

WISCONSIN RIVER RAIL TRANSIT COMMISSION

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

1. 10:05 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	x		Wayne Gustina	x
	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	x (left 11:17)		Carol Held	x
	Chris JAMES	x		John Miller	x
		Dennis Polivka, Asst. Secretary (XCom)		x	
Grant	Ivan Farness		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	
Iowa	Charles Anderson, Secretary (XCom)	x	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 • Ken Lucht, Bill Gardner, WSOR • Frank Huntington & Roger Larson, WDOT • Jimmiy C. Landru Jr, Northwoods RTC • Shirley Grant 	<ul style="list-style-type: none"> • Forrest Van Schwartz • Scott LaRose, Scot Forge • Alan Anderson, Pink Lady RTC (10:13) • Harvey Kubly (10:18)
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3. Action Item. **Certification of Meeting’s Public Notice** – *Noticed by Penn,*
 - **Motion to Approve Public Notice** , *Thomas/Gustina, 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 July Meeting Minutes**– *Prepared by Penn,*

On items 12 and 15 of the July minutes, Chair Karl Nilson said that during discussion on those items, it should be noted that Bill Wenzel contributed to the conversation as a citizen of Sauk County, not as a representative of the County.

- **Motion to Approve May Meeting Minutes with correction**, *Kuhkne/Gray, Passed Unanimously*

6. Updates. **Public Comment** – No Public Comment

Nilson told the Commission that Forrest had not been reappointed to the Commission and asked Van Schwartz say a few words to the Commission. Van Schwartz thanked the Commission for its welcoming environment. He had been “privileged and pleased” by being allowed to serve on the Commission. He said he would remain available for questions and help in the future.

7. Updates. **Correspondence & Communications** – No Report

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

- Treasurer’s Report for July and Payment of Bills

Gene Gray distributed the treasurer’s report, reminding the Commission that Jim will be back at meetings as usual at the September meeting

- **Motion to approve Treasurers Report and bills – Manke/Ruf, Passed Unanimously**

9. Wisconsin & Southern Railroad’s Report on Operations – Ken Lucht, Bill Gardner

- Monthly Maintenance Update – Ken Lucht said he had hoped to have results of rail detection tests but the presenter of that info was not available. He said results will be released to the Commissioners by September adding that there are many miles of jointed rail showing defects which highlights the need for welded rail. Heat has continued to be a challenge, triggering restrictions on operations. Lucht said there have been numerous times in the past few months where operations have completely stopped, adding that due to sun kink, there was even a derailment on 7/4/12. Heat monitoring on the rail continues. He said that all the businesses affected by the delays and stoppages have worked with WSOR to continue shipping.
- Madison to Milton is almost complete. Some bridges remain to be completed by a sub-contractor and should be complete in the next couple months.
- 14 public crossings between Janesville and Monroe have had work begun on them this month.
- WSOR has submitted a number of applications to WDOT for the 2012/2013 the state grant funding cycle but no word yet on if they’ll be funded including welded rail in Rock County (which is part of fox lake subdivision). Other projects submitted include the building of a siding outside of Milton. The siding is in a rural area and there is enough clear track (no crossings) so is a good opportunity. For building capacity, WSOR has made a joint application for the Madison /Reedsburg and Madison/Cottage Grove acquisition.
- Bill Gardner said there is an application in Walworth County to address 100 lb rail nea STH 14 towards Janesville that is so depleted, trains can only travel at 10mph. This would “take care of the whole end down there.”

Gardner said that WSOR had done the appraisal on the Reedsburg line and asked Frank Huntington why WDOT was doing another appraisal. Huntington said that this was due to the legal advice of their (WDOT) attorney. Gardner expressed frustration that WSOR had invested time and money in a project that was now being done all over again. Huntington said that in matters of acquisition, WDOT often required that both buyer and seller get appraisals, adding that WDOT may use the WSOR appraisal for a comparison. Terry Thomas asked how long it would take to put the siding in if approved. Gardner said a year; Gene Gray asked if there was cost available on the Woodman bridge. Lucht said he’d get that amount to him.

