

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

www.atlanticnortheast.com

Issue 08#02B 14 March 2008

*Article unchanged from e-bulletin.

REGIONAL ISSUES

CSXT: Traffic growth from short lines increased drastically. Examples from New England.

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ST: Winter problems at feed mill.*

MASSACHUSETTS

EOT: Selects HDR/HNTB/Global Insights team to do state rail plan.* Negotiating contract.*

MC: First 'energy train' traffic [see photo].

PW: Two new customers possible in Gardner.

NEW HAMPSHIRE

[No report.]

RHODE ISLAND

[No report.]

VERMONT

[No report.]

MARITIMES/QUÉBEC

CBNS: Update on coal, containers, gypsum, wallboard.*

CN: Winter slows traffic [see photo].

MMA/NBSR: Slurry move to Irving Paper.

Atlantic Gateway: Nova Scotia announces five projects for the strategy. Inland terminal modified.

Halifax: Loblaw's cannot use as much as it wants.

Halifax: TEU drop in 2007.

RAIL SHIPPERS/RECEIVERS

A cross-reference to companies mentioned here.

PEOPLE, POSITIONS, EVENTS

Dick Rushmore, Joe McGonigle.

EDITORIAL

Not a Gateway strategy

FROM THE PUBLISHER

Problems with declining traffic

This issue describes concerns in Maine about declining ST rail traffic, and concerns in Nova Scotia about declining container traffic in Halifax.

The difference: in Maine, according to all hands, ST can act differently and retain or grow its rail traffic. Halifax, despite the claims of stakeholders there, is affected by global shipping forces far beyond its control.

- Chop Hardenbergh

Next issue: 24 March.

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

NEW TRAFFIC CSXT SHORT LINES

mid-February, Jacksonville FL. ***THE SHORT LINE SHARE OF NEW CSX FREIGHT VOLUME HAS GROWN TO 36% FROM 3% IN JUST FIVE YEARS.*** Officials of the Class I reported at its 2008 Short Line Conference that transit time consistency remains critical and to that end, CSX has added a geographic focus to its traditional commodities-based business development efforts. Partly as a result of this, 2007 saw 38,000 carloads of new business coming out of 37 new projects on 29 different short lines. {Roy Blanchard's *Railroad Week in Review*}

New England results

CSXT spokesperson Bob Sullivan wrote on 10 March about New England short line traffic growth: "There is some new business and some growth with existing businesses. There are three new sites in New England, on the P&W, Pioneer Valley, and Housatonic." {e-mail to ANR&P}

PW has two: ethanol near ProvPort, and autoracks at West Davisville. PVRRC has Superior Carriers in Holyoke [see 07#07B]. HRRC has Specialty Minerals, where limestone shipping rose sharply in 2007 [see 07#09B].

PW/ST: LOCOMOTIVE LEASING

10 March, Worcester. ***PW IS LEASING LOCOMOTIVES TO ST.*** General Counsel Marie Angelini wrote that initially, PW leased specific locomotives to ST. Now, "we have an arrangement...where we list a pool of equipment, from which the number of locomotives promised has been furnished." {e-mail to ANR&P}

Since the end of January, rail observers have spotted PW locomotives moving coal on ST to Mt. Tom via Gardner. {e-mail to ANR&P from special correspondent Ron Chouinard}

PORTS: MORE ALL-WATER ROUTE

3 March, Long Beach CA. ***"BENEFICIAL CARGO OWNERS WANT TO DIVERSIFY AWAY FROM THE WEST COAST PORTS*** because of higher costs there and closer proximity to their markets on the East Coast," said John Wheeler, director of trade development for the Georgia Ports Authority. He was speaking on a panel this day at the 8th Annual Trans-Pacific Maritime Conference here, sponsored by *The Journal of Commerce*.

Shippers are importing more of their containers through East coast ports because 80% of the US population lives east of a line drawn from Chicago through Dallas.

Although cargo volumes at East coast and West coast ports have grown at approximately the same rate over the past seven years, East coast ports have seen imports from Asia grow at a faster rate than West coast ports, Wheeler

ALL-WATER DRAGS DOWN INTERMODAL

PW and SLR shrinking intermodal revenues may stem from the increasing use of all-water moves from Asia.

FTR Associates and Gross Transportation Consulting's monthly intermodal report for 4 February show that intermodal revenue moves in December tumbled 11% from November's level, representing continued weak performance for the intermodal segment through 2007's end.

Intermodal freight shifts to all-water movements served as a "significant drag" on intermodal volume in key long-haul lanes last year, the report states.

"Substantial amounts of import freight that previously landed on the West Coast and moved East via long-haul 'transcon' intermodal is now landing on the East Coast," said Gross Transportation founder and intermodal report author Larry Gross. "The trend is most acute in the southern U.S."

Because international equipment moves via rail will remain weak during the next few quarters, total intermodal loadings in 2008 will increase only 1.6 percent vs. 2007, FTR and Gross Transportation predict. {press release from company website}

Class I results: domestic up

For all of 2007, intermodal units in the US and Canada declined 1.1%; domestic traffic climbed 9.3% on 5.74 million units, but international dropped 2% to 8.34 million units.

