

WISCONSIN RIVER RAIL TRANSIT COMMISSION

FULL COMMISSION MEETING - FRIDAY, JULY 6, 2012 @ 10AM
DANE COUNTY HWY GARAGE, 2302 FISH HATCHERY RD, MADISON, WI

- 1. 10:04 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	excused		Carol Held	
	Forrest Van Schwartz, Advocate	x		John Miller	
				Dennis Polivka, Asst. Secretary (XCom)	x
Grant	Ivan Farness		Walworth	Jerry Grant	
	Vern Lewison			Richard Kuhnke, 4 th Vice Chair (XCom)	
	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			Richard Manke	
	Jack Demby			Fritz Ruf	

Other present for all or some of the meeting:

<ul style="list-style-type: none"> • Mary Penn, WRRTC Administrator • Ken Lucht, WSOR • Frank Huntington & Ron Adams, WDOT 	<ul style="list-style-type: none"> • Alan Anderson Pink Lady RTC • Bill Wenzel, Sauk County • Donna Stehling (add her to commission list and check)
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Prior to Item 3, Karl Nilson said that at August’s meeting, the Commission will discuss voting procedures and customs for both the Executive Committee and the Full Commission.

- 3. Action Item. **Certification of Meeting’s Public Notice** – *Noticed by Penn,*
 - *Motion to Approve Public Notice, , Cornford/Gustina, Passed Unanimously*

- 4. Action Item. **Approval of Agenda** – *Prepared by Penn,*
 - *Motion to Approve Agenda, Polivka/Thomas, Passed Unanimously*

- 5. Action Item. **Approval of draft May Meeting Minutes** – *Prepared by Penn,*

Charles Anderson asked if a cost given in a sentence in item 15 were correct (“*The occurrence level would go from \$10 million to \$5 million because it is only for property damage.*”). Upon confirming with Ken Lucht, the minutes were corrected to read (“*The occurrence level would go from \$5 million to \$10 million because it is only for property damage.*”).

- *Motion to Approve May Meeting Minutes with correction, Scallon/Cornford, Passed Unanimously*

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

- 7. Updates. **Correspondence & Communications** –
Forrest Van Schwartz distributed four handouts. He particularly highlighted one on a rails-to-trails program in Pennsylvania. Penn distributed a copy of the support letter from Secretary Gottlieb on the economic freight rail study. It was sent as part of the freight rail study survey.

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

- Treasurer's Report for May and June and Payment of Bills

Gene Gray distributed the treasurer's report, reminding the Commission that if they had questions for Jim they could ask him when he returns to regular non summer hours.

- **Motion to approve Treasurers Report and bills** – *Anderson/Gray, Passed Unanimously*

9. Wisconsin & Southern Railroad's Report on Operations

Ken Lucht said that there is a lot of WSOR activity this summer. He said the rail detector car is running tests and gathering data and he will present the data on any defects at the August meeting. Due to the extreme heat, he reported that the welded rail has been measured as high as 145F and high heat requires either holding trains or reducing speed. On July 5, 2012 no WSOR trains ran due to high heat. A quarter of their customer base has been affected. He described it as a "thermal misalignment". He next reported on the status of 10 bridge work projects, noting that the Waukesha project is nearly complete. He showed a graphic identifying the areas of track and type of rail (welded or jointed) in the system. He told the Commission that the Monroe sub has about 14 crossings projects that will begin this month. For 2012 funded projects, the John Nolan drive bridge project is getting started. Also three structure projects will begin. He then reported that WSOR had just signed a tie replacement agreement with WDOT.

Next, Lucht said that February had been the deadline for the Freight Rail Program (FRP) and noted that WSOR had an application to it to realign track near Avalon, an application for a new siding between Milton and Anderson, near Milton Propane, to improve capacity in Rock County, and three and four additional applications.

Alan Sweeney asked about the Translo project near Janesville; Lucht said that that project is funded only by WSOR.

Gene Gray asked about the Woodman bridge project and its cost, which Lucht said he will get. Nilson commented that UP is updating track in Waukesha for the "first time in 50 years".

Bob Scallon asked if cold or heat is worse for the rails? Lucht said the maintenance folks could answer that. Frank Huntington said that any extreme is hard on the rails. Terry Thomas asked about the future inspection tour and with budget questions coming up, could they include some state representatives? Lucht said that it's very likely they'll go on the Prairie du Chien. Line since those are slated for complete replacement in the next two years.

