

ATLANTIC NORTHEAST RAILS & PORTS

Helping to move rail and port traffic through New England, the Maritimes, & eastern Québec.
A weekly trade newsletter.

operating railroads + ports, intermodal facilities, and government environment

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Issue 08#01B 16 February 2008

*Article unchanged from e-bulletin.

**Blue type in article: changes from e-bulletin.

REGIONAL ISSUES

Boston-Maine Airways: Management called 'not competent' by USDOT.*

Boston-Halifax ferry: Project still alive.

Regional: Saw mill closings.*

CONNECTICUT

ConnDOT: NS' Crescent Corridor New Haven?*

ST: Abandonment change keeps Amerigas.*

Bridgeport: Gets dredging plan dollars.

New Haven: Wants NYNJ feeder service.

MAINE

MDOT: Passenger rail north of Portland.

BML: Halts operation.* New freight?* Strategic Rail Finance brags on how it helped Trottier.*

MMA: Katahdin doing reasonably well.**

MMA: Hazmat incident in Searsport.**

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Portland: Export Canadian crude, still import foreign crude.*

MASSACHUSETTS

EOT: No decision on consultant for state plan.

ST-CSXI-NS: Schneider leaves Ayer and Beacon Park, consolidates in Worcester.*

NECR: Palmer will add track at park.

ST: More on New England Transrail.*

ST: Deal on Somerville yards dead?*

ST: Three consent to clean up in North Billerica.*

ST-MBTA: Small Starts project Fitchburg line.*

NEW HAMPSHIRE

SLR: Fraser shuts 3 machines, pulp traffic loss.

ST v NEGS: STB may decide in 120 days on adverse abandonment.* Court case note.*

ST: Abandons a mile in Concord; no customers.*

RHODE ISLAND

[No report.]

VERMONT

[No report.]

MARITIMES/QUÉBEC

MMA & SLR: Funding for lines in Quebec.*

Western Canada: Calls from private shippers for better rail service, or an end to duopoly.*

CN Nova Scotia: New cyanide customer?*

Sydney & Canso: More on new terminals.*

Canso: Melford has more funding for new terminal.*

Saint John: Another petcoke incident.*

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Michael Meyran. TRAQ symposium. Short Sea Symposium [see box elsewhere.]

FROM THE PUBLISHER

Ethanol not the solution

Ethanol from corn gives us more rail traffic, but it's a net loss for us and the Earth. Maybe sourcing it from trees will prove better. Trees, we have here.

'By displacing agriculture for food-and causing more land clearing-biofuels are bad for hungry people and the environment.' See *Scientific American* website}

- Chop Hardenbergh

Next issue: 29 February.

Common abbreviations: **BCLR** - Bay Colony RR, **BML** - Belfast & Moosehead Lake RR, **CBNS** - Cape Breton and Central Nova Scotia Ry, **CCCR** - Cape Cod Central RR, **CCRR** - Claremont Concord RR, **CFQ** - *chemins de fer Québec* System, **CMAQ** - congestion-mitigation or air quality (money from the US federal government for these purposes), **CN** - Canadian National Ry, **ConnDOT** - Connecticut Department of Transportation, **CPR** - Canadian Pacific Ry, **CSO** - Connecticut Southern RR, **CSRX** - Conway Scenic RR, **EOT** - Mass. Exec. Office of Transportation, **GWI** - Genesee & Wyoming Inc, **FHWA** - Federal Highway Admin., **FRA** - Federal Rail Admin., **FRTC** - Fore River Transportation Co., **FTA** - Federal Transit Admin., **Guilford (GRS)** - Guilford Rail System, formerly name for Pan Am Railway, see ST, **HRRC** - Housatonic RR, **MERR** - Maine Eastern RR, **MBCR** - Mass. Bay Commuter RR, **MBRX** - Milford-Bennington RR, **MBTA** - Mass. Bay Transportation Authority, **MCER** - Mass. Central RR, **MDOT** - Maine Department of Transportation, **MERR** - Maine Eastern RR, **MMA** - Montréal, Maine and Atlantic Ry, **MPO** - Metropolitan Planning Organization, **MTQ** - Québec Ministry of Transport, **NAUG** - Naugatuck RR, **NBDOT** - New Brunswick Department of Transportation, **NBSR** - New Brunswick Southern Ry, **NECR** - New England Central RR, **NEGS** - New England Southern RR, **NHCR** - New Hampshire Central RR, **NHDOT** - NH Department of Transportation, **NHN** - New Hampshire Northcoast RR, **NNEPRA** - Northern New England Passenger Rail Authority, **NSDOT** - Nova Scotia Department of Transportation, **Pan Am** - new name for GRS, **PVRR** - Pioneer Valley RR, **PW** - Providence & Worcester RR, **QCR** - Quebec Central Ry, **RIDOT** - Rhode Island Department of Transportation, **Seaview** - Seaview Transportation Company, **SLQ** - St. Lawrence & Atlantic Ry (Québec), **SLR** - St. Lawrence & Atlantic RR, **ST** - Springfield Terminal Ry (leases three parts of Pan Am Systems (Maine Central RR, Portland Terminal RR, Boston & Maine), **TIRR** - Turner's Island LLC, **TEU** - twenty-foot equivalent unit (measure of container traffic, equal to a 20x8x8 foot box), **VAOT** - Vermont Agency of Transportation, **VRS** - Vermont Rail System (Green Mt. RR Company **GMRC** + Vermont Ry **VTR** + Clarendon & Pittsford RR **CLP** + Washington County RR **WACR**), **WHRC** - Windsor and Hantsport Ry.

REGIONAL ISSUES

BOSTON-MAINE: MANAGEMENT INCOMPETENT

1 February, DC. **USDOT FOUND BOSTON-MAINE AIRWAYS UNFIT TO CONTINUE OPERATIONS.** [Boston-Maine Airways Corporation (BMAC) does business as Pan Am Clipper Connection. BMAC forms a subsidiary of Pan Am Systems (formerly Guilford Transportation Industries), which includes the ST railroad group labelled ‘Pan Am Railways’. {*Pan Am Clipper* (formerly *Guilford Xpress*) 1Q.06}]

‘By this order, we propose to revoke the certificate of public convenience and necessity issued to Boston-Maine Airways Corp. (“BMAC”), and dismiss its applications for foreign scheduled certificate and exemption authority for its failure to continue to remain fit, willing, and able to provide air transportation as a U.S. certificated air carrier.

‘Our review of the record in this case indicates that BMAC does not possess: (1) the financial wherewithal to continue or expand its operations without posing an undue risk to consumers and their funds, (2) the managerial competence necessary to oversee its current and proposed operations, and (3) a proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and to ensure that acceptable consumer relations practices will be followed.’

Managerial competence

‘BMAC’s President [David Fink] claims that the company was not aware that its Senior Vice President and General Counsel [John Nadolny], who submitted falsified documents to the Department [six months in jail, see 07#09A People], had engaged in such behavior. Whether or not that assertion is true, the company, through its President and other key personnel, were in a position where they should have been aware of this activity.

.....‘[E]ven if, as suggested by the air carrier, Mr. Fink had no direct actual knowledge of Mr. Nadolny’s deliberately deceptive actions, it is clear that he should have known of or exercised the discretion to discover those illegalities and that his failure to have done so reflects extremely negatively on both his compliance disposition and his ability to effectively manage and run an airline. Hence, we tentatively conclude that BMAC is not fit under Mr. Fink’s direction and control.’

Maintenance

‘The FAA has informed the Department that the air carrier’s staffing levels have decreased so much that BMAC’s maintenance manuals had to be rewritten because the positions responsible for specific tasks remained vacant. This situation further supports the Department’s tentative finding that BMAC lacks adequate managerial competence.’