For the 4th quarter, 47% of BNSF's traffic came from intermodal; UP 35%; NS 42%; CSX 30%, CN 29%, and CP 46%.

NS Executive vice-president Don Searle said international traffic via East coast ports rose 23% in the 4th quarter, while West coast port shipments handled by NS dropped 13%. {IANA *Intermodal Insights* 3.08}

said, because of rail capacity problems and higher costs on the West Coast.

The expansion of the Panama Canal by 2014 will enable transits by 8,000-TEU ships, said Wayne Schmidt, an associate with Drewry Shipping Consultants. Its throughput capacity will grow between 39% and 70% annually. This will dramatically lower the cost per TEU of shipping from Asia to East Coast ports, Schmidt said, and enhance the growing cost advantages of East and Gulf Coast ports

SSA comment

“We lost 100,000 containers a year in shipment by one customer at our terminal in Seattle because it decided to deliver to the East coast, said Edward DeNike, president of SSA Containers [SSA is very interested in backing the Melford International Terminal in Canso—see 08#01B]. “This happened at a time when the ILWU [International Longshore and Warehouse Union] is performing better than ever and no importer has a problem delivering cargo from the West Coast.”

Increased fees and capacity

Carriers that deliver cargo to the ports of Long Beach and Los Angeles are facing a combination of new fees for environmental mitigation that amount to \$100 per fully loaded TEU.

“The cost of fees is more than we pay to load or unload a container at the San Pedro ports,” DeNike said. “This is Southern California and we know that Northern California will follow and the Pacific Northwest won’t be far behind.”

All the terminals on the West Coast have the capacity to handle more cargo, but the railroads don’t. {Peter Leach in *Journal of Commerce online* 4.Mar.08}

NO FEEDER SHIP REVIVAL

4 March. ***THE FEEDER SERVICE BOSTON-PORTLAND-HALIFAX MAY NEVER COME BACK***, said Jack Humeniuk, International Longshoremen's Association representative and chief of operations at the Portland container terminal. Eimskip, the third provider of the service in the past five years, ended it in December [see 07#12B]. Humeniuk had reports that negotiations to revive the service were occurring. “But the longer we go without the service, the less likely it will come back.”

What about the barge?

The Columbia Coastal barge service now calls Portland every two weeks. But it does not call every one of the five major container terminal in New York, so it cannot serve shippers who use the terminal without a barge call. {ANR&P discussion}

CONNECTICUT

CNZR: NEW CUSTOMER

29 February, Bloomfield. ***AJ BELLIVEAU CONFIRMED A NEW CUSTOMER RECEIVING LUMBER*** at a siding he had rehabbed here.

Armory branch

The CNZR owner added that he is continuing track work on the Armory branch [see 07#06B] and has potential customers he is actively pursuing there. {ANR&P discussion 29.Feb.08}

SWITCHING SERVICE

4 March, North Haven. ***HIGHLAND RAIL SERVICES IS ‘VERY CLOSE’ TO HANDLING SOME RAIL FREIGHT***, said Peter LaBouliere, president. The company owns a 25-ton locomotive stored at the Wharton Brook

Industrial Park, and would like to provide switching service to a rail-served facility [see 04#09A *Regional*]. It is pursuing ‘several very good prospects.’ {e-mail to ANR&P}

PW/NEW HAVEN: WATERFRONT

6 March, Newington. **COMPLETION OF RAIL INTO THE TERMINALS ON WATERFRONT STREET MAY NOT HAPPEN UNTIL 2009**, said Tom Harley, ConnDOT manager of consultant design.

Some work finished

In December, Northern Rail Services completed laying the track down the length of Waterfront Street, and installed six switches for the spurs into the terminals, wrote principal John Ogren on 2 March.

The street work

Harley anticipated that the renovating of Waterfront Street would begin late this summer; that work will include Northern Rail Services’ building all six spurs across the street to the terminal property lines. State and federal money will pay for that.

The tracks in the terminals

Some state funds, via bonds, will aid the terminals in doing the track work on their property; they will hire their own contractors. “By next summer that should all be done.” {ANR&P discussion; e-mail to ANR&P from Ogren}

MAINE

ST: LEGISLATIVE ACTION

6 March, Augusta. **MORE COMMENTS ON THE PROPOSED FEEDER LINE APPLICATION** were elicited by reporter Tom Bell, following up the article in this newsletter [see 08#02A].

Remarks about the problem

There is no evidence that the railroad has improved service since the Legislature first began prodding it to do so three years ago, said Representative Stacey Fitts (R-Pittsfield). ST’s poor service is hurting the manufacturers’ ability to compete because they can’t meet their customers deadlines. In some cases, he said, manufacturers are shipping heavy products by truck, which is not only more expensive but causes additional wear and tear on the state’s road system. “We are putting them on notice,” Fitts told Bell. “If you don’t respond and treat us seriously, we will have to take serious action.”

