

RAIL SERVICE COMPETITION COUNCIL (RSCC)

COUNCIL MEETING AGENDA

March 24, 2015
10:30 am – 3:00 pm

MDT Commission Room, 2nd Floor
2701 Prospect Avenue
Helena, MT 59624

Conference Call: (712) 432-1212 / Meeting ID: 188-484-591 / Host Pin: 1276

RSCC Members Present: Director Ron De Yong, Walt Ainsworth, Kathy Fasso, Commissioner John Grewell, Director Mike Tooley, Eric Doheny, Dan Lloyd (proxy for John Rogers).

Staff and Public Present: Christopher Dorrington, Diane Myers, Greg Stordahl, Benjamin Tiller, Kim Falcon, Barbara Ranf, Jim Lewis, Nathan Anderson, Jeremiah Langston, Melissa Lewis.

10:30 am – 11:00 am

1.0 Call meeting to order-Chairman Jerry Jimison

Chairman Jerry Jimison was excused from the meeting. Walt Ainsworth called the meeting to order at 10:30 am.

2.0 Introductions

Members of the RSCC and guests introduced themselves.

3.0 Approval of December 11 RSCC meeting minutes

Kathy Fasso offered a motion to approve the December 11, 2014 RSCC meeting minutes as presented. Ron de Yong seconded the motion. The motion carried by unanimous voice vote.

4.0 Financial Report-Diane Myers

Diane Myers presented the financial report. The annual RSCC budget is \$50,000. The budget does not roll over. A new fiscal year will begin July 1, 2015. Most of the budget is allocated to RSCC administration, travel reimbursements for RSCC members and per diem for RSCC members. The RSCC has approximately \$40,000 in current budget authority to commit or expend before July 1, 2015.

11:00 am – 11:30 am

5.0 Council transitions, appointments and subcommittee assignments

Walt Ainsworth indicated that four RSCC positions need to be filled due to council transitions: Vice Chair of the RSCC and three subcommittee Chair positions. Brief discussion preceded the following nominations/assignments:

Agriculture Subcommittee

Director Ron de Yong nominated Eric Doheny to serve as Chairman of the Agriculture Subcommittee. The motion was seconded by Director Mike Tooley. The motion carried by unanimous voice vote.

Economic Development Subcommittee

Walt Ainsworth nominated Kathy Fasso to serve as Chairwoman of the Economic Development Subcommittee. Ron de Yong seconded the motion. The motion carried by unanimous voice vote.

Energy Subcommittee

Director Mike Tooley nominated John Grewell to serve as Chairman of the Energy Subcommittee. The motion was seconded by Kathy Fasso. The motion carried by unanimous voice vote.

Vice Chair

Kathy Fasso nominated Walt Ainsworth to serve as Vice Chair of the RSCC. The motion was seconded by Director Ron de Yong. The motion carried by unanimous voice vote.

11:30 am – 12:00 pm

6.0 Montana Department of Transportation Report-Christopher Dorrington

Christopher Dorrington provided an update on a few freight-related topics that encompassed highway and rail infrastructure.

He first provided an update on the Multistate Corridor Operations and Management (MCOM) grant program for freight corridors of regional and national significance. The Montana Department of Transportation (MDT) was the MCOM applicant. The Port of Northern Montana assisted with the grant application process. MDT received approximately \$1 million for a two phase study. The first phase, MCOM I, resulted in a Strengths, Opportunities, Weaknesses, Opportunities and Threats (SWOT) analysis of the Great Northern Corridor. The corridor spans from the Great Lakes to the Pacific Northwest, predominately along Hwy 2 corridor. In December 2014, Phase I was completed. In January 2015, a meeting took place in Seattle to wrap-up Phase I and launch Phase II work. Phase II will develop actionable items from the Phase I SWOT analysis.

Christopher Dorrington also noted that MDT will engage in a freight plan this biennium. The request for proposals (RFP) has not yet been developed. The freight plan will be compliant with MAP-21. Christopher Dorrington noted that a freight plan will be a likely requirement for future federal freight-related monies.

