Rail Advisory Committee
March 3, 2016
Meeting Minutes

Meeting location:
Portland Airport Conference Center, St. Helens A, 7000 NE Airport Way, Portland, OR

Members in attendance:

Kevin Haugh for James Irvin, Chair
Bruce Carswell, Wyoming & Colorado
Randy Russ, United Transportation Union
Mark Davidson, Union County Commissioner
Rob Eaton, Amtrak
Donald Leap, Retired
Craig Levie, Tangent Services
Johan Hellman, BNSF Railway
Paul Langner, Teevin Bros.
Kathryn Williams, Port of Portland
Clint Schelbitzki, Union Pacific Railroad
Gary Cardwell, NWCS

Members absent: Mark Eitzen, Gunderson LLC

ODOT Rail Division staff in attendance:

Hal Gard
Roxy Goettsch
Bob Melbo
Scott Turnoy
Kathy Holmes

Hal Gard, Rail & Public Transit Administrator called the meeting to order.

Rail Advisory Committee (RAC) members made self-introductions.

***Connect*Oregon VI Process Overview –** Hal Gard

Hal Gard reviewed the *Connect*Oregon V process, how it has changed from previous rounds of *Connect*Oregon and provided a brief recap of funding for rail projects from previous rounds of *Connect*Oregon.

Hal Gard read the definition of what constitutes a Conflict of Interest according to the *Connect*Oregon Instructions to Reviews as a member that is an applicant, or; is a consultant to the applicant, or; is a committee or board member who assisted the applicant, or; has a financial benefit in the project. You must declare any potential conflict but it is up to the committee member to decide if they will vote or not.

Need two members to sit on final review committee. New rules say cannot have an application or conflict of interest

Oregon Transportation Commissioner, Susan Morgan asked Hal Gard to explore holding regular Rail Advisory Committee meetings. The goal of these meetings would be to work on the Rail Plan goals. Hal Gard asked the committee to consider if they would be willing to meet more frequently, but no more than twice per year.

Kathy Holmes pointed out an error on the ranking sheet. Application 4R0424 should be a Tier 2 not Tier 3. She then asked the committee members to identify foreseen potential or actual conflict of interest.

A brief discussion took place on concerns with the evolution of the ranking. Program started as a way to improve the transportation system. Now there seems to be a dual purpose, improving the transportation system and business development. It is hard to evaluate both equally. Some projects have parts that should be part of a business plan. With scant dollars available the focus

should be on what would provide biggest improvements to the statewide system. Everything moves on rail and need to keep that focus elevated. The concern centered around some applications being less focused on system improvement and transitioning towards projects which may benefit just a few businesses rather than the state as a whole. Kathy asked the committee to be sure include these comments if it is part of the reason for scoring.

RAC reviewed and accepted its March 3, and March 4, 2014 meeting minutes.

Applicant Presentations/Questions & Answers

<u>3R0368 – Western Emulsions/Boise Cascade 286k Track Upgrades – David Anzur/Scott DeVries</u>

Rogue Valley Terminal Railroad started as White City Terminal Utilities Railroad in White City, Oregon and operates in the Medford Industrial Park. DeVries obtained the line in late 2012. This is an old railroad and has some antiquated infrastructure. It is a key industrial park to Medford and White City. This project will update 1000 feet of lead track that goes down to Western Emulsions and Boise Cascade. Boise Cascade has two facilities off this lead. There is a large vacant industrial site there and they are actively pursuing getting a business in that location. Currently has 60 pound switch going down to these businesses. This poses a significant risk of derailment. Rogue Valley Terminal is a very small company with only 3 employees. This is a fairly low cost project.