Next step

The tentative order stated that any party objecting to making the findings final should file with USDOT within 30 days after the service date 1 February. The order was signed by Michael Reynolds, acting assistant secretary for aviation and international affairs. {Docket DOT-OST-2000-7668 and Docket DOT-OST-2003-14985, Order 2008-2-3 served February 1, 2008}

Current operation

When asked about the DOT order, Stacy Beck, BMAC spokesperson, said the company had “no comment at this time.” Beck confirmed that Boston-Maine operates one flight daily from Pease and flies only to Hanscom Field in Bedford, MA and Trenton Mercer Airport in Trenton NJ. {Shir Haberman in Portsmouth *Herald* 4.Feb.08}

Possible New York operation rejected by USDOT

In a January filing with USDOT, BMAC proposed to serve three airports in northern New York: Massena, Ogdensburg, and Watertown. It would replace Big Sky, which stopped serving the three cities earlier in January. Only BMAC offered to serve the airports, requesting that the federal government pay \$5.4 million toward the \$7.1

million, under a federal program to provide regular service to rural airports. BMAC estimated passenger revenue at \$1.6 million, and its profit at \$340,000.

In late January, USDOT rejected the BMAC bid because of its high cost. {AP in *pressrepublican.com* 25.Jan.08}

BOSTON-HALIFAX: FERRY

13 February, Boston. ***THE FERRY PROJECT REMAINS ALIVE***, reported Alf Howard, the driver of the project. ‘Over the last 2 months I have completed a business plan for the B-H ferry project, which is still alive. Last year, Martin Karlsen of Karlsen Shipping/Polar Star Expeditions joined our effort and has helped blow new life into it.’ {e-mail to *ANR&P*}

[In 2006, Howard had hoped the ferry would begin service in 2009. See 06#11B.]

REGIONAL: SAWMILL CLOSINGS

Fraser Ashland, Maine

Served by MMA [our *Directory* #759]. The saw mill here will close about 7 February, but the planer mill will stay open.

Fraser Masardis, Maine

Served by MMA. This mill will stay open, said Ron Beaulieu, manager of the two Fraser Maine sawmills, because it is losing less money, and the wood chips it produces are needed for the company’s pulp mills.

The Ashland mill was working one shift five days a week and Masardis was using two shifts five days a week. The market for sawn lumber is not very good. Beaulieu hopes the closures may bring up lumber prices so the mills can reopen.

Fraser rail impact

In 2005, the Ashland mill was moving about 12 carloads a week [see 05#08B]. Phil Nadeau, Fraser sales assistant, said the planer mill will produce about six carloads a week, sometimes three.

In 2005, the Masardis mill was producing about 18 carloads a week; Nadeau said that will continue.

Both mills produce only softwood lumber; the mill does not make enough selling softwood chips alone to stay open, even though paper mills are desperate for chips, he noted [see *New Hampshire*]. {*ANR&P* discussion 4.Feb.08}

Irving Nashville, Maine

Served by MMA [our *Directory* #758]. Closed 31 January, indefinitely. The Pinkham Lumber facility in 2005 moved 500 carloads a year outbound lumber, 500 wood chips [see 05#08B].

Irving blamed the slump in the U.S. housing market, which has stressed a lot of companies in the lumber business, and competition from lumber imports. The Irving mill had been operating on reduced shifts, about three days a week. {Beurmond Banville in *Bangor Daily News* 30.Jan.08}

Doaktown, New Brunswick

Not on rail. J.D. Irving Ltd. will temporarily shut down its sawmill in Doaktown as of 11 February, the company confirmed 1 February. The 100 people employed at the sawmill and pine-product plant in central New Brunswick were told about the closure on 31 January. said Irving spokesperson Mary Keith. {CBC webposted 1.Feb.08}

CONNECTICUT

ConnDOT: TALK TO NS

1 February, Newington. **CONNDOT WILL CONTACT NS ABOUT EXTENDING ITS CRESCENT CORRIDOR INTO CEDAR HILL YARD.** In responding to CPTC recommendation #11 of the Connecticut Public Transportation Commission [see below], the Department wrote:

The Department encourages and supports efforts to reduce the need for transporting commodities by truck into, from, and through the State. A business decision by Norfolk Southern Corporation to extend service to Cedar Hill Yard and further into New England would likely be based upon market analysis and the ability to implement operating agreements with a number of rail property owners along such a route. However, the Bureau of Public Transportation, Rail Operations Division, will contact Norfolk Southern Corporation on this issue.' {text from ConnDOT}

Connecticut Public Transportation Commission

This advisory body holds hearings around the state and annually submits recommendations for improvements to the state's public transportation. In January 2008, the CPTC submitted 12 recommendations, among them improvements to parking for the state's commuter rail lines. Recommendation #11 directly addressed freight rail in the state [full text follow]:

11. The Commission recommends that the Commissioner contact the president of Norfolk Southern Corporation to encourage that corporation to extend its proposed Crescent Corridor into Connecticut to Cedar Hill Yard, at a minimum, if not farther into New England.

As described in the September 2007 issue of *Trains* magazine, in an article entitled *Governments to Help Fund NS Expansion*, Norfolk Southern is proposing an Interstate 81 Crescent Corridor project which would add rail capacity from New Orleans and Memphis to the East Coast, with northern termini at Philadelphia and Newark. If successful, the Crescent Corridor service might ultimately add truck traffic to Interstates 84 and 95 in Connecticut because New England-bound and New England-originating freight shipments would end or begin their trips in Newark, New Jersey.

Therefore, Connecticut, in the interest of encouraging a worthy public-private partnership, should contact Norfolk Southern and express our willingness to work with them to extend the Crescent Service into Connecticut, logically to Cedar Hill Yard in North Haven. This would reduce, or even avoid, the increase in truck traffic that this new service could add to our state's roads, as well as to enhance service to Connecticut freight shippers and customers.

Congratulations to PW

As an example of such a public-private partnership, the Commission notes and commends the state of Rhode Island, Amtrak, and the Providence and Worcester Railroad for constructing the Freight Rail Improvement Project (FRIP) in Rhode Island which has resulted in some of the rail autorack and container traffic using Quonset Point (Port of Davisville) taking a rail route rather than adding more truck traffic on the already congested Interstate 95.

Double-stack to Cedar Hill

One other suggestion, in the interest of furthering this concept, is that ConnDOT should work to provide clearance for double stack operations on the Springfield Line between Springfield and Cedar Hill Yard in North Haven, perhaps in connection with a partnership with Norfolk Southern or CSX to upgrade service into Connecticut. Cedar Hill Yard has ample space for rail freight expansion, is directly accessible to Interstate 91, and is remote from any surrounding residential development.

Ask STB to grant NS access to Cedar Hill

Due to the fact that only one Class I railroad, CSX, controls Cedar Hill Yard, Connecticut should petition the Surface Transportation Board to allow Norfolk Southern to be granted access to the strategically located yard, from both the north and the west. It should be noted that CSX operates no through freight service to or from Cedar Hill Yard. Railroad monopoly control, without use being made of those assets, is not in the public interest.

The Congressional Intervention Petition of 1998, made at the time of the division of Conrail between CSX and Norfolk Southern [see 98#14], should be reopened by Connecticut. This petition proposed that the Conrail shared-access area for

northern New Jersey should be extended across the Hudson River via car floats and through Penn Station to Cedar Hill Yard. Connecticut Public Transportation Commission meeting minutes at that time recorded statements by a Norfolk Southern official endorsing this concept.

A rail freight alternative for Connecticut is urgently needed. It is simply insufficient for Connecticut to continue to try to solve the traffic congestion problems on its highways by focusing only on reducing automobile traffic. {text from CPTC}

ST: REVISED ABANDONMENT

18 January, DC. **ST FILED AN ‘AMENDMENT’ TO ITS PROPOSED ABANDONMENT OF SOME OF THE CANAL LINE**, so that it began at milepost 24.00 (same as before) but ended at MP 24.73 instead of 25.51. The map in the filing indicates the change; the earlier map showed that ST would cease to serve customer Amerigas. {STB website, filings page, Docket No AB 32 (Sub No 101X) and Docket No AB 355 (Sub No 35X)}

Notice of exemption published

On 25 January, the Board published the Notice of Exemption. By its terms, the abandonment will take effect on 26 February, unless someone files an offer of financial assistance. {STB website, decisions page, Docket No AB 32 (Sub No 101X) and Docket No AB 355 (Sub No 35X)} [Connecticut is interested in acquiring the line for a trail. See 08#01A.]

BRIDGEPORT

26 December, DC. **THE OMNIBUS APPROPRIATIONS ACT WILL MOVE DREDGING AHEAD**. Signed this day by President Bush [see 08#01A *Regional*], it provided \$738,000 to the US Army Corps of Engineers to “complete plans and specifications,” said Bridgeport Port Authority Executive Director Joe Riccio.