Additionally, Christopher Dorrington indicated that MDT is working with the Wheat and Barley Commission to develop maps from existing resources provided by the Montana Department of Agriculture to enable summer-2015 trade meetings.

7.0 Legislative Updates

Director Mike Tooley provided the following four legislative updates:

7.1 SB 117 Generally Revise the RSCC

SB 117, sponsored by Senator Bruce Tutvedt (R-Kalispell), adds a member to the RSCC representing passenger rail. The bill moved through the legislature with little opposition in the Senate (40-8 on second and third reading) and moderate opposition in the House (74-26 on second reading and 70-29 third reading) and was signed into law on February 25. The effective date is February 25, 2015. The applicability date will apply to appointments made on or after February 25, 2015.

7.2 LC 495 Establish Montana Railroad Authority

LC 495, requested by Senator Bruce Tutvedt (R-Kalispell), would have dissolved the RSCC and instead established a Montana Railroad Authority with rulemaking authority to issue revenue bonds. The draft was canceled on February 2, 2015.

7.3 HJ 9 Joint resolution to support passenger rail

HJ 9, sponsored by Ellie Boldman Hill (D-Missoula), would have enacted a joint resolution to support passenger rail. The bill was tabled on February 12, 2015 with a 50-50 vote on second reading in the House. It missed the General Bill transmittal deadline.

7.4 HJ 10 Interim study on passenger rail

HJ 10, sponsored by Ellie Boldman Hill (D-Missoula), would have authorized an interim study on passenger rail. The bill was tabled in Committee on March 19, 2015 after narrowly passing the House (59-41 on second reading and 58-42 on third reading).

Walt Ainsworth asked about the status of potential legislation to support a consultant study of all non-class I railroad infrastructure needs, a concept that was discussed at the December 11, 2014 RSCC meeting. A brief conversation ensued. LC 495 would have provided an input into possible future legislation to study infrastructure needs, but that legislation was not enacted.

Christopher Dorrington noted without budget authority, MDT cannot carry the cost of such a study.

Barbara Ranf indicated that the deadline to request study resolutions was March 23, 2015.

Director Mike Tooley mentioned that Senator Bruce Tutvedt (R-Kalispell) may already have already requested a bill title. Director Mike Tooley also indicated that an interim committee study would likely not yield types of results or recommendations that would come from a consultant study. He explained that an interim committee study would instead allow legislators to become familiar with Montana's rail infrastructure needs and in the future if there were a Rail Authority bill, the legislature would be a better understanding of the need for a consultant study of all non-class I rail infrastructure needs in Montana.

12:00 pm – 1:00 pm

8.0 Lunch

Lunch was served at 12:00 pm.

1:00 pm – 1:30 pm

9.0 Railroad Reports

9.1 BNSF Railway—Barbara Ranf

Barbara Ranf indicated that Katie Hofmann received a promotion and that she is now located in Fort Worth, Texas. Her replacement has not been named. Barbara Ranf indicated that questions can temporarily be directed to BNSF Railway's ombudsmen in North Dakota and South Dakota.

BNSF Railway plans to invest approximately \$6 billion in 2015. The majority of investments in Montana will be for maintenance. BNSF Railway plans to invest approximately \$124 million to replace approximately 52 miles of rail and 345,000 ties and 1,227 miles of track surfacing and undercutting work. BNSF Railway is also double tracking four miles of track in the Glasgow subdivision. When that project is complete, there will be 114 miles of double track from North Dakota to Montana to help improve velocity.

BNSF Railway ended 2014 with 2,598 Montana employees.

Christopher Dorrington asked Barbara Ranf where BNSF Railway terminates double tracks in Montana.

Barbara Ranf indicated that she would check and provide that information to Christopher Dorrington.

Christopher Dorrington asked Barbara Ranf if she could speak to any issues that BNSF Railway has experienced with fluctuating oil and gas prices.

Barbara Ranf indicated that BNSF Railway has seen some decline in the transportation of pipe and sand because the drilling of new wells has slowed, but the decrease has been slight to date and the future will depend on demand.

Christopher Dorrington asked Barbara Ranf if she would discuss rail car safety.