10. WRRTC Administrator’s Report – Mary Penn, WRRTC Admin.

Penn reported she had sent Commissioner Ivan Farness a get-well card from the Commission, sent out county contribution letters to the Commissioners, filled out the Sauk County budget request form, noting that Commissioner Dennis Polivka had offered to represent the WRRTC at the presentation to the Sauk County economic oversight committee, adding that Ken Lucht had also offered to support Polivka in his presentation. She told the Commission she had begun the creation of a data set of parcel numbers of WRRTC property in IL in the hopes that someday the parcels could be mapped and that she had received the 2013 General Liability Insurance policy from the Richgels-Shaefer Agency which is effect from 7/10/12 to 7/10/13. Lastly, she updated the Commission on the status of the various permits approved for Scot Forge, telling them that Scott LaRose of Scot Forge was at the meeting and could answer any questions they might have.

11. WisDOT Report– Frank Huntington, WisDOT

Huntington said that a number of funding applications had been submitted though some still need some questions answered. Hopefully all will be reviewed within the next couple of months. He said that bridge projects are a very big part of the work between WSOR and WDOT. He mentioned the Woodman bridge as an example of a project coming in at a higher cost than originally estimated, adding that there is a lot of bridge work as so many need work. He said funding announcements will be made within the next few weeks. The FRPP loan projects will also be announced in the next few weeks. On the UP line, WDOT is doing a title search and possibly an appraisal; there are no funds currently available to do it so it has to be funded by bonding, if approved, which is slow in coming but he hoped to have the Reedsburg line issue settled in terms of the budget by the end of the year. The Cottage Grove line is also part of this issue. Nilson asked if WSOR leases the Cottage Grove line which was affirmed. Huntington said that UP wants to sell the entire line as a package so that is how the State is approaching it. Due to the size of the acquisition, he estimated the price will be \$40-\$50M.

Although outside WRRTC area, he reported that total reconstruction work on lines near Kohler have just begin. Also, in the northern part of the state, WDOT will not be pursuing the purchase of any lines from CN or UP. They have changed their plans for selling and

he said this is a period of rejuvenation for private lines in the State. Chris James asked Lucht how many trains are going through the Cottage Grove line at this time. Lucht said there are 3/week with no plans to increase that.

12. Update on amendments to WRRTC-WSOR-WisDOT contracts in regard to insurance and reporting. Changes possible in all three agreements: WisDOT-WRRTC Land Use Agreement, WisDOT-WRRTC Grant Agreement, and WRRTC-WSOR Operating Agreement – Frank Huntington, WisDOT

Huntington said there is no additional information from WATCO/WSOR on this issue. He said things are fine because they have a special rider so the State is satisfied with coverage for now.

13. Consideration and possible action on WSOR’s Proposed Capital Plan and Budgetary Request for 2013/2015 State Biennial Budget – Ken Lucht, WSOR

