

WISCONSIN RIVER RAIL TRANSIT COMMISSION
 COMMISSION MEETING - FRIDAY, OCTOBER 9TH, 2015 @ 10AM
 DANE COUNTY HWY GARAGE, 2302 FISH HATCHERY RD, MADISON, WI

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

Crawford	Tom Cornford, <i>2nd Vice Chair</i>	x	Rock	Ben Coopman, Alternate	
	Rocky Rocksford	x		Wayne Gustina	x
				Alan Sweeney, <i>Chair</i>	x
Dane	Gene Gray, <i>Treasurer</i>	x	Sauk	Terry Thomas	x
	Jim Haefs-Fleming	x		Marty Krueger, Alternate	x
	Chris James, <i>Vice Secretary</i>	x		John Deitrich	
Grant	Gary Ranum	x	Walworth	Scott Alexander	x
	Vern Lewison	x		Dave Riek, <i>3rd Vice Treasurer</i>	x
	Robert Scallon, <i>1st Vice Chair</i>	x		Kevin Brunner	x
Iowa	Charles Anderson, <i>Secretary</i>	x	Waukesha	Richard Kuhnke, <i>2nd Vice Treasurer</i>	x
	William G Ladewig	x		Allen Polyock	x
	Jack Demby	x		Karl Nilson, <i>4th Vice Chair</i>	x
Jefferson	John David	excused		Dick Mace	x
	Laura Payne	x		Carl Pettis	absent
	Augie Tietz, <i>3rd Vice Chair</i>	x			

Commission met quorum.

Others present for all or some of the meeting:

<ul style="list-style-type: none"> • Mary Penn, WRRTC Administrator • Ken Lucht, WSOR • Kim Tollers, Rich Kedzior WisDOT • Forrest Van Schwartz 	<ul style="list-style-type: none"> • Alan Anderson, Pink Lady RTC • Mark Geisler, Village of Mazomanie • Chris Long, Village of Mazomanie
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3. Action Item. **Certification of Meeting’s Public Notice** – Noticed by Penn
 - Motion to approve posting of meeting – Ladewig/Thomas, Passed Unanimously

4. Action Item. **Approval of Agenda** – Prepared by Penn
 - Motion to approve agenda as amended– Gustina/Cornford Passed Unanimously

Kim Tollers asked to amend the agenda to include an item relating to a bike trail project proposal in Mazomanie following the WisDOT report.

5. Action Item. **Approval of draft September Meeting Minutes**– Prepared by Penn
 - Motion to approve draft September meeting minutes with corrections – Mace/Lewison, Passed Unanimously

Karl Nilson asked Commissioners how many had read the minutes.

6. Updates. **Public Comment** – Time for public comment may be limited by the Chair

There were no public comments.

7. Updates. **Correspondence & Communications** – Discussion may be limited by the Chair

Alan Sweeney welcomed Scott Alexander from Sauk County as a returning Commissioners. Mary Penn listed the correspondence she had addressed in the past month. Nilson asked if everyone had gotten a copy of the Charter and said the charter was a contract formed under statute so if all parties agreed, they could change it to suit the needs of the Commission. Sweeney next welcomed Forrest Van Schwartz back to the meetings. Van Schwartz said September rail had been slightly down (2%) on the carload side. He noted he had not been able to send the article to Penn in time to print for distribution.

8. Updates. **Announcements by Commissioners** – No Discussion Permitted

Nilson reminded Commissioners about the upcoming WisDOT freight rail conference. Sweeney asked Tollers if the conference signup sheet was submitted. She said it had been and that four had signed up at the last meeting. She said people could show up the day of the conference and pay then. Sweeney said the conference was well worth the time and confirmation of the location was noted.