Maine manufacturers are already operating at a competitive disadvantage because of high energy costs and distance from markets, said State Senator Philip Bartlett (D-Gorham), co-chair of the Utilities and Energy Committee. Unless rail service is improved, some companies could leave the state. He said the state has the right to intervene because there is not a competitive marketplace; manufacturers aren’t able to pick and chose a railroad company unless they are willing to move their plants. “There is a real question about monopoly power,” he said.

Fink response

David Armstrong Fink, president of Pan Am Railways, told Bell he is puzzled by the accusations. The STB is the proper authority to deal with service complaints. During his 10-year tenure with the railroad, Fink said, the board has called the railroad about four complaints, and not one has been from Maine shippers.

[This seems a bit disingenuous. Grimmell Industries of Topsham, trying to get service, fought a pitched battle with ST from about 1996 to 2003, with the involvement of the STB. Finally in 2003 the STB told ST that it had violated its common-carrier obligation by not providing rates to Grimmell. See 03#05A.

Five years later, ST has neither begun service to Grimmell, nor sold its rights on the rail line as MDOT

wanted—see 00#18, nor permitted another operator to serve Grimmell. *Editor*]

Fink noted that six Maine companies are among the top 10 in the entire system, in terms of growth for January and February, compared to the same two months in 2007. These six Maine companies increased their shipments by 1000 carloads total in growth. Fink did not name them to Bell, except to say that NewPage was one of them.

[Much of this increase is probably attributable to the unit train from Omya in Vermont to three Maine paper mills, including NewPage, which started up in November 2006. All concerned stated in October 2007 that this move is working well—see 07#10A *Regional*.]

Since principal owner Timothy Mellon and Fink's father, David Andrew Fink, bought the railroad in 1981, it has been profitable and safe, Fink asserted. “We have been the only folks who have been able to do that in the state of Maine in 30 years. I hope we can continue.”

NewPage comments

Part of the problem is that customers' expectations have changed, said Tony Lyons, a spokesperson for the NewPage mill in Rumford. Printing customers no longer have much warehouse space to store lots of paper, so deadlines have become more important. The mill has begun shipping more paper by truck [% by rail down to 39%—see 07#11B] because the railroad has not been able to offer the kind of predictable service that would allow the mill to meet customers' deadlines.

Lyons said it's not always the railroad's fault. Some of the problem is due to the mill's location at the end of line. Other delays are related to the equipment, infrastructure and unionized labor issues that many railroads struggle with. [These are within railroad control. *Editor*]

MDOT comments

The federal law sets a high bar for compelling the sale under the feeder line statute, and the process works much like that of eminent domain proceeding, said Greg Nadeau, MDOT deputy commissioner. He called the proposal a "pretty drastic remedy" and said it will only work if shippers get behind it and testify to the federal board that the service is inadequate. {Tom Bell in *Portland Press Herald* 6.Mar.08}

[Nadeau wrote later: ‘I have heard from actual shippers and others who deal with shippers as part of their business (about service improvement at ST). I've heard these observations over the last year or so which coincides with the change in leadership at Pan Am.’ {e-mail to *ANR&P*}]

8 March, Augusta. ***ST PRESIDENT DAVID FINK CAME TO AUGUSTA.*** According to State Representative Stacey Fitts, he talked with Governor Baldacci and with the co-chairs of the Joint Committee on Transportation.

Fitts, who proposed the feeder line idea on 26 February [see 08#02A], repeated his contention that MDOT is hesitant about confronting ST. It is ‘evidence of the fear of retaliation that is experienced by the shippers. Maine DOT relies on Pan Am to keep the *Downeaster* running... this is the root of the resistance.’ {e-mail to *ANR&P* 8.Mar.08; meeting with chair confirmed by House co-chair Boyd Marley}

10 March, Augusta. ***THE UTILITIES COMMITTEE FORWARDED ITS BILL ON RAIL SERVICE TO THE TRANSPORTATION COMMITTEE,*** saying in a cover letter:

After reviewing the February 2008 report of the Public Advocate and discussing these issues as a committee, the Utilities and Energy Committee voted 13-0 to support the attached “Draft Committee Bill Regarding Railroad Freight Service Quality.” The proposed bill would:

Eliminate the pending repeal of the Public Advocate’s responsibilities for the promotion and enhancement of railroad freight service quality;

Direct the Department of Transportation to examine the feeder railroad development program of the federal Surface Transportation Board and options under that program to improve railroad freight service in the State and report on its findings; and

Authorize the joint standing committees having jurisdiction over utilities matters and transportation matters individually

or jointly to submit legislation regarding railroad freight service quality to the first regular session of the 124th Legislature.

The Utilities and Energy Committee submits the attached “Draft Committee Bill” to the Transportation Committee for your review and action. We hope that the Transportation Committee will join the Utilities and Energy Committee to report out legislation this session to support efforts to monitor and improve railroad freight service quality in the State. {text of letter from Committee}

Further Fitts remarks

On 12 March, WABI TV in Bangor interviewed Fitts. He told the reporter that industries across the state have complained about ST’s long delivery times, and outright lack of response in some cases.

“It would appear to me, and to the Utilities committee, that the rail is slowly being abandoned. We'd like to either stop that process, or find somebody else who can operate the rail in a better fashion....

