

WRRTC JULY 2018 MEETING MINUTES – APPROVED

Wisconsin River Rail Transit Commission Commission Meeting - Friday, July 6th, 2018 at 10:00 am Community Room, Health and Human Services Building, Dodgeville, WI

1. 10:07 AM **Call to Order** – Alan Sweeney, Chair
2. Roll Call. **Establishment of Quorum** – Matthew Honer

Crawford	Carl Orr	X	Jefferson	Mary Roberts	Excused
	Rocky Rocksvold, 2 nd Vice Chair	X		John Kannard	X
	Derek Flansburgh	X		Augie Tietz, 3 rd Vice Chair	X
	Tom Cornford, Alternate	X		Terry Thomas	Excused
Dane	Gene Gray, Treasurer	Absent	Rock	Wayne Gustina	X
	Jim Flemming	Absent		Alan Sweeney, Chair	X
	Chris James, 1 st Vice Secretary	Absent		Chuck Spencer	X
Grant	Gary Ranum	X	Sauk	Dave Riek, 2 nd Vice Treasurer	X
	Mike Lieurance	X		Marty Krueger	X
	Robert Scallon, 1 st Vice Chair	X		Tim McCumber, Alternate	X
Green	Harvey Kubly, 1 st Vice Treasurer	Excused		David Bretl	X
	Oscar Olson	X	Walworth	Richard Kuhnke, 2 nd Vice Secretary	X
	Paul Beach	X		Allan Polyock	Absent
Iowa	Charles Anderson, Secretary	X	Waukesha	Dick Mace	X
	<i>vacant</i>			Richard Morris	X
	Mark Storti	X		Karl Nilson, 3 rd Vice Treasurer	X

Commission met quorum.

Others present for all or some of the meeting:

• Matt Honer - WRRTC Administrator • Ken Lucht, Dave Bierman – WSOR	• Kim Tollers, Rich Kedzior, Ed Singer, Lisa Stern – WisDOT • Kate Reiman – Village of Arena • Christiana Hofer – Dodgeville Chronicle
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3. Action Item. **Certification of Meeting's Public Notice** – Noticed by Honer.
 - Motion to approve meeting's public notice – Nilson/Scallon. Passed Unanimously.
4. Action Item. **Approval of Agenda** – Prepared by Honer.
 - Motion to approve the agenda with amendments – Kuhnke/Tietz. Passed Unanimously.
5. Action Item. **Approval of draft June 2018 Meeting Minutes** – Prepared by Honer.
 - Motion to approve meeting minutes with minor grammatical changes – Mace/Storti. Passed Unanimously.
6. Updates. **Public Comment** – Time for public comment may be limited by the Chair.
No public comment.

7. Updates. **Announcements by Commissioners**
No Announcements

REPORTS & COMMISSION BUSINESS

8. WRRTC Financial Report – Honer, Admin.

- Action on Amendment to 2018 Budget.

Honer explained that SWWRPC's contract is listed twice on the amended budget and will ask Matzinger to remove that line and make the appropriate changes to the amended budget.

Ranum asked about the expense of the Sauk Bridge Salvage to Sauk County. Honer stated that he believes that income came in 2017 but will ask Matzinger to clarify at our next meeting.

- Motion to approve the presented amendment to the 2018 with edits. – Gustina/Mace. Passed Unanimously.

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- Discussion and Possible Action on 2019 Budget.

Alan stated that based on conversations he has had, it does not appear that all of the counties have had a chance to review the additional request. Storti stated he believes the counties are currently in the budget process and won't act for another 30 – 60 days. Nilson asked if the Commission could pass the county contribution of \$30,000 and then change if necessary. Ranum stated that Grant County discussion is scheduled but he has not had the best response so far and asked what the option is if some of the counties are not able to raise the additional amount. Sweeney stated that the chair's opinion is that the raise be unanimous among the counties. Bretl stated that several organizations pass budgets and the county reacts to the organizations budget. Sweeney stated that it may be useful to pass a budget in August and wait to hear back from the Counties. Sweeney asked for comments on a unanimous raise from the counties. Kannard and Nilson stated that they believe all counties should contribute the same amount. Sweeney stated it will be discussed again at the August meeting.

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

Honer presented the treasurer's report and stated that in addition to the bills being presented as part of the report there were two bills that came in late. One for Insurance for \$15,553.00 and the other to reimburse WSOR for the project management expense of \$3,927.40.