Stakeholders are in “the final throes of the dredge materials management plan.” Then the Corps will complete the plans and go out to bid for the dredging. Bridgeport will ask the state for the local share of the cost. {ANR&P discussion 14.Feb.08}

Still doubts

Dave Shuda of Coastline Terminals, the owner of the breakbulk terminal in Bridgeport [see 07#12A], still doubted that dredging would help find a new user of his facility. He believes only a produce shipper would use it.

Shippers of heavier commodities such as lumber, steel, or copper often want laydown area to store them for months, which Coastline does not have. Produce does not need as deep a draft, and moves out quickly by truck.

But the depth is keeping traffic away. “The dialogue stops immediately when shippers hear about the depth” of 32 feet.

“We would still prefer a customer there,” but the dredging funds “might be better spent trying to attract cruise line to New London, or containers to New Haven [see below].” {ANR&P discussion 13.Feb.08}

NEW HAVEN: FEEDER SERVICE?

17 January. **THE NEW HAVEN PORT AUTHORITY MADE A PITCH TO OBTAIN CONTAINER FEEDER SERVICE**. According to Judy Gott, executive director of the South Central Regional Council of Governments, “there’s plenty of traffic for both Bridgeport and New Haven feeder services.”

Try again

In 2003, the Transportation Strategy Board (TSB) of Connecticut awarded \$7 million to Bridgeport to begin a container feeder service [see 03#05A], choosing it over a similar proposal from New Haven.

Five years later, Bridgeport has not begun the service [see 07#12A], and the Port Authority of New Haven returned to the TSB this day to make another pitch.

Gott said that the Port Authority, terminal operator Logistec, and the trucking industry are “working on a business plan, working with the Port Authority of New York and New Jersey, and looking to the TSB for financial support, either for a capital expenditure or a subsidy like Bridgeport.”

The parties “have not finalized either dollars or terms.” They will “go back to the TSB in March or May,” aiming

at a feeder service “ sooner than five years.” {ANR&P discussion 14.Feb.08}

The players

Logistec’s Frank Vannelli, who is now handling the commercial side of Logistec for Canadian and US ports, said he had contacted Kevin Mack of Columbia Coastal [now operating the barge from New York to Boston and Portland–*editor*] for assistance in looking at the domestic market.

“It’s mostly imports” into Connecticut which would provide the traffic, per Vannelli. Along with Roadlink and the barge company, he is looking closely at the potential customer base.

“They will ask, ‘Are you going to save me money? Will my service improve?’” The stakeholders believe that a subsidy will be necessary to attract boxes to the feeder service, just as Bridgeport would offer.

“Best would be if we could land someone ‘green’,” noted Vannelli. “Someone who would say, ‘Yes I would like to get trucks off the road.’” {ANR&P discussion 15.Feb.08}

MAINE

PASSENGERS PORTLAND NORTH

25 January, Augusta. ‘**MAINEDOT IS CONSIDERING IMPLEMENTING EITHER RAIL OR BUS RAPID TRANSIT SERVICE** between Portland-Brunswick, Portland-Auburn, and/or Portland-Yarmouth,’ according to the Scope of Work for a consulting contract.

‘Bus service would be provided in the I-295 corridor and in the I-95 corridor. The following three rail corridors will be analyzed for potential funding under the Federal Transit Administration’s (FTA) Small Starts program:

- **Portland to Yarmouth**
- **Portland to Brunswick**
- **Portland to Auburn**

The intent of the Portland North Alternative Modes Transportation study is to evaluate each corridor, route, mode, and service alternative with the goal of identifying the alternative that ranks the highest according to the Federal Transit Administration’s Small Starts evaluation criteria.’

Consultant and schedule

MDOT awarded the work to DJM Harris. Jay Duncan is the lead consultant on this project.

According to Anna Price, MDOT transportation planning specialist, the consultant should finish the Alternatives Analysis in 18 months.

The \$1 million study funding comes from Congressional earmark funds obtained by US Senator Olympia Snowe, R-Maine. In a best-case scenario, construction for the commuter rail project would begin in 2010, said Ron Roy, director of passenger services for DOT.

Colorado Railcar

Greg Nadeau, deputy MDOT commissioner, said plans for commuter rail service are separate from plans to extend the Amtrak Downeaster service to Brunswick. The Downeaster would operate only two trips, while a commuter train would make 12 to 15 trips a day.

The commuter trains would be self-propelled, much like the cars that operated on the Boston & Maine railroad between Portland and Boston until the service was discontinued in the 1960s.

Maine officials are looking at using cars built by Colorado Railcar Manufacturing, the only company that makes self-propelled railcars that meet federal standards. They are quieter and more efficient than a conventional locomotive when pulling a relatively short train. {e-mail to ANR&P from Price 14.Feb.08; Tom Bell in Portland *Press Herald* 25.Jan.08}

BELFAST & MOOSEHEAD LAKE

5 February, Unity. **BML OWNERS ADMITTED THEY WERE CEASING OPERATION.** Robert Lamontagne, president of the Belfast Railroad Preservation Society, said in a press release: “We regret that the society cannot continue running operations at a loss. We want to carefully review and examine our status with the state and other contractors in order to ensure an orderly transition, and hope to find interested buyers for the equipment and station house facilities.” {Beth Staples in *Village Soup* 6.Feb.08}

Equipment for sale

As of 3 February, the splash page of the Rail Merchants International website showed a Swedish locomotive for \$175,000; two diesel locomotives for \$65,000 and \$55,000; a self-propelled Budd car for \$165,000, and numerous passenger cars, including the rolling gift shop. The site offers photographs of many of the items, along with descriptions.

Page still interested in freight

Mack Page, owner of City Point Central Railroad, which stores old equipment and railroad memorabilia on a siding at City Point, said in January he is still interested in passenger and freight [see 07#04A]. The latter would consist of scrap iron, pulp wood and saw logs, stone, and biodiesel fuel. The stone would come from the former quarry at Oak Hill, which once had a siding. Bio-diesel would be mixed in a facility adjacent to the tracks.

Per Page, current management has not maintained the tracks; rehab will cost “tens of thousands of dollars.” But Nate Moulton, MDOT’s manager of rail, said BML has maintained the tracks to the standard required under its lease. Should the railroad board decide to discontinue the excursions, the contract would be made available to others, Moulton said. The state would keep the tracks open and provide basic maintenance until a new contract is signed. Interest in the line has been expressed by several parties, though he has no formal proposals. {Jay Davis in *Village Soup* website 30.Jan.08}

Want to operate a freight railroad?

Moulton said on 4 February that ‘BML Preservation Society only has rights for passenger excursion operations under their lease.

‘Freight operations on the line are under an embargo so anyone wanting to operate freight would need to show viability and get that removed with the STB. We certainly would consider allowing someone to lease the line for freight operations, they would need to submit a solid business plan with enough capital to operate and maintain the line and meet all FRA regulations at FRA Class 1 at a minimum. They would need to include an interchange agreement with Pan Am.’ {e-mail to *ANR&P*}

How one BML former owner bailed out

At one point [see 03#09A], RailStar Corporation bought the BML operation. Why RailStar subsequently sold [see 05#02A, or was foreclosed on] is outlined by a recent advertising campaign for the company Strategic Rail Finance:

In some cases, years of successful business operations and acquisitions can create a far-ranging enterprise that no longer provides the owners with the right combination of benefits and opportunities from their hard work and investment.

Project: Assist this tourist rail operator in selling non-related businesses and assets to focus resources on growing the Georgetown Loop Railroad and acquiring other tourist rail properties.

RailStar’s Challenge: At this businessman’s stage of life, he and his wife desire and deserve to enjoy their work activities as well as their profits. Resuscitating the Belfast & Moosehead Lake Railroad, while managing their long-standing propane delivery company, two marinas, Erie Canal Cruise Lines, Erie Canal Village and numerous other real estate properties was not adding up to an enjoyable combination. The Belfast & Moosehead Lake operation was siphoning off capital from the other entities and the purchase contract included an impending, overvalued balloon payment of \$950,000. The profitable propane delivery business was proving to be a challenge to sell at the right price. Various efforts needed to be mounted all at once in a comprehensive manner.

