

**RAIL SERVICE COMPETITION COUNCIL
COUNCIL MEETING**

Tuesday
January 27, 2009
7:00pm – 10:00pm

Transportation Commission Room
2701 Prospect Ave.
Helena, Montana

COUNCIL MEMBERS PRESENT: Chairman Mike O'Hara, Carla Allen, Jim Lynch, Doug Miller, Ron de Yong, Evan Barrett, Sen. Ken Hansen and Dan Bucks.

COUNCIL MEMBERS ABSENT: Bill Fogarty, Rep. Mike Milburn, Larry Bonderud and Russ Hobbs.

AGENCY REPRESENTATIVES AND GUESTS:

Dick Turner, Zia Kazimi, George Paul, Howard Nash, Mike Opper, Hal Fossum, Joel Clairmont, Jack Gunderson, Mike Halligan, Mark Blazer and Barbara Ranf

RSCC ASSISTANCE: Gloria O'Rourke and Terry Whiteside

1.0 to 3.0 MEETING OPENING

Chairman O'Hara called the meeting to order and requested roll call and introductions.

4.0 APPROVAL OF MINUTES

Following introductions, Chairman O'Hara requested a motion to approve the Minutes from the November 18th RSCC meeting. Evan Barrett moved to approve the Minutes; Sen. Ken Hansen seconded the motion. All voted in favor to approve.

5.0 LEGISLATIVE UPDATE

Director Jim Lynch thanked the Committee members for holding the meeting in the evening to accommodate the legislative session. Director Lynch reported Sen. Hansen has not yet received the bill to continue the RSCC but it is pending. Director Lynch shared the following bills of interest to the RSCC:

SB166 - Allow low-interest coal tax trust fund loans to expand rail passenger service

SB283 - Update state rail plan; include the Amtrak federal legislation

SB291 - Montana railroad authority; dissolve RSCC and replace with State Rail Authority

Bills Pending:

LC1334 – Censure Burlington Northern for river corridor scenery destruction

LC1402 - Revise first right to purchase rail property

LC1980 - Revise taxation of railroad property

Discussion:

Director Lynch said the RSCC is an information based council and can not initiate or sponsor legislation. The State Rail Authority Subcommittee has not yet had a chance to meet but will do so soon and report back to the Council.

6.0 REVIEW AND REFINE RSCC STRATEGIC PLAN

6.1 Review Prioritization Report

As the RSCC is an informational based council Director Lynch made a motion to remove item D.1 (3.2.4) from the Strategic Plan, which states "*State rail authority: Assist in policy research and development to support development of such a state level institution in Montana.*" as the RSCC has not been given this authority. Evan Barrett seconded the motion. All voted in favor to approve.

Director Lynch suggested changing the wording of item C.1 to read “State rail authority: develop information relevant to issues involving a state rail authority.” Dan Bucks made the motion to change the wording; Ron De Yong seconded the motion. All voted in favor to approve.

Dan Bucks made the motion to change the wording of task group A 5 (3.2.3) to read: State rail authorities: Research and report on state-level organizations that have worked to preserve rail infrastructure and enhance rail service through rail authorities. The motion was seconded by Ron de Yong; all voted in favor to approve.

6.2 Strategic Plan Review

Gloria will make the changes as noted above to the Strategic Plan document.

7.0 AD HOC RESEARCH SUBCOMMITTEE: UPDATE ON WORK-IN-PROCESS

A draft report on the Coal Cost Comparison Study from Scott Rickard is now available and will be reviewed by Evan Barrett and presented to the council.

Director Lynch said the Intermodel study has been completed and is following the MDT approval process. Director Lynch should be able to report on the study at the next meeting.

8.0 STATE RAIL AUTHORITY WORKING GROUP UPDATE

A meeting for this working group is pending.

9.0 TECHNICAL ASSISTANCE UPDATE – (TERRY WHITESIDE)

Terry Whiteside provided three reports to the RSCC, all of which will be placed on the RSCC website:

- ❖ Technical Transportation Briefing for the RSCC for January 2009
- ❖ Report on Interchange Agreements
- ❖ Summary of Testimony Ex Parte No. 680 –Study of Competition in the Freight Railroad Industry

Regarding President Obama’s appointment to the STB, Terry Whiteside will draft a letter urging President Obama to expedite the appointment for the STB. Terry will send the draft to Director Lynch to review who will in turn send it to Governor Schweitzer for signature.

10.0 RAIL UPDATES

- 10.1 Union Pacific – George Paul reported traffic has been steady with the exception of automobile transport. George said the Port of Montana strives to find a niche to help current customers and has found a growing need for storage space. George noted the coal mine disaster in Utah has affected coal transport in Colorado and Montana.
- 10.2 Montana Rail Link - Howard Nash reported a traffic slow down was evident the fourth quarter and continues to drop. Howard said most sawmills are down to operating three days per week or less; homebuilding is on the decline. Evan Barrett noted that when the Signal Peak spur is in it will increase Montana’s coal output by 35% and will bring an interesting capacity dynamic to the state.
- 10.3 BNSF Railway - Barbara Ranf reported the economy is having its impact on BNSF and is adjusting like everyone else. BNSF plans a capital investment of \$2.7 billion for infrastructure and fuel efficient locomotives in the near future.

- 10.4 Central Montana Railroad - Carla Allen reported business has slowed in the fourth quarter with shipment totals down about 10%. Carla said January has been an unusually slow month for CMR. Elevators are purchasing grain but not shipping yet; weather and roads have been a challenge.
- 10.5 Watco, Yellowstone, Mission Valley, others – Mark Blazer reported similar news regarding a slow down in traffic. Mark said the closure/slowdown of mills; low oil prices and drop in grain transportation are all factors.

11.0 NEXT COUNCIL MEETING

The next RSCC meeting will be held Tuesday, April 7th, 5:30pm, in this location.

12.0 COMMENTS OR ISSUES FROM COUNCIL MEMBERS

The question was raised if the rail cars currently stored on Montana's tracks are being taxed. Dan Bucks said yes, there is an increase in revenue as the cars are spending more time in Montana. Dan said complaints come from all over the state but especially in the Wolf Creek Canyon area.

13.0 FORMAL PUBLIC COMMENT PERIOD

Jack Gunderson shared that it has been 40 years since he served as a legislator and many of the same rail issues still exist. Jack said the RSCC is addressing many of his concerns.

14.0 ADJOURNMENT

With no further business, the meeting was adjourned.