

**RAIL SERVICE COMPETITION COUNCIL  
COUNCIL MEETING  
MINUTES**

Wednesday, September 5, 2012  
10:00am – 2:45pm

Transportation Commission Room  
2701 Prospect Ave.  
Helena, Montana

**RSCC Committee Members Present:** Mike O’Hara, Chair; Carla Allen, Tim Reardon, Russ Hobbs, Evan Barrett, Jerry Jimison, Ron de Yong, and Dan Bucks.

**RSCC Committee Members Absent:** Walt Ainsworth, Doug Miller, Sen. Jonathan Windy Boy, Rep. Tom Berry and John DeMichiei.

**State MDT Staff:** Hal Fossum and Doug McBroom.

**Support:** Gloria O’Rourke, MEDS

**Audience:** Kathie Bailey, Snowy Mountain Development Corp., Barbara Ranf, BNSF, Joel Clairmont, MT Dept. of Agriculture; Jim Lewis, MRL; Cort Jensen, MT Dept. of Agriculture; Barbara Ranf, BNSF; and Collin Watters, MT Dept. of Agriculture.

---

### **1.0 Call Meeting to Order; Introductions**

Chairman Mike O’Hara requested roll call and brought the meeting to order.

### **2.0 Introduction of Audience; Approval of Minutes**

Following an introduction of the audience, Chairman O’Hara requested a motion to approve the July 12 and August 8<sup>th</sup> minutes. Jerry Jimison moved to approve the July 12<sup>th</sup> minutes; the motion was seconded by Evan Barrett. Motion carried. Carla Allen moved to approve the August 8<sup>th</sup> minutes; the motion was seconded by Ron de Yong; motion carried.

### **3.0 RSCC Financial Report**

Doug McBroom, MT Dept. of Transportation, provided a financial update on the funding balance for RSCC. Evan Barrett moved to accept the financial report; Russ Hobbs seconded the motion; motion carried. Doug McBroom will find out if a remaining balance of funds can be carried over to the next biennium.

### **4.0 Clarification Regarding Economic Affairs Meeting**

Doug McBroom reported funding for the RSCC is included in the HB2 base budget. Therefore, it will not be required for a member of the RSCC to report to the Economic Affairs Committee on September 11<sup>th</sup>.

### **5.0 Approaching Legislative Funding Request**

Tim Reardon made a presentation to the Transportation Advisory Council to continue the work of the RSCC. Should the RSCC want legislative action to be taken on an issue, it would have to be carried via a bill. There is no issue at this time.

### **6.0 Consideration of Report for Next Governor**

Russ Hobbs suggested the RSCC not compile a report for the incoming Governor until more work is completed on the strategic plan. Once several goals and objectives have been completed, a report will be compiled for the incoming Governor to share the purpose and work of the RSCC.

### **7.0 Update on Energy Revenue Impact and Benefit Study**

Evan Barrett reported there is a contract in place and research has begun. The Montana Economic Revitalization and Development Institute out of Butte was selected to conduct the project. The report should be completed by October 31<sup>st</sup>. Gary Rowe is the contact for MERDI. The study will provide data on positive revenue impacts from increased energy shipping in and across Montana.

### **8.0 Report on Montana Transportation Issues Affecting Shippers**

Mike O’Hara provided an update:

- Coal terminals and expected volumes on the west coast.
- 50 million tons of coal would involve nine additional trains per day, not 30.
- Complications with shipping of peas and lentils as shipping timelines must be met.

- A protection group is asking for an extension of protected lands to include part of the Stillwater Mine; Governor Schweitzer wrote a letter to the Corps of Engineers to object.
- As of August 1<sup>st</sup>, Canadian wheat can enter the U.S.; the U.S. cannot export to Canada. Once Canadian wheat is in U.S. grain terminals, it is classified as U.S. wheat. The Canadian Pacific Railroad is lowering freight rates to continue to carry Canadian wheat.
- The Surface Transportation Board is holding several hearings; Montana Wheat and Barley Commission participated.