- *Are there any ownership questions on this line?* No
- *What is your volume? How often are you switching? Interchange?* This is not a typical railroad, it is 14 miles of track in an industrial setting made up of short spurs. Handled about 1400 carloads in the last year which was the best year in last 9 years. Is a five day a week railroad, interchanges Monday – Friday in the industrial park with CORP. Would be willing to looking at maybe expanding to 6-7 days per week if business warrants it.
- *What portion of the 1400 carloads would travel over the proposed project site?* About 700 carloads.
- *Do any contain HazMat?* Yes, Western Emulsions as asphalt is considered HazMat.
- *Did the increase in match affect amount you applied for?* Yes, had to determine what they were comfortable with privately funding.
- *Is there any potential interest in someone coming into the vacant industrial area?* No current specific project interested in that facility. The owner is actively looking to improve the site.
- *If you had an increase in business would your workforce increase?* Yes
- *Have there been any derailments?* No derailment in over 10 years. The risk in this section is very high. This section also has curved track which adds to the risk factor.
- *Describe your HazMat procedures and any equipment you have?* We have regular training with emergency responders. The fire department is located in the industrial park and we have contacts for emergency clean up.

<u>2R0360 – Marion Ag Service Rail Spur – David Anzur/Tom Wimmer</u>

Marion Ag is a small family owned fertilizer business that has been around since 1976. Tom Wimmer purchased it in 1980. It is served by Portland & Western Railroad providing access to BNSF. Marion Ag has about 90 employees with four locations. They have one rail receiving location at Hopmere. It is inadequate for what they are trying to do. It can hold seven cars but they can only unload three at a time. The fertilizer comes out of Canada and in the winter time and things can get backed up with winter weather causing delays in shipping both by rail and truck. This project would allow some forward staging with storage capability, 27,000 ton storage. Marion Ag handles about 50 different types of fertilizer. Only a portion is handled by rail. This facility would increase the storage capacity and would allow them to expand their fertilizer distribution business. The capital to invest in this infrastructure is somewhat constrained so looking for some funds to expand the track and interchange spur. This project would add 22

new full time permanent jobs. Building 5400' rail spur, with three tracks, two for unloading and one for storage, and a storage facility. Would be able to unload 45 cars at a time lower cost and convert from trucks to train. To avoid delay in the project Marion Ag has started the project with their funds.

- *How will cars be moved within that facility?* Will have a rail car mover.
- *What is the current PWRR service and will that service be capable of supporting the increase?* Monday, Wednesday & Thursday service. Have had to supplement with truck freight many cars can be held on site with this project. Most cars are privately owned accumulates demurrage. This design will allow them to better handle three day per week service.
- *What is the maximum size blocks you could receive by rail?* We could effectively handle 45 cars.
- *From a volume perspective, is there a path in this investment where you could bring in a unit train?* Bought this piece of property three years ago. 102 acres has capability of putting in a unit train loop track in the future. We have built this plan to allow for that in the future.
- *What are the other large facilities in this region that can bring in potash?* No other site would be able to handle unit trains. Currently bringing cars down from Canada and holding them in Pasco.
- *What is total market size for that product in the Willamette Valley?* Currently transload 13,000 tons for PCS. In talking to PCS anticipate 20000 tons in first year out of this facility. They currently have to pass up business because they cannot get the product here on time.
- *Can you tell us about the 22 jobs?* 22 full time permanent jobs. Some highly skilled positions. This plant will be fully computerized. Average salary of $60,000
- *How will you deal with operation and maintenance costs long term?* This will be paid out of working capital. Savings and efficiencies from moving from trucks
- *Is PCS a partner in this or just a supplier?* PCS is a supplier but they are contributing to the building. We are investing $20 M. Businesses and customers have requested that we do the whole project. If this funding does not come through we would have to scale down the rail, but will still do in the future.
- *Will you do retail at all?* Yes, we do a fair amount of retail work with local customers. We have a 40 mile foot print where customers come from to pick up product in addition to our wholesale business.
- *Will you continue to operate rail unloading at the Hopmere facility or will you move it?* Would like to have the flexibility so will not shut it down.
- *What was your rail volume in 2015?* 25000 tons
- *What is the projected volume at the new facility?* Starting would be 40000 tons
- *Can P&W meet the demands you are building here?* Yes. No locomotive power issues P&W may put on second job out of Salem to expand service
- *Do you think it will be open to both UP and BNSF?* Don't know yet
- *Are any of these products HazMat?* No HazMat – Have an agreement with Marion County and State Fire Marshall
- *What is the access into this facility? Will it be Butteville Road?* No main access will be St. Paul Hwy. The Butteville Road private crossing will be used only for emergency equipment. All commercial traffic will be routed over St. Paul Highway.