Results of Strategic Rail Finance’s work: SRF established a detailed accounting of all revenues, costs, and assets generated

and utilized in the entire operation. With this new clarity, we were able to determine a course of action for each component business. Miracles can happen when one is empowered by financial clarity. We settled the Belfast & Moosehead Lake contract for \$15,000, rather than \$950,000 (yes, you read that correctly!) SRF assumed the floundering sales process of the propane business from the previous business broker and coordinated a sale to a new buyer for \$500,000 more. RailStar successfully began operating the Georgetown Loop Railroad and the Inland Lakes Railway. Some of the financial highlights of this engagement were:

- Saved \$935,000 in settlement with previous Belfast & Moosehead Lake owners
- Added \$500,000 to sale price of clients' business
- Saved \$200,000 in taxes thru innovative approach to business sale
- Collected \$100,000 in overdue accounts receivables
- Negotiated \$200,000 in repayment from long-term debtor

Bottom Line – thanks to the clients' trusting partnership with SRF, we were able to provide the clarity and focus needed to forward his business and life goals. {Strategic Rail Finance website 'client success stories'}

MMA: HAZMAT

18 January, Searsport. **EMPTYING A CAR AT GAC CARRYING SULFURIC ACID**, after a derailment, released a small amount of the chemical, said Searsport Fire Chief Jim Dittmeier. The company was receiving four or five carloads of sulfuric acid via MMA. The car derailed due to human error, he said, and came to a rest leaning at a 45-degree angle.

A crane from MMA headquarters in Hermon was used to right the car. Before the rerailling, about 10 gallons of sulfuric acid spilt onto the top of the railcar; the acid was easily contained. {e-mail to ANR&P from MMA President Bob Grindrod; Tanya Mitchell in *VillageSoup/Waldo County Citizen Reporter* 21.Jan.08}

MMA: KATAHDIN POSITIVE

24 January, Millinocket. **KATAHDIN'S No.11 MACHINE HAS SOLD ITS OUTPUT FOR THE YEAR**, according to spokesperson Glen Saucier and Millinocket Town Manager Gene Conlogue. Other mill operations are going 24-7.

“What it shows is that Katahdin Paper is starting to accomplish the goals it set out to do four years ago and from that perspective is doing very well,” Conlogue said.

“The order base looks pretty decent right now, but we are being optimistically cautious because of the way the industry is today,” Saucier said. “We are doing OK.” {Nick Sambides in *Bangor Daily News* 24.Jan.08}

No.11 makes 180,000 tons per year of supercalendered paper, a thin hard stock made from a softwood pulp. {editor}

Katahdin at 8200 carloads is MMA's largest customer [see 07#12A].

SLR: INTERMODAL RESULTS

13 February, Greenwich CT. **GWI REPORTED 66 DECEMBER INTERMODAL CARLOADS** at the Auburn intermodal terminal, well off the December 2006 count of 261 [see 07#2B]. For January, intermodal carloads came to 128, well below the January 2007 figure. {GWI press releases 14.Jan.08 and 13.Feb.08}

SLR INTERMODAL CAR COUNTS AT AUBURN MAINE

Month	11.06	12.06	1.07	2.07	3.07	4.07	5.07	6.07	7.07	8.07	9.07	10.07	11.07	12.07	1.08
Interm. carloads	264	261	224		179	180	176	207	219	222	139	206	156	66	128

MORE ON THE PIPELINE COMPANY

The first pipeline was built in 1941 to provide for the safe transport of oil to Quebec at a time when German U-boats were patrolling the western Atlantic.

The right-of-way holds a third, 12-inch pipeline which was retired in 1984.

Portland-Montreal Pipeline Company

PMPL owns and operates a tanker unloading facility, two tank farms (South Portland, Maine and Montreal, Quebec), and a system of pump stations and crude oil pipelines that traverse 236 miles along a common right-of-way from the state of Maine to Quebec. The pipelines deliver crude oil directly to two refineries in Montreal and through connections with other pipelines in Montreal, the system provides crude requirements for other refineries in the province of Ontario. Two pipelines (18 inch and 24 inch) and eight pump stations are operated out of the South Portland, Maine operations center, which moves the crude from the South Portland tank farm to refineries and the tank farm in Montreal. PMPL is comprised of two companies: Portland Pipe Line Corporation (the US facilities) and Montreal Pipe Line Limited (the Canadian facilities). {Portland Pipeline website}

PORTLAND: TRAFFIC SWITCH?

6 February. **EXPORT CRUDE MAY FLOW THROUGH THE PORT**, according to David Cyr, the treasurer of Portland Pipe Line, in an announcement this day. At this point, the company sends import oil landing in Portland through two pipelines, 236 miles long, to Montreal.

Parent company Portland-Montreal Pipeline [PMPL—see box] is studying the possibility of spending \$100 million to reverse the flow of oil through one

Per Cyr, oil would move in both directions at the same time; Canadian and foreign oil would be of different quality and grade and have different customers. The total volume of oil moving both ways would be the same amount traveling to refineries in Quebec today, about 400,000 gallons a day.

Outbound Canadian crude

The reversal would allow the company to deliver Western Canadian crude oil to refineries in the United States.

The company has hired a Canadian engineering firm to examine cost and design issues involved with reversing the flow of oil through the 18-inch pipeline, installing new pumping equipment at both ends of the pipeline system and along the pipeline route, and modifying marine terminal facilities in South Portland.

Portland is the largest oil port on the East Coast, with nearly 200 oil tankers visiting each year. While the proposed

changes would not affect the level employment at the terminal or the number of ships coming into the harbor, the export of oil would make the port more diverse and provide more stability, said Jeff Monroe, Portland's ports and transportation director.

If the study shows that pumping oil from Canada to the Maine coast is economically viable, Canadian crude could start flowing in 2010. {Tom Bell in *Portland Press Herald* 7.Feb.2008}

MASSACHUSETTS

EOT: STATE RAIL PLAN

15 February, Boston. **THE AGENCY HAS COMPLETED INTERVIEWING THE CONSULTANTS** it is considering for the work of the state freight plan and state rail plan, wrote Ned Codd, EOT manager of plan development. 'The Secretary has not yet made his designation, which would enable us to begin negotiating a contract.' {e-mail to *ANR&P*}

CSXI-NS-ST: SCHNEIDER

6 February, Green Bay WI. **SCHNEIDER INTERNATIONAL INTERMODAL ANNOUNCED IT WOULD USE CSXI AND BNSF AS ITS 'PRIMARY RAIL PROVIDERS'**...BNSF will serve as the primary western rail provider and CSXI will serve as Schneider's primary eastern rail provider in the United States. Schneider will maintain secondary relationships with the other Class I railroads to reach markets not served by BNSF and CSXI. The new agreements provide Schneider customers with preferential loading, capacity, and operational interfaces that will increase accessibility and efficiency of rail moves.'

NS AND INTERMODAL

In his article on Steve Tobias in *Railway Age*, Larry Kaufman writes about the 1998 Conrail carve up:

‘Norfolk Southern was the smallest of the three Class I carriers in the East. Its knowledge of the Conrail system, however, allowed its negotiators to seek and get just about every inch of Conrail that had the potential of any carload growth.

‘Intermodal was important, but NS negotiators figured distances were small and intermodal business could be drayed to NS locations.

‘Today, little more than eight years since the Conrail carve-up, NS is breathing down CSX’s neck and its executives talk expectantly of catching and passing CSX.’ {1.08}

Did the intermodal choice portend Schneider going with CSXI? *Editor*

Equipment

‘In concert with the new agreements, Schneider is moving to one standardized intermodal container for customers’ rail moves. The use of a single Schneider-owned container will simplify container pools while creating operational efficiencies in the areas of network management and operations. Trailer on flat car (TOFC) will continue as a Schneider intermodal offering for those who value a premium faster intermodal transit.’ {Schneider press release}

New England impact

Dave Howland, Schneider vice-president of rail management, explained on 7 February that the change will “centralize operations into a single terminal,” CSXI’s in Worcester. Before, Schneider’s offering was fragmented among three different terminals (ST-Ayer, CSXI-Boston, and CSXI-Worcester) each offering three different services [see 03#10B].

The centralizing will provide more consistent service, faster equipment turns, and better working conditions for the Schneider drivers.

