

WRRTC DECEMBER 2018 MEETING MINUTES – APPROVED

Wisconsin River Rail Transit Commission Commission Meeting - Friday, December 7th, 2018 at 10:00 am Dane County Highway Garage, Madison, WI

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

Crawford	Carl Orr	X	Jefferson	Mary Roberts	X
	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	X
Dane	Gene Gray, Treasurer	Excused	Rock	Wayne Gustina	X
	Jim Flemming	Absent		Alan Sweeney, Chair	X
	Chris James, 1 st Vice Secretary	X		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	Excused		Tim McCumber, Alternate	X
Green	Harvey Kubly, 1 st Vice Treasurer	X	Walworth	David Bretl	X
	Oscar Olson	X		Richard Kuhnke, 2 nd Vice Secretary	X
	Paul Beach	X		Allan Polyock	X
Iowa	Charles Anderson, Secretary	X	Waukesha	Dick Mace	Excused
	Kate Reimann	X		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 – WSOR	- Kim Tollers, Rich Kedzior, Ed Singer, Lisa Stern - WisDOT - Alan Anderson, Pink Lady RTC
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3. Action Item. **Certification of Meeting's Public Notice** – Noticed by Honer.
 - Motion to approve meeting's public notice – Nilson/Morris. Passed Unanimously.
4. Action Item. **Approval of Agenda** – Prepared by Honer.
 - Motion to approve the agenda – Nilson/Anderson. Passed Unanimously.
5. Action Item. **Approval of draft November 2018 Meeting Minutes** – Prepared by Honer.
 - Motion to approve November 2018 minutes with Minor Changes – Storti/James. Passed Unanimously.
6. Updates. **Public Comment** – Time for public comment may be limited by the Chair.
7. Updates. **Announcements by Commissioners**

Anderson stated that he is proud to be part of Wisconsin River Rail Transit Commission, Iowa County, and Southern Wisconsin and the affiliation with WSOR, as they received national coverage for painting the George H.W Bush's Train. Nilson stated that today is Pearl Harbor day, and that he thanked all the veterans and God Bless America. Sweeney stated that Bob Scallon called and thanked the Commission for their well wishes and the card, and wanted to let us know he is doing well.

REPORTS & COMMISSION BUSINESS

8. **WRRTC Financial Report** – Gene Gray – Treasurer, Jim Matzinger - Accountant.
 - Treasurer's Report

Matzinger presented the Treasurer's Report. The 2018 project column has \$215K in assets, the 2017 account has \$7k in assets. Matzinger explained that money was borrowed from the 2018 project fund to assist with the bridge project in Sauk City. The 2018 capital expenditure project fund was less due to the Sauk Bridge removal.

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Matzinger explained revenues and expenses related to the 2017 and 2018 project funds, and the Sauk Bridge projects. The “WRRTC Funds” column is the general operations funds. Matzinger stated that expenses show that not all management fees are expended but will be early in 2019, accounting is over budget due to the bridge contract, the audit came in under budget as expected, and the legal billing was from Nov. 17 – Nov. 18, which is over budget. The taxes are over budget, on both revenue and expense. Currently, the Commission is \$6700 off budget. Matzinger reported two bills for accounting and for legal.

Ranum asked if Matzinger has an expectation of the final position at the end of the year. Matzinger stated that he expects a negative for next year. Nilson asked if the net income of \$6,756.85 will be negative for the year. Matzinger explained that the balance sheet shows a positive income currently but once all invoices are received, and paid out, for 2018 he expects a negative for the year.

Kubly asked why taxes changed so much. Matzinger stated that the Commission pays three tax bills, Lake County property, McHenry County property, and McHenry County Railroad. The Railroad Tax went up four times. Matzinger provided the information to Lucht who will look into it.

- *Motion to approve the Treasurer’s Report, income statement, and payment of bills. Anderson/Storti. Passed Unanimously.*

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

Lucht stated that Belden siding on the Fox Lake Subdivision was completed and put into service on Wednesday. All that is left to do is remove a silt fence once the ground thaws. Lucht stated that, with the siding, Metra will now allow WSOR to run another train on Thursdays and Saturdays. Lucht explained that this siding will increase commerce between Illinois and Wisconsin and remove rail congestion, especially in Janesville. Lucht explained that the siding will not only impact operations on WRRTC but also the Pecatonica Rail Transit Commission and the Eastern Counties Rail Consortium. Lucht stated that phase three of the Waukesha Sub. Continuous Welded Rail (CWR) project between Milton and Whitewater was awarded funding from WisDOT. Lucht explained it needs repairs and it is a fundamental part of the system that connects the southern and northern divisions of the system. Lucht stated that WSOR also received grants and loans for bridge repairs and replacements on the Prairie and Fox Lake Subs. WSOR also received awards for the northern division.

