

NORTHWOODS RAIL TRANSIT COMMISSION

INFORMATIONAL MEETING SUMMARY

Virtual – Google Meet

December 11, 2020

1. Call to Order / Roll Call and Public Comment

The meeting began at approximately 10:05 am. Due to a problem with distribution of the meeting notice, there was not enough counties present to constitute a quorum, so a formal meeting could not take place. To honor the time of the people that were able to attend, an informational only session was held, with presentations only on those items not requiring Commission action.

Those in attendance for the informational items included the following: Dale Kupczyk Ashland County, Joe Pinardi Iron County WI Board, John Varda WCG/LSSA, Brian Buchanan CN, Larry Lloyd CN, Tricia Grebin Marinette County Board, Kelly Klein Iron County WI Economic Development, Wendy Gehlhoff Florence County Economic Development, Jeff Ratcliffe KEDA, Jeff Verdoorn Oneida County Economic Development, Rich Kedzior WisDOT, Clark Schroeder Ashland County Administrator, Tom Tikkanen Houghton County Board and Darryl Landeau NCWRPC.

There was no public comment:

2. Election of Officers

Due to lack of quorum this item was not addressed and will be taken up at the next Commission meeting.

3. Approval of NRTC Meeting Notes from July 2019

Due to lack of quorum this item was not addressed and will be taken up at the next Commission meeting.

4. Approval of NRTC Budget for 2021

Due to lack of quorum this item was not addressed and will be taken up at the next Commission meeting.

5. Approval of Administrative Services Agreement for 2021

Due to lack of quorum this item was not addressed and will be taken up at the next Commission meeting.

6. Sale of Northwoods CN Rail Lines

This item was presented as an informational item. No action or discussion of potential NRTC actions was undertaken.

Mr. Landeau provided some background on this item.

“Late in 2019 CN put up for sale two line segments in our area: Park Falls to Ashland and Rhinelander to Goodman. We began to collect information and monitor this development. Then in July, CN made the announcement that they would actually be selling off over 600 miles of line in Wisconsin and Michigan.

There are basically three clusters being looked at: 70 miles in the southeast/Milwaukee area; 150-200 miles in Fox Valley; 300-350 miles in the northern cluster (Ashland-Prentice, Bradley-Wausau, and Tony-Goodman) including 100 miles in the UP.

The process has been a little slow to develop and more internal for obvious business reasons, so we don't necessarily know that much. However, both WisDOT and the shippers group has been interacting with CN, and we will be hearing their perspectives shortly. They are optimistic due to the high degree of interest from potential investors. Investors see value in these lines, and infrastructure is seen as a steady investment. One issue is the uncertainty in the pulp/paper industry post pandemic, including what happens with the Wisconsin Rapids mill.

CN has hired a firm to handle the sale, and they have been talking to potential buyers. DOT has brought in consultants to help them evaluate and respond to the sale. The impact this sale will have on the NRTC and the counties is yet to be determined. If the sale remains private, there may not be much of a roll for the NRTC. If the State has to become involved, then the NRTC or some form of Rail Transit Commission(s) would be required. We will continue to monitor the situation and bring you updates as developments occur.”

Mr. Kedzior with WisDOT provided an overview of the State of Wisconsin's position on the proposed sale.

“Overall the State wants to be helpful with regard to the CN sale. WisDOT's focus is on shippers and communities, so their goal is to enable resumption of service. But the State does not currently have an active roll as CN handles the sale through their consultants.

They have made attempts to engage with CN, but right now are looking at a more reactionary response. There is some concern that CN will choose bidders that want state assistance, and the process will breakdown because they haven't been engaged from the beginning of the process. But they are hopeful that they will engage and identify operators that will best serve the communities.

There is concern about some of the east-west lines that are weaker in potential revenue. Another issue is paper industry crisis due to demand drop resulting from the pandemic and general decline in coated paper consumption. So, WisDOT will continue to try and engage with CN with an eye on developing more of a partnership approach if any of the potential buyers will be looking to enlist state assistance on any of the segments.”

Mr. Varda with the Wisconsin Central Group and Lake States Shipper's Association presented some perspectives from the shipping community's point of view.

“The proposed sale will have a significant impact on the Great Lakes Forest Region which includes parts of Wisconsin, Michigan, Minnesota and the Province of Ontario, including all of the NRTC counties and areas far beyond its current extent. Their suggestion is that the NRTC consider an effort to expand to include additional counties that have an interest in this greater economic region.

Due to the need for significant infrastructure development and operations planning to transform the system to meet present day needs, they are promoting that the NRTC position itself to apply for US DOT grant funding for rural transportation programs related to economic development. And they have been lobbying the Wisconsin Counties Association to allocate funding for transportation projects including NRTC operations to support this. This would also include matching funding provided by the shipper's group.

To make this happen, they recommend petitioning members of the WCA Board of Directors to consider funding the NRTC as advocated by the shipper's group. So, another suggestion would be an NRTC agenda item to discuss NRTC counties leveraging their WCA membership to advance this funding proposal. Similarly, an effort in Michigan to explore where Michigan DOT has indicated that they have some ability to access funds to assist.

They believe that whatever happens, it will come the point of asking where to get public infrastructure funding assistance.”

(Editor's Note: I believe that in absence of a specific assignment or purpose for any infusion of funding into the NRTC, the first step should be a debate on if and when such funding is needed and the conditions under which such funding would be accepted. The long-term roll of the NRTC will in large part be dependent on the ultimate winner(s) of the CN lines and how they want to organize their business operations. The potential liabilities for the NRTC and/or its member counties must also be considered.)

7. LSSA/WCG Shipper Update

Covered by Mr. Varda in his comments to Item 6.

8. Update on Statewide Intermodal Facilities Studies

These studies are looking at intermodal freight potentials across the state. The process will evaluate the feasibility of establishing a new intermodal facility and what might be optimal locations to host such a facility. There are two separate studies. The Northeast study will be coordinated by the East Central Wisconsin Regional Planning Commission and will look at a broad area of northeastern and eastern Wisconsin from Superior through Greenbay and the Fox Valley to Milwaukee; potentially including a significant portion of the NRTC area.

The southwest study will generally include the rest of the state to the southwest, but the focus will likely be on a narrower corridor between Minneapolis and Milwaukee/Chicago. This study will be coordinated by the North Central Wisconsin Regional Planning Commission (the NRTC's administrative services agent).

On-going updates will be provided to the NRTC as these studies progress.

9. Discuss Next Meeting Date

Due to the fact that lack of quorum for this meeting prevented action on a number of NRTC work items, the Administrative Coordinator anticipates organizing another Commission meeting on January 22 to address unresolved NRTC business items

10. Adjourn

The informational meeting disbanded at approximately 10:45 am.