## 9.0 Project Updates

Doug McBroom reported on the following Montana Department of Transportation Projects:

- 9.0.1 Great Falls and the Fort Peck Assiniboine & Sioux Tribes have submitted for funding through the Montana Essential Freight Rail Loan Program . The projects are funded through a revolving loan account with no interest.
- 9.0.2 Montana submitted an application to the Multi-state Coalition Operations Management Grant and received funding to conduct a SWOT analysis of the Great Northern Corridor and to develop a stakeholder group. One objective will be to establish efficiency on rail and multimodal interactions; infrastructure improvements will be up to the private sector to complete.

## 10.0 Strategic Plan Subcommittee Update Reports

- 10.1 Energy Shipping – Jerry Jimison, Chair. Jerry reported final edits were made on the letter that will be sent to communities concerned about increased energy traffic. Jerry said the Energy Shipping Subcommittee is looking forward to the results of the MERDI study as it will may have an impact on their section of the Strategic Plan.
- 10.2 Forest and Industry Shipping – Russ Hobbs, Chair. Russ reported progress on two fronts, one of which will require a motion from the RSCC.
  - 10.2.1 Paper Barriers. Part of this subcommittee’s strategic plan work is to identify paper barriers in Montana, obtain data from businesses and shippers, obtain current rates (if possible), and learn if they serve as barriers to rail competition. A quote was received in the amount of \$3,000 to conduct the study and research. Dan Bucks moved to approve the subcommittee’s recommendation to proceed with the study; Tim Reardon seconded the motion. Motion carried. Doug McBroom will begin the process for the contract.
  - 10.2.2 Surrounding States. A second phase of the paper barrier study could examine what surrounding states have done to address the issue(s) of paper barriers.

Chairman O’Hara encouraged all subcommittees to meet prior to the next RSCC meeting so that progress can be made on the RSCC Strategic Plan.

## 11.0 Ft. Benton Update

Mike O’Hara and those involved in obtaining rail service to Kershaw have been contacting shippers to get volume numbers for BNSF. The group is gathering data so that BNSF will be interested in providing service to Kershaw on the line that goes by the shuttle facility. A meeting is being planned with Don Carl, of BNSF. Shippers in the Fort Benton area are anxious to receive service.

## 12.0 Rail Updates

- 12.1 Montana Rail Link – Jim Lewis. Jim reported MRL is being recognized by the City of Helena for the services they provide the area. Jim also reported the Bitterroot Valley break-even experiment has been successful in that the shippers are on track to meet their volume commitments.
- 12.2 BNSF Railway – Barbara Ranf. Barbara reported BNSF continues to invest in its infrastructure and has increased capacity up to 1 million barrels of oil per day in Williston. Barbara said each oil well involves about 23 rail cars with traffic having increased in the Bakken by 7,000%. Jerry Jimison said the City of Glendive met with BNSF and created a quiet zone to minimize the use of train horns through the town.
- 12.3 Central Montana Railroad – Carla Allen. Carla introduced Kathie Bailey, Executive Director of Snowy Mountain Development. Kathie reported on her efforts to repair the track and trestle that carries the Charlie Russell Chew Choo. Flood damage to railroad bridges on the CMR line reduced the route of this

recreational attraction. Kathie is seeking assistance and information that would be of help. Snowy Mountain Development has already applied for a wide variety of grants but either did not receive them or did not meet the criteria. To complicate matters, the state of Montana owns the track as Montana Department of Transportation acquired it from Montana Department of Commerce in a settlement process. Presently there is no funding source in the state outside of the general fund to undertake the repairs. Should another weather event take place, the trestle could fall leaving a potentially costly cleanup project. It is expected that legislative action will be needed for funding. Engineering estimates were in the ball park of expected costs.

### **13.0 Next Council Meeting**

13.1 The next meeting date for the RSCC will be November 13<sup>th</sup>, from 10:00am – 3:00pm.

13.2 Agenda items will include:

- Carry-over of RSCC funds to next biennium
- Update on volumes expected by the west coast
- Study update on Revenue Impact
- Study update on Montana Paper Barriers
- Surrounding states and Paper Barriers
- Subcommittee Updates to the Strategic Plan
- Presentation by MDOC/Energy Development and Promotion Division regarding emerging projects of interest to the RSCC (pipelines and other developments involving rail)

### **14.0 Comments or Issues from Council Members**

No comments were shared.

### **15.0 Formal Public Comment Period**

No comments were shared.

### **16.0 Adjournment**

With no further business, the meeting was adjourned.