

**Proposed CNR acquisition of the NYC
RG 30 vol 13149
CNR President's file**

NB It is interesting that this file should commence just after the NYC had moved its passenger services out of the Union Station (on January 1, 1941) because the CNR charges were too high!

25 February 1941 Memo from Vice President Walton to President S.J. Hungerford and Vice President A. Fraser

Have received a letter from Mr. Bond VP & General Manager in Toronto.

There are rumours to the effect that the NYC are endeavouring to abandon their line between Cornwall and Ottawa and they are dealing with the Ontario government with the thought that their right of way could be converted into a high speed provincial highway.

If this development should materialize the question arises as to what will become of the NYC terminal property at Ottawa.

We are facing demands from time to time for sites in the vicinity of the Union Station at Ottawa, where space is distinctly limited, and, further, you are familiar with the coal trestle owned by the NYC at Ottawa and the accommodation which it affords its patrons. I think we would be at a distinct disadvantage if our competitors were to acquire this property from the NYC, in the event of their abandoning the line between Cornwall and Ottawa.

I would accordingly suggest a confidential discussion with the traffic Department in Montreal regarding this matter and some judicious inquiries made as to the NYC's intentions, which would determine the line of action we should take in protecting our interests.

It would be desirable to secure from Mr. Williamson, President of NYC, confidentially, some information as to whether the rumour that they are likely to abandon their line between Ottawa and Cornwall has some foundation. If so we could, no doubt, take some quiet steps so that we would have the opportunity to secure the terminal property in Ottawa which they would vacate.

1 March 1941 Personal letter from CN President to NYC President

We have heard rumours to the effect that a proposal is on foot for the abandonment of your line between Cornwall and Ottawa and the conversion of the right of way to a high speed provincial highway.

If there is truth and the proposal is brought to an effective conclusion we were wondering what disposition you might have in contemplation for your terminal properties in Ottawa, the continuing use of which would naturally be ended. If these properties eventually become available for sale we would like to be considered as a prospective purchaser, either on cash or exchange basis, if any arrangement on the latter line seems to be feasible.

10 March 1941 Letter from President NYC to President CNR

At present we have no plans for abandonment. There has been some tentative consideration given to the possibilities of using the right of way for a highway and if the public authorities should present a suitable proposition for taking over the property for that purpose it might affect the question of continued operation but no such proposition has been made. Consequently we have no such intention of disposing of our Ottawa properties.

In the event that anything should arise in the future concerning them I will be glad to communicate with you.

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7 April 1941 Memo VP Walton to President Hungerford

Refers to blue print concerning the proposed diversion of a portion of the NYC in connection with the St. Lawrence River development.

In the report of the St. Lawrence Deeper Waterway International Rapids Section there is an amount covering the estimated cost of building this diversion of \$1,308,000.00. It is understood the NYC would not be averse to abandoning their line and the matter is brought to your attention.

15 April 1941 Letter from President Hungerford to Commander Edwards, DM Transport, Ottawa

I understand that in connection with the proposed St. Lawrence Deeper Waterway provision is made in the estimates for \$1,308,000 to cover the cost of diverting the NYC - Ottawa line upstream.

The matter is of course of no concern to this railway (!) but I thought it advisable to let you, as DM of Transport, know that the NYC people have given serious consideration to getting rid of their line into Ottawa for some years past as apparently it is very unprofitable. I recently wrote Mr. Williamson, President of NYC, in regard to a rumour which was then going around the effect that they were thinking of immediate abandonment, and I asked him to consider us as possible purchaser of their terminal property in the City of Ottawa in the event of the rumour being well founded. His reply was to the effect that they had no intention of abandoning the line just now unless they received an attractive offer for the right of way for highway purposes, or something of the sort.

It is only surmise on my part, of course, but I am inclined to think that in view of the probability of the Deeper Waterway being constructed - they are going to wait to see if they are offered compensation for abandonment of their line rather than spend a large amount for the new crossing of the river in order to maintain an unprofitable line.

19 April 1941 Letter DM Ottawa to President CNR

Many thanks etc.

The commission to be established by both governments will be the body with authority to deal with the matter of the NYC crossing. Although the estimates show an amount of \$1,308,000 + 25% engineering and contingencies, the commission might adopt some other method of dealing with this problem. In any case the entire cost will be borne by the US government.

As you are aware these bridges are also used for highway traffic and form the only bridge link with the USA for highway traffic between Gananoque and Montreal.

6 January 1951 Memorandum from Executive Vice President & Executive Assistant

As a result of discussion between Mr. Fairweather and executives of NYC:

1. NYC proposes to proceed with its application for a reduction in passenger service on this line
2. NYC is studying possibility of (a) abandoning the line and (b) entering into negotiations for its sale.
3. Subject is to be kept confidential between the parties at the Presidential level until some word is received from NYC as to the decisions reached.
4. The abandonment or sale would involve the whole line from Helena (Massena) to Ottawa.

15 January 1951 Memo from the President, Donald Gordon

Interview with the Minister, Mr. Chevrier, in Ottawa on January 12. He was interested but asked me to inform myself of two points and to let him know in due course:

- (a) What legislation would be needed
- (b) Even if NYC were to follow their plan of abandoning their passenger service would there be the possibility of CNR providing some sort of passenger service? (In other words, Mr. Chevrier was doubtful if we could get away with eliminating the passenger service if we took over the line) I pointed out to him that this was the whole basis of the proposal but even so he warned me there would be agitation, In light of the foregoing we should inquire as to whether or not a mixed train service would be feasible or advisable.

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22 January 1951 Memorandum for file from Vice President and Executive Assistant.

The Minister of transport spoke to me today in the absence of the President to say that in conversation with the Mayor of Cornwall an intimation had been given that the CPR was interested in acquiring the NYC line between Helena, NY and Ottawa. If it would be helpful to us the Minister thought it might be possible to have a resolution passed by the City Council of Cornwall, and probably by the Board of Trade, in support of the idea that the CNR should acquire the line with a rider attached that we should also continue to operate passenger service over the line. I said that I would not be surprised if the CPR were entering the picture because of the close affiliation between that company and the NYC.

In discussing with Mr. Fairweather, it was our conclusion that there was no advantage to be gained in having any resolution passed in the City or the Board of Trade at the present time, neither would there be any good reason for making a new approach to the NYC because it will take at least three months for them to complete their studies.

It might help our negotiating position if the Board of transport Commissioners found grounds for turning down the NYC application for the abandonment of passenger service.

17 January 1951 Confidential Memorandum to N.J. MacMillan, General Solicitor

Presume the line from Massena to the Canadian border at Cornwall is owned by the NYC. The line from Cornwall to Ottawa, including branches (!), is owned by the O&NY and held by the NYC under a lease for 99 years. This lease was authorized by Acts of 1936, chapter 51 and was subject to 151, 152 and 53 of the Railway Act. Lease was approved by Order in Council PC 3233 of 22 Dec 1936.