Lucht said there had been a derailment on 7/4/12: a train of 20 cars pulling out of Cottage Grove and 6 cars derailed. Three tipped but there were no injuries and no hazardous spills. The tipped cars were 3 tons overweight. This and "sunkink" contributed to the accident. Clean-up is underway and the tipped cars will be scrapped and the freight (corn) is being collected.

Lastly, he said that WSOR is preparing for the next 2 year state budget (2013-15) and since the FRP budget was cut a bit in the current budget and he had hopes that the new budget would replenish the budget back to old levels, including additional funding for acquisitions since that money is used to buy but not for infrastructure.

He said there is a complete rehab proposed for Waukesha and Prairie du Chien. He added that in August or September he will make a more formal presentation on this. He showed a graph displaying different cross sections of rail showing the degradation of the rails, adding that some of the rails are showing 100 years of wear.

Alan Anderson said he'd seen lots of ties in Spring Green and asked if those were for those projects but Lucht said those are for tie replacement on current track, not for capital projects. Van Schwartz reiterated the speed rules for track type to explain why the ties needed replacement, even on old welded rail track.

Lucht told the Commission they did not get any TIGER funding in this round of funding and thanked the Commission for their support.

Gray asked Lucht if he had employee counts to see if there is improvement between this year and last year? Lucht said there have been increases in the past year. Schwartz said the study will answer questions like this when it is completed.

Scallon ask Huntington if the federal government funding for rail in Wisconsin were reimbursed. Huntington said that money was reimbursed.

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

Penn reported that she had attended a staff meeting between WSOR and WDOT on June 14th. At that meeting she had spoken to Ben Meighan, confirming that neither she nor WSOR had received crossing standards for the Scot Forge Transfer car. She also said she had been working with Tom Shaefer to get the 2013 WRRTC liability insurance.

Scallon told the Commission that Ivan Farness was very ill and in a nursing home and suggested the Commission send a card which Penn said she would do.

11. WisDOT Report– Frank Huntington, WisDOT

Huntington reiterated the work in Waukesha that Lucht mentioned in his report. In regard to a bridge management study, he said that when the overweight study was completed, the derailment problem could be better managed for light and/or old rail. This work is a result of a federal mandate for WSOR, helped with WDOT funding. He said there a lot of projects getting started and funding of new projects will happen once they are reviewed but it takes time.

In regard to the Eagle property on the agenda, he said that the fire department Eagle had requested using the property but upon talking with WSOR, WDOT is not inclined to sell it. It is not an issue for the RTC as it is outside WRRTC purview. He said that it may come back to the Commission at the next meeting. The fire department wants to expand its station on the property and at this time they do not have permission to do so. Huntington said he wanted the Commission to know about the issue as it may come back to them.

He then reported that about 2 weeks ago a Stoughton business approached WDOT with an issue but he had gotten no information from them to present to the Commission. The company wants to use a ramp for loading/unloading which would be via a lease on the ROW, and WSOR would potentially support this request. This issue may come back at a future meeting.

12. Discuss possibility of local match for the Madison to Reedsburg Union Pacific rail line acquisition pending State funding – Frank Huntington, WisDOT

Huntington said that Reedsburg acquisition had come up in the past and that the application is being reviewed and if approved, could potentially be in the budget in the next biennium (possibly next July), adding that the current estimate of track price is \$7M – \$10M which would need a 20% local match. The property is still being evaluated (he noted that the current estimate is somewhere around \$40M and would be paid by WDOT). He said that if this happens, a local match would be needed. In order to be prepared for the possibility of the acquisition, Huntington recommended the counties, the Commission, the shippers, and the railroad might want to start talking about funding the local match in order to get funding in line. Nilson asked if this section would be included in the rail study? Lucht said it would. Huntington said if the local match were not there it could delay the project. Anderson asked if Huntington did the appraisal himself? He replied that UP gives them a net liquidation value and WDOT does the same thing with vendors and contractors to try to determine a correct appraisal. He said that the land values are a different situation and said there needs to be a title search and their own appraisal. Anderson asked if Pink Lady were in Sauk County and if so would they be involved in paying part of the local match? Huntington said as a member of Pink Lady and WRRTC, Pink Lady would probably agree to be integrated add into the WRRTC. Anderson said that if the State buys the line, the Pink Lady may dissolve if the State becomes the track owner. Pink Lady might work w/local shippers and promote freight rail and he did not know if Sauk County would want to contribute (to a local match). Anderson then asked if the Commission knew how much rail is in Sauk County and if so, would the respective counties pay a percentage of track in their counties?

