

PECATONICA RAIL TRANSIT COMMISSION

719 Pioneer Tower • 1 University Plaza • Platteville, Wisconsin 53818
MEMBER COUNTIES: GREEN • IOWA • LAFAYETTE • ROCK

1:00pm • Friday, May 18, 2012 • Green Co. Courthouse, Basement Conf. Rm, 1016 16th Ave • Monroe, WI

1. 1:00 PM **Call to Order** – *Harvey Kubly, Chair*
2. Roll Call. **Establishment of Quorum** – *Mary Penn, PRTC Administrator*

Commissioners present for all or part of the meeting:

		<i>Commissioner</i>	<i>Position</i>	<i>Present</i>			<i>Commissioner</i>	<i>Position</i>	<i>Present</i>
<i>Green</i>		<i>Harvey Kubly</i>	<i>Chair</i>	<i>x</i>	<i>Iowa</i>		<i>Charles Anderson</i>	<i>Secretary</i>	<i>x</i>
		<i>Oscar Olson</i>	<i>Treasurer</i>	<i>x</i>			<i>William G. Ladewig</i>		
		<i>Ron Wolter</i>		<i>x</i>			<i>Philip Mrozinski</i>		<i>x</i>
<i>Lafayette</i>		<i>Leon Wolfe</i>		<i>x</i>	<i>Rock</i>		<i>Ben Coopman</i>	<i>Alternate</i>	
		<i>Patrick Shea</i>		<i>excused</i>			<i>Wayne Gustina</i>		<i>x</i>
		<i>Gerald Heimann</i>	<i>Alternate</i>				<i>Alan Sweeney</i>	<i>1st Vice Chair</i>	<i>x</i>
		<i>Ted Wiegel</i>		<i>x</i>			<i>Terry Thomas</i>	<i>2nd Vice Chair</i>	<i>x</i>

Other present for all or some of the meeting:

<ul style="list-style-type: none"> • Mary Penn, PRTC Administration; • Ken Lucht, Tim Karp, WSOR; • Eileen Brownlee, Kramer & Brownlee, Legal Counsel 	<ul style="list-style-type: none"> • Bob Voegli, Tri-County Trail Commission; • Frank Huntington (1:07 PM), Kim Tollers, Roger Larson, WDOT
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3. Action Item. **Certification of Meeting's Public Notice** – *Noticed by Penn*
4. Action Item. **Approval of Agenda** – *Prepared by Penn*
 - **Motion accepting the Agenda** – *Anderson/Mrozinski, Passed Unanimously*
5. Action Item. **Approval of draft Minutes from January, 2012 regular meeting; February, 2012 Special meeting** – *Prepared by Penn*
 - **Motion approving January 2012 Minutes** – *Wiegl/Wolfe, Passed Unanimously*
 - **February 2012 Special Meeting Draft Minutes** – *Mrozinski/Gustina, Passed Unanimously*

Before taking final action on the motion, in regard to Item 10 on the February agenda, Alan Sweeney said that he believed that there was a discrepancy between the amount stated in the request and the amount stated in the minutes. Ted Wiegel said that there were two different amounts stated (the County contribution of \$26,520 and the additional \$123,000) but that WSOR originally had requested \$123,000. Sweeney then confirmed that the \$123,000.00 was approved and that had been the correct language in the motion in the minutes.

6. Updates. **Correspondence & Communications** – *Discussion may be limited by the Chair – no report*

7. PRTC Financial Report – *Oscar Olson, SCWRTC Treasurer*

- Treasurer's Report and Payment of Bills

Olson presented the treasurer's report, highlighting the checks dispersed and savings activities. There were no bills.

- **Motion to approve the Treasurer's Report** – *Anderson/Sweeney, Passed Unanimously*

Leon Wolfe noted that both cds were maturing before the next PRTC meeting. Weigl pointed out that the \$123,000 would be moving into the checking account.

8. PRTC Administrator's Report – *Penn, PRTC Admin.*

Mary Penn distributed the rail maps and told the Commission they were only intended to provide a point of reference. She also told them SWWRPC was updating its website (upon which the PRTC website is hosted) and said it would be "live" in a few weeks. She also spoke about her and Amy Seeboth meeting with Kim Tollers of WDOT to discuss the possibility of working together to digitize the great amount of paper records associated with the rail transit commissions.