O&NY has no power under its Act of Incorporation to either sell or lease. The NYC, a US corporation has no power to sell or lease or sublet under any of the Canadian Statutes dealing with it. Their lease may contain the power to surrender or cancel. While the term of 99 years was authorized by the 1936 Act, this is the limit of the term and it could have been for a lesser term. If the lease could be surrendered or cancelled then we would only have to deal with the O&NY.

While our powers under section 24 of the CNR Act are comprehensive enough to cover the purchase from the O&NY and probably from the NYC, nevertheless, the lack of power of either these companies to sell seems fatal.

So far as taking over the Canadian line from Cornwall to Ottawa I think we must face the fact that an Act of Parliament is required.

As far as the line from Massena to Cornwall is concerned, section 5 of the ICC Act gives the ICC power to authorize the transaction by way of sale or lease including the right to operate.

3 March 1951 Memorandum from VP Research and Development to President Gordon

Annual out of pocket cost, including interest and depreciation, of providing one passenger trip daily except Sunday between Ottawa and Fort Covington, NY is estimated at \$42,500. This is based on the use of a self propelled car of the Budd type, suitable for handling passengers, baggage, mail and express. The present passenger revenue on the NYC is \$30,000 per year on passenger services so there would be an apparent loss of \$12,000 per year on passenger service. In practice, I should hope that the public service which would be afforded by the Budd car would lead to some increase in patronage and I think it would be safe to figure on the passenger, mail and express service being self supporting on an out of pocket cost basis.

It appears that, apart from the feeder value to the rest of the system here would be a loss in the order of \$200,000 per year. This deficit is made up largely of the necessity of maintaining a line for a volume of traffic which is barely sufficient to pay the out of pocket expenses. The justification for the CNR buying the line would lie in the hope that its favourable location in and around Cornwall would offset its rather meager traffic possibilities on the rest of the line.

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23 May 1951 Ottawa Journal

NYC asks kill on Ottawa passenger run.

Discontinuance of its one train a day passenger run. No action is being take with regard to freight service.

Losses on passenger services

1947 - \$18,012

1948 - \$28,297

1949 - \$36,843

Losses for 1950 still being computed.

Application made in 1939 for permission to discontinue the passenger service at which time there were four trains a day to the NY border from Ottawa (total). Board of Commissioners compromised for two trains a day, one each way.

6 June 1951 VP & Executive Assistant to A.K. Dysart, Commission Counsel

We will not hold a watching brief at the hearings for the reason that it might indicate an exaggerated interest on the part of CNR.

In the meantime Mr. Fairweather is to have a meeting in Montreal with representatives of the NYC arranged at the latter's request.

5 June 1951 Memorandum of meeting between Mr. Fairweather and officers of NYC

Mr. A.F. Coon Asst to VP

Mr. M.C. Smith

Mr. H.G. Farnham Superintendent

Coon felt that the feeder value of the line exceeded the direct losses and therefore the NYC had no intention of abandoning the line but would press for elimination of the passenger service.

NYC would carefully consider any proposition that would allow them to dispose of the line but which would preserve the feeder value to the NYC either by traffic, or failing that, in cash. By this arrangement a representative period would be picked - say the last year of operations - and the total gross revenues accruing to the NYC from traffic which originated, terminated or moved over the Ottawa line would be determined; that from this would be deducted the cost of maintaining and operating the Ottawa line and the out-of-pocket cost of handling the interchange traffic on the balance of the NYC system.; that the net figure so obtained would be a measure of the net value of the Ottawa line to the System and that the CNR would undertake to see that the NYC obtained this amount of benefit in one form or another, either as traffic interchanged with the CNR moving to or from the Ottawa line or as a cash payment.

CNR stated that this was precisely what they had meant and it followed that the line would be turned over at a nominal price in view of such arrangement. NYC asked whether a transfer would require the consent of the BTC. I replied it was not necessary. He pointed out that the portion lying in the USA would come under the jurisdiction of the ICC and consent would have to be obtained to the transfer.

It was agreed that the portion to be transferred would apply from Helena. NYC would surrender its running rights from Helena to Massena and would transfer the Ottawa line from Massena to Ottawa in its entirety.

7 June 1951 Memorandum from VP Research and Development, Fairweather to President Gordon

Attaches a copy of the above memorandum.

CNR would maintain rates and divisions through the Helena gateway to territory now reached by the NYC Ottawa line and if sufficient traffic did not develop the give the NYC the designated net, the difference would be made up, year by year, in the form of a rental payment.

To illustrate. Suppose the line has a net value to the NYC of \$100,000 per year and we have agreed with the NYC that the out-of-pocket operating ratio on interchange traffic would be 50%. Assume further that in a given year the interchange traffic reached a volume of \$175,000 - then the CNR would be obligated to pay in that year a rental of \$12,500. If the interchange traffic amounted to \$200,000 or more per year, the CNR would pay no rental. To avoid wide fluctuations in individual years, it might be provided that cash

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rental be based on 5 year moving average of the interchange traffic, but I consider this a matter of detail. The fundamental arrangement would be one under which the NYC would surrender the future potentialities of the line under its ownership for a guaranteed minimum level of benefits.

Please advise if it will be in order for me to pursue negotiations along this line with the NYC.

6 July 1951 Confidential letter from S.W. Fairweather VP R&D to Mr. B.S. Voorhees, VP NYC

1. Had a most interesting talk with Messrs. Coon, Smith and Farnham. I gather it is the intention of the NYC to retain its line to Ottawa because of the feeder value to the parent system exceeded the loss arising from the operation of the line.
2. This would seem to dispose of the suggestion made by me that in the event of the NYC deciding to abandon the line, the CNR might be prepared to acquire it. However, Mr. Coon indicated that NYC would be willing to explore a plan under which the line would be transferred to CNR and its net feeder value to the NYC would be protected either by traffic or in cash.
3. I have since looked further into the matter and there are certain economies in operation which the CNR might effect if the interchange between the two systems was at Massena instead of at Huntingdon and Ottawa as at present. No doubt similar economies would accrue to the NYC as well, therefore it would be to the mutual advantage of the two systems if the line from Helena to Ottawa were transferred to the CNR with the CNR underwriting the net feeder value of the line to the NYC as developed by an analysis of a representative test period.
4. My thought is that the two systems would put into effect through Massena rates and divisions having the same coverage as the rates and divisions through existing gateways and that there would be agreement as to connecting train services as warranted by the traffic movement; also that the CNR should underwrite the net feeder value to the NYC so that the NYC would have assurance that the net feeder value would be received either in the form of traffic or as a cash payment.
5. This is a somewhat novel arrangement but one which I feel is well suited to the circumstances. In consideration of the arrangement the CNR would either obtain ownership of the line or a long term lease on it.
6. If you feel that this matter is worth looking into further please advise me so that arrangements can be made for additional discussions.