Only one container

Howland explained that his company had acquired a “superbox”, 100.5 inches interior width, more than the standard container 99 inches wide on the inside. Schneider will offer only this 53-footer for customers wanting containers. The extra width gives customers who would like to “pinwheel pallets” into a box 15% more room, as often pallets are exactly 100 inches wide. Schneider now has 7500 such containers.

Schneider will turn the OPSU containers it still has back into the EMP pool, or retire them; many have reached the end of their service life.

The Schneider offering

By eliminating the OPSU containers, Schneider now offers two services.

TruckRail. Customers who will use containers will purchase this service. If Schneider is short of containers, it will provide a trailer to the customer at no extra expense.

TruckRail Express. Customers who want to use a trailer, and are willing to pay more, will purchase the Express service. Between Worcester and Chicago, the trailer will move on the same train as the containers. West of Chicago BNSF offers a faster trailer-only service.

The decision

Howland explained that his company negotiated with the railroads about transit time, capacity, cost, and convenience. “We had a lot of give and take with CSXI and its property people” to secure off-terminal drop areas. The decision was made on a system-wide basis.

Advantage to containers

“Five years ago, we moved 70% trailers, 30% containers. Now, it’s just the opposite,” said Howland. The railroad moves a container more efficiently than a trailer because of double stacking.

When will Schneider change?

“Beginning immediately, we are transitioning freight to new services,” Howland stated. He expected to complete

it in three months.

Five years ago, Schneider ranked #3 in the country among intermodal companies in units moved, behind Hub and JB Hunt [see 03#10B]. That remains the case. {ANR&P discussion 7.Feb.2008}

NECR: PALMER TRACK GRANT

12 February, Palmer. **THE PALMER REDEVELOPMENT AUTHORITY ASKED FOR ENGINEERING SERVICES** covering the construction of 1200 feet of runaround and storage track in the Palmer Industrial Park. Responses are due 22 February. {Rail Project Guide 12.Feb.08}

EOT has agreed to fund 75% of the track work total of \$482,000.

Took longer than expected

Town Manager Richard Fitzgerald expected the bid in summer 2007 [see 07#01B]. Blake LaMothe, chair of the PRA, explained that his group wanted to ensure that everyone in the industrial park understood the project, as well as the railroad. “We did not want to do the engineering twice.”

Getting a meeting with all stakeholders took much longer than expected, but now the location of the tracks is known and accepted. {ANR&P discussion 14.Feb.08}

ST: DEAL ON SOMERVILLE DEAD?

17 January, Boston. **THE ARCHON GROUP CANCELLED ITS AGREEMENT TO PURCHASE NORTH POINT**, the commercial and residential development planned by the Pan Am Group subsidiary Boston and Maine Corporation (B&M) and Cambridge North Point in the former B&Maine railyards in Somerville [see 07#11A]. A letter this day reportedly stated Archon’s intent.

On 10 January, Archon had executed a purchase and sale agreement for \$177 million. Cambridge North Point filed suit against B&M, alleging B&M failed to complete the sale as promised.

But David Fink, president of the Pan Am Group, called Archon’s move a “negotiating ploy.” Archon opted to pull back because it did not want to commit to paying an \$8 million deposit yet, Fink contends. While the Cambridge investors want to cancel the deal and hire a new marketing firm, Fink wants to close a deal with Archon. “I don’t think property values and real estate values are going up at the present time.” {Scott van Voorhis in Boston Herald 9.Feb.08}

Many in the rail world hope B&M does become \$177 million richer. As one said: “Everyone in New England hopes that ST would get out of financial doldrums and run with enthusiasm and dedication. I’m disappointed this deal fell through. {ANR&P discussion 12.Feb.08}

The railroad and its parent, Pan Am Transportation, could improve its locomotive fleet. Alternatively, owners Tim Mellon and Dave Fink might continue to prop up their failing airline, which recently received a proposed order to stop flying [see Regional].

Archon comment

On 13 February, Woody McMahon, spokesperson for the Archon Group, would not confirm an attempt on his company’s part to withdraw its purchase agreement. “It’s a very difficult transaction,” McMahon said. “We’ve have a number of conversations with the involved parties as it relates to this transaction.” Asked about the letter, McMahon would only say “the facts are incorrect.” {Matt Dunning in Cambridge Chronicle 13.Feb.08}

ST: MORE ON NET

30 January, Wilmington. **THE WILMINGTON TOWN COUNSEL DOES NOT BELIEVE NEW ENGLAND TRANSRAIL WILL CHANGE ITS PLANS** for the former Olin Chemical site in Winchester and Woburn. NET was proposing, among other uses of the terminal it would like to construct, to gather waste at the site, sort it, and load it into railcars.

The amendment to STB jurisdiction passed in December [see 08#01A Regional] will require the governor of

Massachusetts to assure that the operation has obtained approval from the town's Board of Health, and that would require a public hearing first. "New England Transrail has to provide the STB [the federal Surface Transportation Board] with assurance from the governor that they agree to follow the state and Wilmington's rules," said the counsel, Paul DeRensis.

"If the waste is kept only in containers, the law doesn't apply," DeRensis said. "But it does apply to what New England Transrail has proposed." He does not believe New England Transrail will change its plans based on the new law. {Mac McEntire in *Wilmington Advocate* 30.Jan.08}

ST: CLEANUP IN BILLERICA

19 January, North Billerica. ***ST, BNZ MATERIALS, AND THE MBTA HAVE AGREED TO A \$23.5 MILLION CLEANUP AT IRON HORSE PARK***, the headquarters of the railroad.

"This settlement agreement gives the green light for cleanup activities to begin addressing the contamination sources at the Iron Horse Park Superfund site," said Robert W. Varney, regional administrator of the EPA's New England Office. State Attorney General Martha Coakley added, "This settlement is a major step toward accomplishing a long-term remedy at this Superfund site."

Under the terms of the proposed consent decree filed with the US District Court in Boston, the parties are required to implement the 2004 Record of Decision, which is the soil cleanup plan for seven source areas. The clean up plan calls for the capping of contaminated soil.

Interested parties have 30 days from 31 January to file comments. {text of proposed decree in *Federal Register* 31.Jan.08 page 5870; Lisa Redmond in *Lowell Sun* 19.Jan.08}

ST-MBTA: TRACK UPGRADE

5 February, DC. ***THE BUSH ADMINISTRATION FY09 BUDGET SUGGESTED FUNDING AN MBTA SMALL STARTS PASSENGER RAIL PROGRAM***. The budget listed nine new Small Starts projects, 15 current New Starts projects, and two new New Starts projects.

The Fitchburg MBTA project

New England has one project listed: a \$30 million line item for the Fitchburg-Boston line in the FTA budget for Small Starts. {USDOT press release}

The upgrade would reduce delays by separating freight and commuter lines at the Ayer station and installing a double track from Ayer to South Acton to eliminate scheduling conflicts with freight. {Montachusetts Regional Planning Commission, 'The Work Undone'}

Bill Steffens at McMahon Associates is the consultants' project manager. {*ANR&P* discussion 13.Sept.07}

NEW HAMPSHIRE

SLR: LOSS OF PULP TRAFFIC

11 February, Gorham. ***THE LAST OPERATING LARGE PULP OR PAPER MILL IN NEW HAMPSHIRE*** will curtail operations at two paper machines, leaving only two running. The move reduces the work force of an industry that once employed thousands in northern New Hampshire to 180.

Fraser will curtail production of commodity freesheet paper grades on paper machines #13 and #14 at its paper mill in Gorham, New Hampshire for an indefinite period starting April 13, 2008. Production on paper machine #12 was suspended late in 2007. Fraser Papers expects to continue operating two of the five paper machines (paper machines #11 and #19) in Gorham that produce specialty printing papers (principally light-weight opaque papers) and industrial towel. The three machines to be curtailed represent annual production capacity of 109,000 tons.