<u>4R0417 – Rail Spur & Lake County RR Bridge Improvements – Jeff Manternach</u>

$4.75 M project with $3.25 million for onsite facility and rail related infrastructure, $1.5 million for bridge upgrades on Lake Railway. $3.3 million *Connect*Oregon ask. The rail and related infrastructure upgrade at the facility provide a critical link to ship product out to West Coast markets. The bridge upgrades allow Red Rock to ship fewer larger rail cars over LRY. Rail

transport is key critical piece to be able to economically ship product to West Coast market. Will ship about 500 rail cars a year from this plant to customers. Produce jet diesel and Nafta fuels. This expands LRY existing traffic by about 30%. LRY currently transports about 1500 cars per year; this additional business would push it up to about 2000 cars per year. This keeps about 2000 trucks off the road each year. Each year will convert 140,000 dry tons of waste woody bio mass residue into 15 million gallons of low carbon renewable fuels. Customers are FedEx, Southwest Airlines and the military. Have state and federal support.

- *How are you pulling in the bulk bio mass?* Currently trucking raw materials looking for long term partner willing to load rail cars
- *How does the current low oil prices affect your business?* Able to compete because the energy content value in biomass is equivalent of about $17 per barrel with crude at $30 per barrel we have plenty of room to refine the product. Also because it is a renewable fuel get environmental credits. At federal level, because of the type of fuel produced, there is a guaranteed floor price. Also have off take contracts with FedEx and Southwest at a floor price which provides the refinery with a fixed operating margin.
- *Where will you be supplying FedEx and Southwest?* Initially in Oakland. Would like to do at PDX as well, but in Oakland between the two they have about 70% of the fuel usage.
- *The 500 cars would be how much of your total nameplate production?* It would be all of it. 15 million gallons
- *How realistic is it that you would be able to find markets that would be able to take the railcar at 100%?* Already had detailed discussion with a terminal down in California and also the Willbridge terminal. Many of the terminals you see have rail receive capabilities so do many of the refineries. This would be the first diesel and jet fuel refinery in the Oregon.
- *What is the size of the catchment area for your biomass?* Approximately 125 mile radius. It includes some federal, state and private forest.
- *Is there a sustainable supply?* Just from private there is 2.8 times the annual need per year. If you add in federal supply you are up to about 4 times.
- *How many years out is that?* Every year the forests keep growing. We take less than what is available there is even more out there.
- *Can LRY handle the increased volume? What would this project do for them?* They can currently handle the volume. This would allow them to expand their service by one trip per week and increase speed and weight capacity.
- *What is the commercial viability to truck the fuel to Oakland?* Not good. Would need higher fuel costs or higher environmental credits. Rail is critical. Building truck loading rack for emergencies only. Could ship to Bend by truck, but need rail for anything beyond that.
- *What are the property costs in the application?* Estimated about 10% or property purchased is for the rail infrastructure including the loading facility and spur.
- *What is the status of the other funding sources for the project?* $70 million in grants from the Departments of Agriculture, Energy, and Navy have been awarded. $135 million going out to the debt capital market both on bank side and the bond side through Business Oregon. Investment bankers are 90% certain on the bond side, they are rated strong. Only uncertainty is the interest rate, but they can accommodate fairly wide range and still make the product. Private equity and in discussions with possible lead investors. Raising $71 million have $11 million already raised.

- *When would you have all the funding in place?* By the end of June.
- *What will you do if you do not get this grant?* Would be difficult to not go by rail.

