

Northwoods Rail Transit Commission

Members: Ashland, Florence, Forest, Iron, Langlade, Lincoln, Marathon, Marinette, Oconto, Oneida, Price, Rusk and Vilas Counties of WI and Baraga, Delta, Dickinson, Gogebic, Houghton, Iron, Marquette, Menominee and Ontonagon Counties of MI

Meeting Summary

Great Lakes Timber Professionals Association - Rhinelander WI

10:00 am April 18, 2018

1. Call to Order

The meeting was called to order at 10:05 a.m. CST.

2. Introductions of Attendees and Public Comments

Participating Commissioners:

Steve Gromala, Menominee County; Al Koskela, Houghton County; Dale Kupczyk, Ashland County; Kelly Klein, Iron County WI; Tom Tikkanen, Houghton County; Jay Verhulst, Vilas County; Bill Liebert, Oneida County; Andy Albarado, Rusk County; Mike Cassidy, Marinette County; Al Christensen, Marathon County; Stacy Johnson, Oneida County; Angie Close, Langlade County; Wendy Gehlhoff, Florence County

Other participants:

Dan Thyges, WISDOT; Ty Penca, Citizen; John Duncan Varda, Wisconsin Central Group (WCG); Pasi Lautala, Michigan Technological University (MTU); Paul Chellevoid, SRF Consulting; Rick Bliese, Lincoln Wood Products, Inc.; Jim Rosenbeg, WEDC; Henry Schienebeck, Great Lakes Timber Professionals Association; Fred Williston, The Lakeland Times; Michael Sussman, Strategic Rail Finance, Jeff Radcliff, Houghton County Kelly Bergland, Senator Baldwin's office; Meghan Ladwig, Senator Baldwin's office; Don, Lake States Shippers; Derrick – WISDOT; Brian Buchanan, CN; Kari Divine, Renewable Resource Solutions

3. Approval of Meeting Notes from October 16, 2017

On a motion by G. Verhurst, seconded by K. Klein, the meeting notes of the October 16, 2017 meeting were approved with all in favor.

4. Invoice for 2018 administrative services

On a motion by A. Christensen, seconded by D. Kupczyk, the invoices for administrative services were approved for payment when funds from dues are available with all in favor.

5. County appointments to the Commission

Counties were reminded to update the NRTC with appointed Commissioners. The website will be updated with the new Commissioner list once each county has verified their representatives.

6. Invoices to counties for 2018 dues

Invoices for 2018 dues were sent out to County Clerks in March.

7. Update/Report on formal position on mining legislation

A letter of support for the proposed mining legislation was submitted by the NRTC. Further action is being awaited.

8. Presentation/Update of Northwoods Freight Rail Study

Dan Thyges, WISDOT and Paul Chellevoid, SRF Consulting presented the Northwoods Freight Rail Study Survey Results. The presentation and infographic are attached as a part of the meeting minutes. Survey results have been compiled. The goal was to disseminate the survey to 100-150 businesses and it was sent to over 200 companies and

had a 37% response rate. The survey was disseminated through the County Economic Development contacts, which may not have been as effective in some counties so there is an opportunity for additional businesses to take the survey; those interested should contact Paul Chellevoid, Dan Thyes, or Andy Albarado. Recommendations are being developed now and the final report will be completed in May 2018. Discussion regarding the results included that frequencies were not included in the study, but origins and destinations were. In addition, B. Buchanan indicated that he would need to see the study specifics to know if the numbers shown in the study (cars/mile) fit CN's business model. The study results will be shared with MTU and WCG for use in their continued actionable shippers data work. Dan Thyes and Andy Albarado will discuss how the study will be used within WISDOT and the legislature as well as how it will be shared with the NRTC. WISDOT will share who participated in the study to help determine how best to share it. Consideration needs to be given to those companies that shared their data. It was noted that study participants indicated the results could be shared and that it was important for counties and local legislatures to have the data.

9. Update/Discussion on CN activities

a. Proposed Discontinuance of Rail Service, Bradley to Goodman Subdivision and Response from NRTC
The NRTC joined WCG and filed a petition with the State Transportation Board for discontinuance, not removal of the rail from Bradley to Goodman. CN acknowledged the petition and confirmed that the action was a discontinuance and not a removal.

Brian Buchanan noted that CN opened 7 miles of inactive rail line between Ladysmith and Tony in Rusk County. There is not enough local traffic to consider a route between Rhinelander to Goodman. The service in Price County was lowered due to low volumes; however, this was a frequency cut back due to low volume jobs which was coupled with a higher number of cars per route. This should hopefully provide the same overall volume and negate otherwise necessary rate increases.

It was noted by Commissioner Vehlhurst that potential traffic needs to be identified to be able to make a business case for opening rail lines.

10. Status of Collective Industry efforts WCG/NRTC

The multi-stakeholder meetings in 2017 evolved into the Lakes State Shippers group that is working on identifying shippers and receivers and freight lines that may be converted to rail. They are considering both log cars and all other freight cars. The study is assessing 2016 and 2017 data and will result in a proof of concept to be developed in 2019. Currently they are collecting data; they are identifying local companies, their contact, and their transportation decision makers. Andy Albarado will disseminate the study to Economic Development contacts and the NRTC Commissioners. John Duncan Varda will provide links to updates on the project in the near future. The minimum volume for participating companies is 10-20 truckloads in or out per month.

11. Share discussions with Northern Minnesota and Tri-County group, Reports from Industry Shipping Issues

There have been no further discussions since summer 2017.

Commissioner Radcliffe noted that Highland Copper is still moving forward with their Copperwood Project. The feasibility study should be complete fall of 2018 and the mine would open in 2-3 years. This would involve the White Pine to Bergland Junction line. Brian Buchanan indicated that CN is engaged with Highland Copper.

Andy Albarado noted that he's received comments from Commissioners regarding high rates, but that shippers don't want to share their names or specifics. In the future, he would like to document the specifics of these issues so that the NRTC can work with CN.

12. Discussion on Contracting for Professional Services

The NRTC will soon have the market share data and should move forward with seeking grant assistance. Andy Albarado met with Baldwin's office to discuss possibilities. Further discussions are planned.

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Michael Sussman described his long history of working with similar situations as the NRTC is currently in by taking data and developing inventive, viable rail business plans.

He met with Megan Ladweg of Senator Baldwin's office on April 17, 2018 and agreed to focus on a USDA Dept. of Ag. Rural Facilities grant to develop a commercial strategy.

13. Possible grant(s) assistance for professional services

See 12. above.

14. Next Meeting Date

Quarterly NRTC meetings are scheduled for June 15th, Sept 21st, and Dec. 21st.

The Executive Committee consists of the Chair, past Chair, Vice Chair, and Secretary/Treasurer, as described in the by-laws. In addition, Roger Luce has been heavily involved with the Executive Committee, but he is retiring so a replacement is needed. Andy Albarado has asked Jeff Radcliff of Houghton County to participate in the Executive Committee meetings as a Michigan representative.

15. Adjournment

Motion to adjourn at 11:32 a.m. by R. Luce, seconded by M. Cassidy, and unanimously passed.