listed Maine (paper products) and Massachusetts (containers at Ayer). “We’re making a strong effort to cooperate and build a relationship to provide the kind of service that customers expect.”

For customers not on GRS, NS is working with short lines in New England such those on the Green Mountain Gateway (CP/CLP/GMRC/NECR), to offer them NS access to markets in the south and west.

**Other points**

NS did express an interest some years ago in serving the Port of Boston, especially if it could get on-dock rail. State Senate President William Bulger had made it clear that he could see no
way doublestack trains would run through his district of South Boston. Boston may have missed its chance because of poor railroad infrastructure, high labor rates, and politics.

The single most regrettable decision ever made for railroad transportation in the Northeast was the closing of the Poughkeepsie Bridge across the Hudson River. That left only one rail outlet, via Albany, and no competition to Conrail. The result? Everything in the supermarkets is priced a few pennies higher east of the Hudson. The State of New York is studying the possibility of reusing the route; NS, however, is not itself making any effort in that direction.

BNSF, currently cash rich, would like to serve New York City via a direct route, (realizing an age-old dream of the Santa Fe). Recently, when NS stock fell to a low due to the financial cost relating to the Conrail acquisition and subsequent infrastructure expenses, BNSF may have considered a takeover of NS as a means of getting to the East. {ARW reconstruction of meeting from discussion with participants who preferred not to be named}

**Note:** Without citing sources (except to say that none work for NS or GRS), ARW can say that many in the local New England rail community hope that the increasingly close relationship between GRS and NS will improve GRS service.

### FLEET STATISTICS

January. **RAILCAR OWNERSHIP** of companies in the region, courtesy of the May issue of *Progressive Railroading*, which in turn got the statistics from the Official Railway Equipment Register, which in turn got them from the railroads:

- Bangor and Aroostook Railroad: 2762
- St. Lawrence and Atlantic Railroad: 1665
- Maine Central Railroad: 1392
- Yorkrail: 1386
- Twin State Railroad: 1006
- Lamoille Valley Railroad: 814
- Boston and Maine Corporation: 661
- Maryland and Pennsylvania RR: 445
- Cape Breton and Central NS: 438
- Massachusetts Central Railroad: 210
- Van Buren Bridge Company: 174
- Georgia Pacific
  - Eastern Wood Products: 1042
- Cargill - Salt division: 826
- J.M. Huber Company: 421

Combining SLR, York Rail, and the Ma and Pa - all Emons railroads - gets a total of 3496, which puts Emons 23rd in the nation among railroads.

### PROJECTS OF THE RAILROAD

**was provided by Ben Coes, spokesperson:**

**Refinancing**

Parent company Iron Road Railways is working with a number of parties to complete a recapitalization of the company, said Coes. While the effort has taken some time [see 19 November], completion is getting closer. “We’re into the documentation phase, and excited about working with our new financial partners.”

**Derby Shops**

The railroad is completing the centralizing of all heavy car and locomotive work in Derby Shops [see 11 September 1998 issue], located in the town of Milo just south of Brownville Junction. Officials had looked at building a new facility in Farnham PQ, but found a lower-cost alternative in upgrading and rebuilding the Derby Shops, which have vast acreage and facilities in “moderate” shape. Coes said when the work is completed at the end of the summer, workers will perform most car and locomotive work there.

The railroad will have, for the first time, its own fueling station. Currently, workers transfer fuel into locomotives from tank cars.

Derby will also offer services to other railroads. Currently, the B&A does a bit of contract work at its state-of-the-art paint shop. In the new facility, the B&A can offer a range of contract work to railroads with which it interchanges.

“It’s also good news for the area,” Coes pointed out. While the shops will never return to employing 2,000 people as they did years ago, “we’ll see a mini-resurgence.”

The Newport VT shops, inherited from CP in 1996 when IRR bought the northern Vermont and Québec lines, will remain open, according to Coes. Workers there will continue to do minor car repairs. The company may expand that facility if needed.

**Excursion trips**

Coes said the railroad will run a shorter schedule of excursions than 1998 [see 11 September 1998 issue], because its major 1999 capital program will take priority [see 30 April issue]. Combining that with excursion trips would become “too hectic.” Planned trips include two charity runs, a second annual Children’s Miracle and a Maine Public Broadcasting trip, as well as customer trips. Tentatively, it will run some leafpeeper trips on the Northern Vermont.