17 July 1951 BTC Order 76997 is issued - see data base for details.

31 March 1952 Memorandum from Fairweather, VP R&D to President Gordon

I am now in receipt of advice from Voorhees that NYC has concluded that its best interests would be served by continuing its operation of the Ottawa branch line. This puts an end to any thought of the CNR securing this line and making use of it in our industrial planning in and around Cornwall.

I have in hand the development of a concrete proposal to deal with the Cornwall situation in the light of the St. Lawrence Waterways development. This will probably indicate some sort of joint interest in the Cornwall Electric Railway, at least in part. It would be to the advantage of the CNR to acquire the Cornwall Electric Railway but I doubt that this could be accomplished at a reasonable price, having in mind that the CPR is interested in maintaining an independent connection to Cornwall.

30 August 1955 Memorandum from S.W. Fairweather, VP R&D to Gordon, President.

In answer to your memo of August 24, asking as to latest views as to the possible acquisition of the NYC on a freight only basis. (Minister Chevrier had mentioned to Gordon in a casual conversation that the question of the relation of the NYC bridges to the St. Lawrence Seaway is being settled in a very arbitrary manner and expressed the opinion that the time should be ripe for another look at the possible acquisition of this line - on a freight basis)

Passenger service was discontinued in April 1954 following an order of the BTC

There has been no indication of any change in the attitude of the NYC regarding sale of the Helena - Ottawa line to the CNR since we were advised in March 1952 that "the best interests of the NYC would be

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accomplished by our (NYV) continued operation of this branch line." Undoubtedly this position was taken in view of the probability of the Seaway being constructed. Now that construction is in progress, it seems quite evident that the NYC's "best interest" lies in maintaining their position. They stand to gain considerably from traffic arising from the construction of the Seaway and power developments, and from future industrial development in the area resulting from the completion of the project. Their connection to Cornwall is important to them; it can be expected that they will be driving a hard bargain with the Seaway Authority in the matter of their river crossings.

My general conclusion is that the NYC is not likely to be interested, at this time, in disposing of their Helena to Ottawa line to the CNR.

6 September 1955 Memorandum from Fairweather to Gordon

Report of an oral discussion with A.E. Bayliss, VP of NYC. NYC is taking the simple position that they required the US and Canadian authorities to provide the NYC with a crossing of the river in lieu of the present bridge, without any expense to the NYC. The NYC had no intention of disposing of its line to Ottawa.

2 April 1956 Memorandum from Deputy VP to S.W. Fairweather, VP R&D

Mr. A.E. Bayliss called on 28th advising that they were having a problem created by the construction of the Seaway.

It will at least be necessary for them to relocate the bridge across the St. Lawrence River and a portion of the line, and for that the Seaway will have to pay the cost. The seaway authorities have suggested to the NYC that they sell to the American and Canadian Seaway authorities the entire line from the US border to Ottawa, following which the Seaway authorities would scrap the railroad and turn the right of way over for use as a highway.

NYC have previously attempted to abandon the line but have so far not been permitted to do so by the BTC.

Mr. Bayliss asked me to explore the situation to see if CNR would be at all interested in purchasing the line from the international border to Ottawa. He is similarly approaching the CPR to determine if they would be interested in buying the railway. Even if both our roads should say we are not interested, there is the possibility the NYC would continue to operate the road because of the likelihood of new industrial developments north of Cornwall.

A prompt answer will have to be given to the NYC because of their discussions with the SLSA.

13 April 1956 Memorandum from Fairweather

Since entering into negotiations with the SLSA the NYC have apparently come to the conclusion that it might be to their advantage to negotiate for the sale of the line. Mr. Chevrier informed the President that the SLSA had made an offer to the NYC and that the NYC had countered the offer but he did not disclose the terms of either offer. NYC had intimated that they would canvass the CNR and the CPR as to possible interest. Mr. Chevrier's interest was to see that the CNR did not get at cross purposes with the SLSA.

Under the SLSA proposal the line would be scrapped as a railway and used for the location of an arterial highway to Ottawa. If this plan is carried out, the CN could have no possible objection. On the other hand, if the plan is not carried out and the NYC line continues to function as a railway, its possession by the CP or in the vicinity of Cornwall, by the Cornwall Electric Railway, would be disadvantageous to CNR.

The President informed Chevrier that he had no intention of entering into negotiations with the NYC against the interests of the SLSA; therefore when NYC approached CNR we would tell them we are not interested. The President, however, would look to Mr. Chevrier to protect the interests of CNR in the event that the SLSA acquired the line and elected not to scrap it.

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In reaching the above conclusion it is to be presumed that the CPR could not afford to bid for the property against the price which the SLSA could offer because the latter's offer would undoubtedly be related to the cost of coordination which is several times the value of the property.

Newspaper clippings June 23

Rail decision delays bridge construction

NYC and SLSA officials talked all night on Thursday night in an effort to reach an agreement. Meeting ended without a definite announcement of plans and further discussions would be held later. If the railroad line should be abandoned plans for reconstruction of a railroad bridge would be scrapped. In place was being considered a high level highway bridge which would not have to be raised when big ships passed through the seaway canals.

Hon Lionel Chevrier is now President of the SLSA.

Journal June 23, 1956

NYC is negotiating for the transfer of its Ottawa Division to CPR.

9 July 1956 Memorandum Fairweather to Gordon

It is the present intention of the SLSA to acquire the portion of the NYC line from Helena to Ottawa which lies in Canada, that the railway bridge over the St. Lawrence River would be removed but that otherwise the line would be acquired as a going concern. i.e. the obligation to maintain freight service would remain with the purchaser.

There is some value to the line from the St. Lawrence River to a point a mile or so to the west of the CNR diversion, say a distance of 3½ miles and to a lesser degree to a mile or two to the south of the Ottawa diamond crossing of the Alexandria sub. For the balance of the mileage we can see no industrial potential.

There is no positive general traffic value to the CNR, apart from industrial development which would make this attractive. On the negative side there is the possibility that the CP might improve its general position in Cornwall if it should acquire the line because the CPR would then have two entrances to Cornwall.

We would definitely be interested in acquiring from the SLSA the section of line some 3½ miles from the St. Lawrence River westward. We should be mildly interested in acquiring the line from its terminus in Ottawa eastward to a mile or so east of the diamond crossing. This portion of the line would be more value to us if it were not for the fact that most of it is scheduled for abandonment in connection with the federal Beautification Plan.