"The impact of rising input costs, particularly oil and market pulp, has resulted in significant operating losses for certain of the grades produced at the Gorham mill," said Peter Gordon, president and CEO of Fraser Papers. "Increases in the selling price

FRASER GORHAM MILL PAPER MACHINES		
Tons/year	Type of paper	Machine
40,000	tissue	#19, Trim width 180 inches, speed 1600 fpm, installed 1948
50,000	lightweight opaque	#11, Trim width 150 inches, speed 1800 fpm, rebuild last 1989
30,000	uncoated freesheet	#12 Trim width 150 inches, speed 1000 fpm, rebuild N/A. <i>Idled in late 2007.</i>
30,000	uncoated freesheet	#13 Trim width 150 inches, speed 1100 fpm, rebuild N/A. <i>Idled April 2008</i>
40,000	uncoated freesheet	#14 Trim width 150 inches, speed 1500 fpm, rebuild N/A. <i>Idled April 2008</i>
150,000	paper total	

{Lockwood-Post Directory; discussions with industry officials; this article}

SHORTAGE OF CHIPS AND PULP

Fraser never restarted production of pulp at the Berlin mill, after purchasing both Berlin and the Gorham mills out of bankruptcy [see 02#07B]

For Gorham, Fraser has bought market hardwood pulp from Thurso, Quebec, and softwood pulp from its mill in Edmundston, New Brunswick. {ANR&P discussions with Edmundston and Gorham officials 11-12.07}

Pulp prices

From a low of \$790/ton for northern bleached hardwood chemical pulp, the price has risen steadily to \$875/ton.

Chip shortage

The Edmundston mill and others in the region are actively looking for chips. Sawmill closings because of the housing slump reduced one source of chips.

Alternative demands such as biomass boilers have sucked away much of the remaining supply. {table and article in *Paper Age* 1-2.08, page 14}

of commodity freesheet products have not been sufficient to offset these rising costs," noted Gordon. {Fraser press release}

Rail impact

As the table in this article shows, Gorham once produced about 190,000 tons of paper and tissue, now reduced to 90,000 tons. All pulp now arrives by rail. Assume very little went out by rail; it would need about 1900 railcars a year to bring in the pulp. Cutting production to 90,000 tons reduces that carload count to about 900 carloads. {editor}

ST v NEGS: STB ON WAIVERS

12 February, DC. *THE STB 'GRANTED IN PART AND DENIED IN PART' ST'S REQUEST FOR EXEMPTIONS IN FILING FOR ADVERSE DISCONTINUANCE* [see 07#08B].

ST has filed to remove NEGS operating rights over lines that ST owns from Manchester to Concord; NEGS opposes the adverse discontinuance.

In August 2007, ST asked the Board to waive certain filing requirements.

Waived

- Complying the system diagram map requirements, except that ST must clarify its claim of ownership of the line segment between Concord and Lincoln, which NHDOT states it owns.
- Filing information on the service and revenue on the line.
- Historic and environmental requirements.
- Filing and notice to shipper requirements.
- Procedures for offers of financial assistance.

Not waived

- ST must serve a copy of today's STB decision on all shippers, the Railroad Retirement Board, and labor unions representing employers on the line. 'This will serve as notice of intent to these parties,' to discontinue service as required under 49 CFR 1152.20.
- Newspaper publication.

New deadline

If the STB decision is deemed the notice of intent, 49 CFR 1152.20 states that ST must wait 15 days before filing the application for adverse abandonment.

Protests must be filed within 45 days of the filing of the application. Under 49 CFR 1152.26, the Board will decide within 110 days of the filing of the application. {2004 edition of Code of Federal Regulations, from GPO website}

The court case on fees

Pete Dearness, NEGS owner, noted that his court case filed against ST to obtain car fees is also going on; ST's answer to his complaint is due about 19 February, 60 days after he filed [see 07#12B]. He said: "They have not responded officially, but have responded in the way one would expect from Guilford/Pan Am." {ANR&P discussion 13.Feb.08}

ST: CONCORD ABANDONMENT

25 January, DC. **THE BOARD PUBLISHED A NOTICE OF EXEMPTION COVERING A MILE OF THE CLAREMONT & CONCORD BRANCH IN CONCORD.** ST had filed the notice on 7 January. By publishing the notice, the Board permits ST to abandon milepost 0.9 to MP 1.86 effective 26 February. {STB website, filings page, Docket No AB 32 (Sub No 102X) and Docket No AB 355 (Sub No 36X)}

NEGS is not operating over this branch. *Editor*

QUEBEC/MARITIMES

MMA & SLR: PUBLIC FUNDING

1 February, Sherbrooke. **CANADA AND QUEBEC ANNOUNCED THEIR AGREEMENT FUNDING THE MMA AND THE SLR**, during a ceremony here attended by federal and provincial officials.

'The Government of Canada will invest more than \$9.1 million and the Government of Quebec more than \$6 million over a period of five years in order to support this project, as part of the Canada-Quebec Agreement for the Restoration of Shortline Infrastructures in Quebec. This ambitious program, to which the shortline railways will also be contributing, will generate global investments of more than \$75 million over a period of five years. Its purpose is to maintain an efficient railway transport network that is competitive and better integrated with the continental railway network, notably in the principal trade and transportation corridors.

'The shortlines provide regional railway service, and for local businesses they are essential for trade. These companies run more than 38% of the Quebec railway network, that is, more than 2,300 kilometres of railway. In Quebec, more than 80% of the products shipped over the shortlines are destined for the United States. The merchandise shipped over these regional railroads is mainly wood, paper, pulp, particle board, ore and aluminum. Shortlines thus play an indispensable role in the Quebec economy.

SLR work

'The railway will receive more than \$5 million for a \$7.5 million+ project to upgrade 153 kilometers of rail in Quebec. Within a context of expanding exchanges with continental networks, competition in serving the East Coast is very high. Several current clients of the SL&A have been asking this carrier for a long time to improve its

infrastructure in order to provide them with better service.’

MMA work

The railway will receive \$10.1 million for a \$15 million+ project to upgrade 381 kilometers of rail in Quebec, and to implement an extensive tie restoration program. The work will cover a distance of 381 kilometres. {Transport Canada & MTQ press release 1.Feb.08}

CANADA: TRANSPORT NEEDS

While the report deals with western Canada, its points will find a sympathetic response in eastern Canadian shipping circles.

22 January, Ottawa. ***INCREMENTAL TINKERING WITH CANADA'S TRANSPORT SYSTEM CANNOT CHANGE IT ENOUGH*** to fully exploit the country's potential advantages as a western trade portal to Asia, according to a private-sector report requested by, and submitted this day to, International Trade Minister David Emerson on the Asia-Pacific Gateway and Corridor Initiative.

The report was prepared by Jeff Burghardt of Prince Rupert Grain Company, furniture manufacturer Arthur Defehr of Winnipeg, and T. Richard Turner, chair of the Insurance Corporation of B.C. Emerson appointed them to find ways to exploit Ottawa's \$600-million taxpayer investment in the gateway initiative.

Canadian advantage

‘Canada is not a driver of the growth in global trade, nor is it a particularly critical participant,’ said the report. ‘However, Canada is positioned to benefit by virtue of its geography and its economic and political relationships.’ The 27-page report includes more than 30 recommendations covering marine ports, railways, airports and airline operations.

A potentially controversial set of recommendations call for drastic reform to work rules in the ports to make them true round-the-clock operations. ‘The ability to change the labour environment on the Canadian docks is perhaps one of the best opportunities to differentiate ourselves from competing U.S. ports. Failure to do so would be an impediment to a significantly enhanced Pacific Gateway.’

But poor service

‘Shippers, ocean carriers, and others overwhelmingly told us that Canadian service, whether it was port operators, port authorities, labor, railways, or truckers, was unreliable.’

The rail duopoly

The report also tackles the dominance of Canada's two major railways. They have no incentive to invest in expanding capacity to ease congestion. ‘The railroads have demonstrated that they each act primarily in their own financial interest,’ the report said, noting both CP Rail and CN Rail have heavy commitments to the U.S. market. ‘So while we do not necessarily recommend regulation, we suggest that an expansion of opportunities for the railroads must come with the acceptance of responsibilities or policies that will assure that service to Canada is, at a minimum, maintained or, even better, enhanced.’

The advisers noted that other countries, including Britain, Australia and the Netherlands, separate ownership of the track and operation of the trains. However, the report rules out such an approach for now. ‘If the railways fail to demonstrate that improvement, we would strongly suggest allowing open access on the national carriers' railway network.’ {CIIFA *Bulletin* 25.Jan.08; *Rail Business* 25.Jan.08}

CN: NEW TRURO CUSTOMER

5 February, Truro NS. ***CN WILL TRANSLOAD CYANIDE IN THE TRURO BUSINESS PARK***, according to plans made public recently [see map of Truro in 06#11A]. Truro town councillors addressed the possibility in their meeting this day, and instructed the town solicitor to seek an immediate injunction until it can hear from proponents.