- *Motion to approve the Treasurer Report – Balance Sheet, Income Statement, and Payment of Bills – Anderson/Storti. Passed Unanimously.*

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

Lucht started his presentation by thanking Iowa County for hosting the Commission. Lucht stated that Iowa county is one of founding members of the Commission. Lucht explained the railroad system in Iowa County. It is 28 miles and moves through Arena, Helena, Avoca, and Muscoda. The line in Iowa County connects to several major interchanges including, an interchange with the Burlington Northern Sante Fe south of Prairie du Chien, the harbor facilities on St. Feriole Island, to the Madison interchange with Canadian Pacific. Ken stated that a train (T7 – westbound, T8-eastbound) provides service daily through Iowa County and a local crew from Madison services Arena on Monday, Wednesdays, and Fridays. Lucht stated a liquid fertilizer company is a customer in Helena with approximately 15K tons annually. Typical materials that WSOR moves through Iowa County include fertilizer, lumber, sand, and grain. Lucht stated approximately 7000 cars a year move through Iowa County, which equates to approximately 28K Semi Trucks. Lucht stated that the infrastructure is typically 85#- 90# jointed rail, which is over 100 years old. In the fall of 2015, 36,000 ties were installed between Avoca and Prairie du Chien, approximately 6,000 were in Iowa County. This work was done in preparation for the installation of continuous welded rail (CWR). Over the past few years WSOR has applied for a federal grant to upgrade the Prairie subdivision to CWR but have not been awarded a grant. Lucht stated that it typically requires \$12K – \$15K to maintain a mile of class 2 track/ per year which equates to \$500,000 of WSOR's maintenance budget to maintain the track in Iowa County. Lucht also stated that the recent reconstruction of the Spring Green Bridge over the Wisconsin River was also partially in Iowa County. That project made national short line railroad news.

Ranum inquired about the railroad that services a new soybean processing plant that will locate in Waupan. Lucht stated that WSOR will service the facility.

Lucht stated that at the August meeting, WSOR will propose the construction of a siding on WRRTC property in Illinois. Lucht stated that one of the biggest challenges of WSOR moving freight out of Wisconsin is the bottleneck getting into Chicago. The line connecting WRRTC to Chicago is owned and operated by METRA, WSOR only has trackage rights which is secondary to passenger services into Chicago. Lucht stated that WSOR only has a daily five-hour window for a round trip into Chicago. Lucht stated that over the years, WSOR has left a lot of trains in Madison and Janesville due to the short window of time. Metra agreed to an additional train per day if WSOR can stage a train nearby. WSOR put together a preliminary plan to locate a siding, approximately 8500 ft long, 10 miles north of Fox Lake, north of Hwy 173 in Belden, Illinois. So far, Metra has agreed to the plan. Watco and WSOR are willing to undertake the investment on WRRTC property. Nilson stated that the Commission owns this land and believes that it would be a very valuable asset. Ranum asked if it would be contained on the current right of way, Lucht confirmed. Mace asked if the track agreement with Metra could be cancelled, Lucht responded that the agreement with Metra cannot be cancelled completely because the STB would view that as uncompetitive. Anderson asked if the siding at Milton also assists in increasing capacity. Lucht stated that it does increase capacity and is used several times a day for traffic from the Waukesha Subdivision. Kuhnke asked if the train is staged at Zenda or Janesville for the nightly run into Metra. Lucht stated that regularly Zenda is the case due to crew switching at this location.

Lucht provided a summary and overview of the Public Private Partnership between WSOR and WRRTC. Lucht stated that over the past 38 years, WisDOT, WRRTC, and WSOR have worked together to manage and build the system. Lucht stated the Commission used to undertake their own projects with their own labor and office staff, equipment, and materials. Since the late 1990s, WRRTC and WSOR agreed that WSOR do the capital expenditure work due to the specialized knowledge, equipment, and personnel they have as a rail operator. WSOR states there are numerous competing priorities for capital expenditure, so WSOR offers a phased approach to stretch public dollars and address public safety. Lucht stated the goal is to bring the system up to Class 2 status. In 2006, WSOR worked with Westbrook Engineers to develop a system-wide bridge repair plan. Lucht stated that a significant take away from that plan was that a timber repair will all the bridge to be serviceable for 25 years, while a concrete and steel reconstruction will allow the bridge to be serviceable for 100 years. Internally, in 2011, WSOR undertook a workforce refocus which resulted in an increased productivity and made the railroad safer. Lucht stated that WSOR also does the estimating and the bidding at no cost to the

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projects and utilizes a competitive bidding through volume bidding, during the right time. Lucht stated that WSOR has continued to increase their Capital Expenditure budget. Lucht stated that WSOR has five full-time employees that market the infrastructure and the communities. WSOR also has community partnerships to address crossing renewal, shared uses, public trails, and land sales. Lucht stated that WSOR supports the Commission's budget discussions and have worked over the past several years to help keep the county contributions down.

Mace asked if WSOR still hires seasonal summer labor. Lucht stated that WSOR does offer an internship program and that the company is down 25 – 30 people. Lucht stated that they do job/career fair booths at middle and high school and work to offer internships to students from places like UW – Superior and Michigan Tech. Mace asked if any progress has happened with new hiring. Lucht stated that in the Wisconsin there have not been many successful hires, and have had two resignations this week, but WSOR is going to temporarily utilize several engineers from other Watco service lines. Nilson stated that Watco owns 38 short lines and WRRTC is a flagship system. Nilson asked Lucht for a brief history of WATCO. Lucht stated that it started as a car repair business in Pittsburgh Kansas in 1983. Watco purchased a line from the Union Pacific Railroad and received their first contract from Boise Cascade in Louisiana. Ken stated that the current CEO is Rich Webb. WSOR is the Flagship Short line of Watco and it is nationally known for its system and services. Watco also operates transloading, harbor services, and supply-chain logistics. Lucht stated that Watco owns about 3000 locomotives, operates in 38 states. Class 1 carriers are one of WATCOs biggest customers and are likely to be strategic partners in coming years.

