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Bay Colony R.R. Corp. v. Town of Yarmouth

Supreme Judicial Court of Massachusetts, Norfolk - January 29, 2015 - N.E.3d - 2014 WL 7693584

Railroad company brought action against town alleging breach of solid waste transportation contract. The Superior Court granted summary judgment in favor of company in part and entered judgment on jury verdict in favor of company. Town appealed.

The Supreme Judicial Court of Massachusetts held that:

- Federal Aviation Administration Authorization Act preempted state statute governing railroad operation of motor vehicles;
- Town owed duty under implied covenant of good faith and fair dealing to seek modification of Department of Environmental Protection (DEP) permit; and
- Waste acquisition agreement had not expired by operation of law.

Federal Aviation Administration Authorization Act preempted provision of state statute governing railroad corporations' operation of steamship companies, ferries, ferry boats, docks, motor vehicles, and aircraft that prohibited railroad from transporting solid waste by truck, due to provision allowing railroads to operate motor vehicles only in area served by railroad. Act expressly preempted state laws having connection with, or reference to, carrier rates, routes, or services, even if the law's effect on rates, routes, or services was only indirect, and provision regulated operation of motor vehicles by railroad companies for the transportation of freight.

Town owed duty to railroad company with which town contracted for solid waste transportation, under implied covenant of good faith and fair dealing, to make good faith effort to seek modification of town's Department of Environmental Protection (DEP) permit for operation of town's waste transfer station, which prohibited long-term trucking of solid waste to facility by transporter, following Commonwealth's termination of company's rail lease. Contract between town and company permitted company to transport waste by truck if rail lease was terminated, DEP prohibited long-term trucking of waste pursuant to town's manual of operating procedures, town, rather than DEP, had originally written provision of manual, and town was permitted to seek modification of permit from DEP.