Squaw Mountain had expressed interest in ski runs between Bangor and Greenville some years ago. The railroad would certainly “look at” that option, if the ski resort wanted to charter a train.

**Fort Fairfield**

Because the town has not moved to purchase the track, which the B&A abandoned in October [see 22 October 1998 issue], the railroad has cascaded ties and rail out of the section.

Tony Levesque, the town’s economic development official, said the had not worked on the rail line because its attention was consumed with an effort to get funding for a dike to protect the downtown business area from floods of the Saint John River. The necessary paperwork was signed on 24 May.

The town remains interested in rail. It bought the former CP
rail corridor for $11,000 and is trying to negotiate a land swap with the B&A for a site for the former CP rail station. And it still believes that a shipper could occupy the Interstate Foods facility who would like rail. But, said Levesque, it has not had success in contacting the B&A. {ARW discussions}

FOR THE RECORD:

MAINE

MAINE COAST: Look for some major news at the annual meeting of the board of directors on 4 June.

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LEWISTON LOWER ROAD: “All is quiet,” said MDOT’s Allan Bartlett. Grimnell Industries and GRSS apparently remain at an impasse [see 12 March issue], preventing the state from moving ahead on purchasing the line.

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VIVA FRA! The Federal Rail Administration sent to the STB on 24 May a finding that “there's no reason why 115-pound rail could not support Amtrak trains traveling at 79 mph,” said Warren Flatau, FRA spokesperson. The STB has set no timetable for a final ruling. Michael Murray, NNEPRA executive director, said: “This should be what guides the Surface Transportation Board in rendering a ruling.” {David Sharp of AP in Boston Globe 28 May, Cape Cod. }

Chris Hrones

meet in Wells to discuss developments. {ARW discussion with Organizations within whose territory Amtrak stations will exist will MPOS AND AMTRAK. On 28 May, the Metropolitan Planning Board’s technical advisory committee voted to continue to pursue the possibility of commuter rail.

Next steps

The New Hampshire Senate is currently entertaining bill HB444, funding a study of commuter not only to Portsmouth, but Portsmouth to Kittery. According to the NHRRA, MDOT Commissioner John Melrose has responded positively to the idea. Hrones hoped that the study, if funded by the legislature, would accept the results of his study on ridership and costs, and look other issues. For example, monies to pay for the commuter service must be identified, and institutional issues such as relating to the MBTA need resolution.

Hrones will present his draft study to the Seacoast MPO Joint Technical Advisory Committee and Policy Committee meeting on 3 June. On 30 June he will present it to the MPO board, and then seek public comment. He hopes to write the final report by the end of July [contact him at (603) 778-0885].

What about commuter rail via Plaistow?

Hrones said this would prove more cost-effective, at least in the short term, because the western route would have new rail and stations in Exeter, Dover, and Durham courtesy of the Amtrak service [see Maine]. [Moreover, such service would draw from both east and west of the line, while service via Hampton has only the ocean to the east. Portsmouth and Kittery could get service via Rockingham Junction.]

However, commuter rail to those three towns might undermine Amtrak ridership.

Extending T service from its current end point in Haverhill MA to Plaistow NH could make sense, though, because Amtrak will not stop in Plaistow.

Track condition

While most of the rail for the proposed route remains, GRS has pulled some of the rail - 85-pound - and left it stacked along the track, according to NHDOT rail administrator Kit Morgan. The lack of track was cited as one reason for Thorn Mead to abandon his thought of running an excursion train there [see 18 December issue]. {ARW discussions}
Superior Court seeking a halt to further airport activity until the above two administrative proceedings reach a conclusion. [ARW discussion with Kit Morgan 25.May.99] [More on these actions in a future issue.]

**GRS - WEST LEBANON**

9 May, Concord. **NH DOT AND GRS HAVE A TENTATIVE AGREEMENT FOR THE SALE OF THE WEST LEBANON TRACKAGE AND YARD.** The two sides need only to resolve the language covering responsibility for environmental cleanup, both known and unknown. Despite this progress, NH DOT rail administrator Kit Morgan cautioned against thinking about steps beyond the date on which the state acquires the line: “It’s still too early for that.”