“I sat in Pittsfield the other day and watched cars going by in the rail and six cars went by with their doors open with paper products inside. I spoke with a steel fabrication company; they rely on the rail to receive their raw product. In one case they related to me, the car full of their product sat in Portland for nine days, waiting to be moved.”

Fitts said the Legislature wanted to assure the railroad that the goal is not a hostile takeover, but lawmakers are investigating all options to see what the alternatives might be.

MDOT’s Nadeau said the state is working with all railroads to improve service and that the governor is confident that investments between private rail companies, and the public, will lead to improvements. {WABI website}

Next step

Public Advocate Dick Davies will present the findings of the three-year rail survey to the Joint Committee on Transportation on 25 March.

ST: MADISON SERVICE IMPROVED

4 March, Madison. *NEPW IS NOW HANDLING MADISON'S INBOUND PULP*, said Mike Doiron, operations manager of paper. In 2007, Cousineau's warehouse in North Anson, newly-opened to rail service, was receiving pulp. But Madison changed suppliers. Doiron explained that the supplier chooses how to deliver the pulp, and retains ownership of it until it arrives in Madison. Here the new pulp supplier chose to use NEPW Logistics.

Better service

Doiron echoed some others in Maine saying that ST rail service has improved recently. {ANR&P discussion 4.Mar.08}

ST: WINTER PROBLEMS

4 March, North Leeds. *THE QUALITY EGG FEED FACILITY GOT SERVICE ONLY 12 OF 29 DAYS IN FEBRUARY*. One of the officials, who asked not to be named, said ST had listed the unusually snowy winter and the lack of engine power to get through the drifts as the cause.

The feed mill [our *Directory* #876] also missed “a couple” of switches in the summer, due to ST's track work. “We thought they would improve their lines by doing that,” but service “is not to our satisfaction.” {ANR&P discussion}

MASSACHUSETTS

EOT: STATE RAIL PLAN

3 March, Boston. *EOT IS NEGOTIATING WITH ONE OF THE TWO BIDDERS ON THE STATE RAIL PLAN/FREIGHT PLAN CONTRACT*. According to one person involved in the selection process, the team with TranSystems was not selected, in part because of its emphasis on the significance of the nascent Melford container

terminal in the Strait of Canso to Massachusetts traffic.

Only one other group bid: the HNTB/HDR/Global Insights team [see 07#12A]. In mid-February, EOT chose that team because it made an excellent proposal and presentation, and had the “right team” to get the job done. {ANR&P discussions}

PW: GARDNER TRAFFIC?

3 March, Gardner. ***PW MAY GAIN ITS FIRST RAIL CUSTOMERS HERE***, if plans to renovate the former S.Bent chair factory site go forward. The City of Gardner acquired the 25-acre site, but was not able to seriously entertain redevelopment offers until August 2007, when the Environmental Protection Agency awarded Gardner a \$200,000 brownfields grant to clean up the site.

Uses of the site

The New Hampshire-based Norwood Group and construction company J.M.Coull of Maynard would purchase the property, and lease it to three tenants. Converted Organics would be the anchor of three commercial/industrial tenants. With facilities in California and New Jersey, Converted Organics is a publicly traded Boston-based company that takes food-product waste and turns it into organic fertilizer that is sold primarily to farmers and golf courses. Bill Gildea, a representative of the company, said demand for his product has increased, along with interest in preserving the environment and reducing harmful greenhouse gas emissions. The developers would add a carpet recycling plant and an aggregate trans-load facility.

Need for rail

Converted Organics, according to Rob Hubbard, the city’s director of community development and planning, would produce about two tankcars’ worth of fertilizer every two weeks. The company will sell the product to California farmers, making rail vital.

But reviving rail into the facility makes little sense for two carloads every two weeks, said Jim Coull, principal of J.M.Coull. The transload could add enough traffic, both Hubbard and Coull noted.

“We have a lot of sand and gravel in the area,” said Hubbard. The transload would be designed to move aggregate into railcars. “This would not handle trash or hazardous material. The city will probably restrict what the facility can transload.”

The former spur

Up until possibly 1990, a spur ran northwest off the PW main line south of Bent Pond, north of the cemetery, and curved around back to the southwest into the S.Bent facility. It ran through the Bent property, crossed Mill Street, and continued on to serve three other chair manufacturers, said Hubbard.

Financing for the spur

Hubbard said the city has not yet looked at how it might assist with financing the rehab of the spur. He noted that Gardner did get state funds for a spur into the industrial Park at Betty Spring Road off ST’s Freight Main. The spur serves only Maki Lumber [our *Directory* #145], but the state agreed to help fund it as long as the spur was available to any other occupant of the park, said Hubbard.

Next steps

Hubbard estimated that moving the Bent project through permitting, zoning changes, and ownership transfer would take at least a year. {ANR&P discussions 3 & 6.Mar.08; Danielle Williamson in *Worcester Telegram & Gazette* 29.Feb.08}

PW support

PW General Counsel Marie Angelini wrote: ‘Obviously, additional traffic such as aggregates may make the case for rail rehabilitation even more clear-cut. Presently, P&W operates trains to Gardner five to six days a week, so sufficient service is in place to support new customers.’ {e-mail to ANR&P 5.Mar.08}



Sagamore, Cape Cod. The first Mass Coastal train moving trash from Otis to the SEMASS incinerator [hence the 'Energy Train' moniker] rumbles toward the lift bridge over the Cape Cod Canal on 3 March. {courtesy Paul Eagan} The move marks the start of the trash move off the Cape, MC's and predecessor BCLR's [see 08#02A] largest customer. In the coming weeks, MC will also start the train from Yarmouth [see 08#02A].

