

WISCONSIN RIVER RAIL TRANSIT COMMISSION

FULL COMMISSION MEETING - FRIDAY, NOVEMBER 16, 2012 @ 10AM
 DANE COUNTY HWY GARAGE, 2302 FISH HATCHERY RD, MADISON, WI

1. 10:00 AM **Call to Order** – *Karl Nilson, Chair*
2. Roll Call. **Establishment of Quorum** – *Mary Penn*

Crawford	Tom Cornford, 3 rd Vice Chair (XCom)	x	Rock	Ben Coopman, Alternate	
	Rocky Rocksford	excused		Wayne Gustina	
	Vacant			Alan Sweeney, 1 st Vice Chair (XCom)	x
				Terry Thomas	x
Dane	Gene Gray, Treasurer (XCom)	x	Sauk	Marty Krueger, Alternate	
	Jim Haefs-Fleming, left @ 11:05 AM	x		Carol Held	x
	Chris James	x		John Miller	
				Dennis Polivka, Asst. Secretary (XCom)	x
Grant	To be filled (Ivan Farness resigned)		Walworth	Jerry Grant	x
	Vern Lewison	x		Richard Kuhnke, 4 th Vice Chair (XCom)	x
	Robert Scallon, 2 nd Vice Chair (XCom)	x		Allan Polyock	x
Iowa	Charles Anderson, Secretary (XCom)		Waukesha	Karl Nilson, Chair (XCom)	x
	William G Ladewig	x		Richard Manke	x
	Jack Demby	x		Fritz Ruf	x

Other present for all or some of the meeting:

<ul style="list-style-type: none"> • Mary Penn, WRRTC Administrator • Roger Larson, Kim Tollers, Ron Adams WDOT • Forrest Van Schwartz, Consultant • Tony Fernandez, City of Madison • Alan Anderson of Pink Lady RTC 	<ul style="list-style-type: none"> • Ken Lucht, Bill Gardner, WSOR • Eileen Brownlee, WRRTC Attorney • Jim Matzinger, WDOT • Scott LaRose, Craig Wiedner, Scot Forge •
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3. Action Item. **Certification of Meeting’s Public Notice** – *Noticed by Penn,*
 - *Motion to Approve Public Notice, Thomas/Kunke, Passed Unanimously*
4. Action Item. **Approval of Agenda** – *Prepared by Penn,*
 - *Motion to Approve Agenda, Ruf/Cornford, Passed Unanimously*
5. Action Item. **Approval of draft October Meeting Minutes** – *Prepared by Penn,*
 - *Motion to Approve October Meeting Minutes, Manke/Grant, Passed Unanimously*
6. Updates. **Public Comment** – *No public comments.*
7. Updates. **Correspondence & Communications** –
 After distributing two articles (re: Talgo Suit, Morgan-Stanley) Forrest Van Schwartz briefly discussed the Morgan Stanley article.

8. **Discussion, possible action, and friendly roast on resolution to honor Mr. Bill Gardner** –*Karl Nilson, Chair*
 Karl Nilson thanked Bill Gardner for his 24 years of service to Wisconsin’s railroads and gave him a plaque signed on behalf of the WRRTC. Nilson also read a resolution to the Commission signed by himself, Gene Gray, and Charles Anderson to show Bill Gardner the Commission’s appreciation of his leadership and direction for railroads in the State of Wisconsin;
 - *Motion to approve the resolution to honor Mr. Bill Gardner, Sweeney/Thomas, Roll Call Vote - Passed Unanimously*