Lucht handed out a report on the 2017-2018 Capital Program. He reported on the 2017 – 2018 Capital Program for WRRTC. In 2016, WRRTC took action to allocate the 2017 – 2018 capital expenditure for a possible Tiger Grant for improvements on the Prairie Sub between Madison and Spring Green. The grant was not awarded and the capital expenditure funds were held onto. Over the past year, the Sauk Bridge was a project that needed to be addressed and some of the capital expenditure was used to address the bridge. Lucht explained the railcar density maps. Lucht showed the upward trend in capital and maintenance expenditures and highlighted the transload facilities in Prairie du Chien and Madison. Lucht explained the FRPP program, and some of the previous WRRTC funded projects, including CWR projects and Bridge Projects. Lucht stated that bridge projects replace the old wooden bridges that are inadequate to hold weight of modern railcars with concrete bridges at class 2 standards. Lucht highlighted the performance standards and improvements made on track and bridges over the past few years. The 2016 customer survey by WSOR found that 1,000 new jobs and \$235M in private investments were due to WSOR service. Ken highlighted the 2015/2016 capital expenditure. Ken explained that the past few years have been about bridges and will continue to be about bridges. Ken explained that 4 bridge projects have been awarded FRPP funding, 3 on the Watertown Sub and one on the Prairie Sub. Ken explained the bridges and the repairs that are required. The bridges will be replaced with concrete and steel. Ken proposed a funding strategy to complete the four bridges where the WRRTC will contribute \$295,338, the 2017 and 2018 WRRTC capital expenditure to assist in completing these bridges.

Anderson asked how the bridges are named, specifically what determines the letter and number. Lucht responded that it depends on the subdivision.

- *Motion to approve a capital expenditure of \$295,338 towards the completion of the four bridges – Anderson/Krueger. Passed Unanimously.*

10. WisDOT Report – Rich Kedzior, WisDOT.

Kedzior stated that WisDOT was pleased to learn that WSOR reduced its estimate on the cost of the Merrimac Bridge Project. WisDOT has been able to free up FRPP funds from that project will help with the FY 2019 FRPP awards. Kedzior stated that there is some uncertainty due to it being connected to the upcoming 2019-2020 biannual budget. Lucht asked when WisDOT will anticipate the Secretary will make a recommendation to the Governor. Kedzior stated that he was unsure. Stern stated that she expects a quick pace from the Secretary.

Kedzior stated that Rails and Harbors learned that an Ag related group is interested in locating a small intermodal facility near Prairie du Chien. Cornford stated that he believes there is something going on but he has not heard anything else.

11. WRRTC Correspondence/Communications and Administrator's Report – Honer, Admin.

Honer stated that he received approved utility crossings applications from WisDOT for the City of Waukesha and Windstream, Inc., both in Waukesha County. Honer received a notice from WisDOT that Hwy 104 between Hwy 11 and 92 will be resurfaced this summer. The Reedsburg Subdivision crosses just south of Hwy 11 and is property that is owned by the Commission. While the infrastructure has been removed from this crossing, there is an agreement that WisDOT will reinstall the crossing if traffic returns to this section of the subdivision. Honer provided comment to the project managers that the Commission owns this property and the grade of the crossing should not be changed. Honer received public notice that the Village of Muscoda will hold a public hearing on August 14th, that the Village will consider a resolution to discontinue South 4th and South 5th Streets. The street right of way being considered for discontinuing crosses an industry track, the main track, and another side track.

12. Discussion and Action to approve contract with SSWRPC for Staff Services – Honer, Admin.

Honer stated that the contract is the same as last year's contract. \$27,500 for staff and administrative services. Similar to last year, project management and grant writing will be billed separately.

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- *Motion to approve Staff Services Contract with SWWRPC – Spencer/Scallon. Passed Unanimously.*

13. Discussion and Action on 2017 Audit Engagement Letter – Honer, Admin.

Honer stated that the audit engagement letter from Johnson and Block was \$4,625.00. Which is up \$150 from the year prior. Mace asked if the Commission has sent out for bids regarding the Audits. Troy Maggied stated that in the recent past all the counties were polled and those firms were asked to give estimates.

- *Motion to authorize Matt and Jim Matzinger and determine the best course of action, provide options to the Commission for the 2017 audit, and postpone discussion until August. – Nilson/Bretl. Passed Unanimously.*

14. Adjournment

Cornford provided comment regarding the proposed 2019 budget. He believes that the lease with WSOR needs to be revisited and believes that their percentage increase should match the Commission's increase.

- *Motion to Adjourn at 11:30am – Spencer/Gustina. Passed Unanimously.*