4R0401 – Rail Spur Expansion Project – Pat Juhl/Jake Juhl

J& P wholesale lumber 38 years operation last 15 to 20 years developed into the transload and reload business. The main spur runs into the large storage building 3.5 acres under roof and serves mostly boxcars. There is one outdoor spur that handles center beam traffic but it is not very long and can only handle one car at a time. Juhl is a certified contractor for BNSF and rework cars for them. Don't have the capacity to do what they are being asked to do with existing length of spur. Want to add 150 feet to the outdoor spur that runs to a pad on the west side of the property. This will allow them to do more center beam storage. BNSF currently serves them thrice weekly and with the additional business should be enough for BNSF to hire another crew and serve 5 days per week. Juhl would immediately add 4 full time permanent positions with above average pay.

- *What does Boise do with their product now?* Ship on truck. We have a large storage area so they are bringing it in and storing it to ship out later.
- *Do you do a lot of storage and load the rail cars when they are availability?* Yes. For Boise we store plywood until it can be loaded into boxcars. For Plum Creek we store until they sell it, then it is trucked out. We're listed as a preferred reloader for BNSF.
- *You are doing 40-50 cars a month now?* Yes, just with Boise.
- *What would you do after this project?* Boise could add 5-10 carloads of center beams a week. Right now Hampton Rough & Ready 1-2 per week sending their stuff out on the UP. Have not been actively pursuing additional business now since cannot sustain increased business yet.
- *Is this facility jointly served?* Yes
- *Have you been through BNSF's NBR, new business review process yet?* Not the formal process yet. Have a really good relationship with local yard. Yardmaster has been helping. In talks with the yardmaster he has indicated if bring in more business he may be able to provide daily service.
- *How was your estimate arrived at? What sort of development process?* We spoke with contractors and the yardmaster brought some of his guys over. Had a recent derailment that tore up some track. Rather than repair it they rebuilt about 300' of track going into storage facility. That allowed for a good estimate of the costs.
- *What other economic opportunities are in your area? What other have you pursued?* Have talked to SCOED and thought about loans but decided to try this first.
- *Who is Straub?* Straub is a petroleum company. Straub would like to store more cars also. Increased rail service would also benefit them.

5R0385 – Boardman Grain Elevator Unit Train – John Ripple

The Co-Op was formed in 1930 and is one of the smallest co-ops in the industry. This project is vital to their long term growth. The facility currently handles about eight million bushels of grain per year. This project would allow sourcing of another 20 million bushels per year. Will expand grain handling facility to unload 110-car unit trains coming from the Midwest to markets in the Pacific Northwest. Currently limited to receiving grain by truck and later shipping by truck to local markets or barge to export markets. The expanded facility would allow receipt of grain by train for shipping by barge for export or truck for local feed market. The core infrastructure is already in place. This would provide a new link between rail and barge. Will help fill a need for about 3 million bushels of feed in the Oregon Columbia River Basin. Currently shipped to Washington and trucked to Boardman. UP has offered to reduce their rate by $.30 per bushel to short stop trains in Boardman vs taking it export facilities in Portland. Expanding this facility will require Morrow County Grain Growers to hire an additional eight full time employees and the

barge lines will add up to 15 additional employees. This is a $6.5 million project, applicant is requesting $2.5 million from *Connect*Oregon and they are contributing $2 million and Shaver Transportation and Tidewater Barge Lines are contributing $1 million each. Project is shovel ready and should be operational in late summer early fall 2017.