QUEBEC/MARITIMES

CBNS: POTENTIAL CUSTOMERS

3 March, Trenton-Sydney. *THE RAILWAY IS LOOKING FORWARD TO MAJOR TRAFFIC*, according to Roy Budgell, manager of market development [see 07#09A for previous update].

Federal Gypsum

This wallboard plant in Point Tupper has received refinancing, and is still operating, though not at a rate to require rail service, as it did earlier [see 07#10B].

Trentonworks

On 25 February, Greenbrier, the owner of Trentonworks announced it had failed to find a buyer for the railcar plant. Greenbrier asked the Supreme Court of Nova Scotia to appoint a receiver to take control of Trentonworks' assets. The announcement eliminates the possibility that CBNS would resume both inbound and outbound rail service for a new operator.

Donkin coal

Budgell said that Xstrata expected to announce at the end of the first quarter 2008 whether it will fully re-open the coal mine on Cape Breton [see 07#08B]. Whether CBNS gains any traffic depends two factors. First, will Xstrata sell any coal into the North American market which would travel by rail? Second, will Nova Scotia Power be able

to burn the coal in its Trenton or Point Tupper facilities, which CBNS now serves?

Melford International Terminal

The proposed new container terminal on the Strait of Canso would provide major rail traffic, if it attracts the kind of volume its proponents foresee [see 08#01B]. Budgell noted the proponents continue to announce funding support. {ANR&P discussion 3.Mar.08; PR newswire 25.Feb.08}

Nova Construction

This company railed some gypsum to McAdam, New Brunswick, from a double-ended siding at James River [see 05#11A]. At this point, said an official there, the company is not using rail. {ANR&P discussion 27.Feb.08}

MMA/NBSR

10 February, Saint John. **MMA STARTED A NEW CLAY SLURRY MOVE** recently; one observer spotted 11 slurry cars on this day, ‘mostly UTLX with one GATX.’ The cars formerly moved over CN. {MMA e-list}

Irving Paper is now receiving it via MMA and NBSR, said Irving spokesperson Mary Keith. ‘Same volume as in the past.’ {e-mail to ANR&P 13.Mar.08}

An estimate of the new MMA traffic

The paper mill, located in east Saint John, makes 450,000 metric tonnes of paper per year, with about half of that supercalendered (pressed thin). {Lockwood-Post Directory} A local paper chemistry expert surmised that the clay is used in the supercalendered paper to “opacify it and improve printability” by making the surface smoother. Clay can form “up to 25%” of the content.” {ANR&P discussion 13.Mar.08}

To estimate the number of railcars, assume 20% of the supercalendered paper consists of clay, so the mill would need 45,000 tonnes of clay. Assume the slurry has 60% solids, so the mill would need 80,000 tonnes of slurry. That’s 800 cars a year, roughly. *Editor*

ATLANTIC GATEWAY: PROJECTS

5 March, Halifax. **NOVA SCOTIA PREMIER RODNEY MACDONALD PROPOSED FIVE INFRASTRUCTURE PROJECTS**, at a Nova Scotia Chambers of Commerce breakfast this day. “We need to transform aspects of our infrastructure in order to meet the economic opportunities that importing and exporting will offer in the years ahead. These projects are tangible examples of how we can reach our full Gateway potential, and also meet our government’s immediate priority of building better roads and infrastructure, another step toward a new Nova Scotia.”

The premier thanked the various groups that offered input into the project list, including the Halifax and Nova Scotia chambers of commerce, the ports of Halifax, Sydney and Strait Superport, the Greater Halifax Partnership, Atlantic Provinces Economic Council (APEC), Atlantic Institute for Market Studies (AIMS), Halifax Regional Municipality, and the Atlantic Canada Opportunities Agency (ACOA).

“Our list of Gateway projects come predominantly from the private sector, and I thank them for their input; we’ve listened carefully to what these experts have told us. But this list is not the complete Gateway picture. What we have today are the initial results of thinking differently to take advantage of the immediate Gateway opportunity.

“I encourage Nova Scotia’s business community to do the same: think differently, and think big to find your place within the Gateway concept.”

He put the total cost at \$300 million.

[See separate story for more detail on each project.]

South end multi-trans corridor

MacDonald would construct a new road beside the CN rail line from the Halifax Ocean Terminal (owned by the Halifax Port Authority and operated by Halterm) to Rockingham in what is known as the rail cut. The ‘multi-trans

corridor’ would serve a number of functions:

- reduce transit time between Halterm and the twinned roadways, thus reduce costs;
- reduce traffic congestion on downtown city streets;
- reduce greenhouse-gas emissions from trucks idling at lights;
- be available for emergency vehicles and commuter-link buses, which would also further reduce emissions.

