

**Economic Development Subcommittee of the
Rail Service Competition Council (RSCC)**

Meeting Minutes

February 3, 2016

RSCC Members Attending:

Kathy Fasso
Walt Ainsworth
Jim Lewis

Other Attendees:

Chris Dorrington, Montana Department of Transportation
Diane Myers, Montana Department of Transportation
Melissa Shannon, RSCC Administrator

World Trade Center Container Freight Study

Kathy Fasso shared the World Trade Center Container Freight Study with the Economic Development Subcommittee. She indicated that while there is a strong desire for container freight in Montana, when you start breaking down the data, it is difficult to make that happen. She asked if the full RSCC could review this study to see if it generates any ideas.

Walt mentioned that the data in the study is six years old and a lot has changed since then with freight movements.

Jim stated that the intermodal container business is all about economics and the costs for a shipper or trucking company to pull a load to a central hub varies greatly. For example, if there was a central hub in Helena, shippers would have to truck their loads to that central hub. That is called a drayage cost. The drayage cost in big cities can be \$200-400 per load. For a place like Montana, that price is a lot higher. Port cities like Seattle have additional drayage costs to get loads to ports or other areas. When you add all this up, it is hard for rail to compete with trucking. The economics just don't work.

Walt asked if this should be a focus of the RSCC, for example, if there are things the Port of Northern Montana in Shelby and the Port of Montana near Butte can do to facilitate economic development within Montana.

Chris responded that the RSCC could initiate a conversation about alternatives to container shipments.

Kathy stated that the data in the study was very good, and it led to the conclusion that with the current status of the railroads, it doesn't make much sense for container shipping due to low volume. She thinks the RSCC should still keep looking at container shipping but thought it would be good to look at other options.

Jim stated that the focus shouldn't be on intermodal but transload. That is when products are shipped to a location, stored in a warehouse and then third parties deliver the goods to the final destination.

Kathy stated that the RSCC has heard about how the agriculture industry has been looking at different ways of transporting their goods and suggested that the RSCC look at what is moving through Montana and if alternative options are needed.

Jim stated that the RSCC has frequently discussed pulse crops and that Montana Rail Link has promoted a hub for pulse crops in the Billings area so farmers can ship railcar quantities.

Chris suggested that this topic be brought up during the Economic Development Subcommittee report to the full RSCC.