

Carpenter weighing rail yard options

By Craig Babstock
Times & Transcript Staff

Richard Carpenter is looking to get back into the rail business.

“If at first, you don’t succeed, try, try again,” says the Moncton businessman.

Carpenter did succeed for a long time with his company, Industrial Rail Services. That business operated out of the former CN hump yard off Salisbury Road, after Carpenter acquired the property in 1998. It attracted many contracts repairing and refurbishing rail cars, developed a highly-skilled workforce of about 240 employees at its peak and specialized in rail-related work not a lot of companies can do.

But problems emerged and Industrial Rail Services ended up in bankruptcy.

“It happened quickly,” says Carpenter, during an interview at his office. “In May 2011 we started having problems and it deteriorated quickly over the next eight or nine months. It was a total surprise Via would force the issue and have the province put us into receivership.”

Industrial Rail Services landed two contracts in May 2009 worth \$109 million to refurbish 98 Via Rail cars.

But the company fell into a dispute with Via and the relationship soured. Via said their cars were late coming off the former Moncton Hump Yard assembly line, while Industrial Rail Services said the cars had hidden defects that had to be fixed before the rail yard could even start on its contracted work, causing those delays.

As the delays grew, Via stopped making payments on the contract and finally yanked it from Industrial Rail Services. The province successfully petitioned a court to place the rail yard into receivership in a bid to protect taxpayers’ investments as well as the jobs that came with the rail yard.

The contract was taken over by a Quebec firm which is operating at the yard, finishing a few more Via cars.

Carpenter says his company did 10 cars and eight were left for the Quebec company to finish.

Industrial Rail Services eventually declared bankruptcy and is now defunct. Carpenter says he and his company suffered more than \$10 million in losses and the province lost more than \$20 million.

He says mistakes were made by different parties, including himself, but he's not interested in pointing fingers.

"We lost a lot of money, but there's no sense crying over spilled milk," says Carpenter.

He also owns Industrial Rail Realty, which is the company that owns the rail yard. He says the court arrangement granted the receiver and Quebec company one year to complete the work on the remaining cars before vacating the premises. One year is up this month, but there is a provision where the deal could be extended by a maximum of six months if need be.

Carpenter hasn't heard if the six-month option is going to be exercised, but whether it's in a few weeks or six months, the rail yard will soon be vacated and Industrial Rail Realty is looking to make use of that facility again. The specialized equipment is still in place, many of the former staff still work for Carpenter's other companies and many rail companies still need work done.

Carpenter says he's considering all options. Either the facility could be leased to a company that wants to do this type of work, or Carpenter will make use of the yard with a newly-created rail company or his existing Moncton Locomotive Works Inc.

He has already had discussions with rail companies in Europe and the U.S. about possibly signing contracts.

"We put good stuff out, good stuff left Moncton," he says, of the yard's capabilities. "We're looking at all viable options on that building out there. There are not a lot of facilities capable of doing this type of work."

While the Via contract got all the attention, many different clients were serviced at that site and in 2011 they had a contract to assemble locomotives in Moncton but that deal derailed because the company became paralyzed by the Via dispute.

Once they know when the Via work will finish at the rail yard, it will help them pursue options for the property.

"We're pursuing contracts, but we can't push the pedal to the metal until we find out about the facility," Carpenter says.

When asked if he thinks Via could ever be a customer again, Carpenter points out that he once had a very good relationship with Via.

"You never know, maybe we could get back to that," he says.