Barbara Ranf indicated that BNSF Railway is waiting for federal standards from the US Department of Transportation (USDOT).

Walt Ainsworth asked Barbara Ranf if new rail car standards have been developed yet.

Barbara Ranf indicated that new rail car standards have not been developed yet.

Walt Ainsworth asked if a timeline has been established.

Barbara Ranf indicated that BSNF Railway is hopeful that the new standards will be developed soon.

Jim Lewis indicated that the new rail car standards could be issued as early as May 12, 2015. He said one proposal being considered by USDOT includes a two year “phase-out” of old cars. Another suggestion being deliberated includes upgrading or retrofitting existing cars. Jim Lewis said the public comment period has closed and that all stakeholders are awaiting the new rules.

Christopher Dorrington asked Jim Lewis if industry feedback has established that the two year phase out is not feasible.

Jim Lewis said the new rules will reflect stakeholder feedback.

Walt Ainsworth asked Jim Lewis how many rail car producers exist.

Jim Lewis said about three rail car producers exist.

Walt Ainsworth asked Barbara Ranf if BNSF Railway has had any challenges expanding rolling stock to move more product.

Barbara Ranf indicated that BNSF Railway is currently purchasing more locomotives and that some are replacements, while others are new.

Jim Lewis said BNSF Railway purchased 600 new locomotives in 2014 and has plans to add another 300 this year. A General Electric locomotive manufacturing plant in Texas is producing 1 locomotive per day for BNSF Railway. Year to date, BNSF Railway has taken delivery of 100 new locomotives.

Director Ron de Yong asked Barbara Ranf if she would also provide him with the information that she will send to Christopher Dorrington about the termination point of double-tracking in Montana. He referenced BNSF Railway’s \$6 billion capital investment in 2015 and indicated that he would like to see Montana receive a larger allocation of infrastructure funding.

Barbara Ranf indicated that Montana is receiving additional benefit in terms of locomotives, freight cars and other equipment acquisitions.

Walt Ainsworth cited the \$124 million that BNSF Railway is investing in railroad replacement and maintenance in Montana.

Director Ron de Yong asked if Barbara Ranf could provide an update on non-shuttle elevators and BNSF Railways’ average late days.

Barbara Ranf did not have specific information but she indicated that BNSF Railway is seeing improvements with average late days.

Director Ron de Yong indicated there is still a lot of feed corn that needs to be moved. He asked how much Montana corn is currently waiting to be shipped.

Jim Lewis offered a couple general comments about grain supply. He said when MRL needs more cars, BNSF provides them. He said in 2014, MRL had issues when shipments were behind. But they have not had such problems so far in 2015. Jim Lewis said BNSF Railway's average late car delay is below ten days and that the company's unit train velocity to the Pacific Northwest has improved by about three turns per month.

Director Ron de Yong said that BNSF Railway's average late days were coming down but now they are climbing back up again. He said late days went from three weeks to ten days-and now, the average days late is back up to three weeks.

Barbara Ranf said labor strikes at the port facilities impacted BNSF Railway because workers were not loading or unloading ships, causing a backlog.

Director Ron de Yong asked Barbara Ranf to include average days late in future reports to the RSCC, now that the labor dispute on the west coast has been resolved. He said the movements he is most concerned with are the non-shuttle shipments.

9.2 Jim Lewis—Montana Rail Link

Jim Lewis indicated that MRL shipped 390,000 carloads in 2014 (6.6% growth as compared to 2013). Montana shippers generated 70,000 carloads (growth of 5.2%). Trains per day (loaded and empty) averaged 17.8 in 2014 as compared to 16.8 in 2013.

MRL added 220 employees in 2014, bringing their total employee count to 1200. MRL employees receive an average annual compensation of \$70,000 and total payroll is \$80 million.

2015 bridge volumes are starting out a bit slower due to a combination of factors including decreased international corn sales and west coast port issues. The American farmer is holding on to the 2014 corn harvest waiting for prices to improve. If prices do not improve, the farmer will be forced to ship this summer to make room for the 2015 harvest.