A proposal to pick up these bits and pieces would not be attractive to the SLSA because it would leave on the SLSA's shoulders the responsibility for securing abandonment of railway service to the intermediate territory between Ottawa and Cornwall and this might very well lead the SLSA to dicker with the CPR, which while not disastrous, could have unpleasant repercussions. Recommend that CNR should acquire the line along with obligation for service at a price equal to its net salvage value, i.e. the scrap value plus a reasonable amount for the portion of the line which we would retain for industrial purposes. Cannot give an accurate figure but if we set the scrap value at the usual figure we estimate in line abandonments and allow for land values in Ottawa, it would amount to perhaps \$300,000 nsv to which we might add \$250,000 representing the real value of the bits and pieces we would find useful producing a figure of \$550,000 in all.

As regards our obligation to maintain services, we feel that if the local traffic did not meet our standard terms for line abandonment we would have a good chance of having abandonment approved, particularly since passenger service has already been abandoned.

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9 July 1956 Confidential Memorandum from the President

Telephone conversation with Lionel Chevrier.

1. Seaway made a proposal to acquire the whole line for \$2,000,000. SLSA felt it could get rid of obligations covering railway facilities which might cost \$9,000,000 in the form of bridges etc. they could make a substantial saving by getting rid of the railway and thinking only about the alternative highway facilities.
2. SLSA had a confidential suggestion from the Federal District Commission that they would be willing to pay up to \$800,000 for the NYC property around Ottawa including the NYC station.
3. SLSA also talked to Ontario to see if they would be interested in acquiring property to build a highway from Cornwall to Ottawa. A sum of \$750,000 was mentioned as the amount to be paid. Provincial authorities expressed no interest.
4. NYC wanted \$3,500,000 for the whole line, Helena to Ottawa but somewhere along the dickering indicated they would take \$2,000,000 for the line Helena to Cornwall only. This would have left them with Cornwall to Ottawa and they have some doubts about their position in this respect.

When SLSA questioned them about the value of the line Ottawa to Cornwall the first response of NYC was that it was an abandonment proposition only which they would sell for \$1.00. When pressed on their meaning it developed that they were thinking in terms of salvage value which they estimated at \$750,000 plus some valuation of the land. SLSA ridiculed this.

I told Chevrier that CNR had a mild interest in acquiring the line for the specific purpose of obtaining some 3 ½ miles adjacent to Cornwall and perhaps some line mileage near Ottawa. I pointed out that the Ottawa proposition was not very attractive because the property is scheduled to be abandoned in connection with the Federal Beautification Plan. Mr. Chevrier agreed with this and also pointed out that while FDC had indicated a willingness to pay \$800,000 for the Ottawa portion, which he wanted for beautification purposes, this proposal was now very doubtful. It seems that while the amount was originally authorized by Cabinet there has been a good deal of second thinking with expressions of opinion that too much money is involved.

SLSA will see if they can get the NYC to accept up to \$2,000,000 or \$2,500,000 for Helena to Cornwall. If this is done the NYC will have to deal with their line Cornwall to Ottawa to see if they can secure abandonment or perhaps persuade CNR to take over their obligations. If such should develop we could have a private talk with the FDC and perhaps come up with some proposal that would represent a joint interest.

20 July 1956 Montreal Star

As a result of talks held here yesterday between SLSA and NYC, NYC have agreed to apply to ICC and BTC for abandonment of service to Cornwall. This is being made so that a high level highway bridge can be built.

23 July 1956 Extract of minutes of Management Committee

NYC would definitely apply for abandonment Helena to Ottawa. NYC intends to dispose of its right of way to adjacent landowners. If CN is interested in acquiring portions of line it should act quickly.

Mr. Fairweather said that recently one of his engineers had inspected the Cornwall-Ottawa section of line which he found to be in fair shape, with the 80 lb. rail being in good condition. He roughly estimates the value to the NYC of the line at from \$600,000 to \$750,000 and said it might be well worth while for CN to determine whether it could be obtained for scrap value with the CN to take the responsibility of securing authority for its abandonment. Reference was made to the possibility of securing from Pickands Mather at Bristol Que a portion of its iron ore traffic for movement over the line to Cornwall and also of hardwood pulpwood traffic from the Algonquin Park area for shipment to the Howard Smith Paper Company at Cornwall. It was agreed that the NYC should be approached at a high level and informed that in the event it proposed to abandon the line CN might be interested in acquiring a part or all of it.

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24 July 1956 Memorandum from S.W. Fairweather

Telephone conversation with Mr. Bayliss VP NYC. It seems likely that NYC will close with SLSA for a cash deal. NYC will continue to plan for railway facilities on the south side of the river to serve industrial development. On the north shore it is probable they will proceed quickly with steps to abandon the line between Ottawa and Cornwall. Still felt that the line could be valuable for highway purposes. He stated \$800,000 would include the salvage value plus the value of the real estate, buildings etc.

He mentioned that neither CPR nor CNR were interested in the line as a going concern. I told him that we had not changed our decision but, speaking for myself, I thought that we might have a slight interest in acquiring sections of the line adjacent to Cornwall and Ottawa looking to the possibility of future industrial development. If we wished to raise the question further we should write him a letter.

25 July 1956 Letter from Fairweather to Bayliss

Confirms substance of July 24 phone conversation.

2 August 1956 Memorandum from President

Conversation with Honourable Lionel Chevier. Have subsequently discovered that there are three conditions to the deal with the NYC, two affecting leases and the third that there would be a successful abandonment proceedings before the ICC and BTC.

NYC want \$3.9m for the whole line. Chevier felt he could pay \$2m for the portion Cornwall to Helena and could persuade FDC to pay \$800,000 for the Ottawa district. And the Ontario government for \$750,000 covering a possible provincial highway. However, the FDC interest was definitely withdrawn and the Ontario government have no interest. He then thought he had a clean settlement for \$2,300,000 in cash. However he now finds, to his chagrin, that he still has the three conditions mentioned above.

NYC indicated that the section Ottawa to Cornwall had no value other than salvage which they estimated as \$750,000 plus. It is obvious that the NYC are out to get up to \$1,600,000 for the Cornwall to Ottawa portion, this being the difference between the \$2,300,000 for the Cornwall to Helena portion and \$3,900,000 which was their first bargaining position.

I told Chevier that we would be in a better position to await the process of abandonment proceedings. I told him I thought there would be some opposition before the BTC and in any event, if the abandonment were granted NYC would find that salvage value would run down pretty sharply.

I asked Mr. Chevier if he would be interested in trying to buy out the NYC entirely and then negotiate with us for the Cornwall to Ottawa portion. I also offered to discuss in advance with him the amount we had in mind. He stated that he had no authority to go beyond the \$2,300,000 cash price already agreed upon and which will be divided between the SLSA and US authorities.

In all the circumstances we agreed we had better let matters rest and let NYC proceed with their abandonment proceedings.