“The multi-trans corridor is the perfect example of a Gateway project because it helps us move toward our environment, economic and infrastructure targets simultaneously, and creates a business advantage for a company choosing Nova Scotia as its Gateway,” said the premier.

Gateway Logistics Park

MacDonald would create a new logistics park in the Burnside Industrial Park in Dartmouth, with a facility for stripping and stuffing containers.

The logistics park would also include a new Logistics Centre of Excellence to allow for skills training and development, and research into transportation and logistics, which would be led by Nova Scotia's community colleges and universities.

Twinning the 104

The premier called for the twinning of Highway 104 from Antigonish to Port Hawkesbury, on the other side of the Strait of Canso, a distance of 50 kilometers. [It is already twinned from Truro to Antigonish. *Editor*]

Dredging of Sydney Harbour

The dredging would allow larger ships.

Refrigerated air terminal

As well, MacDonald wants a new refrigerated terminal at Halifax Stanfield International Airport. {press release from Office of Premier 5.Mar.08}

PREVIOUSLY PROPOSED

Proponents have long sought these projects. In 2006, MacDonald asked for \$400 million from the federal government for the Atlantic Gateway [see 06#10A]. According to a government press release:

‘The Government of Nova Scotia has identified a number of infrastructure projects that would strengthen Canada's East Coast advantage as an intercontinental gateway and contribute to the economic growth of the region and the country.

- An inland container terminal would increase container shipping capacity.
- At a transload/distribution centre, shippers could unload and sort cargo for transportation across North America.
- The Burnside-Sackville Expressway would give truck traffic and commuters an alternative route to and from the Burnside Industrial Park.
- Twinning Highway 104 at Antigonish would eliminate a bottleneck on the Trans-Canada Highway and benefit residents and truck traffic going to and from port facilities in the Strait of Canso.
- A Port Hawkesbury Bypass would improve cargo activities to and from the strait area.
- A new high-speed interchange in Truro, at the junction of Highways 102 and 104, would ease traffic flow throughout the province, especially for trucks travelling to and from ports in Halifax and Cape Breton.’ {text of press release}

7 March, Halifax. **MORE DETAIL ABOUT FOUR OF THE FIVE PROJECTS** came from David Oxner, director of the Atlantic Gateway Initiative at NSDOT.

Gateway Logistics Park

[This proposal emerged from the Inland Terminal Study conducted by Jim Frost of MariNova for Halifax Regional Municipality and Halifax Port Authority 2004-2006. See 06#02B. The study showed how such a terminal could help Halifax when its two current terminals exceed capacity, proposing that containers move in and out of both Halterm and Ceres by rail only. It also picked Rocky Lake as the best site for an inland terminal—see 06#03A.]

In Phase 2, which is looking at the business plan for Rocky Lane (see 07#06A), MariNova showed that before congestion at Halterm and Ceres made an actual inland container terminal needed, a set of container functions (see 06#03B) would add to the attraction of Halifax as a port.]

Port proponents, said Oxner, know they “have to have a compelling business case to convince a ship to call Halifax.” Providing a deep, ice-free port does not differentiate Halifax from others; the port stakeholders such as the terminal operators and CN know they must show that they can provide a cheaper, better, and faster facility. “They know they must be aggressive in the marketplace, and aggressive on timing and cost.”

The Greater Halifax Partnership looked at how to grow the transload sector. It has decided that adding functions would help: space to store containers; a container repair facility; and warehousing. If these were located near the two existing container transload operations operated by Armour [see 05#07A] and Consolidated Fastfrate [see 06#06B], which serves Canadian Tire, in Burnside Industrial Park, they could attract additional such operations.

Oxner said GHP is “out talking to a couple of retailers right now, who are looking at their own facilities.”

Location. While MariNova pinpointed Rocky Lake in Phase 1, GHP is suggesting, and MacDonald endorsed, that some acreage of phase 13 of the Burnside Industrial Park growth be reserved from the Gateway Logistics Park. [See map in 06#03A.]

“Phase 2 of the Inland Terminal Study is suggesting [Oxner later wrote that Phase 2 is not yet public] the best site for the facility would be phase 13 of the Burnside Industrial Park and that it be a multi-use facility incorporating aspects of an inland terminal, transloading facility, warehouse and distripark.”

Rail access service. Oxner listed one possibility for the Gateway Logistics Park as moving containers by rail out of Halterm and Ceres into Burnside for further handling.

Currently, that would require a rail move up to Windsor Junction, and then back down into Dartmouth. The Gateway Logistics Park plan would including building a new rail spur into the north part of the Burnside Industrial Park from the CN main line in the Bedford/Sackville area.

Road through CN rail cut

[The MariNova study also looked at a two-lane road or a one-lane road through the rail cut. CN put the one-lane road cost at \$40 million. The study concluded that the inland terminal would, by railing containers to the South End, better reduce greenhouse gases and trucks on city streets. See 06#03A.]

Oxner said: “We need an assessment study” to show the cost and benefits of the project.