West coast port issues impacted coal volume with labor disputes and unplanned maintenance impacting volumes. West coast labor disputes also impacted intermodal volume, especially in February when intermodal volume dropped over 5%, the first decline since 2009. Reduced intermodal shipments opens up shipping capacity on the hi-line and can negatively impact MRL volume. The west coast labor issues that impacted January and February volumes are resolved and there is an up-tick in March volume.

On-line volume is starting strong with higher than forecasted petroleum, cement and grain shipments from Montana businesses. On-line volumes were up nearly 10% in January and February as compared to 2014.

Jim Lewis said MRL's velocity continues to improve. He said several years ago MRL received new business shipping wood chips. Back then, their turn time to the Tri-Cities averaged 120 days. In 2014, it was 19 due to network congestion. Today, the turn time is back to 11 days.

MRL has a good crew supply and more locomotives. He said MRL is receiving requests to store extra crude sets not due to a slowdown, but due to an improvement in railroad velocity. He said log cars, scrap cars, etc. are needing to be stored due to improved velocity.

Christopher Dorrington asked Jim Lewis where MRL stores the cars.

Jim Lewis said MRL has about four to five location options available.

Christopher Dorrington said that the Montana Department of Transportation receives calls about stored cars and suggested MRL provide them with a contact name and number so that the individuals calling MDT can contact MRL directly.

Jim Lewis said the best storage points on MRL are in Livingston, Phosphate, Paradise, and Shilling (near Frenchtown) and that the cars, in some cases, only need to be stored for a few weeks.

Christopher Dorrington indicated Laurel used to be a pinch point.

Jim Lewis said MRL invested over \$60 million in railroad infrastructure in 2014 and over \$11 million was spent increasing capacity and expanding yard capacity in Laurel, Livingston and Helena. Of this, \$3.5 million was in the Laurel yard in 2013 and 2014 to increase capacity. He said MRL has plans to invest another \$60 million in 2015 and that MRL's steel and tie crews would be starting soon. \$11 million will be on capacity projects, such as increasing the siding length in Belgrade.

Director Ron de Yong indicated that he appreciates the improved relations between BNSF Railway and MRL. He asked Jim Lewis how the labor dispute impacted the soy bean market. Jim Lewis said soy bean shipments wrapped up in December and that they moved so smoothly, no storage was needed. Jim Lewis said MRL's train counts increased four trains per day during the soy bean harvest. He also said that the U.S. is experiencing back to back record corn harvest and the U.S. corn acres continue to grow into South Dakota and North Dakota.

Director Ron de Yong said a historic harvest is becoming almost like an average harvest. He then asked, if railroad shipping is an economic indicator, how do you think the US economy is looking?

Barbara Ranf said the increase from 2013 to 2014 in both originating and terminating destinations indicate that the US economy is improving.

Nathan Anderson said Union Pacific (UP) is seeing large volumes of intermodal shipments coming out of port facilities and that intermodal is the one real bright spot. He said UP is not shipping as much hydraulic fracturing sand as they once did. He explained that many states are implementing new gas taxes or changing the structure of gas taxes to fund transportation projects. He said UP estimates it will take about seven years for the oil and gas industry to bounce back.

Jim Lewis said MRL is optimistic with new business coming online in Montana and around the country, and that capital projects like the CHS refinery in Laurel that have been approved or are in the planning phase exceed \$1 billion.

Christopher Dorrington asked if there is a model that works to efficiently ship pulse crops, if North Dakota also starts to ship pulse crops.

Jim Lewis said yes, locate your facilities near MRL. Get it to southern Montana, or truck it to Laurel.

9.3 Nathan Anderson—Union Pacific

Nathan Anderson presented a few slides about UP's presence in Montana. As of 2013, UP has 125 miles of track in Montana, 13 employees and an average payroll of \$1 million and \$1.6 million in in-state purchases.

Nathan Anderson indicated that wheat and petroleum products topped the commodities UP shipped from Montana in 2013 while assembled automobiles and non-metallic minerals took the lead in terms of the type of goods UP shipped to Montana in 2013. Overall, UP is growing shipments to Montana and staying fairly flat on outbound shipments.