WRRTC NOVEMBER MINUTES –ADOPTED

Nilson spoke to the group of his joining the Commission and the enthusiastic people such as Bill Gardner he has met. Commissioners around the table spoke, thanking Mr. Gardner for his service and efforts. Gardner talked about his experiences in working with various communities in addressing safety concerns. Van Schwartz shared an anecdote illustrating how railroads need to be safety partners with communities to avert tragedies and thanked Gardner for working so hard to advance safety issues at WSOR over his tenure. Ron Adams, WDOT, noted that Gardner's efforts have contributed to increasing track safety across the country. He also said that Gardner had been Shortline Track Owner of the Year twice and through his efforts, WSOR has grown beyond "anyone's wildest dreams". Gene Gray thanked Gardner for the 1st graders riding trip. Nilson also spoke of his appreciation of the various parties and agencies that put together the Commission and work to advance rail. Richard Manke spoke of his appreciation of the intergovernmental cooperation shared between the Commission's and other State agencies. Allan Polyock thanked Gardner for being such a boon to southeast Wisconsin and having a great impact on that area. Terry Thomas said that he appreciated the fact that there is train service available due to Gardner's efforts. Fritz Ruf thanked Bill for the steam engine that still is in operation. Van Schwartz said that the only thing missing from the meeting was media which should be here to document the positive benefits that Gardner has given the Commission and the State. Gardner said that he was happy to now be considered a "railroader". He spoke of his experiences when he first owned the railroad and said he is leaving the Commission a much, much better railroad than when he first purchased it. He added that he is leaving the Commission a "good legacy" and leaving with "his head high". He said that if the Commission would want him to work for them if there was a need, he would be willing to be a consultant, adding that someday he might be back in the rail industry, concluding "it was a great ride".

9. **WRRTC Financial Report** – *Jim Matzinger, Dane County CPA / WRRTC Accountant*

- Treasurer's Report for September and October and Payment of Bills

Jim Matzinger gave the treasurer's report, noting the income and payment for the economic freight rail study.

- ***Motion to accept the Treasurer's Report and payment of bills, Sweeney/Ruf, Passed Unanimously***

10. **Wisconsin & Southern Railroad's Report on Operations** – *Ken Lucht, WSOR*

Ken Lucht said that he appreciated the efforts to honor Bill Gardner. He then referred the Commission to the handout he distributed which was a statement of commitment by WATCO to Wisconsin and WSOR. He spoke about the corporate culture of WATCO and its benefits and said that rumors of WSOR being sent out of state were unfounded, that WSOR is actually hiring to increase service to customers and improve morale, and if there were any questions, anyone could call him.

Lucht said the welded rail project between Madison and Milton is about 90% completed and that a bridge contractor is working to replace bridges. He said an RFP for bridge work has been sent out for other communities and related that there had been a bridge out around Madison but the issue had been corrected and the bridge is now back in use. Lucht passed around a picture of a unit train out of Prairie du Chien with frac sand. Ruf asked how many were sent out and Lucht said one every two weeks, adding that this was a test train. He said that the WSOR's part of the test train went off without a hitch although there was a small problem with 4 cars when hooking up with a Union Pacific train that caused delays. Because the test trains passed well, another unit train is on its way to Prairie du Chien from Texas. If everything works out, there may be a 100 car unit train every week traveling to the customer, a gas company in Texas.

Another project in the northern division is an ongoing tie project (ties and switches) which the state will fund 80%. The remaining 20% will be funded by WSOR and the EWCRC.

Frac sand is moving very well out of Prairie and within the next 3 weeks, trains will be coming out of Reedsburg as well; also military vehicle shipments. Some of these shipments are going through the Madison yard, and this new business is supplementing the loss of grain shipping. Lucht said the southern division has been hit pretty hard by the drought and WSOR revenue will be affected into next year.