REPORTS & COMMISSION BUSINESS

9. WRRTC Financial Report – Gene Gray, WRRTC Treasurer

- *Motion to accept county contribution at \$28K for 2016 to develop the budget around those dollars –Krueger/Nilson, Passed Unanimously*

Jim Matzinger distributed a packet of information (Pages A thru E) to explain his process for generating the Treasurer’s Report. He went through all the individual line items, explained how they were generated and how that information was formatted to be the usual treasurer report presented to the Commission. He explained how and where the money was put and how assets including cash and checking accounts were entered. He explained the situation with Crawford County under accounts receivable and how that was being addressed. Matzinger said for the budget there were some receivables and alluded to the letter Penn gave him from Melita Grunow. He also talked about deferred income and how that was handled, saying he did not show it until a bill was submitted and that might not happen until next year on certain projects.

On Page B of the handout he explained the expenses of the Commission which included Penn’s administration work and his own accounting work. Next he discussed how projects for 2014 were billed.

Sweeney asked if anyone had any questions. Nilson said that Crawford County had been paying down what they owed. Matzinger confirmed that and said it would show up on the treasurer report to show paying off the debt.

On Page C, Matzinger said this was the balance sheet and explained how dollars were listed there. He said he “traced” accounts from the line items to the treasurer report. There was agreement that his explanation way made it much easier for the Commissioners to understand how money was accounted for.

Page D showed the WSOR lease and Matzinger led the group to the first page (A) to see how money was shown in the balance sheet and income statement. Van Schwartz asked what WSOR interest income was. Matzinger said that was interest income in general, not WSOR specifically. Sweeney said it was on Page D, confirming it was not just WSOR interest income, just interest in general. Matzinger said interest rates were very poor currently.

Matzinger then explained how the bottom of the income statement showed net income and that this income was carried to the balance sheet under net income. This was the total of all income and expenses. Everything on a “trial” balance ended up on the balance sheet. Looking at the balance sheet, he pointed out three items which were the net in “earnings”. This was money brought in but did not have to spent and was the Commission’s reserve which carried them through if need be and allowed them to weather ups and downs.

Gene Gray asked if this amount of reserve was typical. Matzinger said basically the Commission has broken even in the past few years. He said the way it was budgeted, there was an operating cost which reduced the amount of money available to the railroad in low years. Van Schwartz said in the past the Commission lost money on an operations basis. He then asked Matzinger about Page D, item 2014 or 2015 projects, and asked if they were estimates or actual. Matzinger said they were actual. He said the Commission told the railroad what they would pay in any one year and that was why it was good to show WSOR the WRRTC budget. Matzinger said they (the railroad) could have an operating loss. Matzinger said the Commission paid the railroad what was budgeted and the Commission budgeted to break even. He pointed out a surplus from Evansville of \$11,000.00 (from the track acquisition of 2014). He said this was cash in the bank and that it was just a footnote and it was not technically reserved.

Nilson said Evansville was where the active rail ended and said there was still a ROW. Sweeney confirmed the active rail went through Evansville.

Charles Anderson asked about the dollars for projects that had not been billed yet. Matzinger said it would be \$252,000.00. This was under the total liabilities footnote. Anderson asked for more clarification on deferred income. Matzinger explained the difference between cash and receivables. Nilson said this was a good point to mention that the Commission was audited once a year and from time to time auditors asked officers if there was any way to steal and he said it was important to show how unlikely this was.

Matzinger said he could include a full line item balance every month now that most of the correspondence to commissioners was emailed.

Anderson asked another question about debts and about the end of year balance of \$12,000.00. Matzinger said this was income to date. He explained there was a remaining quarter to collect from WSOR for the lease and he would not know until the end of the year what the full year’s income was. There was more discussion to explain how income was reported and shown. Matzinger also talked about the Local Government Investment Pool and said there was more than one line item in it to distinguish money between projects year to year. He said this was just a way of segregating money.

Matzinger said he wanted to keep rail projects separated and that was why they were in separate columns. He said the only reason there was a balance of \$7,000.00 was to show Crawford’s County’s make-up repayments. Van Schwartz explained the encumbrances of the money. Matzinger said until they got a bill from the railroad it would show up on the sheet. Ken Lucht said the Commission had taken action to dedicate their funds to match the TIGER grant if it were awarded this fall. He said there would be carryovers to 2016. If a TIGER grant was not forthcoming, WSOR would return to the Commission to ask for funds for tie and rail projects on the Prairie sub.