The state did accept the evaluation by the environmental consultant “as far as it went,” said Morgan, but asked for more research in the rail yard. The results of the last research are still pending. {Valley News 10.May.99; ARW discussion}

Possible customer
The Lebanon division of Barker Steel is looking at various locations for its new facility, having decided against using White River Junction for a rebar fabrication plant [see 5 November 1998 issue]. Locations mentioned include Canaan NH (east of Lebanon on the now-defunct Northern Line) and a new point in Lebanon with rail access, on Glen Road near the Twin State Sand and Gravel facility. Barker is currently located at 38 Spencer Street in Lebanon, east of the end of track. {ARW discussion with Barker official 24.May.99}

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**VERMONT RAILROADS**

**GENERAL ASSEMBLY**

20 May. **DETAILS ON THE LINE ITEMS OF THE TRANSPORTATION BUDGET** were provided by Greg Maguire, head of VAOT’s Division of Rail and Public Transit [see 12 May issue for substantive language]. All line items with the exception of ABRB [see below] and the Bellows Falls clearance remained as proposed [see 26 February issue]. Legislators added $100,000 to examine the clearance problem. For Wells River and Amtrak comments, see below.

**VAOT - INDUSTRIAL SIDINGS.**

25 May. **AN UPDATE ON THE STATE’S ECONOMIC ENHANCEMENT FUNDING** was provided by VAOT rail administrator Dick Bowen. The money is granted to build industrial sidings, if the railroad and the company will each match it.

**FY98**

The fund had only a total of $180,000 (state dollars $60,000), which went for a siding for the Qualitad Company in Rutland, and a siding for a salt shed and the shed itself in Riverside on GMRC to be operated by the Barrett Trucking Company of Burlington. In 1998, construction of the salt shed ran into problems with a permit under Act 250 (the Vermont statute governing development); the permit is now granted and the shed will be constructed this summer.

**FY99**

Of the $1.597 million for 12 projects awarded [see 26 February issue], some are underway, some have an agreement with the state but are not underway, and some are still in the process of getting agreement.

**FY00**

With the signing of the transportation capital budget [see above], VAOT will have $600,000 to match railroad and company contributions, making the total fund $1.8 million. Bowen said he would begin accepting applications for the use of the money at the beginning of the fiscal year on 1 July. He has sent letters asking for input for projects, giving the railroads until 1 June to respond. Only the B&A has responded, and wants additional time.

**Conditions**

The grants require that if the siding is not used, the materials be returned to the state, though Bowen notes that this has never become an issue.

No formal evaluation of how well the funding works has occurred. “The fact that salt is delivered at Riverside, that oil transferred in Rutland and Burlington yards [an earlier grant to MacIntyke Fuels], shows the grants are working.”

Recalling an earlier request to use the siding funds on existing sidings, Maguire said the funding would support revival of an inactive siding, but would not pay for maintenance of an active siding. {ARW discussions}

**AMTRAK - EXISTING**

20 May. **VAOT IS TALKING WITH AMTRAK ON HOW TO IMPROVE SERVICE.** The Vermonter ridership is not doing well, in part because of low-cost air fares between Burlington and New York City, said Maguire. “One new offering will cost only $39, while Amtrak is charging more than that for a nine-hour train ride,” said Maguire.

Legislators would like to extend the Vermonter to Montréal [see 12 May issue] but are balking at the $2.2 million price tag Amtrak is quoting. VAOT intends to discuss the situation with Bob Bergeron, whose buses meet the Amtrak trains in St.Albans for continuation to Montréal [see 12 May issue]. Maguire believes that bus and rail service could cooperate more, citing California as an example where they work well together. {ARW discussion}

**AMTRAK - ABRB**

1 May, Montpelier. **THE GENERAL ASSEMBLY INCREASED THE FUNDING** to permit Amtrak service from Albany NY to Bennington VT (and ultimately to Rutland and Burlington, hence ‘ABRB’). VAOT proposed using $232,000 of state money [see 26 February issue] and $929,600 of federal money.

In the state FY99 Budget Adjustment Act, passed earlier in 1999 to reprogram unspent FY99 money, legislators asked VAOT to draw down some of the $11 million in federal funds earmarked in 1998 for this project [see 4 June issue]. In the FY00 Transportation Capital Budget, legislators allocated $1.45
million of the $2.3 million to the Hoosick-Bennington section of ABRB [see 12 May issue]. The federal government has ruled that the 1998 federal earmark may fund work only between Bennington and Burlington. Hence, the entire $1.45 million must come out of state funds.