16 August 1956 Memorandum from President, Gordon

If and when we get to grips with the NYC over acquisition of the Cornwall to Ottawa line we will have available certain station grounds in which the FDC have a keen interest. We should then be in a strong position to engineer a swap of the property, or some of it, against acquiring a slice of the park adjacent to the Chateau Laurier.

I have been anxious for many years to get a reasonable portion of Majors Hill park to provide parking space for the hotel and also to rearrange street traffic routing which is now in a desperate muddle. This is an important point and should not be lost sight of if and when we arrive at a point where discussions might be useful.

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30 August 1956 Montreal Star

Special general meeting of the shareholders of the O&NY will be held 18 September to complete most of the arrangements for winding up the affairs of the O&NY.

The annual general meeting, to be held later, will finalize business.

20 August 1956 Montreal Star

Shareholders of the O&NY have approved sale of their 70 mile railway between Helena and Ottawa to the SLSA it was revealed yesterday.

21 September 1956 SLSA Press Release #130

Signed an agreement to purchase the NYC right of way from Helena to Cornwall including the International Bridges.

1 October 1956 Maynard, NYC to M.A. Metcalf, VP CNR

We have concluded negotiations for sale to the SLSA which will break our line. With the small volume of business on the branch we cannot justify the expense of another bridge and will therefore file for abandonment of the entire branch. We think our case will be strong.

We are now ready to entertain a proposition from you about the segments adjacent to Cornwall in which you might have some interest. If you re still interested let me know a little more detail as to what portion or portions interest you and we will be glad to go into the matter further.

10 October 1956 Memorandum by Assistant Chief Engineer of Inspection Trip NYC Cornwall to Ottawa line

Inspection was made by automobile and track examined at 12 locations where roads intersect the railway. All rail examined was 80 lb. and rolled variously between 1895 and 1920. In order to properly assess the various rollings it will be necessary to get hold of a rail chart from NYC. Most of the rail was 33 feet in length but several locations showed 30 feet. Foreman advised that all the rail was originally 33 feet but subsequently it had been sawn and redrilled.

A loss of height of about 1/8 inch is a good average. The batter varied from a short 2" at a depth of 1/16" to 8" at a maximum depth of 3/32". A slight secondary batter beyond the second bolt hole was noted. Some pitting in the base and web but not serious. Only one rail showed corrugation and one curve showed head wear. However, this was not serious enough to warrant changing the rails. Some joints were chipped and this is no doubt due to the fact that there are few, if any rail anchors and expansion suffered as a result.

The rail rolled prior to 1900 could be classified as good grade siding but still suitable for slow speed on light branch lines. The rail rolled after 1900 would classify favourably with 80 lbs. now in our class D main line such as the Cochrane Division and the Dorion sub. In would appear that the 80 lbs. rail has carried considerably less tonnage than the 80 lbs. rail still in our main lines.

The bars are 36" - 6 holes. The bars with the Moss Bay rail are punched to fit bolts one way only. The bars with the Lackawanna rail are punched to permit insertion in a staggered pattern. Very little wear on the bars and in the fishing. No broken bars were noted nor were there many bars on the scrap piles. It is possible that much of the scrap has been shipped away, however, with the light traffic in the last few years is could be assumed that not many bars are breaking. The bars have 2 slots in the base for spiking.

Signs of reduce maintenance in rack surfacing, lining, weeding, buildings and fences.

There is a table accompanying this showing the estimated value of track materials and bridges at \$765,660, say \$750,000.

30 October 1956 Ottawa Citizen

Residents of Cornwall want a direct road but the NYC right of way is not suitable.

CNR Acquisition of NYC - Research Notes

12 November 1956 Memorandum from W.M. Armstrong, VP R&D and R.D. Armstrong Comptroller

- 1 Meeting in New York November 9 with officials from NYC.
- 2 Conducted on the premise that NYC would succeed in abandonment proceedings.
 - (a) NYC expected to obtain abandonment authority from both ICC and BTC before the end of 1956.
 - (b) This will enable NYC to close the matter with the SLSA by end of January 1957
 - (c) After the completion of steps (a) and (b) NYC will dispose of physical property Cornwall to Ottawa
- 3 CNR had not yet defined its area of interest, if any, but there was the possibility we would be interested in some of the property in the vicinity of Ottawa and Cornwall.
- 4 NYC were fully aware of the potential value of the Ottawa property, in particular.
 - (a) They had received inquiries from Ottawa University
 - (b) They had been approached by a supermarket organization but they feel the property cannot be sold for this purpose because of the interest of civic and provincial authorities in the use of the land for through highway purposes and on the federal government in connection with the FDC plan.
5. NYC is prepared to dispose of the property either piece meal or as a package- i.e by whatever means would best serve the interests of the NYC. Not too much importance attached to the convenience to the NYC of a package transaction. Although they played it down CN felt that NYC did see some advantage in that they brought up the matter and offered to provide plans and engineering data.
6. We will now decide whether we have any interest in acquiring any or all of the property.
7. NYC would keep them posted of any new developments.

6 December 1956 Memorandum from W.M. Armstrong

I phoned NYC to tell them we are sufficiently interested in NYC line to accept offer to supply plans and data of physical characteristics.

10 January 1957 BTC order 90648 allows abandonment - see data base for details

CNR Acquisition of NYC - Research Notes

15 January 1957 Memorandum Fairweather to President Gordon

17 December 1956 Steel Bridges between Cornwall and Ottawa

No	MP	Location	Over	Type	Spans	Length	Built Masonry	Built Steel	Class
53B	72.30	Cornwall Jct	S. Branch River	Dbl I bm	1	25'	1926	1926	E70
48A	77.66	Black River	Black River	DPG	1	39'	1907	1907	E60
43A	82.41	Northfield	Raisin Creek	DPG	1	27'	1917	1917	E35
39A	86.16	Newington	Quinn Drain	Std SS I Bm	1	9'	1925	1925	E70
37A	88.66	Finch		Std SS Ibm	1	14'	1923	1923	E70
31A	94.72	Crysler	S. Nation River	Thru Truss	1	150	1898	1899	E50
26A	99.95	Cambridge	Branch of Little castor River	DPG	1	26'	1916	1916	E60
23A	102.11	Emrun	Castor River	DPG	3	39' 127' 29'	1898 1924	1906 1922	E60
16A	109.62	Pana	Black Creek	DPG	1	29'	1917	1917	E60
9A	116.14	Piperville	Branch of Bear Creek	Std SS I bm	1	12'	1925	1925	E70
6A	119.86	Ramsayville	Greens Creek	TPG	1	47'	1916	1917	E60

17 December 1956 Ties installed 1946 to 1955 Inclusive

Year	Treated cross ties	Board feet of switch and bridge ties
1946	3468	401
1947	4859	324
1948	8504	1463
1949	5330	9090
1950	2189	7828
1951	833	6027
1952	5679	2205
1953	2206	4626
1954	5510	-
1955	3289	8390
Total 10 years	41867	40350

	Main Track	All other track
Queens highway to Cornwall Jct	.91	.91
Cornwall Jct to Hurdman	53.95	2.22
Hurdman Jct to Ottawa	.45	2.32
Total	55.31	5.45
Grand total	60.76	

All rail is 80 lb.