Van Schwartz asked if Matzinger had to put excess funds into the state investment fund. Matzinger said he had not and could invest it any way the Commission preferred: it was put in the safest funds possible.

Dick Mace asked about the handwritten numbers and why they were not footnoted. Matzinger explained he was trying to show how dollars went to the balance sheet or the income sheet. He added that this information was sent to the auditors.

On Page C, Matzinger went back to the balance sheet, and talked about interfunds under accounts receivable. He said these were funds to be borrowed out of or transferred to the WRRTC if need be. He said he wanted to identify that it belonged to the rail group. This was a way to help him see how money was moved and where it was dedicated. He said it was a "balancing" account. Sweeney asked if it were better to do it this way or to identify it absolutely in a budget. He said Rock County used encumbrances instead of using a floating reserve. He said this made the budget a little easier to balance rather than having "fudge" money. Matzinger said encumbrances added a layer of complexity and did not think he wanted to do that. Gray said the auditor might have some suggestions about this. Terry Thomas said he saw the advantages to encumbrances and used the insurance payment as an example. An encumbrance would provide advance approval so it would just be a matter of signing checks. Sweeney said Matzinger and Gray could work on this if they wanted to.

Nilson said in an emergency situation the executive committee could pay a bill as that authority was in the charter. He said this could work in the meantime but if money was due immediately, the executive committee could do that and then have it approved at the next meeting. Sweeney said he would leave how to proceed up to Matzinger and Gray on how to handle that. Gray said there were two bills that came to mind: McHenry County taxes and the insurance. Penn explained why the taxes were paid late this year.

At this time, Sweeney made an executive decision for Matzinger to present the budget, rather than wait for Item 15 on the agenda.

Matzinger said there were not a lot of changes in the budget and explained what was new for 2016. He noted there were some changes in lease income, noting there was a loss of about \$1200.00 in revenue. He was not sure what number to put in for permits as it shifted quite a bit from year to year.

Matzinger said operating expenses were not changing much nor had the contract amounts for management, audit, and accounting services changed. He said legal expenses were already at the budgeted amount. He asked about the cost for bridge inspections. For insurance, he said it was very steady. Wayne Gustina said he would assume costs were going up so recommended Matzinger put in a little more. Matzinger said the Commission could contact the insurance agency to see if they could get an estimate. Sweeney asked Penn to look into that.

Van Schwartz asked what happened if there were more leases and permits than budgeted. Matzinger said he thought it good to give the budgeted amount to the railroad so they would not be shorted down the road. Bill Ladewig asked about the WSOR lease amount and whether that changed. Nilson said it was changed in 2013 due to a short and it was changed to reflect exactly what was needed.

Nilson asked about the big legal expenses in 2014. Penn explained those were a result of the legal work for the Reedsburg and Oregon acquisitions. Nilson suggested increasing legal to \$4,000.00. Gary Ranum asked if they should come up with a calculation of miles of operating track in regard to calculating the lease amount. Van Schwartz said he did not know if anyone would lease the track based on that calculation. Ranum felt if there was a possibility of future expansion, there would be a formula that would make sense. Van Schwartz said he had never heard of a lease based strictly on mileage. There was discussion on how the rail lease worked and past conversations on that issue within the Commission. Ranum said they needed to be transparent as this was a public agency.