Lucht distributed a packet of information, and said that WSOR is preparing itself for the new State budget cycle. They expect the next 2 year budget to be signed by July of 2013. He said there are about 285 miles of publicly owned trackage in WRRTC’s jurisdiction alone so the Commission has a stake in this issue. He asked the Commissioners to advise their chairs and staff to write a letter of support for this plan/budget request. He then gave a general history on the relationship of private/public freight rail service, highlighting the public/private partnership between the state and private interests in order to preserve localized freight rail service. He said WSOR maintains all rail they lease and improves the line as they need them. He next showed a map showing the WSOR active area, including WI and IL trackage. Nilson noted for the benefit of new Commissioners that the line (land, infrastructure, etc.) in IL is owned solely by the WRRTC, not the State. Lucht highlighted the need for rail freight services in the State, noting savings for businesses giving examples of direct transportation cost savings to local economies adding that rail also saves on highway maintenance. In addition, 24,000 people have freight rail service related jobs in the 20-county area WSOR serves. He said in the last 5 years, forty new businesses have been added and a dozen more are planning to be built to access rail service, highlighting United Ethanol, Leeco Steel, and Mor Agra Grain as examples. Fritz Ruf asked what percent of WSOR is ethanol related. Gardner said less than 10% is related to ethanol business. Lucht gave trending information out to 2016 on the number of car loads which showed upward trends as the economy improves. By 2016 WSOR should be at an historic level of shipping. James asked Lucht if there was an update on a business in Mazomanie and Lucht said it is going thru the permitting process. The challenge to WSOR’s plan is to get support from the state, the counties, and the RTCs for basic infrastructure needs (ties, structures, etc.) which is challenging with increased tonnages. He pointed out that continued installation of welded rail needs to be done to reflect the needs of increased tonnages, adding that 75% of the rail system is in jointed rail which is not sufficient or safe for operation. He showed diagrams of degraded rails (welded vs jointed) on the Prairie du Chien line, comparing current line to new line, where they found that the 85lb rail is now only 74.5lb rail due to rail degradation. Nilson reminded new members that rail poundage is based on a 3’ section of rail. Lucht showed an example of broken rail found by an inspector (on 90lb) rail which was a total break. The proposed budget asks for funding for the Prairie du Chien subdivision (partly because of increased grain shipping due to new grain elevators along that track including Boscobel). Next, he described how the Waukesha to Milton line needs work as the rail only allows for 10 mph movement and the intent is to improve it so trains can travel at 25mph). This contributes gross inefficiencies in terms of economics. Ruf asked for tie and rail costs. Huntington said that it costs \$650,000/mile of track, \$1M per mile for all costs. As a point of justification for rail endurance, Lucht said a properly maintained tie will last 30 years so there is a cost savings for rail vs roads. He said WSOR wants to update the Prairie section because of the harbor in Prairie du Chien and future shipping options. WSOR wants to acquire new corridors but also maintain the trackage it currently leases. Gardner explained WSOR’s reasoning in asking for \$90M in their budget; WSOR needs at least \$60M for additional funding to be used to buy the Reedsburg line. By getting more funding, WSOR can react quickly to buy more trackage. Alan Sweeney asked if the \$60-\$90M was for projects statewide and Gardner confirmed that. Bill Ladewig asked if what the costs were for upgrading. Gardner quoted Huntington’s \$650,000/mile figure. Lucht then showed some before-and-after track photos to illustrate the imperative for infrastructure improvements. He also showed photos of typical bridges on the Monroe subdivision which all showed decay and are in critical condition in terms of freight rail. He explained the FRPP program, noting that the bulk of any local match would be met by the operator with much lesser amounts being asked of the RTCs. He explained the Ad Valorem tax which is made on all of WSOR’s trains, and goes directly into the State general transportation fund, saying that this would be a fully funded program and not acquired via a public tax. He highlighted the economic benefits from WSOR such as jobs, property taxes, and their associated streams of revenue. He concluded that there are 600 miles of WSOR railroad in Wisconsin and he said that WATCO/WSOR is committed to staying, maintaining, and expanding rail in the State through the public/private partnership. He asked again for a letter of support from the WRRTC to go Transportation Sec. Gottlieb to support this budget request. He also encouraged the support letter be copied to the Governor. There were some questions regarding the content of the support letter and what it should say; Nilson assured the Commission that the language of the letter would be made available to the Commissioners and they could use it as a model in drafting support letters for their respective counties.

- **Motion to draft a support letter for WSOR. Ruf – Sweeney, Passed Unanimously**

Chair Nilson called a break at 11:23 AM. Commission reconvened at 11:31 AM.

After reconvening, the Commission returned to Item 9 upon Gardner’s request, whereupon he talked about WSOR’s workforce and that some of their newly hired staff were young and didn’t have a good work ethic. He said they’ve reported that the work was too hard and they often would not come back to work after a few days on the job. Nilson said if anyone knew folks who were looking for work to contact Ken Lucht because WSOR is understaffed in certain aspects. Gardner said people could apply online or call (414-438-8820 x to Human Resources). The website has all the application materials (www.wsorrailroad.com).

At this point, Nilson introduced Chris James, newly appointed Commissioner from Dane County to the whole Commission.

14. Presentation on the Northwood’s Rail Transit Commission’s current and on-going efforts to preserve freight rail service in Northern Wisconsin – Jimmy Landru, Jr, NRTC Vice Chair