Twinning the 104

Oxner explained that the province has a long-standing plan “to twin as many highways as possible, to allow the safe movement of goods and people.” In particular, the province has long-intended to extended the twinning of the 104 from Antigonish across the Canso Causeway. The expanded capacity will help the proposed container terminals at Sydney and Canso.

Asked why the government would assist a highway project when it is already subsidizing the rail line on Cape Breton [see 05#09B], Oxner acknowledged that containers from either new terminal would for the most part move by rail. The twinning is aimed more at a general improvement to capacity.

Dredging Sydney Harbour

The dredging will assist the Donkin project if it comes on stream, said Oxner. More broadly, a deeper channel will “improve the chances of a container facility in Sydney.” The depth problem “inhibits any number of cargoes.”

Cost of the projects

While the premier totalled the cost of all five projects at \$300 million, neither he nor Oxner would provide the estimated cost of each project. “All initiatives were made by other groups,” Oxner noted. “We need to work out what proponents view as potential funding,” and how much private parties will contribute.

“The province has a great number of infrastructure needs.” By underscoring the role that these projects will play in the Atlantic Gateway strategy, a strategy to which the federal government will contribute funds [see 06#10A], the province will gain a federal contribution.

“The Atlantic Gateway was a high-level perspective,” Oxner noted. “The premier has now brought it down to tangible things. In the next month, we will be prepared to release individual cost figures.” {ANR&P discussion 7.Mar.08}

HALIFAX: NO CALL FOR LOBLAW’S

4 March, Ottawa. *A MAJOR CANADIAN IMPORTER CANNOT GET CALLS INTO HALIFAX FROM ASIA.* Robert Wiebe, senior vice-president of transportation for Loblaw Companies, Limited, parent of Atlantic Wholesalers, told the Canadian Parliament’s Standing Senate Committee on Transport and Communications: “We would love to use the Port of Halifax more. We want to use more of our allotment into Halifax but right now we cannot get shipping lines to call at Halifax. They will stop their ships in New Jersey and New York and will not carry on to Halifax, primarily due to the economics.”

The Committee agenda

According to Parliament’s website, the Committee’s hearing would: ‘examine and report on current and potential future containerized freight traffic handled at, and major inbound and outbound markets served by, Canada’s Pacific Gateway container ports, East coast container ports, and central container ports; and current and appropriate future policies relating thereto.’

Current Loblaw’s shipping

At this point Loblaw’s the largest private employer in Canada with 137,000 workers, relies heavily on the Port of Vancouver to import from Asia, and then uses CP to forward the cargo. At 30,000 TEUs a year (about 20% food), 85% moving through Vancouver, the company ranks as Vancouver’s 4th largest direct importer.

It uses CP to move 40,000 intermodal loads between west and east [see box]. But port congestion, labour issues, and problems with derailments and avalanches through the Rockies create delays in delivering cargo.

Loblaws’ lacks confidence in the Canadian ports or rail systems, because they do not feel those services will be

CONTAINER TRANSLOADING WORKING

Armour and Fastfrate appear to be making a go of the container stripping and stuffing in Burnside, then draying the containers back to Halifax for loading on CN trains.

On 7 March, a rail observer in Grand Falls, New Brunswick, spotted a CN westbound intermodal train with two locomotives and 130 container cars, both domestic and international. Among the domestic boxes were many Armour, Clarke, Econoline, and Canadian Tire containers and a couple of Fastrack. {e-mail to ANR&P from Iain Dunlop}

Lanes of Loblaw’s traffic

Imports

The company lands 27,000 TEUs in Vancouver, and 2,000 in Halifax.

Cross-country

Loblaw’s moves 13,000 loads eastbound, and 27,000 loads westbound.

Corridor

Some 8,000 loads move between Toronto and Montreal.

Atlantic Canada

While 8000 loads move from the Corridor to Atlantic Canada, only 200 loads move the other way. {powerpoint slide to Committee}



DID SOMEONE SAY WINTER? CN train 428 eastbound out of Herve toward Quebec City on the La Tuque subdivision (west of Quebec, north of the St.Lawrence), trapped on 8 March at Milepost 18 near the town of Neuville, between Vallon and Pont-Neuf. Only toward the evening of 11 March could CN rescue the train, though the crew were brought out by snowmobile on the 8th.

The locomotive photographed in front of the train ran out of Joffre Yard to train 428 on the 10th to help, but to no avail. {courtesy Roland Couture, CN engineer of the rescue locomotive}

CN winter warning

On 7 March, Melanie Hewson, director of CN Customer Service, wrote in an e-mail to concerned parties: ‘Heavy snowfall has the most significant impact on traffic that transfers modes, such as Intermodal or traffic connecting in yards. Current weather forecasts call for 25 to 30 cm of snow in the Montreal area over the weekend, while snowfall in the Greater Toronto Area is expected to reach 20 to 25 cm by Saturday evening. Customers can expect that shipments scheduled to move through these areas may be delayed. You may contact your Customer Service Representative for any assistance you might require in your shipment planning.’ {text of bulletin from CN}

“robust enough to handle our predicted growth as a company,” Wiebe told the Committee. “We are looking at a 12% increase through the port annually and about a 14% increase over the rail lines.”