Lucht said historically the rents charged to WSOR were tied to the Commission's ability to cover costs. He said the Commission never had any interest in profitability: they wanted to break even. Once the rental term was up it would be reviewed. He said in the past WSOR had asked for relief in years of low profitability. He said in places where mileage was part of lease agreements, low profit years could be a problem. He said with the Oregon and Reedsburg acquisitions there was more trackage. He said the railroad is open to negotiation if need be. Kevin Brunner said it might be appropriate to review the lease language to make sure the Commission was comfortable with it. Nilson said Lucht had summed it up well: if there was extra revenue, it went back to being available for railroad projects. He said a per-car basis was a nightmare and had been done in the past. Ranum said Lucht's explanation made him feel much better as that would not lead to an increase in county contributions. Van Schwartz said the \$48,150.00 lease could be divided by miles but didn't see the value of that.

Matzinger recapped the budget and raised legal to \$4000 and then said he would present it again in November once all the numbers were set (insurance, etc.). Mace asked why they could not approve it now. Sweeney said expenses may increase and county contributions were not. Gray noted that this process needed to start in the spring, rather than so late in the year. Nilson said county's needed to know about this to help them in their budget process.

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

Lucht reported on WSOR's monthly maintenance activities saying there was not alot to report at this time. He said the Continuous Welded Rail (CWR) project between Janesville and Avalon was moving along well. For next year funding, WSOR was working with WDOT on a number of projects for the priority listing, including a tie project for 36,000 ties on the Prairie Sub between Prairie du Chien and Avoka. He said he hoped they would get a grant agreement this year.

For Phase 1 CWR between Feriole Island and Wauzeka, Lucht said WSOR was rehabbing ten public crossings on the Waukesha and Milton subs currently. Right now it was 90 or 85 lb. rail and there were a lot of speed restrictions slowing things down.

Lucht said the Spring Green Bridge project had internal approval to move ahead, starting a \$13,000,000.00 complete bridge replacement. He said WSOR hoped for an award in the next few months for this project, noting how important this bridge was to the system.

He said there had been no word yet on the TIGER grant.

Lucht said business development was going strong, with their sales force trying to create new contacts as well as maintain current customers. He said Sheboygan, Winnebago, Crawford, and Sauk counties were leading to many opportunities for new customers and WSOR continued work to grow their business.

Lastly he noted that WSOR was in their budget process too. He said things looked good right now and noted there were some new things coming up including some growth projects, adding that growth projects were usually tied to new business opportunities.

Sweeney asked what River the Spring Green Bridge went over. Lucht said it was the Wisconsin. Lucht was asked about extending the CWR on the Avalon project. He responded that right now WSOR was only doing CWR (Class 3 track) down to the state line. Thomas asked if Lucht had gotten noise complaints in Janesville. Lucht said he had received them but said the benefits of that project far outweighed the costs. Prior to the project was huge congestion and WSOR could not meet trains in Milton and Janesville. He said the benefits were much greater now but acknowledged there were concerns by local residents. He said the majority of pick-ups and drop-offs were later in the day. He conceded there were some done in the early hours of the morning.

Lucht said unit trains continued to run on the Prairie sub which ran at 10 mph. He said WSOR worked to minimize risk as there were rail breaks popping up. He said they did not want it to discourage business. As far as traffic went, WSOR was expecting a 5% increase in carloads into next year.

Tollers asked about cars stored on the Sauk sub that had switched from lumber cars to sand cars. Lucht said most of the cars were owned by leasing companies and there was not a lot of frack sand moving right now. He said some customers owned their cars and that WSOR owned about 300 grain cars of their own but the majority were bank owned. He was not sure who owned the ones she asked about.

11. WisDOT Report—Kim Tollers, Rich Kedzior WisDOT

Tollers deferred to Rich Kedzior who said he was working hard to clear the backlog of agreements with WSOR for next year's construction season.

12. Village of Mazomanie Bike Trail Project Presentation

Tollers said the next item was a property management issue with the Village of Mazomanie. The project proposal was to install a bike trail from Mazomanie to Lake Marion Park and there were Village representatives here to present. She said WDOT had sent a letter of support and said once the proposal was presented the Commission could discuss before making a decision.

Chris Long introduced himself as the project manager working with the Village. Mark Geisler from the Village was also attending.