9. Distribution of 2010 PRTC Auditor's Report, Johnson & Block – Penn, PRTC Admin.

Penn distributed copies of the 2010 PRTC Auditor's Report by Johnson & Block to the Commission, explaining that it was somewhat late due to problems stemming from the PRTC meeting October of 2011. Kubly said he had reviewed the draft in January and everything appeared to be ok.

- **Motion to approve the 2010 PRTC Audit – Gustina/Mrozinski, Passed Unanimously**

10. WSOR Operation's Report – Ken Lucht, WSOR

Ken Lucht introduced Tim Karp of WSOR and said that he and Karp would be discussing Item 13. He then gave his report: on maintenance, WSOR has been doing tie, track, replacement and bridge repair. He said that weed sprayers had been out in Green County doing the county's entire corridor. He said that a rail detector car was slated to be run in next week (to find internal defects in the rail so the infrastructure can be corrected (e.g. broken rails)) and that he would update the Commission next meeting with the results. In Capital Projects, WSOR has been very busy between Monroe and Janesville. The approved tie replacement project has been completed and trains are running at 25 mph; bridges 5 – 10 mph. The crossing project approved last year has begun - there are 14 crossing projects that will begin this spring and be completed this year.

In regard to the 2012 Capitol Projects mentioned at the PRTC's January meeting, there are a number of bridges slated for upgrade this year. The Juda Bridge project has gone out for bid and will hopefully be successfully bid in the next 30 – 40 days. There are also five other ones that will either be done by WSOR or bid out. System wide, WSOR is aggressively acting. Lucht said that between Janesville and Madison there has been 35 miles of welded rail laid and track speed is up to 40 mph which increases efficiencies. WSOR is also working at replacing more track between Milwaukee and Slinger with welded rail, switches, etc. and that this is their primary project for this year. In Waukesha 2 miles of jointed track has been replaced with welded and some quality control will be completed in the next 30 – 40 days. On the Prairie du Chien substation there will be upwards of twenty-five thousand ties replaced and with the intention of putting welded rail in the future. WSOR intends to ask for grant funds to help pay for more welded rail. Also as a maintenance project, WSOR will be installing 7,000 ties on the Reedsburg line. Milwaukee will have some crossing projects going out to bid and on the Madison sub there is a bid out on ten bridges.

Lucht then presented his report on business development. He said business is pretty strong currently as demand for sand and aggregate remain and grows stronger, particularly via Prairie du Chien. He said there is a prospect in Sauk County wherein originating sand would be shipped to Pennsylvania and North Carolina. Grain shipping is also going well and the word is the market should be good this year. As a result, train crews are being hired to respond to expected increases in shipping. In specialized commodities, Lucht said military vehicles are being moved to troops overseas.

In Community Relations "Operation Life Saver" program with law officers on the train was held last week and there was great turn-out. Law enforcement officers from a variety of communities including Madison, Middleton, and State troopers rode and there were over 50 violations observed during the ride. The train stopped and personnel talked to violators. There were also four citations given and, all in all, it was "an eye-opener for law enforcement". WSOR has been asked to re-do this event in the fall. Lucht said that education and public awareness were the focus.

Lastly WSOR has entered a dialogue with WDOT for the Freight Rail Preservation Program (FRPP) 2013-2015 state budget. The budget should be released to the legislature in February of next year. Lucht also talked about testing rail, noting that 85 lb rail being tested is showing as 70 lb due to heavy shipping. He said the main focus of WSOR's future efforts will be in upgrading the western end of their line.

Karp said that when Lucht mentioned internal defects, it referred to the bending old rail tends to do and when rail is strengthened, degrading base can lead to more bending and thus more defects. Karp also clarified that business has been increasing due to customer service and the fact that WSOR is responding to their customers – he mentioned OshKosh Truck (military vehicles) as a customer with which they are working to try to meet their needs, specifically a ramp to better accommodate the width of the product. He spoke of the increase of sand shipping as well and that because of WSOR's good service, grain shipping has increased (particularly corn beyond Chicago) and if all goes well this should be a good year for grain shipping, noting that if there were any customers the Commissioners knew of, to let WSOR know.

