

**RAIL SERVICE COMPETITION COUNCIL
COUNCIL MEETING MINUTES**

**Thursday, April 11, 2013
10:00am – 3:00pm**

**Transportation Commission Room
2701 Prospect Ave.
Helena, Montana**

RSCC Members Present: Mike O’Hara (Chair), Carla Allen, Doug Miller, Russ Hobbs, Jerry Jimison, Mike Kadas, Mike Tooley, John Rogers, and Ron de Yong.

MDT Support: Doug McBroom and Hal Fossum

Other State Agency Representation: Joel Clairmont, MT Dept. of Agriculture; Pat Wise, MT Dept. of Transportation.

Public: Jim Kambich, MERDI; Barbara Ranf, BNSF; Frank Schoonover, Wheat and Barley Commission; Kathy Fasso, Union Pacific.

RSCC Support: Gloria O’Rourke, MEDS

1.0 Call to Order - Chairman Mike O’Hara

Mike O’Hara welcomed everyone to the meeting and requested introductions of RSCC members, agency representatives and the public.

2.0 Approval of November 13, 2012 Minutes

Jerry Jimison moved to approve the November RSCC meeting minutes. The motion was seconded by Russ Hobbs. Motion carried.

5.0 Review of the RSCC Purpose – Doug McBroom

Doug McBroom reviewed the purpose of the RSCC for the benefit of new members and briefly described the goals of the RSCC Strategic Plan. The Rail Service Competition Council was created in 2005 by the State of Montana Legislature to promote rail service competition in Montana.

6.0 RSCC Financial Report – Doug McBroom

Doug McBroom provided a financial report for the RSCC.

Ron de Yong suggested conducting a study on pulse crops similar to the Montana Wheat and Barley Commission grain movement report. A data collection process possibly using the Montana office of the National Agricultural Statistics Service (NASS) would determine where the pulse crops are originating, costs, and where the products are going. The survey would be conducted for one year. Ron de Yong moved to ask Montana Department of Transportation (MDOT) staff to contact Steve Anderson at NASS to compile a proposal to study pulse crops. Mike Tooley seconded the motion; motion carried. It may be feasible for MDOT to work with NASS under an MOU involving the Governor’s Office of Economic Development.

7.0 Project Updates –

7.1 Completion of Economic and Revenue Impacts of Coal Industry Study (Jim Kambich)

Jim Kambich provided an overview of the Montana Coal report and focused on several tables in the report that demonstrate the positive financial impact of anticipated increases in coal production. The report’s conclusion is that there would be enough revenue generated to provide infrastructure and development funding for the anticipated growth. Data for the report was based on various sources such as “Impact Otter Creek Coal Development” by Patrick Barkley and Paul Polzin, Bureau of Business and Economic Research and “Heavy Traffic Ahead” by Terry Whiteside, for the Western Organization of Resource Councils. Chairman O’Hara asked the consultant to work with Terry Whiteside to refine the

report by cross validating issues of price, amount and global demand. The report is available online at <http://www.mdt.mt.gov/business/rscs/docs/coal-report.pdf>

8.0 Review Strategic Plan

A discussion was held on the role of the RSCC within the new administration of Governor Bullock. Mike Tooley shared the Governor's vision of economic development, more jobs and effective government. The RSCC's role would be to make sure product can get to market in a fair, affordable and effective manner. John Rogers said Governor Bullock is interested in making sure agencies work well together and collaborate across administrative and department lines. There is also a great effort to engage the private sector in the current administration's plans and vision. Mike Kadas suggested the RSCC could hold some of its meetings outside of Helena to get first hand understanding of transportation infrastructure and issues.

9.0 Subcommittee Update Reports

9.1 Ag Shipping – Carla Allen

Carla reported the Ag Subcommittee will revisit the strategic plan and meet, possibly immediately following today's meeting.

9.2 Energy Shipping – Jerry Jimison

With the new administration, several vacancies now exist on this subcommittee. Jerry mentioned the letter that was compiled by the Energy Shipping Subcommittee and approved by the RSCC to be sent to communities concerned about infrastructure impacts due to increased rail traffic. Mike O'Hara said the letter has not yet been sent and will be reviewed by the RSCC so that the new members can provide input.

9.3 Ports and Multi-Modal – Walt Ainsworth

Ron de Yong mentioned the Montana World Trade Center (MWTC) study that identified container opportunities across Montana. It may be that RSCC needs to hire assistance in moving forward based on the findings of the Montana World Trade Center.

9.4 Forest and Industry Shipping – Russ Hobbs

Russ Hobbs reported his subcommittee is striving to identify key issues that impair shipping such as paper barriers. The subcommittee is looking at best practices from other states in dealing with paper barriers. If this is a perceived problem and not a "real" problem, the subcommittee will move on to other issues. Information will be available for the next RSCC meeting.

10.0 Report from Terry Whiteside

10.1 Paper Barriers research project update

Terry will have a draft report on this commissioned research for the next RSCC meeting.

Terry also shared information about a presentation, "Capacity: Can Grain and Coal Expansion Co-exist?," updates on the Surface Transportation Board, and information on the Montana Wheat and Barley Committee group.

11.0 Rail Updates

11.1 Union Pacific –Terry Whiteside commented on UP, and referenced statements by Daniel Harbeke, Director Public Affairs, of Union Pacific. Regarding the document titled Shipper Leverage over Freight Railroads, it was noted one of the objectives of the RSCC is shared with UP and that is to "ensure freight rail is fair and competitive and that railroads are held accountable for their actions."

11.2 Canadian Pacific – Terry Whiteside commented that changes in the Canadian Wheat Board have not impacted Montana dramatically. Canadian Pacific drastically reduced its rates to retain wheat shipment in Canada.

11.4 BNSF Railway – Barbara Ranf reported that BNSF upgraded and/or built 41 new facilities in Montana in 2012 and BNSF will continue to invest in infrastructure to meet the demand for increased products such as coal. As of 2012, BNSF had 2,230 employees in Montana with over \$149 million in payroll. Over \$360 million will be invested in infrastructure in Montana with z\$4.1 billion invested throughout the BNSF system in 2013. Barb reported a test will take place in North Dakota to explore converting engines to

natural gas; route and terrain would have an impact on results. It was noted the lease of BNSF track to Yellowstone Valley Railroad is proposed to end. Subject to approval by the STB, BNSF intends to resume control of these lines and make significant improvements on them.

11.5 Central Montana Railroad – Carla Allen reported progress has been made and Central Montana Railroad will be operating again soon. An RFQ is being issued today.

12.0 Next Council Meeting

12.1 Meeting Date and Location

The next meeting of the RSCC will take place in Helena, on June 25th at 10:00am.

12.2 Agenda

June agenda items may include:

- a. Possible RFP for Montana NASS pulse statistics/survey
- b. Paper Barriers research report from Terry Whiteside
- c. Presentation from pulse growers on an overview of Montana activities
- d. Presentation from Larry Bonderud on use of MWTC study results
- e. Updated map of shuttle activities from MDOT

13.0 Comments or Issues from Council Members

No comments.

14.0 Formal Public Comment Period

Terry Whiteside commented that in the future, the RSCC may want to meet with the Ag Transportation Coalition which meets annually in California. It may prove to be advantageous to meet with the 3PL's to increase activity in Montana. Attendees were invited to view the website at <http://www.agtrans.org>

15.0 Adjournment

With no further business, the meeting was adjourned.