Of 55 miles main line,

19 were rolled 1895 to 1901 and laid part worn between 1914 and 1920

36 were rolled 1900 to 1920 and laid part worn between 1921 and 1928

CNR Acquisition of NYC - Research Notes

About 85% of the rail should be fit for use in sidings and light traffic branch lines.

Tie condition is good. Nevertheless many ties were over 30 years old and it can be assumed that as soon as they would be removed from the track and exposed to the atmosphere they would disintegrate. During the last 10 years a total of 41,900 treated ties have been installed. These should still have some life in them. They are not plate cut and could be valued in place at 50% of the new cost. Similarly, 40,300 ft of switch and bridge timber was installed in the last ten years. This timber could also have some remaining life and could be valued at 50% of the new cost.

There are 11 steel bridges. Not examined, however, a reasonable estimate of their value can be made from the NYC description. Approximately 50% of the steel by weight can be used in structures elsewhere on our property and the balance will be disposed of by weight.

29 January 1957 Confidential Memo from VP R&D and VP Operations to President Gordon

Now that NYC has permission to abandon effective 15 February 1957 we are looking at the action CNR should take. NSV is \$750,000 (track, bridges, buildings, land). However, the net value for reuse is somewhat higher than \$750,000 because about 85% of the rail, the largest single item and some of the bridges are salvageable for use on CNR branch lines. The estimated additional value would be in the neighborhood of \$100,000 or a total net value to CB of approximately \$850,000.

The purchase of the line for purposes other than for taking it up is not warranted. Furthermore, if it weren't for the importance of obtaining branch line relay rail in 1957 we would be inclined to express little interest. We should advise the NYC that we would be interested in purchasing "as is where is", the fixed assets between Cornwall (north of Highway 2) and Ottawa, as an abandoned railway. Our recommended price should not exceed the scrap value of \$750,000 and that first offer should be substantially lower in the neighborhood of \$600,000. Acceptance within two months would be essential if we are to pick up track material during this summer and make the material available for use early in 1958.

31 January 1957 Extract from Minutes of Directors Meeting

Resolution No. 1012 granted authority to negotiate on the basis of picking up the line for materials was obtained.

1 February 1957 Memorandum from President Gordon to VPs Fairweather and Dingle and Comptroller Armstrong

I share your view that purchase of this line for other than dismantling is unwarranted.

It will be in order for you to arrange further discussions with NYC looking to purchase the fixed assets of the line. Terminal properties at Ottawa should of course be included in the package. Please ensure that the matter is directed to me before any binding commitments are made.

8 February 1957 Memorandum from AVP R&D W.M. Armstrong and Comptroller R.D. Armstrong

1. We met with NYC on February 7, 1957.
2. After it was established that NYC was interested in making a package sale we offered \$600,000 "as is where is".
3. Reaction from NYC was not unfavourable but after some discussion they offered \$700,000 on the scrap basis exclusive of land which they have not had a chance to fully evaluate. They are aware that the Ottawa land has considerable value but that its disposition is limited to purchase by some government agency. They also consider that the land around Cornwall has some substantial potential and that Ontario Hydro may have an interest in acquiring the right of way between Ottawa and Cornwall.

CNR Acquisition of NYC - Research Notes

4. The impression we gained is that the NYC is definitely interested in the package transaction and that at this point we are probably not too far apart in our true views as to the price at which the transaction could be consummated.
5. NYC will re-examine its views as to price in the light of our offer and suggested we do likewise
6. We will be in touch with Mr. Gray (NYC Counsel) before the end of February and should be able to determine at that time whether or not it is worth our while continuing negotiations.

1 March 1957 Memorandum from AVP R&D W.M. Armstrong

Phone call from J.O. Boisi, NYC Attorney - Real Estate. NYC had come to the following conclusion:

Salvageable materials	\$700,000
Land	\$126,000
Total	\$826,000

I told him we would not be interested in purchasing the line at such a price.

He asked if we had had another look at our figures. I replied that because of the recent downward trend in scrap prices which appeared to be continuing we felt our estimate of the price might be a bit high. I told him that his estimate of the value of salvageable materials namely \$700,000 was the same as that quoted at our meeting in New York at which time we had been told the scrap steel price had been calculated on the basis on \$70 to \$75 per gross ton as compared with a quotation obtained by the Purchasing Department yesterday of \$58 per gross ton FOB Chicago and because of the drop in scrap prices it would appear their estimate should be somewhat lower than \$700,000.

NYC was considering sending out invitations to tender on two bases:

- (a) Salvageable materials only, and;
- (b) A package deal including land.

He said if the CNR was interested in tendering he would send us a copy of the call for tenders. I told him that if NYC decided to endeavour to dispose of the property in this manner we would give consideration to submitting a tender.

Immediately after this phone conversation Messrs. Johnson, Fast, myself met with Mr. Paul Wendt of Penvidic Contracting of Burlington. This company engages in the construction of traders sidings under contract for industries in Canada. Mr. Wendt informed us that he had made an arrangement with the Burlington Steel Company under which he would bid for the steel (rail, track fastenings and bridges); the rail would be re-rolled as reinforcing bars and the balance used as scrap. He showed us a statement, based on a firm oral offer to the NYC of \$366,000 for the salvageable steel, in place, as outlined above and he was told:

1. The CN had offered to take over the line as a package deal for \$700,000
2. NYC feels the CNR wishes to acquire the line for operating purposes
3. Albert Lemieux - Montreal contractor had offered \$600,000 for the steel only (not clear on the basis of sale).

We told him we had had discussions with NYC; that both companies were thinking of a package deal; that we had no intention of operating the line and that we had not made an offer of \$600,000.

Wendt was not interested in acquiring the land and asked if his bidding for the steel would affect his relations with CNR. He was told that CNR had no right to tell him what he should do in such business proposition. He is a bit worried that NYC is trying to jack up the price by endeavouring to obtain increased offers from different parties. We told him that this would not affect the price we were prepared to pay. He probably gained the impression that we talked to the NYC on the basis of a package deal below \$700,000.

CNR Acquisition of NYC - Research Notes

1 March 1957 Letter from H.C. Friel to J.B. Gray at NYC

Under the terms of an agreement between NYC, CN and the United States and Canada Railroad dated 26 April 1937 NYC was granted joint use with the CN of CNR line between its connection with the NYC at Helena and Massena. Article 13 provides that the agreement shall continue in force during such time as the NYC shall continue to operate the portion of its Ottawa division north of Helena. Having discontinued the operation of your Ottawa division the rights of the NYC under the agreement have expired.