Lucht next told the Commission that on October 22nd, the Chief Operating Officer, Tim Karp, met with WDOT in Madison to discuss the WSOR financial report. Karp presented to the group and there was a good discussion with the department and representatives of WRRTC. Lucht said that the cost of derailment was noted as a big issue and that derailment costs this year were just "shy of 1/2 million dollars". The various costs for WSOR (including the WRRTC lease as well as the PRTC lease costs) were also discussed. He said that WDOT has recommended a budget to the governor. Polyock asked if any unit trains had come down from the north and if any of those were coming through. Lucht said that there are a number of markets for frac sand and it is being sent west to oil and gas areas. Alan Anderson of Pink Lady RTC asked if there were any concerns about increases of frac sand shipping impacting track and bridges on the Prairie sub. Lucht said that the priority sub for upgrading is the Prairie sub to try get 1000 ties/mile and then continue with continuous welded rail based on the amount of environmentally sensitive areas and the current condition of the track coupled with the amount of freight on the line. Lucht said to make the line safe now, trains must reduce speed to 10mph; 5 mph over some structures which creates inconsistencies for the customer. Jack Demby said he was concerned about the structure of the old bridges over the (Wisconsin) river and asked how safe they were. Lucht assured him that their engineers are monitoring the bridges weekly

and that WSOR does not want to get to the point of having to take a bridge out of service for 30 days to fix a problem. If they need to, they'll continue to apply "band aids" but ultimately they plan to replace the bridges.

Break called at 11:03 AM, reconvened at 11:13 AM

11. WisDOT Report– *Frank Huntington, Kim Tollers, or Roger Larson, WisDOT*

Ron Adams reported that WDOT submitted their budget request to the governor last week and was asking for \$60 million (up from \$30M) for the next biennium. He said WDOT is hopeful the legislature will pass the budget by June 2013 with the requested amount. With the grant funding requirements, WDOT needs the budget passed to accept applicants for any funding but they can do nothing before July 1st. He said that legislature has created a committee to discuss a transportation fund and it seems that there is a leaning to begin charging a surcharge on state owned land – a method to collect a fee seems possible and added that other states do collect fees via various ways but the WDOT will have to wait until the legislature can look at it. He reminded the group that the 2nd Gov. Freight Industry Conference would be meeting November 28th. Nilson asked Adams to update the Commission about the State Freight Rail Conference, saying that the session on frac (industrial) sand was very valuable. Nilson identified the areas in the state where frac sand mining is going on and said that railroads in the state will be busy with this in the future. Nilson also said a council in IL gets this (Wisconsin's) area's TIGER grant funds which are being used to correct the bottle neck in Chicago. Adams said there may be another round of TIGER grants this spring. Adams also told the Commission that in Barron County, Union Pacific (UP) had decided to abandon a line and WDOT had worked with the communities served to preserve it. WDOT had given grants to rehabilitate the track for various customers' needs but once the frac sand business started, UP decided not to sell. Adams said that from a state perspective this is good news as it is keeping rails in service in the private sector (UP has invested \$35 million to restore the line) so the value of rail freight service is clear. Manke said there are up to 500 jobs as a result of the frac sand boom in that region.

12. WRRTC Administrator's Report – *Mary Penn, WRRTC Admin.*

Penn had no report.

13. Consideration and possible approval of draft 2011 WRRTC Audit with Johnson Block – *Mary Penn, WRRTC Admin.*

Penn distributed the draft audit. Matzinger explained the audit and pointed out one exception that the auditor noted, internal control, which is a typical flag because the RTC is such a small organization. On the Commission's income, Matzinger explained a point of \$30 million of estimated value that must be depreciated (this is the WRRTC's share of the infrastructure). He said the RTC needs to report this due to a new reporting rule and is to show whether or not the RTC is putting enough money into maintaining infrastructure. Jerry Grant asked who decides the value and Matzinger said that it is an estimate decided by the auditor based on the percentages of ownership. Nilson said it is good to keep this number in mind and recommended that the Commissioners give the audit to their county financial officers. He also asked whether the Commission wanted to approve it now.

- *Motion to approve 2011 WRRTC audit with Johnson Block, Ruf/Cornford, Passed Unanimously*

14. Discussion and possible action on setting dollar amount of Scot Forge lease – *Mary Penn, Admin.*

Penn explained the history of the situation to the Commission, explaining that due to some confusion on the map and clarification from Scott LarRose of Scot Forge, a lease for siding was not needed, only a private crossing which was already approved and permitted. However, because the crossing is in Illinois, Penn said charging a lease would be at the discretion of the WRRTC. Dennis Polivka said we should be consistent and not charge for a lease.