Jimmy Landru, Jr, Supervisor for Forest County, introduced himself to the Commission as Vice-Chair for the Northwoods RTC and discussed the reasons and motivations behind the founding of the Northwood’s Rail Transit Commission which currently includes 9 counties with the potential for another Wisconsin to join (Ashland) and the possibility that some Upper MI counties would also join if interstate issues could be resolved. He said Wendy Gelof from Florence County is the Chair and that the respective NRTC counties will contribute \$500/per year, adding that the North Central Regional Planning Commission will be staffing the Commission for the first year. His intention in attending the WRRTC was to see how the WRRTC runs. The NRTC meets at the Oneida County Airport as it seems to be the most central to their location. Timber is the driving need for freight rail service and since loggers are only cutting at 40% of quota, there is a serious strain on the local economy. He said cutting has been reduced because of problems and lack of rail shipping option as 2/3 of northern WI railroads are out of service. He said WDOT has begun to do an economic analysis on the line to see the impacts of freight rail and to hopefully show a need for an active freight railroad. He thinks that if everything come together, the NRTC will help the northern state economy as well as open more hunting/gathering land for native American nations in the upper part of the state. Gardner said that it is very important for all the separate RTCs to work together, listing the number that currently exist and the counties that belong to them. Landru said that the NRTC supports the WSOR’s \$90M Statewide request, saying that we should be working together to benefit both north and south state RTCs.

15. Discussion of current WI rail commissions' functions and relationships with each other – Karl Nilson, WRRTC Chair

Harvey Kubly, chair of PRTC and SCWRTC presented to the Commission on the issue of relations between the PRTC and the WRRTC, noting that the PRTC is an odd ball commission because one of its counties does not have active rail but trail. The Tri-County Trail Commission corridor is owned by the PRTC, not the WDOT. He said that Green County is the only member of the commission that has rail that doesn’t belong to the WRRTC and for “a long time” Green County has always forwarded its county contribution to the WRRTC. However, there has been much discussion on the PRTC on the lack of a formal agreement on the funding situation between the RTCs. Therefore, he reported that in January the PRTC made a motion to address this issue as it is a long overdue issue with an outcome that, at the very least, would result in a memo of understanding (MOU) between the RTCs. Nilson said that the argument to having a little bit of railroad in a county grants access to the whole freight rail system and that the rail operator decides on what part of the track to work on, rather than the RTCs deciding. Kubly noted another PRTC issue is that Lafayette County is not contributing a county contribution but the main thing is that everyone should know what the situation is and where taxpayer money is going and that something a little more formal should be written. Sweeney said that the issue is that although the railroad (WSOR) decides where work is done, in the past there had been an attempt to create a system or an understanding on the disbursement of funds which is long outstanding and that it made sense to make at least have an MOU. He added that if there is a chance to come to some sort of formal agreement, the RTCs should take it. Nilson then asked if Sweeney would be chair of a committee to address the issue and Sweeney said that he would do so. Lucht said that the reason why the PRTC had been contributing to WRRTC for so long was because there had been no capital projects in the PRTC area. In the past few years there have been capital projects in the PRTC area and in those years, the Green County contribution has gone to those projects. Gray said that WSOR knows where the funds need to be dedicated. Lucht said that when WSOR is doing projects, they bring those to the Commissions for their input. Huntington gave a short history on past attempts to create such a document or agreement in the past.

- **Motion to request WRRTC chair establish a committee to work with PRTC on a formal funding agreement.**
Manke – Sweeney, Passed Unanimously

16. Discussion and possible action on recruitment and appointment of WRRTC Commission member as liaison between WRRTC and UW-Extension Freight Rail Study – Karl Nilson, WRRTC Chair

Nilson asked for a volunteer to replace Van Schwartz as the liaison to the Freight Rail Study. Gray volunteered to be that liaison. Jerry Grant suggested that since Van Schwartz had so much experience he could act as a consultant on this project.

- **Motion to retain Forrest Van Schwartz as advisor on the UW-Extension Freight Rail Study.** *Grant – Gustina, Passed Unanimously*

17. Discussion on WRRTC voting protocol – Karl Nilson, WRRTC Chair

Nilson reiterated voting protocols to the Commission, explaining what the procedures are, both on Full meetings and X-Comm meetings. He noted that any commissioner who comes to an Executive Commission meeting can speak but only one per county can vote.

18. Consideration and Approval of 2013 WRRTC Budget

Penn explained that in working with Jim Matzinger in doing the Sauk County budget request form, it seemed a good idea to do the budget in August rather than in January since that is when counties do their budgeting process and Matzinger already had the draft budget prepared.

- **Motion to accept 2013 draft budget as presented.** *Grant – Gray, Passed Unanimously*

19. Action Item. Adjournment

- **Motion to adjourn made at 12:19.** *Manke – Cornford, Passed Unanimously*