“We need to explore American port and rail options for running product into ports at Long Beach, New York and Savannah and then either trucking or railing it north,” he said. “Our other option, which might seem like a small

step backward, would be to take more product by road versus rail. With the lack of reliability and the increased flow environment, we will be forced to ship by road if we cannot address some of these issues on rail.”

Panama and Halifax

Loblaws has “approached the shipping lines and guaranteed them slots on the ships. We will fill those slots each week, yet we still cannot get the lines to call at the Port of Halifax with another ship.”

An industry source guessed on 5 March that shipping lines won’t continue up to Halifax from the Far East through the Panama Canal because it would likely require at least one more ship, which is a major expense. A scheduled Far East service to New York through the Panama usually includes eight vessels.

Suez and Halifax

Wiebe said it might benefit Loblaws to move product on direct sailings to Halifax through the Suez Canal with larger vessels. {Tom Peters in *Halifax Herald* 6.Mar.08}

HALIFAX: REASONS FOR DECLINE

1 March. *VARIOUS REASONS FOR THE DROP IN TRAFFIC AT THIS PORT* were discussed in an article published this day.

The actual decrease

TEUs declined from 529,890 in 2006 to 490,071 in 2007. Export cargo was flat, while import dropped more than 17%, in terms of tonnes. {HPA website}

Reasons

‘It’s a question that has been asked many times but one that nobody wants to tackle head-on, at least not publicly. Why? For fear of reprisal. And so hedging has become a sport’ wrote the reporter, Tom Peters. Sources listed CN rail service in winter [see photo], labour costs, productivity, and Ceres congestion. {Tom Peters in *Halifax Herald* 1.Mar.08} [More in a future issue.]

TAX INCENTIVES TO USE RAIL

Wiebe suggested an idea others, including your editor, endorse:

Provide tax incentives for shippers moving product over the rail versus over the road (reduces wear and tear on roads and is much more environmentally friendly).

AND TO USE HALIFAX

Wiebe also suggested potential incentives enticing shipping lines to call Halifax and increase direct sailings through Suez.
{powerpoint text}

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.

Converted Organics (PW, Massachusetts)
Donkin Coal (CBNS, Nova Scotia)
Irving Paper (MMA-NBSR, New Brunswick)
Loblaw’s (CP, Nova Scotia)
Madison Paper (ST, Maine #872)
Melford International (CBNS, Nova Scotia)
NEPW (SLR, Maine #929, 930, 932)
Nova Construction (CBNS, Nova Scotia)
Quality Egg (ST, Maine #876)

Letter to the editor:

You have an excellent publication, and I always look forward to reading it.

Jan Okolowicz, Parsons Brinckerhoff

PEOPLE

Montreal, Maine & Atlantic Railway has appointed **Joseph R. McGonigle** vice president Sales & Marketing, effective March 3, 2008. He succeeds **Richard J. Rushmore**, who retires as VP Marketing March 31, after 15 years of service.

McGonigle has 35 years of transportation experience and joins MMA from Stora Enso North America, Des Plaines, Illinois, where he has served as director, Logistics Development/Rail since 2002. Prior to joining Stora Enso, McGonigle had been vice president sales & marketing for Nexus Distribution since 1997. He began his railroad career in Philadelphia in 1973 in the operating department of the Baltimore & Ohio Railroad (now part of CSX). He subsequently joined the Milwaukee Road in Chicago in 1976 as assistant manager marketing. Following Soo Line's acquisition of the Milwaukee Road in 1985, he advanced to director of marketing for the Lake States Division, which was sold to Wisconsin Central in 1987. McGonigle was director marketing for WC from 1987 to 1997 with responsibility for all commodities related to the paper industry. {MMA press release}

[McGonigle thus worked at WC while Ed Burkhardt, principal of MMA, was WC president. *Editor*]

EDITORIAL

NOT A GATEWAY STRATEGY

Roger Taylor, columnist for the Halifax Herald, often writes on transportation. In his 7 March piece in the Halifax Herald, he echoed my skepticism about Premier MacDonald's announcement of the five projects [see above]. Excerpts:

I USED to think the Atlantic Gateway was a code name for a government project specifically aimed at turning Nova Scotia and New Brunswick into a major North America entry point for cargo from India and the Far East....

[But] rather than providing a means of creating a long-term strategy for specifically developing the province's unique potential as a major transportation hub for North America, Premier Rodney MacDonald seemed to outline a plan Wednesday that tries to achieve several short- and longer-term political goals at the same time.

....

In my opinion, rail should be the focus of any Atlantic Gateway concept. If used right, rail offers the most efficient and environmentally friendly movement of containers from Nova Scotia ports to delivery points inland....I've been told that one of the reasons Halifax isn't attracting more traffic is the lack of a competitive rail service.

....

One thing is certain. There is plenty of time because Ottawa isn't ready for the [Atlantic Gateway funding] idea yet.

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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).

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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 onto itself.'

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IN NEW ENGLAND

Malcolm Laughlin, editor
Chop Hardenbergh, publisher

A directory of the 760+ shippers, receivers, transload facilities, and intermodal terminals on the rail lines.

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