New calendars will be available for the January 2019 meeting. Lucht explained that WSOR hosted the 1003 steam train over the Thanksgiving weekend; he estimated that the 110-year-old steam engine likely had 10K visitors in Hartford, Plymouth, and Elkhart Lake. Lucht expressed that if a community would like a steam engine to visit, they should talk with Ken and the 1003 group. WSOR did do a Polar Express Train visit a few years back in Edgerton. Nilson stated that Commissioners can see the 1003 Engine at the Hartford Auto Museum in Hartford.

Polyock asked if the siding is for trains going in or out of Chicago, Lucht stated it works both ways. The siding allows staging to allow WSOR to take full advantage of the windows provided by Metra. Nilson asked if it had been a siding before. Lucht stated yes. Ranum asked about the capacity of the siding, Lucht responded it was 8500 ft long. Anderson asked about other users of the siding, Lucht stated that just WSOR will be on the Siding. Bretl asked about Positive Train Control upgrades. Lucht responded that WSOR needs to update 16 engines, all are retrofitted and are in testing phase and will be in full use by 2020. They need to communicate with the Class 1 interchanges. Lucht stated the December 2018 was extended to 2020. Sweeney asked if the Milton to Whitewater CWR project will be a 2019 project, Lucht responded that it will likely be a late 2019 project.

10. WisDOT Report – Rich Kedzior, Kim Tollers - WisDOT.

Stern stated that she did not have anything to report regarding the budget. Sweeney asked about the Milwaukee Harbor project, Kedzior stated he will discuss it as part of the FRPP awards reporting.

Kedzior stated that FRPP awards were announced. There were three track projects and six bridge projects awarded funding in the state. Kedzior stated that four bridge projects will take place on the WRRTC System. Two bridges to be replaced on the Prairie Sub in Crawford County, and two bridge replacements on the Fox Lake Sub. in Walworth county. The track project awarded on the WRRTC system is the CWR project on the Waukesha Sub. between Milton and Whitewater. That project received a \$5.5M grant and an additional loan for a total project of \$6.9M. Additional phases will be required to replace the entire subdivision. Kedzior stated that the Waukesha Sub is unique in that 80% of the traffic is “overhead” traffic. Kedzior explained that “overhead” traffic is the traffic that does not originate or terminate on the subdivision. Much of the traffic on the Waukesha Sub. is from the other systems in the state. Kedzior stated that WSOR was awarded another award for rail replacement on the Oshkosh subdivision. Kedzior stated that the last FRPP award for 2019 is \$3M for track rehabilitation in the Port of Milwaukee, to enable intermodal activity at the Port. There has not been intermodal in SE Wisconsin since 2012. Kedzior expects Canadian Pacific (CP) to return and double or triple the intermodal volume done in 2012. Kedzior explained this is a regional investment because very little of the traffic at the port originates or terminates within the City or County of Milwaukee. Kedzior stated that he made a recent visit during which he saw a lot of road salt traffic and a lot of tin coated steel for the State’s food canning industries. Stern stated that anytime that unloading in Chicago can be avoided, it saves Wisconsin industries a lot of money. Stern stated that especially northern Wisconsin industries. Storti asked if the Port will move northern Wisconsin lumber. Kedzior stated that an intermodal study did identify a container demand in northern Wisconsin for lumber and value-added lumber projects. Moving containers back and forth through Chicago is very expensive. There may be recommendations in the plan, but it is difficult to get railroad and steamship companies (who own the containers) to implement as part of their business models. Kedzior stated that it appears to be easier to

build an intermodal facility than it is to get a railroad to serve it. Polyock asked about the bridges to be replaced in Walworth County, Kedzior stated they are A490 and 492 which are fairly small bridges.