- *Motion to not charge Scot Forge for a lease, Grant/Polyock, Passed Unanimously*

15. Consideration and possible approval of private crossing permit for Dan Deneen, Mazomanie, WI – *Mary Penn, Admin*

Penn explained that Dan Deneen had applied for a crossing permit earlier in the year and paid the application fee. He had worked with a contractor to bring the crossing up to WSOR standards and WSOR had given their approval.

- *Motion to approve private crossing permit for Dan Deneen, Thomas/Kunke, Passed Unanimously*

16. Freight Rail Economic Study Survey Update. – *Forrest Van Schwartz*

Van Schwartz updated the Commissioners on the survey, reminding them that UW Madison was paid to create and conduct a survey to freight customers to see what sort of impact rail is making. He said that there was an online response rate 50%. In addition to the online responses, UW Madison is now conducting phone interviews to 30 customers to get more information in preparation of a draft report. Ken Lucht and Van Schwartz will meet with UW Madison researchers to decide the content of the final report which will be greatly distributed. He said this will be a great tool to help inform representatives when legislating RR issues. He highlighted the various responses on the survey which have shown that rail service is very important to businesses, and said that comments from the survey will be included in the final report. Van Schwartz emphasized these results illustrate how important rail service is to Wisconsin

businesses. The final report should be ready early next year. Polivka commented that that trucking has a whole new set of DOT regulations that will cost drivers an estimated \$5K a year which will add to trucking costs. Van Schwartz added that the American Trucking Association said in 2010 that the average driver turnover rate was 106% which means there was total loss of employees.

17. City of Madison – Goodman path proposal. – Tony Fernandez, City of Madison

Tony Fernandez of the City of Madison discussed the proposal which is a bike path along the track ROW. He said the City has been working to build a network of bike paths in the city and that the city has talked with WDOT but has not yet had a chance to talk with WSOR. He showed the Commission maps showing bike trails, pointing out the SW path (SCWRTC) built on abandoned track that now carries 3,000 cyclists today. For over a decade the City has been planning for this path which runs straight towards the capital past homes, retail businesses, etc. When there was discussion about passenger rail, the City accelerated their efforts. Fernandez said “there is no way” this trail can be constructed without impacting the ROW. He said the city continued to work on the trail even when passenger rail talks stopped. The Goodman Center (a private philanthropist group that has benefited the city in the past) is partnering with Madison and proposes to fund 60% of the cost (about half a million dollars). Fernandez said that if it isn’t a win/win situation it will be a non-starter, adding that the railroad and WDOT have both been given lots of details. He pointed out on the map the locations where the ROW would be impacted, and gave some specifics on where the path might be if it were within the ROW (in one example within 30 -35’ of the line-of-center). He said the Town of Blooming Grove has been met with and they seem amenable to this proposal. He then distributed a photo showing the proposed trail at the closest pinch point, the nearest edge of which would put the path 28’ from the track (they would site 25’). He said that the City will also be buying easements from private landowners as well and showed photos of current encroachments that this project would clean up. He said he hoped to meet with WSOR and WDOT and go over this in more detail and try to find ways to make this more useful for everyone. Demby asked if he was asking for a lease and Fernandez said the city was prepared to fund this project but that it was an open question. Van Schwartz asked how the WRRTC would benefit by this based on past actions on the City of Madison and its resistance to railroad requirements. Fernandez said there had been a recent meeting with the railroad and city staff to try to open up the relationship and acknowledged that there were areas where they would disagree. Nilson said the city should meet with the WSOR and then present the results to the Commission.

18. Action Item. Adjournment

- *Motion to adjourn at 12: 12 PM – Scallon/Cornford, Passed Unanimously*