Bill Wenzel of Sauk County said that from his experience with Sauk County there isn't much money around and asked Huntington if there'd been any discussion with communities along the track but he replied WDOT had only been talking to Pink Lady and said it was the responsibility of the Commissioners to start talking about the funding issues with their counties.

11:05 Nilson called a 10 minute break.

Reconvened at 11:16 AM

13. 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 told the Commission that WDOT is still waiting for information from WATCO/WSOR, adding that WSOR was also waiting for WATCO to give WSOR information too. Anderson asked if WRRTC were underinsured at the moment but Huntington said that the Commission was still being held harmless and that the current levels of insurance were the same as they'd been for the past 20 years. He said the issue was changing the SIR level.

14. Consideration and possible action on WRRTC 2013 liability insurance with Richgels-Shaefer Insurance. – Mary Penn, WRRTC Admin

Penn told the Commission she had worked with Tom Shaefer to gather the necessary information for the Commission's liability insurance. Nilson read a letter from Richgels/Shaefer to the Commission, noting the amount was the same as last year and that the deductible amount had dropped from \$20,000 to \$15,000, total to equal \$15,533..

- **Motion to authorize Mary Penn to notify Tom Shaefer the Commission accept the insurance.** *Gustina/Polivka, Passed Unanimously*

15. Consideration of WRRTC 2013 local county contribution value

Nilson asked Huntington if the counties should be asked to up the contribution based on the possible acquisition of the Reedsburg line and if asking for more money now is probably not a strong argument? He asked if the shippers contributed more, would the shippers then get more "sweat equity" and get more if the line were salvaged? Van Schwartz said that in some cases shippers have financed and then been refunded on a business return. Wentzel said that there might be the possibility of shippers being a source of the local match. Sweeney asked for clarification between capital improvements and acquisition and if there was a history of acquisition costs being shared or if it was borne by the affected counties? Huntington said that in the past when a line was acquired, the cost was paid based on the percent track in the specific county. More recently, there were lines purchased from WSOR and in those cases, the state paid 20% less. He then reiterated that in the past, the mileage per county determined the costs per county. Polivka asked if the price for the line was formalized yet but Ron Adams said it was still being determined. Polivka said that before the Commissioners start talking about a local match amount they should know the buying price. However, Huntington said his point in bringing the issue up now was to try to get funding lined up now, rather than waiting until next summer. Huntington said the price would depend upon the salvage price of the track and the local match would be 20% of that. Land acquisition is more complicated due to the appraisals and title searches and that work could take until the end of the year. Polivka asked if there would be a local match for land acquisition but Ron Adams said no. Nilson said that a letter should be sent to shippers to see if they would contribute. Donna Stahling said certain state mandates the counties operate under cause the counties to not have much money to spend.

Nilson said he thinks the Commission should bill the counties for what they're currently billed for. He asked if anyone had a problem with rounding up the sum to \$27,000? Nilson said for the acquisition, the Commissioners would need to get all the players at the table to discuss the 20% funding issue. Anderson asked if the railroad had any sort of a monetary commitment to the project? Lucht said that WSOR has been open to funding for 30 years but that the counties need to show their commitment to this. He added that there's had been some talk that the cost of the Reedsburg track may not come out of grant funds but might be a line item in the state budget. Huntington said the funding from the grant program would be most likely and perhaps the easiest option.

Wentzel said that when Sauk County did a bridge study, WSOR helped pay for it. He noted it is important that a distinction be made between capital improvements and acquisition and that it could be perceived that the taxpayers were being asked for an additional tax in hard times.

Anderson said if the state can't buy the Reedsburg line, could WSOR keep using it? Huntington said the lease has just been renewed and is an active track. He suggested that the survey would perhaps shed some light on where the money would be best used (Lucht interjected that it is a 5 year lease). Nilson said the Commission will look to WSOR for guidance on the issue.

- **Motion to raise the county contribution to \$28,000 for 2013 (which includes \$1,000 for insurance).** *Sweeney/Gray, Passed Unanimously*

After the vote, Sweeney said that an increase shows a commitment to capital improvements to the rail system the WRRTC is responsible for. Adams said that the WRRTC funding from counties goes towards rail improvements, not maintenance.

Scallon then asked what was the status of the relationship with Jefferson County? Sweeney said that the WRRTC has reached out to that County but he thought that Commissioners should approach individual supervisors of Jefferson County to see if there are county businesses who would benefit.

16. Motion to adjourn meeting at 11:45 PM. *Thomas/Gustina, Passed Unanimously*