- *How much of this investment will go to rail infrastructure and how much into storage? $*2.5 million into rail and $4 million increased storage needed due to the timing of trains and barges.
- *How much truck traffic do you pull in currently and how much will the increased handling infrastructure be dedicated to rail vs cheapest way to bring in?* Currently bring in about 2 million bushels per year. All received by truck 1-1.5 million going out by barge and 500000 to 1 million going out by truck. Receive corn and wheat at that facility and corn goes out by truck to local feed lots.
- *Class I railroads typically won't support less from a rate perspective than unit trains; any discussion to take less than train load to reduce transportation costs?* No conversations about handling local grain with the railroads.
- *If your design only supports 30 grain cars how will that work with the timing of track usage with ethanol plant?* Yes, will have to share and work on the timing. Have been in talks with port to build it to handle 50 carloads per week. 20 trains per year
- *How much consumed in Oregon?* 25-50% the balance is going for export. Wheat generated in Oregon goes to export, corn brought in from Midwest go for ethanol and feed in Oregon.
- *Ethanol plant currently unloading directly on loop, yet you want spur. Why do you need the spur?* Would have to build a bypass line so the plant could continue operating during construction. The Port decided to just make it permanent side track. One of the first times UP has offered a rate differential on a short haul and not bring unit trains on short haul.
- *Did you consider using a conveyor it?* We talked about the property in center of the loop track but Port has committed that property.
- *What kind of contracts do you have with suppliers in the Midwest?* None with corn shippers.
- *Any export agreements?* Only gentlemen's agreement with Louis Dreyfus.
- *Who is the owner of this project?* Morrow County Grain Growers is 100% owner of the project. The elevator facility and land is owned 50% by Port of Morrow, 25% by Pendleton Grain Growers, and 25% by Morrow County Grain Growers. Morrow County Grain Growers just signed a letter of intent to purchase Pendleton's 25%.
- *Can you explain the non-equity investment from the two barge lines that shown in your application?* Both barge lines are making that investment in exchange for a 10 year contract that gives each 50% of the shipping from the site.

<u>2R0419 – Dallas Industrial Area Rail Improvement – Ron Foggin</u>

Spur is currently rated for 5 MPH. Has not had activity over this track in 3 years other than for storage. City of Dallas had a very robust industrial climate at one time. This spur served the mill and Caterpillar. This is no longer true. The economy in this area has not bounced back as quickly as it has in other parts of Oregon. Dallas is concerned with transportation to and from Dallas. Will the bridges from I-5 accommodate truck traffic for businesses that want to come to Dallas. This project is really a railroad preservation project. Rail spurs in Oregon feeding

industrial properties have shrunk to a minuscule number. There are only two in the Dallas area. The City is the applicant. There are 66 acres of prime industrial land (the old mill site) and another 54 acres just purchased by two people from the Portland area. They have expressed interest in a the spur and have provided a letter of support for the project. The mill site is primed for a transload facility. This project would give Dallas a leg up in marketing and would be an investment in the community not an individual business.

- *How long would it take get in place?* Would have it up and running in one year.
- *Would the site need any environmental assessments or site work needed?* No, entire area is asphalt. Would only need review if business needed to do any digging. The entire area is capped.
- *Where is the match funding coming from?* Regional Solutions Team granted the City a little over $300,000 match. This money would be available to the City to do some work even if do not receive *Connect*Oregon funding.
- *Any solid prospects for this site?* Yes, American Gas & Technology manufacture liquid natural gas pumps for placement in filling stations for fleets. Their largest unit is just about 200 pounds under the maximum weight for trucks.
- *This is a reimbursement grant. Could the City cover payments and submit invoices for reimbursement?* Yes
- *Would this raise the 1.4 miles to a Class 1 status?* Yes
- *Who would maintain the rail?* The railroad failed to add that they will provide maintenance in their letter. Maintenance was assumed in their conversations. Kevin Haugh stated PNWR Railroad was in support of the project but there was no viable customer. So they were apprehensive about committing. If the volume was there they would be more than happy to maintain it.