Nathan Anderson said capital wise, UP plans to invest about 16-17 percent of its revenue in capital projects. In 2015, UP plans to invest approximately \$4.3 billion. He was not able to predict how much would go to Montana, but in past years, UP has invested about \$1 million per year in Montana and about 44 percent typically goes toward infrastructure replacement. In 2014, UP purchased 261 locomotives and another 200 locomotives will likely be purchased in 2015. UP has spent about \$42 billion since 2000 in US capital projects. He said the more UP invests in infrastructure, the faster it can recover from service issues.

Christopher Dorrington asked Nathan Anderson if he has an economic analysis that ascertains how infrastructure improvements outside of Montana benefit velocity in Montana. Out of state infrastructure investments benefit Montana by preserving our interstate and providing improved market access.

Nathan Anderson said Tower 55 in Dallas Fort Worth might have some information about economic throughput.

Director de Yong asked Barbara Ranf if BNSF Railway's capital investments are prioritized.

Barbara Rand said yes, that is discussed during the capital improvement planning process.

Director Ron de Yong said BNSF Railway might get 'a bigger bang for its buck' in Montana versus other states. Montana might be down on the priority list, but BNSF Railway could complete more projects in Montana for far less capital.

Walt Ainsworth asked the rail service providers to predict the future of coal, and how coal's future might impact rail operations.

Jim Lewis said MRL serves two domestic power plants and two coal ports. While he cannot predict the future, he said there could be a decrease in domestic coal movements and an increase in coal exports. He said if the Pacific Northwest ports do not want coal, BC does. Vancouver is expected to ship 4 million tons of coal starting next year. But, the export volume will not result in a big net gain in coal volume that some groups predict, like an additional 50 to 60 trains per day. MRL has 17 coal trains per day (loaded and empty) and there is not going to be a dramatic increase as domestic coal movements decrease and exports increase. MRL will probably see two train per day increase.

John Grewell indicated that the Wyoming legislature is considering appropriating \$1 billion to help west coast ports increase their export capacity.

Dan Lloyd indicated that Representative Jeff Essmann (R-Billings) sponsored a bill this session to provide litigation funds toward exports.

Walt Ainsworth asked if the backlog has been cleared now that the labor disputes have been resolved.

Jim Lewis said it will take MRL about two to three more months to get caught up and they are seeing movements in full speed.

Walt Ainsworth asked if bulk cars are returning.

Nathan Anderson said there was a backlog in bulk cars, but that backlog is getting cleared up.

9.4 CMR, Inc.

No report.

1:30 pm – 2:00 pm

10.0 RSCC Subcommittee Reports

10.1 Economic Development Subcommittee-Kathy Fasso

The Port of Montana has gone back through the MWTC study, but it is a few years old now. The Port of Montana was interested in the background

data to look at potential for container freight and additional volumes to put on rail. Kathy Fasso said the port was able to obtain data, and staff are now trying to analyze that data and put together a condensed version of possible opportunities. Kathy Fasso said the information should be ready to discuss at the next RSCC meeting. She said the Port of Montana also continues to work with Plum Creek. She also indicated that the Port of Montana has worked with Christopher Dorrington to provide information for the Montana Transportation Toolkit.

Christopher Dorrington said the Montana Transportation Toolkit is online. Contact information, agricultural facilities, ports and rail are all featured online and active on the site. He said the site can now be used by the Governor's Office of Economic Development and others to facilitate business opportunity conversations.

Greg Stordahl said he has some more updating to do, but paper maps are available and an online map will also be updated and maintained.

10.2 Agriculture Subcommittee

Benjamin Tiller spoke about the upcoming Northwest Association of Rail Shippers (NARS) annual meeting in Chicago May 27-28, 2015. Benjamin Tiller indicated that the Montana Department of Agriculture would like to attend that meeting. Benjamin Tiller attended a recent NARS conference. When he submitted his application to attend, he was asked to serve on a discussion panel. Two weeks later, he was called and asked to provide a 30 minute presentation, which he did. Benjamin Tiller shared that presentation, Life in Captivity. It has also been uploaded to the RSCC website.