Under section 11 of the Transportation Capital Budget, the other $0.85 million will cover the cost of ties between North Bennington and Arlington. \{ARW discussion with Maguire\}

19 May, Montpelier. **GUILFORD HAS SIGNED A MEMORANDUM OF UNDERSTANDING ON AMTRAK SERVICE** from Albany NY to Bennington. Bob Stannard, the consultant who secured the agreement on behalf of the state, said, "it’s not much, but it’s better than nothing. Is it an operating agreement? No, but you’ve got to start somewhere."

The MOU covers the various terms for the ultimate operating agreement. Noting the difficult negotiations between Maine and GRS for service there, Stannard said, "Frankly, my guess is they aren’t overly wild about passenger rail service over their lines....After a lot of hounding from us, frankly, Guilford is saying, 'OK, fine we will sit down and talk now.'

Stannard credited Maine and the STB with resolving issues such as liability and access. "My thanks to the poor people who went through the process," he said. "As soon as the Portland deal was signed, it really did resolve a lot of our issues." [See 12 March issue.] Stannard’s consulting firm Rail Head is retained by a group of businesses in the Bennington and Manchester area [see 26 February issue ].

A train is now expected to start running into Manchester in the summer of 2000, and reach Rutland and Burlington after that, said Representative Pembroke (D, Bennington), chair of the House Transportation Committee. Pembroke has been one of the most tireless supporters of the plan. "Being the eternal optimist that I am, I'm certain we can come to some sort of agreement with the Guilford folks," Pembroke said. "I think the atmosphere has changed within the Guilford company. I see more cooperation in there now; I see compatibility between passenger and freight in their scheme of things.'

'Meanwhile, Vermont won't pay for any track work until it has an actual operating agreement, said Mique Glitman, Vermont's acting transportation secretary. 'For Guilford to agree there are circumstances under which Amtrak could operate on their track is a wonderful development," Glitman said. "But we're not there yet." {Anne Wallace Allen in AP}

**The high-rail trip**

Under the MOU, GRS permitted VAOT to inspect 17 miles of track between Hoosick Junction and Mechanicville NY. According to Stannard, engineers from Amtrak, Vermont Rail Systems, VAOT, and Guilford rode along. The VRS and Amtrak engineers found the rail in wonderful shape, "better than anything Amtrak runs over in Vermont," said Stannard. The switch at Hoosick Junction, which the consultants had believed needed replacement, "works fine."

**Slower track in Vermont**

Stannard expected that Vermont would upgrade the Hoosick-North Bennington section to Class 3 track before start of service next year, but the train would run at slow speed - 30 miles per hour - between North Bennington and Manchester. He explained that during 1998 VRS upgraded the stretch between Manchester and Arlington to permit 30 miles per hour, and would do the Arlington-Bennington stretch in 1999. "I guarantee the service will be successful at 30 miles per hour" even though it will have only one round-trip from New York a day.

**Dealing with Guilford**

Noting that he had seen negative remarks about the difficulty of dealing with Guilford, Stannard said: "In my experience, Guilford has tough business people, but once a meeting of minds is reached, they are very cooperative. They bent over backwards to accommodate us." \{ARW discussion 24.May.99\}

25 May, White River Junction. **VAOT AND GRS HAVE AN AGREEMENT IN PRINCIPLE** on the price and other conditions for the sale of the line from here to Wells River [see 12 May and 30 April issues]. According to John Dunleavy, Vermont assistant attorney general, the two sides are working out language permitting GRS to interchange with any new operator as well as with NECR in White River Junction. Dunleavy did not believe the railroad wanted to preserve the option of serving shippers on the line.

Issues include dispatching, control, and track maintenance. GRS needs some track for its interchange, runaround, and turning locomotives on the wye.

**Wilder operation**

The bridge knocked out in December was repaired within a month after the damage occurred, according to an official for Jewell Transport, the GRS customer [see 8 January issue]. {ARW discussions}

**LAMOILLE VALLEY**

17 May, DC. **THE STB DECIDED NOT TO GIVE LVRC A MODIFICATION** of its certificate of public convenience and necessity and then accept LVRC’s notice of termination of service, despite VAOT’s request for reconsideration [see 26 February issue]. VAOT stated, according to the STB, that ‘LVRC is a moribund carrier incapable of the organizational effort and legal expense necessary to file a conventional application for discontinuance authority or even to invoke the Board’s class exemption. The state does not want to assume the burden of proceeding under the Board’s adverse discontinuance procedures in order to regain control of its property.’

