

# *Bay Colony Railroad Corporation*

NEARS Presentation

Newport Marriott

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# *Bay Colony's Evolution*

## *Early Years:*

- Staggers Act deregulates railroad industry in 1980. Pricing and contracting freedoms make short line spin-offs more practical,
- In response, Bay Colony startup begun by George Bartholomew & Gordon Fay.
- Bay Colony began operations in Eastern Massachusetts on 6 state owned lines: (Cape Lines, Taunton, Watuppa, Greenbush, Needham, Plymouth)
- Later, we acquired Concord Branch from Pan Am - 1985
- And we acquired Millis branch from Conrail - 1989

# *Bay Colony's Evolution*

## *Expansion:*

- Purchased rail lines from CSX in 1987 and formed Seminole Gulf Railway in Ft. Myers, FL.
- Florida Freezer Cold Storage acquired in Ft. Meyers in 1989.
- Company Headquarters moved to Ft. Myers in 1991.
- Dinner Train established in Ft. Myers in 1993
- Common Carrier trucking operations established in Ft. Meyers in 1996.



# *Bay Colony's Evolution*

## *Modern Times:*

- Acquired North Dartmouth line, extending from the Watuppa line in North Dartmouth to New Bedford, from CSX in 2004.
- Lost lease on Bay Colony's original lines - 2007.
- Current operations remain on North Dartmouth, Watuppa & Millis branches.

# *Bay Colony Railroad Corporation*

## *Current Customers*

- Mid City Scrap
  - O/B Scrap Iron
- Colonial Beverage
  - I/B Beer
- Dartmouth Building Supply (DBS)
  - I/B Lumber, Wallboard
- Tresca Brothers Redi-mix
  - I/B Cement

# *Bay Colony Railroad Corporation*

## Marketing Case Study

### **MassCrinc** - Recycling - O/B Aluminum, Glass - 1984

1. Responding to a new recycling law, beer companies form a cooperative recycling company called MassCrinc.
2. They locate in an idle distribution warehouse on our O/S Watuppa branch.
3. Bay Colony attempts to sell rail service. But start up volume is so low that locomotive costs are prohibitive.
4. Bay Colony's solution involves contracting with Pan Am for a track-mobile on a flatbed trailer providing on demand switching for the low volume.
5. Business flourishes and grows to several hundred cars/yr. Locomotive is acquired and regular service established.

This project was the first Bay Colony "Golden Freight Car" recipient.



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## Marketing Case Study

### **SEMASS** — Municipal Solid Waste – Minitrains - 1982

1. At Bay Colony startup, our founders met with SEMASS promoters.
2. Planning and “systems analysis” for a rail-served waste-to-energy site at Rochester, MA ensued. Bay Colony funded this planning
3. Financiers required “anchor customers” with 20 year contracts to finance plant.
4. Contracts were negotiated on Cape Cod and involved terminals with capital requirements exceeding \$5 million.
5. Final negotiations for 20 year rail contract climaxed at a 3am Selectman’s meeting with major decision making required “on the spot”.
6. Bay Colony built a fleet of 21 specialized MSW cars and ran a daily mini-unit train 43 miles from the Cape to Rochester for 15 years, fully amortizing the car fleet.

This project became the second Bay Colony “Golden Freight Car’ recipient.



# *Bay Colony Railroad Corporation*

## Marketing Case Study

### **Canal Electric – O/B Vanadium Fly Ash - 1986**

1. Ash was so rich in vanadium it actually was vanadium ore. So valuable it could afford to go to Oklahoma and be refined by US Vanadium.
2. Bay Colony designed a special retractable top gondola and acquired a fleet of 20 new mill gondola cars.
3. Canal Electric later retained Gallo Construction Co. to build an environmentally unique building to better contain the increasing problem of fly ash blowing over a neighboring marina.
4. Bay Colony subsequently replaced the mill gons with greater cubic capacity western coal gons. (thereby making the gons available to Mid City at Watuppa).
5. Canal Electric has now converted to natural gas and the fly ash business has ended



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## Marketing Case Study

### **American Rock Salt – I/B Road Salt - 1983**

1. Gallo Construction had a traditional salt terminal with pit/conveyor at Taunton, MA.
2. But through-put was limited by limited switching capability.
3. Bay Colony provided a compensated locomotive and crew for entire shifts to “Knock out” 15 car blocks shipped from the mine.
4. Expanded through-put capacity made facility a more attractive destination for the shipper and volume increased dramatically.

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## Marketing Case Study

### **Mid City Scrap – O/B Scrap Iron - 1987**

1. Mid City rail siding was overgrown and Watuppa branch O/S in 1982.
2. After service was established for MassCrinc, and gondolas became available from Canal Electric, test shipping became possible and ensued.
3. Mid City found it was much more competitive with a rail delivery option and market reach greatly expanded.
4. Business flourished and Bay Colony's gon fleet was expanded to 30 cars.
5. Mid City later acquired a fleet of 15 high capacity 4k cube coal gons to supplement the railroad gons and broker provided gons.
6. But competition between export and domestic scrap is cyclical and perennial so other businesses are needed weather the troughs..

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## Marketing Case Study

### **GAF Building Materials – Granules, Shingles**

1. Bay Colony acquired the Millis branch from Conrail around 1989.
2. GAF Building Materials was doing about 200 cars/yr.
3. CR was providing biweekly switching due to low volumes.
4. Bay Colony determined GAF could increase exponentially through production concentration if on-demand switching were available.
5. Most importantly, GAF was willing to pay costs of such switching.
6. Bay Colony assigned 2 locomotives and a full time crew to Millis and was reimbursed.
7. In the best years, traffic rose by 10 times to over 2000 cars/year.
8. Eventually GAF was acquired and the Millis plant was found to be duplicative and was closed.

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## Marketing Case Study

### **Harris Rebar – I/B Steel Rebar -1996**

1. Harris Rebar was a major supplier of rebar for Boston's "Big Dig".
2. All rebar was trans-loaded from a CSX Team Track in Braintree, MA.
3. Harris decided to build their own facility featuring custom-bent rebar.
4. Bay Colony had become familiar with local Harris people because of efforts to obtain empty gons for reloading by Mid City at Watuppa.
5. An ideal site was located in Rochester, MA and a new building and siding were constructed.
6. Harris prospered for several years before being acquired by a larger company. Rochester became a duplicative facility and was closed.

# Shortline Marketing Advantages

- Innovation
  - Special Cars, custom scheduling
- Decision Making
  - Rapid, “3am”, entrepreneurial
- Contracting
  - Unique arrangements
- Collateral Effects
  - Reduced customer impacts, standards more flexible

# Shortline Operating Advantages

- Custom Tailored “first/last mile” services
  - Examples: break-bulk, indexing, storage, unit train assembly, capacity expansion
- Reduced Network Impact
  - Examples: contract customer switching

# The “Awful” Imperative

- Aggregate railroad freight business has a half-life of roughly 10 years.  
(consider Canal Electric, GAF, Harris, on Bay Colony or coal, crude & frac sand on CSX)
- Hence railroads need to find roughly 5% new business per year just to “stay even”. So aggressive marketing must be de rigueur for economic health.
- Bay Colony was fortunate to be able to quadruple it’s business in the first 20 years.
- Bob Dylan said it best: “He who is not busy being born is busy dying”