The focus of Benjamin Tiller's presentation is that Montana shippers are geographically isolated and essentially 'held captive' by rail service providers. 13.5 was the average days late in the last report the Montana Department of Agriculture could find from BNSF Railway.

Benjamin Tiller indicated that the Montana Department of Agriculture uses non-traditional analytics to foresee future transportation trends, and noted that Montana's high pulse crop production rates could be one of the bright spots for Montana's shipping future. He estimated that Montana will have about 1.3 million acres of pulse crops by 2025.

Benjamin Tiller also mentioned that the Alberta Basin Bakken play could put a lot of additional rail cars on the system and sees Glacier National Park as a possible chokepoint. Meanwhile, there is still a lot of grain sitting in facilities waiting to be shipped. Benjamin Tiller mentioned that Montana could also be essentially held hostage by wheat and suggested that shuttle shipping of pulse crops could be an alternate method for getting Montana pulse crops to market. The Montana Department of Agriculture participates in bi-weekly conference calls with BNSF Railway

to discuss what is going to happen in the future, and provide them with advance notice about what will be coming out of the ground, specific information about bottlenecks. These bi-weekly conversations help bridge the gap between producer and rail service providers.

Benjamin Tiller also mentioned that NARS will be hosting another national meeting in Chicago, and that the Surface Transportation Board could be available for informal conversations with registered guests.

Christopher Dorrington asked Benjamin Tiller if he could give more details about the non-traditional analytics he referenced.

Benjamin Tiller said the Montana Department of Agriculture receives quality local information from grain elevator operators and that allows him to contact Dallas/ Fort Worth for further information.

Walt Ainsworth asked members of the RSCC if they would support sending someone from the RSCC to attend the NARS conference in Chicago and gather information to present at the next RSCC meeting.

Diane Myers indicated that she could check to make sure the RSCC could fund the travel request.

Kathy Fasso indicated that she would support sending someone from the RSCC to attend the NARS conference.

Walt Ainsworth asked which shipper groups attend, and if they are predominately agriculture groups.

Benjamin Tiller indicated that all shipper groups attend, including Agriculture, food and intermodal—pretty much any commodity that is being shipped to the Pacific Northwest. Benjamin Tiller said the reality is that what happens at the end of the line impacts all shippers and that the NARS conference is an opportunity to bring about 1,000 stakeholders together at one place and time.

Commissioner John Grewell made a motion to send a representative of the RSCC to attend the May 2015 NARS conference in Chicago, contingent on budget approval. Kathy Fasso seconded the motion. The motion carried by unanimous voice vote.

Diane Myers indicated she would confirm budget approval, which she did on March 25. The RSCC has the budget approval authority to send Benjamin Tiller to the NARS conference May 27-28, 2015.

Kim Falcon indicated that she has been working with Greg Stordahl and BNSF Railway staff regarding specialty crop shipments. She said they are reviewing current production and forecasting future needs.

However, forecasting has proven to be a difficult task. While Montana has the ability to grow more specialty crops, delivery points and origination

points still need to be identified. Origination points could result from new businesses locating in Montana.

Kim Falcon indicated that BNSF Railway's multimodal park concept could help to attract new business. Kim Falcon pointed out that the Montana Department of Agriculture is working with economic development staff to identify two to three locations that could accommodate new agricultural business growth. A few companies have already expressed interest because of Montana's ability to support large scale pulse crop acreage, coupled with the increasing domestic and international demands for pulse crop markets. Kim Falcon referenced the price of beef versus more affordable pulse crop proteins. Kim Falcon said the Montana Department of Agriculture has regular contact with international buyers, and that the Department will be attending a conference in Las Vegas with 1,000 buyers of pulse crop products. She is hopeful that international buyers will bring investments into Montana.

Kim Falcon stated that the Montana pulse industry is growing rapidly, and that the Montana Department of Agriculture has an opportunity to form a true partnership with BNSF Railway so pulse-related economic development opportunities advance seamlessly. Ideally, the Montana Department of Agriculture approach new business opportunities with BNSF Railway's involvement so companies do not invest in Montana locations that will not work.