Charles Anderson said that a year and half ago, there was some talk about buying some property for a potential spur (in regard to an ethanol facility) on some vacant land. Anderson asked if the business was big enough to afford the cost? Lucht said the bridge needed work over Honey Creek and it was too cost-prohibitive currently. He said that Badger Ethanol was going "strong". Anderson asked if there were any place to sidetrack empty cars between Monroe and Janesville, noting it is a matter of working with the ethanol industry to accommodate extra cars as needed by the industries. Karp said in regard to cars at the ethanol plant that are full or empty, since the cars have to comply with hazard mitigation requirements, the cars have to be moved in a shortened time – the cars can't sit empty on a siding. He added that since grain is the higher volume into the plant, the cars have to be shuffled around on sidings and because of shifting markets, WSOR can't justify more costs associated with purchasing more siding property.

Oscar Olson asked Lucht about the crossing on HEY 69 south and asked why did WSOR have a multiple of trucks and take out road, cut out the road, and put up bump signs? Lucht said that the city had put up the bump signs and that the city will be working to mill down the bumps this year as a short term correction, adding that a long term solution will be a complete replacement which he hopes will occur next year. He said WSOR can't do all the crossings at once since there are so many but that they're committed to get the crossing re-done.

11. WisDOT – Staff may include Frank Huntington, Kim Tollers, Roger Larson

Huntington said that WDOT has at least 30 or 35 ongoing projects on WSOR and around the state and there is a lot of work going on. He said there are projects in the NE part of the state, particularly a siding and spur into a ship-building concern in Marinette and that it might

potentially create 1000 jobs. He said there is not that much traffic but it is important work due to the nature of the product (naval warships). One of the projects he noted is in Barren /Chippewa counties were lines the state had moved towards acquiring due to low traffic but due to an uptick in shipping, particularly frack sand, the owners of the lines (UP and CN) now have an excess of 100K cars so will not be selling the lines. In other work going on in the state, next Tuesday the Northwoods Rail Formation (RTC) will be meeting for the first time. Huntington did not know if line would be acquired but the RTC might also include some Michigan counties.

He next brought up a property issue from an Orfordville business (Penn distributed a map and photo). He said that the request is outside 33' of the ROW so technically the WDOT would not need to get the Commission's approval but if there were any issues or questions, they could be addressed on the next PRTC agenda; if not, WDOT would proceed. Huntington said it is a rail shipper and the building at question is already there and the business wants to add onto the building. It would be a few feet onto the right-of-way (ROW) and WDOT would probably give them permission to do so. However, if the building were removed, the permit would dissolve. He had given it to Ben Meighan (WSOR) but suspected WSOR would not have any response to it. Kim Tollers, WDOT, said the building would most likely be used for storage. Huntington pointed out there is an issue with a truck pad on the site in the ROW that will have to be dealt with as well. Sweeney noticed that there is a building on the map distributed that looked as if it were on the ROW but Huntington said he believed the longer building was gone as it was not on the air photo, adding that the shipper would like to fill-in the "notch" on the building. Anderson asked about the width of the ROW. Huntington said WDOT will be working with WSOR to address any issues but that the shipper would like the issue dealt with as soon as possible. Harvey Kubly said that it should be on the next agenda but Huntington said that since it was outside the 33' of the PRTC line there could be no action the PRTC could take. Eileen Brownlee said that it would be nice to see what they would do. Kubly reiterated it should be on the next Commission agenda and Brownlee said there should be a report on it at the next meeting. Mrozinski asked if the RTC was asking WDOT for permission but Brownlee reiterated that the PRTC has no authority over this particular issue. In regard to the road issue raised by Olson earlier, Roger Larson said that truck traffic is contributing to the bumpiness.

12. Consideration and possible approval of amendments to PRTC-WSOR-WisDOT contracts in regard to insurance and reporting. The insurance and reporting language will need to be reviewed and possibly changed in all three agreements: WisDOT-PRTC Land Use Agreement, WisDOT-PRTC Grant Agreement, and PRTC-WSOR Operating Agreement – *Frank Huntington, WisDOT*

Kubly opened by asking Huntington to address the issue. Huntington said that the RTCs and WDOT were notified earlier about WSOR /WATCO insurance needs needing updating and that WSOR wanted to switch over to WATCO's insurance but the self-insured retention (SIR) aka deductible is going up, noting that for the PRTC, the SIR is currently \$100,000 and with this proposal it would be going up to \$250,000 at least. He said that WATCO is a different company, larger, with more assets, and that it has a fairly significant letter-of-credit (LOC) that can be tapped which could cover the SIR if necessary.