The STB decided that the railroad could ‘file a notice of exemption under the two-year out-of-service procedures at 49 CFR 1152.50. The procedures are simple, inexpensive, and certainly less onerous than the unorthodox procedure the parties have chosen to pursue.’ {STB Finance Docket No. 33709}
Inexpensive?
John Dunleavy, Vermont assistant attorney general, said the notice of exemption was surely easier than a full-blown abandonment procedure, but the state had to advance LVRC the money to make the initial application in this proceeding. The notice of exemption does require environmental and historical reports, plus the notice for an offer of financial assistance, something LVRC could not afford.

When necessary, the state will probably subsidize LVRC to proceed in this way, unless the state chose to file under the adverse abandonment proceeding. No action is currently necessary, since no one wants to begin operation on the line without some further state funding [see 7 April issue]. [ARW discussion]

[Note: When the State of New Hampshire bought the NHVT in April for $1.3 million, the railroad paid its own fees to the STB for the transaction [see 30 April issue]. Apparently, Forbes doesn’t need to transfer money from one pocket richer by $1.3 million (NHVT) to another poor pocket (LVRC) to pay the necessary costs.]

VERMONT RAIL SYSTEM
20 May, Shelburne. PROGRESS IS OCCURRING ON THE COMMUTER RAIL, said Maguire. A contract for the signal work was awarded to Harmon Industries. A contract for construction of stations in Shelburne and Charlotte should be reached by mid-summer, though the Charlotte station has permitting issues.

Most the rail work is done, with the exception of a siding in Burlington. [ARW discussion]

24 May, Middlebury. UPDATE ON THE OMYA SPUR. According to Mark Sinclair, efforts are proceeding on three fronts:

VAOT support
The agency has made available $75,000 in discretionary funds to pay for the start of permitting for the chosen rail route from the quarry in Middlebury to the VRS main line [see 5 February issue]. Furthermore, the state government has agreed it would become a partner in funding the capital costs of the spur [see 12 March issue].

On the other hand, the agency had not yet presented a ‘project action plan’ as it was required to do under the Memorandum of Understanding signed in 1998.

Act 250 Appeal
The State Environmental Board on 25 May decided on OMYA’s effort to increase truck traffic to 170 round trips a day. The Board granted only a minor increase, from 113 to 115 trips. VAOT’s Scott Bascom noted that with this decision made, the stakeholders may be more ready to move on rail.

Crossing of conservation easement
Sinclair explained that the proposed rail spur would cross land subject to a conservation easement held by the Middlebury Land Trust [see 26 February issue]. “We can work through that,” he believed, and come out with more land protected along Route 7 than is now. [ARW discussion]

Stakeholder meetings
Sinclair would like to get a meeting among CLF, OMYA, and VAOT to plot strategy, and to work with FHWA to “flex TEA-21 funding into this project.” In other parts of the country, such flexing has worked. Work on permitting must start this year, if work must get done in five years, as agreed under the MOU. [ARW discussions 24-25 May 99]

B&A CANADA
13 March. CANADIAN PACIFIC PLANS TO SELL ITS EDMUNDSTON SUBDIVISION in the next three years, according to the Three-Year Plan published by subsidiary St.Lawrence & Hudson Railway this day. It runs from Grand Falls NB (location of a McCain food plant) to Cyr Junction NB (interchange with CN near St.Leonard), a distance of 7.8 miles (12.6 kilometers). [CP website via Trains and Locomotive News 5.99]

The B&A operates via trackage rights from Van Buren ME to Grand Falls to serve the plant [see ] and in the past has expressed interest in purchasing it.

CAPE BRETON & CN
18 May. THE RAILROAD WOULD LIKE A LEVEL PLAYING FIELD to serve the natural gas fractionation plant in Point Tupper, which will come on line soon. Peter McCarron, president of RailTex Canada and general manager of CBCN, said the province’s proposed highway improvements to serve the plant would subsidize his competition. CBCN is not looking for a government handout, but would like equal treatment.

“‘The trucking industry is subsidized here in Nova Scotia and in most provinces. Every time you buy gas, part of the tax goes back into highway infrastructure.

“We, on the other hand, supply all the capital money for maintenance of our track and rail beds through the revenues generated by the freight we haul.” The railroad does get an exemption from the provincial 8% tax on diesel fuel.

The railroad has held preliminary talks with Shell, Mobil, Imperial, and other oil companies to move the product from Point Tupper. It will have to do some preparation of the rail line, and will need to maintain it, for the anticipated 5,000 to 7,000 carloads from the plant.