Application Overview: Afternoon Session

<u>2R0420 – Knife River Rock Train System Improvements – Brodie Harvey</u>

500 million tons of strategically located aggregate. We have facilities next to both freight rail and marine freight. Currently move 500,000 tons of aggregate by train from the Salem reserve to Sherwood (Coffee Lake) and Hillsboro. This project would improve on existing operation and make it more efficient. Adding another silo in the Salem location, would save one hour per train turn. On the other end adding another bin system that bypasses tunnel so would not have to wait for plant to shut down to unload the train. Would move the truck haul road and increase the storage area allowing them to build up a stock pile of aggregate for peak demand during the construction season. This saves them trucking aggregate during peak season. Thousands of trucks off the road per year and decrease shipping costs. Demand is forecast to increase and without this project would need to supplement by using trucks. Would be 6,000 - 8,000 trucks each year when you look at there and back. This project would let them meet the future demand mostly by using trains.

- *What happened in 2008 that caused a decline in your freight capacity?* A combination of the commuter rail going into operation and a track speed reduction.
- *Given the congestion do you have the ability to run at night?* We did last year during the construction. Cannot do year round due to storage constraints. During construction season we do run day and night. 60-70% of annual consumption takes place in a 3-4 month window.
- *How much was the drop in capacity due to slower speed vs increased congestion?* Initially set up so we could make 3 trips per day and we did that from time to time. When the speed was cut that eliminated that and we are down to 2 trips per day. Once the commuter rail started and with additional congestion on the line it took us down to 1 trip. Now it takes 7-8 hours to make a round trip. That hour and half savings in the load out would give the time for the second round trip trip.

- *This investment would get back that second trip?* Yes, would give us back that second trip per day and increase the capacity.
- *How much of this investment is going towards speeding up the train vs other parts of your operation?* More than half of the total project. Coffee Lake all goes toward speeding up train turn times and about half the costs at Reed is for speeding up turn times.
- *How many acres do you have out there at these facilities and what are the expansion opportunities?* Several hundred acres in Salem. We are running out of rock in Gresham and Sherwood. Have about 20 years of aggregate reserves left in Salem without permitting additional properties. No expansion opportunities in Sherwood. We have more rock than we can ever use in our lifetimes.
- *What happens if you don't get this grant?* Would just ship by truck.

<u>4R0424 – Bieber Junction Rail Improvements – Colleen Weatherford</u>

BNSF submitted application in partnership with UPRR. The purpose of this project is to replace manual switches in the yard at Klamath Falls and Bieber Line Junction. Both BNSF and UP routes merge north of Klamath Falls and use joint track into Klamath and jointly use the yard. It is a primary north south route and a direct competitor to I-5 corridor. Klamath is the lynch pin between UP and BNSF. Klamath Falls also hosts *Coast Starlight* two times per day, Amtrak's 2nd most popular route and is a Department of Defense strategic route for national defense. This project would replace manual switches in Klamath Falls and Bieber Line Junction. Currently it takes up to 30 minutes for one train to make it through this area with the switches being manually thrown, which has a ripple effect for any other trains waiting causing a backup. This also has an impact on the community with trains slowing down through the community in anticipation of stopping, sit idling, and moving slow. There is also a safety component, whenever the employees have to get off the train to throw the switches there is an increased risk of injury. Would increase productivity since the switches would be remotely operated by UP dispatchers. BNSF is contributing $1.5 million and UPRR is contributing $600,000 to replace 9 switches, 2 power switches and install a crossover.

- *This is what we are looking for, a system improvement rather than a business improvement. Do we need to do all?* This has already been scaled down from a larger project. It was a bigger project. Eliminating any of those components gets you back to having a crew person on the ground. There would not be as large of a benefit if we reduced the project anymore. This project was considered in *Connect*Oregon II and is in the State Rail Plan. BNSF cannot justify the full cost of the project.
- *How many trains on the Trunk?* 15 per day. BNSF – 6, UP 6 - 7, Amtrak - 2
- *This is a good system project, but I have concern with the $1 million contingency. Can you explain the $1 million contingency?* UP did the estimate. There is more planning that would need to be done if we were successful in getting the grant. UP wanted to be sure there was cushion for additional design to ensure they did not end up with a project they could not build.
- *What is the history of delays to the Coast Starlight?* When you have something that is being manually done there is the potential for problems. Passenger rail is given priority, but there is the potential for delays if there were to be a problem. It is a capacity issue. Would be a system/network improvement that could have impacts all the way up to the Oregon/Washington border.
- *Why was staff review so negative on this project?* Staff felt there was potential improvement. Had questions around the operations. Also, staff has not seen much of a delay to the passenger trains through there. Hard to see if there was an actual improvement or more of a potential. The scoring criterion for staff is very specific and have to use only what is in the application. That is why it then comes to the modal committee. The committee has the ability to rank the applications based separate from the tiers.

