

**RAIL SERVICE COMPETITION COUNCIL
COUNCIL MEETING**

Tuesday
April 7, 2009
5:30pm – 8:00pm

Transportation Commission Room
2701 Prospect Ave.
Helena, Montana

COUNCIL MEMBERS PRESENT: Mike O’Hara, Doug Miller, Dan Bucks, Jim Lynch, John DeMichiei, Carla Allen and Ron de Yong.

COUNCIL MEMBERS ABSENT: Bill Fogarty, Larry Bonderud, Evan Barrett and Russ Hobbs.

AGENCY REPRESENTATIVES AND GUESTS: George Paul, Patty Schlaeger, John Semple, Howard Nash, Gary Schlaeger, Mary Ann Fiehrer, Mike Opar, Mike Halligan, Barbara Ranf, Zia Kazimi and Hal Fossum.

RSCC ASSISTANCE: Gloria O’Rourke and Terry Whiteside

1.0 CALL TO ORDER

The meeting of the Rail Service Competition Council was called to order by Chairman Mike O’Hara.

2.0 INTRODUCTIONS

Chairman O’Hara requested roll call and introductions from the audience.

3.0 APPROVAL OF MINUTES

Chairman O’Hara requested a motion to approve the RSCC Minutes from the January 27th meeting. Ron de Yong moved to approve, Carla Allen seconded the motion. All voted in favor to approve.

4.0 LEGISLATIVE UPDATE

Director Jim Lynch provided the following legislative update:

- ❖ HB537, sponsored by Rep. Mike Milburn, “Appropriation for rail service competition council” did not meet the transmittal deadline and is probably dead. If this happens, as of July 1st there would be no funding for the RSCC.
- ❖ SB291, sponsored by Sen. Jerry Black, “Montana railroad authority” passed the House. This bill would abolish the RSCC, use the RSCC funds to establish a statewide rail authority. The membership for the rail authority would be the same as for the RSCC with the exception of removing the Director of Revenue and adding an individual with expertise in passenger rail.
- ❖ The lawsuit funding is still in place in the amount of \$2million.

5.0 RSCC STRATEGIC PLAN - Update on Work-in-Process

5.1 Intermodal Study. The intermodal study titled “Research in Support of Container/Trailer on Flatcar in Intermodal Service on Montana's Railway Mainlines is complete. Copies were made available to the members of the RSCC and will be available online. The point of the study was to investigate the feasibility of intermodal freight service in Montana with respect to the potential demand for such service, obstacles to its implementation and incentives that might be appropriate to promote it.

The study generally concluded that at the estimated level of container demand statewide, establishing container service would be difficult within the intermodal operations model currently being used by rail carriers. That being said, economic and logistics conditions do change, which could result in new intermodal service opportunities.

Discussion:

- ❖ Regina has a tremendous intermodal facility and is interested in developing a Port of Turner, Montana; Port of Climax, Canada. The roadway would need to be improved from 37 to the

US border. Montana Dept. of Transportation is looking into what needs to be done on Highway 241. Regina has five shortlines under capacity they would like to engage. Montana Dept. of Transportation is continuing to investigate this potential opportunity.

- ❖ The study emphasizes the importance of investment with all parties involved. Producers and rail providers would need to collaborate. North Dakota and Minnesota are making it work; stakeholders need to invest private funds and the Class 1 Railroad needs to come on board.
- ❖ Butte could handle the congestion of rail and truck and has handled containers in the past. The difficulty is cooperation with a Class 1 Railroad.
- ❖

Public Comment:

- ❖ Gary Schlaeger: Keep in mind the one way shipping container option. Consider a state seal on every container leaving the state for marketing purposes.
- ❖ Patty Schlaeger: Inland container ports are a trend with Reno and Port of Boston great examples.
- ❖ Howard Nash: A study should be conducted to determine where the traffic will come from and where the terminal should be located to benefit the majority.
- ❖ Gary Schlaeger: Talk to third party experts such as Excel Transportation that put together big deals and bundle options.

5.2 Next Steps.

- ❖ The RSCC will review the report and learn details of the successful models of North Dakota and Minnesota.
- ❖ RSCC members will be prepared to comment on the study at the next meeting.
- ❖ RSCC members are invited to attend the Montana World Trade Center meeting on April 22, Port of Montana – Butte, to hear a summary of the study.
- ❖ Find business models of successful intermodal collaborations.

6.0 TECHNICAL ASSISTANCE UPDATE - Terry Whiteside

Terry Whiteside's report is posted on the RSCC website. Terry provided an update on STB activities, the Christensen Study, federal level bills activity, major findings in the Montana AG Report, Rail Shipper Day and a report released by Attorney General Steve Bullock on Montana's high rail rates.

7.0 RAIL UPDATES

7.1 Montana Rail Link

Howard Nash reported traffic levels are down about 33%. Grain transport is down and the housing market is having a ripple effect as talc for cement is not in demand. MRL is taking this opportunity to repair infrastructure such as tracks and tunnels.

7.2 BNSF Railway

Barbara Ranf reported BNSF is investing \$75 million to make sure rail track is in great shape. Workers have been hired workers to make repairs.

7.3 Central Montana Railroad

Carla Allen reported CMR's traffic level is down and that it is estimated 50% of crops are still waiting to be shipped. CMR is storing cars and gearing up for maintenance.

8.0 NEXT COUNCIL MEETING

8.1 Meeting Date and Location

No meeting date was set. The RSCC will wait to see what legislation comes out of the session and then determine next steps. Whatever the future of the RSCC, it was noted that a foundation has been built that can be further built upon.

8.2 Agenda Items

8.2.1 Intermodal study discussion, ideas, suggestions for direction.

8.2.2 Begin to work through strategic plan items.

8.2.3 Coal cost study report

8.2.4 Report from Patty Schlaeger on International Tranloader conference

9.0 COMMENTS OR ISSUES FROM COUNCIL MEMBERS

None.

10.0 FORMAL PUBLIC COMMENT PERIOD

None.

11.0 ADJOURNMENT