McCarron would like the province to view transportation as the states do. “When you look at federal and state handling of transportation requirements, they look at the total transportation package. They include air, marine, highway, and rail.”

The highway view
Clifford Huskilson, the provincial transportation minister, said he had asked his federal counterpart for federal financial assistance for highway improvements, especially in view of the additional
traffic coming from the offshore gas and oil industry. Huskilson expressed a readiness to discuss the issue with McCarron. {Tom Peters in Halifax Herald 19.May.99}

**Halifax**

14 May. **FURTHER POST-MORTEM NOTES ON THE SEA-LAND/MAERSK DECISION:**

**Rail rates from Baltimore**

According to Phil Connors, Maersk vice-president, Baltimore presented a very cheap port operation, but could not overcome the cost and uncertainty of moving the cargo to areas north and west of New York City. The Port of 50% of that cargo by rail to areas "It was the cost of getting cargo up to places like Connecticut and New England that made the difference," he said. Maersk estimated that 63% of the inbound cargo would need to be railed to the New York region and 35% of the export cargo from the New York region. Baltimore, he said. Up to 10% of the container cargo was diverted to Halifax from New York-New Jersey over the past several years due to the port's existing 40-foot channel depths.

The carriers now plan to expand the existing Sea-Land terminal at Port Elizabeth by 2003 and will then know whether initial plans to move up to 500,000 containers a year could increase to as much as 700,000 containers a year, Connors said.

New Jersey Governor Whitman had sweetened the New York-New Jersey offer last month when she came up with an additional $121 million in state funding. That, along with concessions from the International Longshoremen's Association in New York-New Jersey offer last month when she came up with an additional $121 million in state funding. That, along with concessions from the International Longshoremen's Association in New York-New Jersey and a promise that the Port Authority would dredge its major artery to at least 45 feet by 2004, made the difference, Connors said. {Terry Brennan in Journal of Commerce 10.May.99}

NS offered six-hour service to New York if it could move containers on the Northeast Corridor, said Jim White, executive director of the Maryland Port Authority. But CSX did not offer the same cooperation. White said CSX would have been "embarrassed" to buy the Conrail access to New Jersey and then have one-quarter of the New York business move to Baltimore. {Eva Hoare in Halifax Herald 11.May.99}

**Halifax traffic**

Container cargo moving through the Port of Halifax rebounded significantly in the first three months of this year, following a slight overall drop in 1998. Container tonnage increased 14% over the same period last year [not 70% as in last issue]. Tonnage at the end of March was 946,265 tonnes, compared to 830,511 tonnes for the same period in 1998.

The number of twenty-foot-equivalent containers was up 17% to 117,476 from 100,483 over the same three-month period in last year. Container traffic to and from the American Midwest continues to increase, up 12.6 per cent for the first three months of this year, following an overall increase of 10% last year.

CN Rail moved over 65,000 containers from Halifax to the Midwest in 1998 and a strong start to this year indicates that will continue to climb.

Patricia McDermott, vice-president of marketing for the Halifax Port Authority, says the new service started in October by K Line, Yang Ming and China Ocean Shipping Company helped boost traffic in the first quarter. The three lines, which have vessel-sharing-agreements, call at Halifax weekly on the eastbound leg of their Europe-North America route. Another line, Italia Line, recently returned to Halifax after an eight-year absence. Italia will call at Halifax weekly through a slot charter agreement with the Zim line on its Mediterranean service. [The port has 20 container lines calling, not ten as erroneously reported in the last issue.]

Break-bulk cargo showed a 5.4% increase in the first three months of this year over the same period last year and bulk cargo stayed about the same. Roll on/roll off tonnage was down about 13% compared to the same period last year, reflecting an international trend. {Halifax Herald 13. May.99}

**Expansion still possible**

Halifax Port Authority president David Bellefontaine said: “When you look at the utilization of our [intermodal] terminals, we are close to 75% of our capacity, and in the container business you have got to start planning extra capacity when you are anywhere between 70 and 75%, or you won’t be able to market your port in the near future.” He could not say whether the existing facilities should be expanded, or a new terminal built.