- *Is this really a BNSF project?* Yes, it will allow UP to dispatch us straight through this location. But it would not rise to the level to warrant BNSF to fully fund this project.

4R0421 – Lake Railway 5,000 Tie Replacement – Paul Didelius

Lake Railway has 115 miles of track with 55 miles of track in Oregon. The route goes into California and comes back into Oregon. Most of the Lake County Line is in California. The closest three lane highway is over 100 miles from Klamath Falls. Lake Railway is a vital economic lifeline for employers in Lakeview. Loads from Klamath go through the UP yard up to St Helens, Tacoma, and south to Roseville yard and to the Midwest. It operates about 13 cars per mile per year, which is about a third of what a shortline needs. The business is not providing enough free capital to justify capital improvements. This is a pretty simple project, installing 5000 ties over 55 miles of track. Have over 350 joint ties per mile and 91 ties per mile. Red Rock could add up to 14 cars per week for Lake Railway. There is a safety component when replacing ties.

- *Regarding the Red Rock Bio Fuel application, do the bridges and trusses really need fixing for heavier cars?* Yes, most timber trestles need work, LRY trestles have not had much work in several decades and the annual bridge inspections identify defects. So yes, the bridges need work as well as the approaches to the bridges. Some of track is excepted track which means it is too bad to even look at.
- *Are they [LRY] at 286?* No, but in some cases it would not take much to get them there. For the same amount of money we could get there.
- *What if we were to take the money and invest in ties rather than the bridge work?* We operate at 10 MPH, the bridges and approaches are the bigger safety concern for the tank cars.
- *Is this a survival type request?* No, the line won't go away without this grant. But it is a smart decision to do this work. It's a small dollar request.
- *How much is excepted track?* A fair amount of 55 miles of LRY track is excepted track, but none of the 60 miles of UP leased track. Would not take much to get it out of excepted status, but being tactical about going there because would then be subject to compliance and need to maintain it. Trying to make improvements where needed first. FRA is not happy that they have not gotten it out of excepted after 7 years. About 5 miles that is Class 1
- *Is your ask limited by your ability to match funds?* Yes

5R0379 – Bridge Program #1 – Brian Keller

Customers are looking to ship bigger and heavier cars over the Oregon Eastern Division of Wyoming & Colorado Railroad. For this project we would tear out bridges that are not needed and use the materials from those bridges to repair and maintain the remaining bridges to haul 286K. There is one other bridge. It is a steel bridge and is in good condition. One of the bridges being removed is over the Warm Springs irrigation channel and Warm Springs was consulted on how to proceed.

- *How many carloads do you ship?* About 1250 cars per year.
- *Where are the minerals mined?* They are mined about 60 miles west of plant and trucked in.
- *Where is the plant?* The plant is at milepost 24, 7 miles west of Vale, at Celatom.
- *What is the poundage of your rail?* 90 pounds up to milepost 20 and 75 pounds past that.

- *How are your ties?* Ties are in pretty good shape. FRA inspected last spring and found some issues. Currently in excepted status, plan to bring it back to Class 2 and take out of excepted status this spring.
- *What type of power do you use?* Have two GP7 locomotives one 1952 and one 1953 model
- *Used to be a branch line into Central Oregon 150 miles now 25 miles. Don't want to lose the last 25 miles. Is the right of way still there?* A lot of it has been sold off. Several bridges still there but some uncertainty around who owns them.
- *What kind of savings from recycling bridge materials?* Was estimated about $204,000 to repair the bridges.