Long presented the project, saying it was a bike trail adjacent to the corridor. He gave out some handouts showing the situation. Long said the Village was asking both the State and the Commission for support of their request as part of this project.

Long said they proposed an 8' paved trail from Mazomanie to Lake Marion, passing under the Hwy 14 viaduct. He presented the details of the project and noted it was all preliminary at this point as they had not yet gotten permits to begin. He said where the trail entered the corridor there would be a 10' high fence, extending 25' on the entire length of the requested area. He said the Village was committed to placing an impervious fence to prevent pedestrian and bike traffic from accessing the track. He said they had begun talking to WSOR about the fence and its placement.

He noted the overall goal of the project was safety by routing bikes from County Hwy KP under the viaduct to the Village of Mazomanie and eliminate bike's crossing the County road. Long listed bike organizations that had offered support of this project. He said this new project would provide safe pedestrian traffic from the Village to the Park. The proposed plan (from County Hwy KP) would travel to the County Hwy KP right of way (ROW) well away from the rail ROW: only at the viaduct would the trail have to go on the rail ROW and it would then swing away from the ROW corridor after passing under the viaduct. He said there was an existing earth berm barrier past the viaduct.

Long said the other benefit to the project was connectivity as this would give access to other bike trails. Because of the enhanced connectivity, the bike/pedestrian traffic would give downtown Mazomanie businesses economic benefit. He said the project was receiving about \$240,000.00 dollars from the Village. He said Mazomanie had applied for a 35% county share grant from a Dane County program and they hoped to hear by the end of the year it they would be funded.

Long said the timeline was to begin construction in June 2016 to be completed in August 2016. He said there was a portion of trail where the trail fronts a piece of private property and they wanted to seek to acquire that 2900' feet to allow the trail to pass. He said the Village was seeking this accommodation of an extra width parcel of approximately 150' of Kramer Street to the rest of the trail. He said there were two other private landowners in the corridor who had given them easements.

He said maintenance would be provided by the Village's Department of Public Works, with himself and the Department in charge of project management.

Nilson asked how long the trail was. Long said it was about ½ a mile. Lucht said WSOR had been involved and did not object in concept. He said basically the fencing over Crescent Street would need to be worked out in the future. Long said that conversation had begun but finally it would be a

conversation between the Village, WisDOT, and WSOR. Lucht said this was in very close proximity to the Wolf Run Trail so it was extremely important to have a barrier.

Long said 201' would be the trail length on the railroad ROW. Lucht confirmed that the fence would be about 251' long fence. Jack Demby asked about the trail on the other side of the ROW. Long said there was no access to Lake Marion on that side. Long also said the Park was undergoing its own reconstruction at this time and that this request would also facilitate bike safety. Demby asked why the trail could not be bumped out more. Chris James said there was a heavily used trail under the viaduct now and the fence would greatly increase safety and he also asked about the need for the retaining wall. Long explained the purpose for that.

Tollers said part of WisDOT's support was to help solve significant trespass problems and WisDOT believed this trail improvement would address that and they had been looking to address that for years which was part of why WisDOT's supported this project. She said WisDOT's support was contingent upon putting up additional fence to address the trespass problem along other portions of the railroad. As far as the permitting process went, there would be a dual permit. The WRRTC would be part of that as it was within 33' of the track centerline. She said the parcel purchase could be done by WisDOT as it was outside the 50' centerline but she wanted to get the Commission's concurrence on the whole concept. She said they were asking for two things: concurrence of the permit process but also the purchase which was outside the ROW.

Nilson said they could not do this today but they would have it on a future agenda. Ladewig asked for clarification on the agreement between Mazomanie, WSOR and WisDOT. Tollers said that was true for the sale but the trail was within the ROW. Nilson said it should be clear from the agenda item that it was worded based on concurrence of the WRRTC, the WSOR, and the WisDOT; Kim concurred that would be necessary for the trail permit.