Don Elder, chair of the port task force for the Metropolitan Halifax Chamber of Commerce, said normal annual growth in the container business suggested that Halifax take the risk and build a common-user terminal. {Tom Peters in Halifax Herald 11.May.99}

In an editorial on 14 May, the Herald said: Understandably, the port wishes to pursue expansion, and the government money that could go with it, before the province and Ottawa remove their considerable chunks of cash from the port-project table. But the port should also investigate other ways to increase capacity, such as stacking containers higher with new equipment, adding more cranes to the available dock space as well as fully utilizing available land. Building new piers is not the only option.

The role of CN Rail, with a rail monopoly out of the port, is critical. President Paul Tellier recently said his railway’s rates, mile-per-mile, are the best through the north east. That may be so, and CN has implemented amazing efficiencies since its privatization. But with the considerable distance over which inland-bound cargo must be shipped, the rail costs remain a significant component for any carrier eyeing Halifax. All options and all possible efficiencies must be considered and carefully weighed to ensure the future health of the port. It will always be a combination of measures - labour, rail, terminal costs and port fees - that will play into a carrier's
decision whether to call Halifax.

Continued supership calls
Kurt Andersen, manager of Maersk’s Halifax operation, said the larger Maersk superships continue to call in Halifax. The Knud was in Halifax 8 May 8 and the Regina will arrive on 29 May 29. {Halifax Herald 14.May.99}

WINTERPORT
5 May. WINTERPORT TERMINALS FAILED TO GET LEGISLATIVE SUPPORT for financial assistance on docking fees. As proposed by State Representative Joseph Brooks (D, Winterport), MDOT would administer a $125,000 pilot fund to cover loading and unloading costs, as well as other charges. Fees usually run $10,000 to $15,000, which a ship can cover by moving about 400 tons of cargo.

Winterport Terminals, which operates a 400,00 cubic-foot cold storage warehouse, would like to serve ships as the port did some years ago. With the fees covered, shippers could pick up small amounts of cargo at Winterport. Supporters of the pilot fund believe that once word of Winterport got out among the shipping community, more vessels would call the port to utilize the facility. “We’re trying to get around the logistics of accumulating cargo to attract a ship,” said Dave Danielson, president of the company.

Reaction
He pointed to the fact that the state is spending millions of dollars on port facilities in Eastport, Searsport, and Portland, none of which have a cold storage facility, yet MDOT is resisting a fund of only $125,000. Governor Angus King agreed with MDOT in a letter to the company, saying the state did not want to directly support private industry.

MDOT’s port specialist, Brian Nutter, said on 24 May that the department invests in infrastructure, not operating subsidies to private business. It did not want to set a precedent by funding the costs for Winterport Terminals. However, MDOT is assisting the company in finding traffic and by publishing its offering around the country and around the world.

Members of the Legislature’s Appropriations Committee appeared to agree with the executive branch, nearly voting the measure ‘ought-not-to-pass’ but then deciding to continue it until next year.

Potential ship calls
Winterport has gotten fouled by federal law twice. Most recently, in April a ship of Panamanian registry tied up with a load of squid but then left when Customs discovered that it had loaded the squid on the high seas. Under US law, foreign-flagged vessels may not unload seafood in US ports if loaded on the high seas.

Earlier, a plan to unload herring and mackerel from a US-flagged factory ship, the Atlantic Star, was derailed by new federal legislation passed at the behest of smaller boat owners. The Atlantic Star may not fish itself, but may process on the Grand Banks fish caught by smaller vessels. Danielson is working with the Atlantic Star owners on a plan for it to unload the processed fish at Winterport Terminals. Much of it would go every two weeks by a freezer ship to Europe; but the balance would go by rail to the West coast. The owners of the ship have not committed to Winterport, but Danielson believes that they will do so in part because “we have been swinging the bat for them.”

Finally, Danielson is seeking to move US pork, beef, and poultry over his dock to Russia, under the Public Law 480 program. According to Nutter, MDOT assisted the company by contacting people in the Congressional delegations to help its becoming eligible for the federal program.

The rail connection
Winterport Terminals uses a siding on the B&A System about a mile distant from the dock. In the recent past, Maine blueberries have gone by rail to the Midwest. {ARW discussion 24.May.99; Walter Griffin in Bangor Daily News 5.May.99}

FOR THE RECORD: PORTS
MACK POINT STATUS: Brian Nutter, manager of port projects for MDOT, said the agency has presented draft ideas to environmental agencies and is tweaking the design to get the least environmental impact at the best cost. “We haven’t officially filed for environmental permits yet” but when that happens, he hopes to have the environmental barriers crossed. If so, MDOT could bid the project this year. {ARW discussion 24.May.99}
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