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

Honer asked the Commissioners to let him know how they would like to be notified if a meeting is cancelled due to inclement weather. Honer stated that efforts will be coordinated between Chair Sweeney and himself to make a decision and notify Commissioners at least 24 hours in advance of the meeting. Tollers asked about rescheduling. Sweeney stated it will likely just be cancelled until the next meeting unless there is an issue that cannot wait. Honer stated that he polled all counties regarding the 2019 County Contribution request and all counties approved the increased contribution amount.

12. Discussion and Possible Action on Alkar-RapidPak Private Crossing Application on Reedsburg Subdivision – Honer, Admin.

Honer stated that the proposed crossing on the Reedsburg Subdivision was brought to his attention by WSOR. WSOR worked with the industry to update their crossing. The crossing is for a pedestrian crossing so employees can access both industry locations on each side of the tracks. Honer introduced the applicant, Tim Moskal, the president of Alkar-RapidPak.

Moskal presented a brief history of the business and the history of the crossing between the company's two properties opposite each other over the tracks. Alkar-RapidPak is the world's largest manufacturer of smokehouses. Lucht stated that WSOR agrees with the permit. Nilson asked if there is an existing crossing. Moskal stated that it is unpermitted.

- *Motion to approve the private crossing application as presented – Spencer/Gustina. Passed Unanimously.*

13. Consideration/Action on Attachment 12 to WSOR Operating Agreement – WSOR rent for 2019 – Lucht, WSOR.

Lucht presented Attachment 12 to the WRRTC-WSOR Operating Agreement. Lucht stated that all of the counties agreed to an annual contribution of \$30K, in 2019 and 2020. Lucht stated that WSOR increased their rent voluntarily. Lucht explained that the language is the same as previous attachments with the exception that it is two-year contract. Ranum stated that he researched the consumer value index from 2014, and if the rent were to take that into consideration the rent would be approximately \$52,000. Storti stated the Commission should consider that WSOR recently installed a \$1M siding and invests in maintenance and capital upgrades. Ranum stated that he does not disagree with Storti, but only wanted to bring it to the attention of the Commission for consideration. Orr asked about the \$10/car load mentioned in the agreement. Lucht stated that the provision was part of the agreement as part of the original operating agreement. Lucht stated that at the time of the original agreement the Commission was doing most of the maintenance and capital expenditures and relied on the carload fee. Lucht stated that the carload fee was taken away once WSOR took over maintenance. Lucht stated that WSOR's rent was often discussed as covering the administrative expenses of the Commission. Nilson stated he believes it is a fair agreement. Cornford stated that the Commission is one entity, whose contribution to the partnership is being increased by \$18K per year and WSOR's contribution is only increasing less than \$2K. Cornford stated that he does not believe it is fair between the two entities. Lucht stated that WSOR has doubled their rent in fourteen years of management on WRRTC's system. Lucht stated that it isn't a secret that WSOR is reinvesting into capital projects, that are the Commission's assets. Tollers stated that Class 1 railroads typically spend 25% of revenues into capital investment, so WSOR is on par. Polyock stated that he believes it is fair. Nilson reminded the Commission that this is just one item that WSOR contributes.

- *Motion to approve the Attachment 12 to WRRTC-WSOR Operating Agreement, increasing rent to \$50k/year for two years. – Thomas/Tietz. Passed Unanimously.*

14. Consideration/Action on amending the 2019 Budget – Honer, Admin.

Honer presented the three amendments to the budget: the county contribution increase, the bad debt recovery decrease from Crawford County, and the removal of sign lease. Anderson asked if we should adjust the legal fees based on the recent invoice. Honer explained the recent legal expenses. Krueger stated that he is very happy with the work that is being done but he does not agree with two attorneys being billed or annual invoicing. Krueger stated that over the past two years, legal expenses have been over budget. Nilson stated that the legal fees need to be a future agenda item. Ranum stated that he expects billable hours are for both attorneys to attend the meeting. Storti stated that some of the legal expense was to address Iowa County's concerns with the contribution increase. Lucht stated that WSOR has an attorney that is retiring who is bringing up a new attorney, and WSOR only gets a billable rate from one of the attorneys. James stated that this the legal budget was discussed earlier in the year but thinks it should be further discussed at an upcoming meeting.

- *Motion to amend the 2019 Budget – Krueger/Nilson. Passed Unanimously.*

15. Adjournment

- *Motion to Adjourn at 11:00 am – Gustina/Kubly. Passed Unanimously.*