Bring this to your attention. It is not our right to withhold further running rights and pending negotiations and until further notice the NYC is at liberty to carry on under the old agreement as amended by various letters.

4 March 1957 Memorandum from W.M. Armstrong

- 1 I phoned Gray and referred to Boici's phone call on Thursday last in which he told me their latest valuation was \$826,000 (\$700,000 for salvageable materials and \$126,000 for land).
- 2 I suggested that the \$700,000 estimate given probably required adjustment because of the decline on the price of scrap steel which had amounted to approximately \$15 per gross ton up to February 28 with no sign of a cessation of the downward trend.
- 3 I told Gray a rough calculation of the effect of this decline indicated a reduction of \$125,000. All these figures are in US funds and the present discount of about 4%. The figure quoted by Boici of \$826,000 would work out to about \$660,000.
- 4 I told Gray I would be prepared to recommend to our executive that a price of \$675,000 be offered for the line as is where is.
- 5 Gray agreed to refer the proposal to his people and get back.

12 March 1957 Memorandum from W.M. Armstrong

Phoned Gray and asked him how he was getting along with the sale of the Ottawa Cornwall line stating that the reason why I was calling him was because we were being pestered by Scrap Dealers wanting to make deals with CNR. I told him we were not interested in making deals with scrap merchants; that if the line were purchased it would be through direct negotiations between NYC and CNR.

Gray apologized for delay and had only yesterday been able to get together with the VP. Few points to clear up and disclaimed all knowledge with respect to scrap dealers.

Gray mentioned letter from Friel with respect to the Massena - Helena running rights agreement and that he was not sure whether CNR wished to "chuck us off, or wanted more money". He suggested we should get together to talk about the purchase of Ottawa to Cornwall line and running rights agreement Massena to Helena.

14 March 1957 Memorandum from W.M. Armstrong

Gray phoned to say it looked as if the Ottawa - Cornwall line would be going to the CNR. Suggested meeting in Montreal to discuss the matter as well as the running rights agreement. Meeting set for 20 March.

18 March 1957 letter from Chrysler Chamber of Commerce to President Gordon

Disappointed with BTC decision and question additional costs to the local residents. Asks that CNR acquire the line and operate it with scheduled service since this would give the City of Ottawa direct service to the freight boats using the Seaway as well as giving CNR an alternative route to the Seaway Development.

20 March 1957 Memorandum from W.M. Armstrong

1. He and Friel met with Gray today. Agreement was reached on a price of \$680,000 for the Ottawa Cornwall line, i.e. all land and fixed assets.
2. Massena - Helena running rights. CNR felt the rights had ceased in February 15 1957 when the NYC abandoned its Ottawa Division. North of Helena except for a short length of track between Helena and the south shore of the St. Lawrence River.

CNR Acquisition of NYC - Research Notes

3. CNR had been making plans in connection with the prospective industrial development in the area east of Massena served by CNR and NYC and was hopeful that reciprocal arrangements could be made for the use of both companies trackage for this purpose. (Reynolds Metal Company has acquired approximately 3,000 acres of land between the St. Lawrence and Raquette Rivers for development of an aluminum smelter. Reynolds is reported to be spending \$85m in the area and GM also intends to construct a large aluminum foundry close to the Reynolds Smelter). Suggested to Gray that the contemplated joint agreement would result in both railroads having access to this area by using the CNR line between Massena and Helena and the NYC line between Helena and the St. Lawrence River.
4. Gray could not agree with CNR position on running rights and if necessary the NYC would take the matter to the courts. He also felt that an appeal to the ICC might result in preventing CNR from cancelling the NYC rights under the agreement.
5. NYC had cooperated with the Reynolds Company in developing the site and had no intention of letting CNR also into the area, NYC traffic department would strenuously resist. If necessary NYC would build a new line from Massena to do so.
6. Gray was told the CNR could also build a new line to serve the area but that it seemed more sensible for the two railways to co-operate rather than to duplicate already existing lines.
7. Gray would report back. He felt this was a matter primarily for discussion between the two traffic departments.

11 April 1957 Letter President Gordon to S.L. Begg, Crysler Chamber of Trade

A study of the situation was made as to the possibility of operation but the traffic possibilities were so slight that in no way could the economics support the suggestion that CNR take over the road as a going concern.

6 May 1957 VP Dingle to President Gordon

The land and some trackage will be retained at both the Cornwall and the Ottawa end.

Disposition of land at the Ottawa end. Have noted your letter of 24 April to Mr. E.N. Reed Acting Chairman, parking Authority of Ottawa. I understand that land the City of Ottawa is interested in lies generally from the Rideau River to the ends of the line comprising the station ground. We should retain from mile 121.1 (NYC mileage - near Hawthorne) to the Rideau River. This will enable us to better serve the new freight sheds as well as an industrial area adjoining the NYC right of way.

On the Cornwall end it is proposed to retain all lands and most of the trackage from highway 2 northerly to the new Cornwall diversion. In addition, studies are under way to determine the advisability of taking freight into Cornwall proper via this route.

The property between the new Cornwall diversion (NYC Mileage 73.6 and Russell road (121.1 a point about a mile south of Hawthorne) should be disposed of as expeditiously as possible.

8 May 1957 Memorandum from M.A. Metcalfe VP to O.M. Solandt VP

Meeting with VP Howard Smith Paper Mills, Plant Manager at Cornwall and Traffic Manager at Montreal. Possibility of pulp wood movements over the line to their plant at Cornwall.

We have decided to lose no time in breaking the continuity of the line by commencing to pick up the rail from a central point to discourage petitions for the re-establishment of rail service by the CNR.

Possibility of utilization of pulpwood resources not local to our line and for an arrangement with Reynolds Metals for the piping of pulp to a location on the south shore which would be part of the industrial development proposed by Reynolds in the vicinity of Massena.

Howard Smith would get together some additional information on prospective pulpwood movements that would likely be offered through Ottawa or Finch. In the meantime we should go slowly in issuing instructions that the continuity of the NYC branch should be broken.

CNR Acquisition of NYC - Research Notes

There is the possibility that we would serve Howard Smith directly over NYC trackage instead of through interchange with Cornwall Electric.