James said Long was presenting this for informational purposes only. Van Schwartz said this was the 3rd time this had come up. He said in the past the next phase would be likely to add a new crossing and asked if that were in the future plan. Long said that was not in the plan, the key was to connect at KP where it would connect right on the road. There was more discussion on the future of other trails in Mazomanie. Long said they were just seeking to connect Mazomanie to the Village's Lake Marion Park. He said the intent of this was to move the "volunteer" trail traffic away from the tracks. He said in terms of connectivity at present, a cyclist could move from trail to trail in the Village. Van Schwartz asked if there would be a later request. Long said at this point there was no intention to do so. Tollers said OCR did order a crossing at Crescent on the Wolf Run Trail and the Commission approved the trail permit that was entered into with Mazomanie so that part already did exist. She said these were two separate concepts at play here.

Lucht said there could be a need to install future fencing so the permit would need to include wording to that effect. He said he had been told that fencing would be maintained by the Village. Sweeney asked for Tollers to work with Penn to put this issue on the agenda for the November meeting.

13. WRRTC Administrator's Report – Mary Penn, WRRTC Admin.

Penn reported she had been in contact with Jim Matzinger in regard to the Grunow lease. She read the letter sent to her by Mrs. Grunow who asked for the lease to be ended. Mr. Grunow died two years ago and the lease should have ended then. Penn said she would add this item to the November agenda for the Commission's consideration. Penn then presented four ideas she had come up with in regard to how the Commission could approach the issue of meeting monthly as stipulated in their Charter. She acknowledged that all these ideas were "from the hip" and said she had included pros and cons as they occurred to her when she developed the list.

- X-Committee meets but takes action only to recommend to the Commission.
 - Pros: "Full" commissioners only meet 4x a year; "Full" Commission still makes the decisions.
 - Cons: Decisions on items, particularly time sensitive ones would be greatly delayed, up to 2 months at most.
- Full Commission meets monthly and x-comm is no more unless heightened workloads required a meeting between monthly meetings (e.g. special meetings).
 - Pros: This is what the charter outlined exactly.
 - Cons: Quorum could be a problem.
- Full Commission drafts bylaws outlining what the x-comm may and may not do. This list of duties would either be created by a sub-committee formed specifically to determine this or the Commission might ask Penn and Corp. Counsel to prepare such a document.
 - Pros: Would document the status quo that existed up until March/April 2015 when Mr. Mace made his initial observations,
 - Cons: Required time and work on the part of those on a subcommittee; There would be the risk that the x-comm would take actions outside those responsibilities outlined in the interest of time and accomplishing things as they came up, not having them delayed for months. Since no such list exists yet, there could be other issues that would arise but not sure what they might be.
- Full Commission decides to amend the charter giving x-comm responsibilities and/or latitude to act with authority of full commission (possibly not allowable).
 - Haven't formulated pros/cons yet
- Full Commission amends the Charter so that it only meets 4 times a year and that's it.
 - Pros: Only four meetings a year.
 - Cons: Many, not the least of which is that those 4 meetings would be very long, exhausting meetings and would create a burden to any project or person with a deadline to meet; A list of roles and responsibilities would still be required with the reservations expressed above

Mace commented on the alternatives Penn presented and suggested the idea of a full commission meeting every two months. Sweeney said Eileen Brownlee could make some suggestions and bring them to the next meeting.

14. Presentation and Discussion on WRRTC Accounting Principles – *Jim Matzinger, WRRTC Accountant, Gene Gray, WRRTC Treasurer*
Addressed in Item 9.

15. Discussion and Possible Action on 2016 WRRTC Budget – *Gene Gray, WRRTC Treasurer*
Addressed in Item 9.

16. Discussion and Possible Action on Addressing Prairie Sub Private Crossings (Legal and Illegal) – *Ken Lucht, WSOR*
Lucht said he did not have anything to present yet and said WSOR was still composing a list of private crossings and once that was compiled he would bring it to the Commission for a future agenda item.

16. Action Item. Adjournment

- *Motion to adjourn at 11:50 AM – Gustina/Cornford, Passed Unanimously*