[As railfans point out, CN already moves hazardous cargo through Truro—this is nothing new. *Editor*]

Use of the cyanide

DDV Gold Limited wants to use the cyanide in a gold mining operation in Moose River, which lies along the north shore of the Minas Basin. The hazardous material will be shipped to Truro by train before being trucked along Highways 102 and 224 to Moose River.

The Department of Environment and Labour approved the operation with a number of conditions on 1 February. The government said the mine is expected to operate for seven years. Truro-Bible Hill MLA Jamie Muir wrote in a letter to the town: ‘The transportation risk assessment offers the opinion that the shipments can be managed safely and securely without incident.’ {Jason Malloy in *Truro Daily News* 5.Feb.2008}

SYDNEY & CANSO: NEW TERMINAL

27 January, Halifax. **HARDENBERGH IS WRONG**, said proposers of new terminals for Canso and Sydney.

Bob Stevens, chief executive officer of Melford International Terminal Inc., is moving ahead with preliminary work to build a \$300-million terminal at the Strait. In a recent interview, of Hardenbergh’s contention [see 08#01A *Regional*] that no new terminals are needed, Stevens noted he admitted he is not an expert in the port business. “He was not in the rail business, nor has he ever operated or worked at a terminal, so he is sort of an interpreter of information received from multiple sources.”

Stevens took comfort in the information supplied by expert marine consultant John Vickerman of TranSystems, who has vast experience in port master plans and dealing with railways. “So those who suggest alternatives, they may or may not be right, but there are at least three, if not four, independent studies that support the volume figures that our market analysis, and every indication of our efforts, going down the road, would suggest that our value proposition has some merit and is being, at this point, positively received.”

Stevens said the studies “tell us that our figures are within a 10% range of each other and that’s sufficient enough for me to go on and spend the millions of dollars to do the things we have to do.”

Container traffic split

Melford believes the 2.7 million TEUs coming into the region will split between Canso and Halifax. Melford will handle one million TEUs in 2010, rising to 1.5 million in 2015.

“What we have always suggested is that we have given Halifax a capacity of 1.2 million TEUs, so if you add ours and theirs together you get 2.7 million. That is the mid-range of the highs and the lows of the four different consulting groups so we consider that to be a pretty good validation by the industry.”

Melford will offer a better value

“We have geography working in our favour (closer to the Suez Canal); we have the greenfield site and the ability to use technology; we believe we can create work rules that are more efficient for the terminal; and we also believe that the ability to have a logistics park a stone’s throw away from the terminal permits a huge value-add opportunity

Short Sea Shipping Symposium March 26-27, 2008

University of Massachusetts, Dartmouth

Why Short Sea Shipping? This two-day conference will give attendees a broad picture of the promise of Domestic Short Sea Shipping. Government officials, shipping representatives, manufacturers and retailers, planners, academics and other stakeholders will hear from multiple speakers and panelists about Port Development, Environmental Issues, and the place that Short Sea Shipping holds in the transportation puzzle.

There will be ample time for networking and discussion. Keynote Speakers include Lieutenant Governor Tim Murray, New Bedford Mayor Scott W. Lang, Fall River Mayor Robert Correia, Douglas I. Foy of Serrafix Corporation, and Rick Armstrong of the Seaport Advisory Council.

Early registration is \$150 for both days, after Feb. 28th registration will be \$200 for both days. The cost includes a New Bedford Harbor Tour and Reception on New England Fast Ferry. If you would like to attend only the second day the cost is \$50.

See UMass Dartmouth website for more information.

for the beneficial cargo owner.”

Sydney can become a transload site

Jim Wooder, said that for Hardenbergh “to lump Saint John, Halifax, and Sydney all into one pot is probably a bit of a mistake.” Wooder works for Sydport, part of the Sydney Marine Group. [The Group recently received a report suggesting Sydney has the potential to support a state-of-the-art container terminal with 1.5 million TEU total capacity. See 08#01A.]

“The play that Sydney represents is probably business that would never go to Halifax or Saint John in the first place.” Sydney is looking at a niche of very large container ships that “are going to dump a lot of boxes. It is never going to happen in Saint John, for sure, and arguably it is not the kind of traffic that is going to go to Halifax; that would be the first thing.” [See box.]

THE CASE FOR SYDPORT: HUGE BOXSHIPS

Jim Wooder [see article] noted that congestion in other ports forms one issue. But, he argues, ‘larger vessels with the potential to discharge very large volumes of cargo [a 15,000 TEU ship discharging all its cargo] represent major challenges for many of the existing terminals. There are draft and air gap issues for some, and efficiency issues for others in terms of CY [container yard] space, the ship to rail interface and overall ICTF operation.

Sydport, said Wooder can respond to this need ‘at a competitive price. It will have unrestricted access for the largest of vessels (once the one-time dredge of the access channel is completed) in a perfectly sheltered harbour, 1600 acres of greenfield land (450 on the water, 1150 immediately adjacent) with existing on-dock rail connectivity and direct rail access through the adjoining upland acreage.

He maintains that ‘the estimated cost of the terminal (Phase I - 2 berth, 750,000 TEU capacity @ \$160M; Phase II - 2 berth, 750,000 TEU capacity @ \$135M) is world class [considerably less than the \$300 million for the Canso terminal-*editor*] and the design options virtually limitless. For example, we can add additional container yard space at a very modest cost per acre by simply extending the proposed berth line. The rail yard can be located either on dock or on the adjacent upland acreage.

Sydport has ‘enough available land to meet any requirements for transload’ and distribution centers. ‘The existing [CBNS] short line has 115-pound rail and doublestack capability.’ Sydney has ‘a well educated and available labour pool...We believe that it can be operational within 2010.’ {e-mail to ANR&P 5.Feb.08}

“The report says dredging is required in the mouth of Sydney Harbour to accommodate the larger container ships. The second thing is nobody has a crystal ball. Chop Hardenbergh doesn’t have one.”

Wooder said that how fast it all happens can be argued, “but we do know is it is a really competitive business and they are looking for efficiency in terms of the timing of deliveries. It has to be very consistent, and that is what shippers want.”

Wooder said Sydney is counting on the private sector to develop the port, and it will be driven by demand. “I haven’t seen (Mr. Hardenbergh’s) remarks, but we will carry on and plan on doing everything we plan on doing and hope that his view of the world doesn’t turn out to be what prevails.”

Hardenbergh’s position should be examined

Mary Brooks, the William A. Black Chair of Commerce at Dalhousie University and a marine transportation expert, said she has “some sympathy” for Hardenbergh’s position. “If you think about it, whether [Atlantic Canada container traffic] is 2.7 million TEUs or 2.04, that is in a stratosphere in comparison to where we are now.”

Brooks described container capacity as a “bit of a moving target. ... If you make your terminal 24-7 ... if you develop different systems for handling cargo on the terminal or by crane, you can expand capacity beyond what its initial design rating is for.

“So there are many ways to actually alter capacity of an existing facility before one actually hits the wall and has to build new.” However, Brooks noted that when she was an adviser for an Atlantic Provinces Economic Council study, “one of the conclusions we drew at that time was all it takes is a couple of [shipping] companies to change their business model and all of a sudden you don’t have capacity.” But investing in terminals is not done based simply on the thought that some shipping lines may change their ports of call.

No commitment from shipping lines yet

SSA Marine of Seattle, a major international transportation company being courted as Melford's terminal operator [see 07#12A], said in summer 2007 it would decide on its involvement in Melford by the end of 2007. A company spokesperson said in a recent interview that SSA's involvement is still under review.

Brooks said with the North American economy showing signs of slowing down, it's not the time to rush into these types of projects. "I think we have a bit of a meltdown coming first so nobody is going to make a decision like that for the next while, until the economic tea leaves are more clear."

