

NORTHWOODS RAIL TRANSIT COMMISSION

MEETING SUMMARY

Virtual – Google Meet

January 22, 2021

1. Call to Order / Roll Call and Public Comment

The meeting was call to order at approximately 10:05 am by acting Chair Dale Kupczyk. Those in attendance included the following: Dale Kupczyk Ashland County, Wendy Gehlhoff Florence County Economic Development, Joe Pinardi Iron County WI Board, Kelly Klein Iron County WI Economic Development, Bill Bialecki, Lincoln County Board/Economic Development, Tricia Grebin Marinette County Board, Gary Frank Oconto County Board, Jeff Verdoorn Oneida County Economic Development, Andy Albarado Rusk County Administrator, Al Koskela Houghton County Board, Tom Tikkanen Houghton County Board, Nick Hanchek Menominee County Board, Marlene Broemer Ontonagon County Board, Jeff Ratcliffe KEDA, Joe Bonovetz Gogebic County Board, Jerry Wuorenmaa WUPPDR, Brian Buchanan CN, Larry Lloyd CN, Rich Kedzior WisDOT and Darryl Landeau NCWRPC.

There was no public comment:

2. Election of Officers

Acting Chair Kupczyk opened nominations for NRTC Chairperson. Kupczyk nominated Wendy Gehlhoff, Florence County. There were no other nominations. Bonovetz moved to close nominations and cast a unanimous ballot for Gehlhoff. Pinardi seconded. Motion passed with all in favor.

New Chairperson Gehlhoff opened nominations for NRTC Vice Chair. Klein nominated Dale Kupczyk, Ashland County. There were no other nominations. Bonovetz moved to close nominations and cast a unanimous ballot for Kupczyk. Koskela seconded. Motion passed with all in favor.

Chairperson Gehlhoff opened nominations for NRTC Secretary. Klein nominated Al Koskela, Houghton County. There were no other nominations. Bonovetz moved to close nominations and cast a unanimous ballot for Koskela. Tikkanen seconded. Motion passed with all in favor.

Chairperson Gehlhoff opened nominations for NRTC Treasurer. Kupczyk nominated Kelly Klein, Iron County (WI). There were no other nominations. Bonovetz moved to close nominations and cast a unanimous ballot for Kupczyk. Koskela seconded. Motion passed with all in favor.

3. Approval of NRTC Meeting Notes from July 2019

On a motion by Tikkanen, seconded by Klein, the meeting notes from July 26, 2019 were approved with all in favor.

4. Approval of NRTC Budget for 2021

Landeau presented the NRTC budget for 2021. Basically, the budget remains the same as previous years except for two factors: 1) Membership fee for Michigan counties increases by \$50 as part of the incremental step process to bring to parity with the Wisconsin counties. 2) The numbers reflect the recent departure of Langlade, Gogebic and Vilas counties. Landeau noted that efforts were underway to follow up with each county that has not maintained membership. Bonovetz added that Gogebic would be acting to reinstate its membership at its February meeting.

On a motion by Kupczyk, seconded by Grebin, the NRTC budget for 2021 was approved with the inclusion of Gogebic, with all in favor.

5. Approval of Administrative Services Agreement for 2021

Landeau presented the NRTC administrative services agreement for 2021. Basically, the services agreement remains the same as last year. It contracts with the NCWRPC to provide administrative services including meeting coordination, NRTC communications, website maintenance, fiscal, clerical and other support functions.

On a motion by Bonovetz, seconded by Kupczyk, the NRTC administrative services agreement for 2021 was approved as presented, with all in favor.

6. Sale of Northwoods CN Rail Lines

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 has been interacting with CN and others close to the situation, and we will be hearing their perspective 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 negotiating with 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.

“WisDOT is following the process with interest. WisDOT’s goals are 1) To support the shippers and communities of northern Wisconsin, 2) To support the forest resource industry, and 3) To support private investment in northern Wisconsin rail lines. WisDOT always maintains a buyer-of-last-resort position, which means the state considers direct financial involvement only if the private sector cannot justify the investment.

WisDOT has been talking to CN and has a high level of confidence in the process. There has been strong private sector interest, and they are optimistic that a buyer will be identified, possibly by summer. If there is a need for the state to step in to support certain segments of the purchase because the buyer does not want to own or operate those segments, WisDOT could step in to support a particular segment or segments. Right now, they are waiting to see how things play out.

There was a question about the sale, and Kedzior specified that CN is looking at a single package sale, but a buyer could be allowed to sell parts they aren’t interested in owning or operating.

7. LSSA/WCG Shipper Update

Mr. Varda was unable to attend the meeting and this item will be carried over to the next meeting.

8. Discuss Next Meeting Date

The next meeting date will be held open pending new developments to report / discuss regarding the CN line sale.

10. Adjourn

On a motion by Frank, seconded by Grebin, the meeting was adjourned at approximately 10:35 am.