Christopher Dorrington asked Kim Falcon if she would elaborate on some of the handling issues with pulse crops versus grains.

Kim Falcon indicated that you can "beat up" on grain, but pulse crops are generally more fragile and porous. Pulse crops should generally be stored in smaller, dry bins. Montana has a shortage of bin space for pulse crops. The Montana Department of Agriculture receives calls for funding assistance to build small pulse bins on farms. She said there are a lot of great big bins across the state—those are for wheat. What Montana needs now, is smaller, dry bins for pulse crops and delivery points. Pulse crop growers in Great Falls drive to Chester or further to store their crops.

Eric Doheny said his operation travels to Devon (near Shelby) and that many of his peers also need to get pulse crops off the farm, but it needs to be stored. Storage costs about \$2 a bushel.

Kathy Fasso added that each small bin costs about \$30,000.

Kim Falcon indicated that the Montana Department of Agriculture is working with the United States Department of Agriculture to see if any state or federal funding assistance is available for the purchase of dry storage bins.

Eric Doheny said that storage is not long for pulse crops; they only need to be stored 12-18 months at most.

Kim Falcon discussed the newest market for pulse crops—pet food. Dogs and other household pets with gluten allergies are creating a huge new industry for pulse crops. Additionally, school districts have started adding pulse proteins into beef patties to provide school children with the protein they need to stay full throughout the school day. Yet another market for pulse crops is the hospital industry. More and more hospitals are incorporating pulse crops into their menus for nutritional purposes. The Montana Department of Agriculture communicates that information to international markets, to grow international interest in Montana’s pulse crop industry.

Greg Stordahl said Montana’s pulse crop market grew 20 percent in 2014 and that level of growth is expected again in 2015. The fact that North Dakota has been decreasing pulse acres provides a great opportunity and a new seed source for Montana pulse crop producers.

Director Ron de Yong indicated that the federal Grain Inspection Authorization Act is due to be reauthorized in September 2015. The State of Washington had a contract with the Federal Grain Inspection Service to perform inspections on the coast, but labor disputes make inspection conditions unsafe for inspectors. Director Ron de Yong indicated that the contract might be “opened up” when the Grain Inspection Act is reauthorized. State inspections worked well in the past and have made inspectors more accessible and timely. Other options include federal inspections or bringing in private international firms, although private firms do not always have the scope to inspect all commodities. State agencies could then contract for certain commodities.

10.3 Energy Subcommittee

No report

10.4 Energy Shipping Subcommittee

No report

2:00 pm – 3:00 pm

11.0 Upcoming items of interest roundtable

The following events of possible interest to RSCC members were discussed:

Date	Event	Location
June 6, 2015	National Association of Rail Passengers (NARP) Regional Meeting	East Glacier, MT
July 12-16	Pacific Northwest Economic Region (PNWER) Summit	Big Sky, MT

12.0 Next RSCC meeting date, location, and agenda items

RSCC Coordinator Melissa Lewis indicated she would survey RSCC members to identify the next RSCC meeting date.

Following the RSCC meeting, Melissa Lewis polled members of the RSCC and interested parties. A quorum of RSCC members confirmed their availability on June 18 and the meeting was scheduled. The meeting will take place from 10:00 am to 3:00 pm on Thursday, June 18 at MDT's Planning Division in Conference Room A.

Contact Melissa Lewis at melissa@mlewisassoc.com or 406-422-0988 for more information.

13.0 Comments from council members

None

14.0 Public comment period

Jeremiah Langston from the Public Service Committee (PSC) provided a PSC Report. He indicated that the Montana PSC just repealed the chapter of Montana Code Annotated (MCA) that relates to railroads because the code has been preempted by federal law and no therefore, no longer enforced by the PSC.

Jeremiah Langston indicated that new sections of code were also added to MCA to give the Montana PSC authority over safety inspections and rail safety if the Secretary of US Department of Transportation fails to do so.

15.0 Adjournment

Walt Ainsworth adjourned the meeting without objection at 2:23 pm.