Karp said that there are two different policies: liability, trespass and employee injuries and the other, Property, which covers mainly derailment, natural disasters, etc. When WSOR was incorporated into WATCO it was also incorporated into WATCO's insurance policy making WSOR a policy owner within the policy. The big change is on the liability side, with the SIR being at \$100,000 before acquisition and now going up to \$250,000. Karp said WATCO has access to greater legal counsel. He said that coverage on WSOR had been \$25M but that coverage would be going up to \$250M per occurrence with an aggregate coverage of \$430M. He said that from a property standpoint the old SIR of \$25M essentially now will go from \$200K to \$1M deductible, and per occurrence it will go from \$10M to \$25M. He asked rhetorically how can any comfort level can be given to the Commission other than saying that it is a bigger company? Karp said that WATCO has a sizeable (\$650M) Line of Credit which covers the entire company, adding that it would not help if the LOC were tapped out. Therefore, for the "untapped level" of credit (should the unused LOC drop below \$10M), the bank would send a notice to the RTCs and would also set aside a LOC for the RTC's use to cover any need of the \$1M SIR. The LOC is essentially a request to the bank that the company would have to honor to pay the \$1M to in turn pay to the Commissions, assuring that any derailment would be covered. Karp said WSOR is working with the state on auditing requirements (e.g. ratios required by the bank) to provide some assurance on the company's financial stability saying that they are trying to find a balance between company confidentiality and letting the Commission be comfortable. Brownlee said that times have changed and this is just another example of changing with the times and agreed that the primary concern is if there is huge deductible, where is the money to cover that deductible? and if there a number of policies, she wouldn't want it cover a number of policies but thinks that through the LOC, they can make this work. On a general basis, she did not have a problem with the agenda item request. Huntington said that he understands what is going on and that they are almost there but not able to present a final argument to the RTC. WDOT needs more information before it feels comfortable going forward. He said that WATCO has not given WDOT enough information yet but they are close to an agreement on the language. Sweeney asked Penn about WRRTC's action on this item the previous week for the Commission and Huntington said that the EWRC and WRRTC had taken action on it last week and that action language was approved pending approval by counsel.

- **Motion that the insurance proposal from WSOR as distributed on May 18, 2012 be approved contingent upon approval by PRTC counsel and WDOT – Sweeney/Anderson, Passed Unanimously**

13. Tri-County Trail Commission's Submission of Proposed Integrated Bank Stabilization Project Received by WDNR. – Penn, PRTC Admin

Penn distributed maps of the work sites, explaining that everything is going along well and the project should be completed by the end of the summer. She said she had spoken with WDNR's Chris Pracheil, Water Resources Specialist who had explained the TCTC was very reliable and responsible to work with, noting that the WDNR would most likely grant the project a permit.

14. PRTC 2012 Officer Elections

Kubly opened officer elections. During discussion Oscar Olson said he would not be running for Treasurer.

- **Motion to nominate Harvey Kubly Chairman** – *Wolter/Sweeney, Anderson Moved to close and added that the Commission cast a unanimous ballot, Passed Unanimously*
- **Motion to nominate Alan Sweeney 1st Vice-Chair** – *Gustina/Wolfe, Passed Unanimously*
- **Motion to nominate Ron Wolter Treasurer** – *Olson/Gustina, Passed Unanimously*
- **Motion to nominate Terry Thomas 2nd Vic Chair** – *Sweeney/Wiegl, Passed Unanimously*
- **Motion nominate Charles Anderson Secretary** – *Olson/Thomas, Passed Unanimously*

Kubly reminded the Commission at the Special Meeting in February 2012 a committee was to be appointed to look into the financial arrangements of the PRTC but to wait until the new board, new members. This committee could now be formed.

15. Action Item – Adjournment

- **Motion to adjourn at 2:19 PM** – *Gustina/Wiegl, Passed Unanimously*