

B&M seeks \$26-million loan

By MICHAEL GERY
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The Boston and Maine Railroad, bankrupt since 1970, has applied for a \$26-million loan from the U.S. government.

If approved, the loan would allow the railroad to fix its "heart line" track between Ayer and Mechanicville, N.Y. including extensive repairs at the B&M crossroad in Greenfield.

The long-neglected and heavily-travelled 156-mile line would receive 83 miles of new track, repairs on 38 bridges and the Hoosac Tunnel and new signal systems.

The plans were announced in Greenfield Monday by the president of the B&M and his "friend of the railroad" Silvio O. Conte, U.S. Congressman from Pittsfield.

B&M taking a loan from the federal government marks the first time during its seven-year bankruptcy that the railroad has sought sizable direct assistance from the government. The loan is seen as the principal means by which the railroad can chip away at its \$105-million indebtedness and become more competitive with the huge federally-subsidized Conrail freight train system.

Conte accompanied B&M Pres. Alan G. Dustin to Greenfield Monday because the congressman is considered the chief promoter of the Railroad Revitalization and Regulatory Act of 1976 which permitted B&M to apply for the loan. The announcement took place here because Greenfield is the intersection of the B&M's east-west and north-south lines.

If all goes well, Dustin said, the rehabilitation job could begin next spring and will be completed by 1980. At its peak, the project could provide 150 jobs on the railroad.

Dustin said the rehabilitation plan demonstrates how the B&M is on the upswing. He said the second quarter of 1977 was the railroad's "first black quarter since 1974," and he suspects the improving health of New England's economy will allow the B&M to continue "on a positive cash flow course."

Dustin said the future of B&M depends on the health of the New England economy and the continued help of the federal government. He said B&M foresees opportunities to carry more loads of wood products and paper products and "perhaps coal" throughout the New England region.

He suspects that the "good business climate of New Hampshire and the development potential of Maine" are signs that New England's economy forecast is bright as far as B&M is concerned.

"We also have to depend on whether the federal government exploits the railroad from the standpoint of fuel efficiency," Dustin said. "We must account for equity with the highway system."

After the grand announcement at a press luncheon at the Candlelight Motor Inn, Conte, Dustin, B&M officials and some reporters boarded vans bound for North Adams via the B&M heart line. They were to view the proposed fix-up sites.

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BOSTON & MAINE Railroad Pres. Alan G. Dustin, right, opens door while U.S. Rep. Silvio O. Conte boards a van that transported the two along B&M tracks from Greenfield to North Adams Monday. —Recorder Photo by Chuck Blake.

B&M funds--

The \$26-million project involves the following:

—\$13.4-million to install continuous welded rail on 83 miles of the heart line, including new track from Greenfield to Charlestown.

—\$6-million to eliminate some of the cable-type signal system and replace it with a code communication that travels through the track.

—\$3.5-million for roadbed improvements including ballast cleaning and drainage work.

—Repairs to 38 of 134 bridges, including \$425,000 to install new steel lining within the five-mile Hoosac Tunnel which runs under the Berkshires from Florida to North Adams.

The 156-mile heart line carries freight trains which haul as much as one truck every 30 seconds in a day on the Massachusetts Turnpike, according to B&M engineer David Hughes.

The project would complement a five-year

\$18-million maintenance improvement already conducted by the B&M and is projected to save the railroad about \$1.5-million per year.

Dustin and Conte reviewed the saga of failing Northeast railroads and the bankruptcies that wracked the industry in the early 1970s. Conte said the trucking and highway industries have dented the freight train industry, but Congress has committed itself to bringing the trains back to life.

"I took a strong lead in pushing this railroad legislation, along with the rest of the New England delegation, because of our commitment to maintaining the rail freight service to our vital local industries. In many ways, the railroads are the lifelines of New England, tying markets and industries together," Conte said.

The Boston and Maine in 1970 was one of the earliest railroads in the Northeast to go

bankrupt and is now in debt for \$105-million. In 1973 Congress created the subsidized Conrail freight system and Amtrak passenger system. Of eight bankrupt railroads, the B&M was the only company which chose not to join Conrail, but to remain "an income-based" railroad.

Conrail provided \$2-billion to revitalize neglected rights-of-way. Its tracks run parallel and in competition with the B&M.

The federal railroad reorganization did not allow the bankrupt and independent B&M to apply for loans. Conte said the 1976 revitalization act and its connection to President Jimmy Carter's economic stimulus package provided a \$120-million pot from which the B&M hopes to secure the loan.

The 30-year loan would be secured at low interest rates and would not require payments for seven years, Dustin said.