15 May 1957 Memorandum from President Gordon to VPs Metcalf, Bromley, Dingle, Armstrong, Solandt also Friel and Blaiklock

Should be a clear understanding that the acquisition of this line was primarily a "salvage venture" and the underlying principle which prompted our purchase was the attainment of certain assets (rails, ties, fastenings, land) rather than an operation facility and the various decisions which are required are to be made by management and not by one department or a combination of departments:

- 1 Stores Department to take immediate control of the moveable assets (rails, ties, fastenings etc.) Stores Department to collaborate with the Operating Department in the matter of whether the lifting of the rail and whether this should be done by outside contractors or by our own forces. When the rail and fastenings have been taken into stores I would like a report as to the quantity of usable rail realized.
- 2 Real Estate Department to take immediate control of the land and buildings and with the Operating department to take steps to ensure that the property is protected and that none of the buildings constitute a public menace or danger. Real Estate department to have the responsibility of advancing recommendations as to disposition of any of the realty for industrial or other purposes.
- 3 General Counsel to continue arrangements for protecting title.
- 4 If the Operating, Traffic, Research and Development Departments have views on the use of certain portions of the line as an operating facility then these should be advanced as recommendations for the decision by Management.

6 June 1957 Memorandum from VPs Armstrong, Dingle and Metcalfe to President Gordon

In accordance with the understanding reached at Management Committee on June 3:

- 1 Track and bridges between a point 1 mile south of Hawthorne and a point 1 mile north of the intersection of the NYC and the CNR new main line near Cornwall is being lifted at once.
- 2 Ownership of the right of way in this section will be continued by CNR for the time being until its disposition and will be the subject of further review and recommendation.
- 3 Disposal of the balance of the purchased property (land, track and buildings etc.) in the vicinity of Ottawa and Cornwall is being studied by the Operating, Real Estate, traffic and Development representatives.

17 July 1957 Memorandum from VPs Armstrong, Dingle and Metcalfe to President Gordon

Plan C-18434 of 4 July 1957 shows proposed disposition of NYC property at both Cornwall and Ottawa ends.

Cornwall and vicinity All trackage from old Highway No 2 northerly to the Cornwall diversion, mile 71.6, be retained. Old NYC interlocking at the crossing of the present Cornwall sub is outdated and requires some repairs. This should be removed and a connection in the north east quadrant be provided. The connection in the south west quadrant is now in existence. We should not proceed with an interlocked diamond at the Cornwall diversion but instead provide a temporary connection to be used to handle work trains hauling materials during the lifting operations northerly of this point.

It is now proposed to remove the track north of m. 71.6.

Ottawa and vicinity All trackage from m. 119 to m. 123.9 should be left in place. The land adjoining this area is all suitable for industrial development, in fact the portion north of m. 121 can be used immediately as a switching lead to the new freight sheds and the property acquired by Dominion Bridge.

In order to provide a proper switching route between the freight sheds, industrial plants and Walkley Yard the following is proposed:

- (a) Remove the diamond at Hawthorne, m. 120.5 and replace with a turnout; connect the NYC track to the Alexandria sub at m. 121.
- (b) Install a double run round track and crossover in the vicinity of mile 123.

CNR Acquisition of NYC - Research Notes

(c) Remove the connection between the NYC and the CPR at m. 123.9

The trackage in the former NYC Ottawa Yard north of the Rideau Canal will not be required for operating purposes. It is recommended that the tracks be lifted and that the land and buildings be disposed of by the Manager of Real Estate subject to negotiations which may be held with the FDC and the City of Ottawa.

Correspondence about the need to obtain an Order in Council in order to operate into the new Freight Shed in Ottawa.

31 October 1957 Order in Council PC 1957-1449 see data base for details.

This mentioned the acquisition of the line and approved the trackage reconstruction proposed at Ottawa and Cornwall.

27 December 1957 Joint meeting of all communities (City of Cornwall, Townships of Cornwall, Osnabruck, Finch, Russell, Osgoode, - Eastview, Crysler

Unanimous support for the right of way to be turned into a road.

13 February 1958 Memorandum from H.M. Blaiklock, GM to D.I. Grant EA

Attaches plan showing about 6659 acres of Railway land southerly of Hurdman Road proposed to be conveyed to the FDC.

FDC have offered \$99,000 for the land, survey expenses are \$100 leaving a net selling price of \$98,900. FDC will accept title by a Quit Claim Deed. Buildings are obsolete and values thereof have merged with the land value.

Land not required for railway purposes and represents fair market value.

Sale at the earliest possible opportunity is considered to be desirable to obviate a rather embarrassing situation. Part of the property to be sold is leased to various coal dealers, some of whom cannot be relocated on our line, which in effect results in them being forced to give up business. The Commission is agreeable to acquire the property subject to the present leases, all of which are cancellable on 30 days' notice and issue the required notifications prior to March 1, 1958 provided the sale is approved. In our opinion the lessees should accept the 30 days cancellation notices without protest; however if the Commission serves the notice the Railway will not be left to deal with any who might raise objections.

You are aware of discussions held in Ottawa relative to traffic changes and other alterations required in connection with the Chateau Laurier Hotel. Approval of the above sale will assist our position in the overall scheme of things.

27 June 1958 Blaiklock to VP Grant

AFE 90/2175 of May 29 1958 approved sale to the City of Ottawa of part of Ordnance reserve land in lot E, concession D, Rideau front, Nepean twp., about 2173 acres. No plan.

Several copies of Supreme Court decision on rights of NYC employees

30 March 1959 Memorandum from VP Bromley to President Gordon

Salvage of track, fastenings and ties.

	Total tonnage received at Belleville	Sold as not usable	Salvaged and shipped to St. Felicien, Que
80 lb rail	6940.430	313.27	6627.160
Miscellaneous fittings	2449.329	1193.00	1256.329
Total	9389.759	1506.27	7883.489

CNR Acquisition of NYC - Research Notes

The following usable ties were salvaged and shipped as shown:

Montreal (New hump yard)	46,487
Kitchener, ON	3,020
Cornwall, ON	989
Levis Division	5,090
Cochrane Division	825
St Jerome Divisio	2,400
Ottawa Division	5,155
Capreol Division	6,000
Total	69,966

(note this is about 23 miles of ties and about 47 miles of usable rails - my calculation)

27 November 1961 Memorandum from Ralston, Commissioner of development to W.Tolmin, Asst to Exec VP

Studies under way for possible Howard Smith traffic. 250,000 to 500,000 tons of wood chips per year from Ottawa to mill in Cornwall. Three possible methods:

By existing rail route

By pipeline on the former NYC right of way

By aerial tramway on the former NYC right of way.

No steps should be taken at this time towards the disposal of the right of way.

16 July 1964 Order in Council PC 1964-1083

Under an agreement dated 26 April 1937 and revised 1 May 1959 NYC operates over 8.5 miles of CN Massena subdivision from Massena to Helena.

NYC have operated on a temporary basis since 27 September 1961 two manifest freight trains over the Massena - Helena section continuing from Helena to Huntingdon, Que, 30.4 miles over the CN, this temporary arrangement being the result of a strike on the Rutland Railroad over which the NYC had running rights and not that the NYC wish to acquire running rights over the 30.4 mile section. Agreement has been completed. GIC approved entry into the agreement,

End of file.