Al Soppitt, president of the Saint John Port Authority, said it makes sense to fill existing capacity before expanding. Saint John moves more bulk cargo than containers but can handle container vessels up to 3,000 TEUs. "Halifax and Saint John have got the container facilities today and they are under capacity. ... We are both involved in Atlantic Gateway development and I think the key to that is to promote the diversity of the region and promote the region (together) as a gateway into North America." {Tom Peters in *Halifax Herald* 27.Jan.08}

CANSO: MELFORD PROGRESS

1 February, Halifax. **MELFORD INTERNATIONAL TERMINALS HAS FUNDING FOR PLANNING AND DEVELOPMENT**, according to Ritchie Mann, former Nova Scotia cabinet minister and now vice-president of marketing. "Our preliminary round of fundraising was mostly Toronto and New York money. Now, Cyrus Capital has come in with \$10.5 million in our second round. Cyrus, of course, has offices in London, England, New York and Connecticut," Mann said this week.

Please no government support

Charles Cirtwill, of think-tank Atlantic Institute for Market Studies, said of a new container terminal in Nova Scotia: "[It is] great as long as they don't come looking for taxpayers' money to prop them up. Philosophically, if it's their money, it's their risk, and we don't have a problem with it. The real worry we have is, what happens if the private sector investors have mis-guessed the business case, or mis-guessed the international market, and they end up in a situation where things aren't going well."

But, he said, if port developers do things right, there should be enough new business for another major container port as developing countries increase shipments of freight to North America.

Provincial land optioned

Guysborough County Senior Warden Lloyd Hines said the site is ideal because it is undeveloped, which means roads, rail spurs and freight-handling facilities can be built anywhere officials of the port want. "The assembly of land, from a municipal perspective, has occurred. The property that was identified in the Milford land reserve has been optioned, so the land acquisition is complete." {CBC webposted 1.Feb.08}

Local government role

On 4 February, Hines explained that the reserve land belongs to Province of Nova Scotia. Local government, in this case the Municipality of the District of Guysborough has two roles:

Land-use planning For the past two and half years, Melford has worked with the community on the container terminal project. The municipality has introduced an M2 industrial zone for the lands in question, which will enable the terminal to be considered. Melford must "tell citizens what might be coming."

Expropriation. Statutory power is "vested in the municipality to expropriate for public good," said Hines. In this instance, Melford wanted to acquire 13 properties, some of which had permanent homes and some of which had summer homes. Not every owner wanted to sell, Hines acknowledged, and expropriation was used.

Public meeting in February

Company leaders will conduct the third meeting in the last 18 months to explain to the community how the

private-sector project is expected to proceed, Hines said, The port construction is scheduled to be finished by 2011.

The meeting will form part of the regulatory approval process. {ANR&P discussion 4.Feb.08}

SAINT JOHN: PETCOKE

1 February. **ANOTHER EXPOSURE OF PETCOKE TO THE WEATHER** occurred on 28 January [see 08#01A], when the material skin covering the hollow storage structure that houses about 20,000 tonnes of the chunks of solidified petroleum was torn in a windstorm, allowing rain, snow and wind to get into the building.

“[Logistec] have the manufacturer on site investigating exactly what has happened, how this happened, because the building is designed so that this type of weather should not have caused this to happen,” said NB Power spokesperson Heather MacLean on 1 February.

Crews are boarding up the 10-metre tear, said MacLean, and Logistec, which manages the building and the storage of the fuel, will be taking steps to ensure that it does not happen again. {CBC webposted 1.Feb.08}

RAIL SHIPPERS

Described in this issue.

Our *Directory of Rail Freight Facilities in New England* has more information on the companies denoted with their directory number.

Amerigas (ST Connecticut #625)
 CSXI Boston (#229) and (#354)
 DDV Gold (CN Nova Scotia)
 Fraser (MMA, Masardis, Ashland #759)
 Fraser (SLR New Hampshire #933)

Guilford Intermodal (ST Massachusetts #124)
 Irving (MMA, Nashville, Maine #758)
 Katahdin Paper (MMA Maine #s 790-791)
 Maine Intermodal (SLR Maine #914)
 New England Transrail (ST Massachusetts)

PEOPLE

On 2 January, **Massport** named **Michael Meyran**, deputy port director of operations. He succeeded Elvis Ganda, who arrived in June 2006 and left in 2007. Meyran will oversee the daily operations and maintenance of the Port of Boston’s maritime facilities, including Conley Container Terminal and the Black Falcon Cruise Terminal.

Before joining Massport, Meyran held various positions with APM Terminals, most recently senior general manager of global operations in the Hague, Netherlands.

Under Meyran works Dennis Kay, maritime operations manager, responsible for all of the expanded Conley operations.

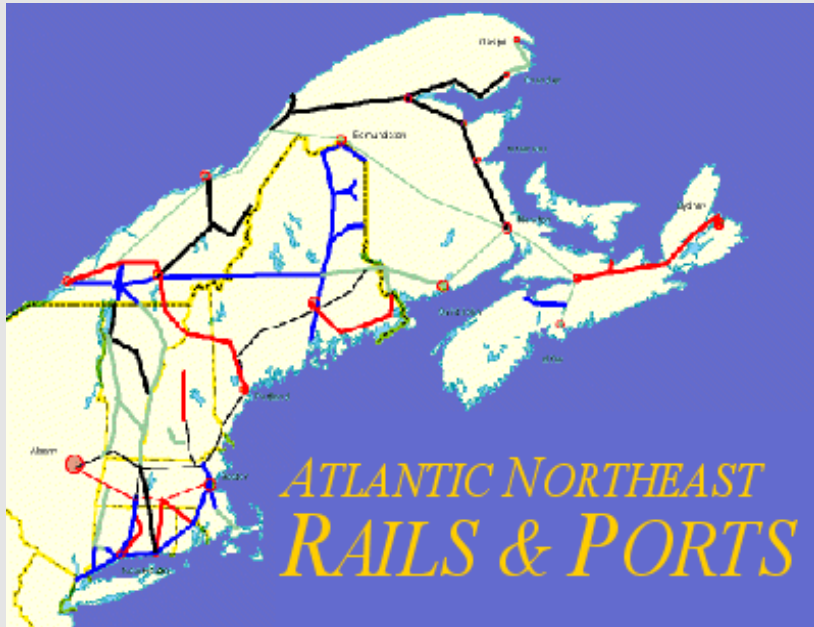
12th TRAQ Railway Symposium

Tuesday April 22nd and Wednesday April 23rd 2008, at Hotel PLAZA-Québec in Québec City (District of Ste. Foy/Sillery).

Two topics. Environment & Safety/Security. Both subjects are presently vital for railways and Regional railways. A number of speakers will address various aspects of this issue; a panel will follow on Wednesday afternoon which will yield a practical plan of action.

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Roger Hale, Fore River Dock and Dredge, Portland.*



Your best source on freight railroads, ports, and their customers in Nova Scotia, New Brunswick, eastern Quebec, and New England.

*You have an excellent publication, and I always
look forward to reading it.
Jan Okolowicz, Parsons Brinckerhoff*

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Coverage

The newsletter covers the operating freight railroads and ports in New England, the Maritimes, and eastern Québec, as well as the government environment they function within. Coverage includes passenger rail and ships when relevant to freight operations.

Frequency and the e-bulletin

ANR&P appears at least four times a month. We send a formal issue twice a month, via post or e-mail. Between the issues, we send out the *e-bulletin*, only by e-mail. All information in the *e-bulletin* is included, and often updated, in the issue.

Stories not updated for the issue are noted with an asterisk. I urge readers to look at the issue's updated stories (those without an asterisk).

Readers building a personal archive of the newsletter should discard the e-bulletins. All subscribers have access to the newsletter

archive on the web, via password, at www.atlanticnortheast.com. If you do not have a password, merely request one from me.

Pricing

Subscriptions cost \$395 for professionals, \$115 per year for students, young and old. (Subtract \$30/year for e-mail). Introductory prices available. The *e-bulletin*, sent by e-mail at least weekly between issues, is free of charge to all subscribers.

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Purpose

Atlantic Northeast Rails & Ports, née *Maine RailWatch* (1994-1997) and later *Atlantic RailWatch* (1998-1999), is dedicated to the preservation and extension of the regional rail network. The editor believes that publishing news on railroads and ports spotlights needed action to preserve the rail network. The publication also imbues the region with a sense of an interdependent community, employing the network to move rail and port traffic. 'No railroad is an island, entire unto itself.'