- *Will this get the line up to 286k capacity?* Yes, could load that heavy as far as Vale.

<u>5R0396 – Elgin Complex Rail Spur Repair – Mark Davidson</u>

The Elgin Complex is serviced by Idaho Northern & Pacific RR. Wallowa Union took over the maintenance of the Boise lead at the request of INPR. This complex is part of an integrated milling infrastructure that exists in NE Oregon. Complex has 4 Boise Cascade plants and one from Pilot Rock in Umatilla County. This infrastructure is a key component to having a market place to go with wood fiber and raw materials from in management of national and private forest lands. Losing that infrastructure would be a severe blow to the local economy and value of lands and the cost of managing the forest lands to reduce fire danger. Rail lead is 1960's construction with periodic maintenance. In last few years they have put $30-$50,000 a year into it. There have been at least 4 derailments due to rail breakage since they put in 286k boxcars. Currently has a lot of 85 pound rail. This project would change that out to 133 pound rail and would also replace 1250 ties on the lead track. This would bring the track up to a serviceable condition. The complex has a $91 million economic value to the region. Boise Cascade employs about 600 people and processes about 60 million board feet of lumber each year in the region. The main product is plywood and rail is critical for shipping due to the distance to market. There are about 30 carloads per week being shipped out. Plywood mill is running at 100% capacity and the stud mill at about 50% capacity. Stud mill is currently limited by the log supply. This is a safety issue for the train crew and the mill employees that they want trying to address. Impacts speed and efficiency of shipping of the plant. Staff noted that application did not have support of operating railroad. This was an oversight and we have a letter from railroad supporting.

- *How many carloads are shipped?* 30 car loads per week, 1500 per year
- *Idaho Northern connects with Wallowa Union at Elgin and IN connects with UP in LaGrande; who owns the line?* UP owns the branch line IN operates on to milepost 20 in Elgin. Then Wallowa Union owns from milepost 20 to end of track. Wallowa Union owns 63 miles of track.

<u>1R0413 – Portland Passenger-Freight Rail Speed Improvement Project – Clint Shelbitzki</u>

Most congested area in the state. North Portland Jct. is where UP enters and exits from BNSF. Limiting feature is the track and curvature. Replace a #11 switch with a #15 switch. This will require relieving the restrictive curvature on the track. Will increase speed through this area from 10 mph to 30 mph. The track straddles a wastewater treatment facility so it will require a retaining wall which is where a bulk of cost is. It is a system project with impacts to UP, BNSF, and passenger rail. Far reaching impact on commodities coming into and going out of Oregon, both imports and exports and is multimodal. Project is $13 million; UP is providing $3.9 million, BNSF $600,000. The balance is from a grant that ODOT obtained for design work. Design is

currently at 30%. UP is working to have design at 60% by the time this grant is awarded. This has been a priority project listed in various Oregon studies dating back to 2003. Hal Gard disclosed ODOT has a vested interest in this project. ODOT funded the preliminary engineering through an ARRA grant and would receive direct benefit through the state sponsored passenger rail service. What is state interest in this since there is no passenger rail on UP here? It allows faster through put on the connecting BNSF line where Amtrak operates..

- *Is bulk of the cost going to rebuilt track through the curve?* No, the bulk of the cost is for the retaining wall. Going to pull entire curve back a little more to the water treatment facility. Move turnout 60 feet to the south.
- *Where are the Peninsula Junction turnouts?* We pulled out Peninsula Junction's turnouts for this project. They would be a second phase.
- *Congestion will continue to grow. How will this address future congestion?* It will allow for more capacity over time. Improve through put traffic
- *What benefit do you get from doing just this part?* Will still get additional speed, but agree that Phase II must be done eventually. ODOT is committed to removing all choke points in this area and will take every opportunity to pursue funding.
- *What happens to the Peninsula Terminal connection?* It stays the same.
- *Is the dollar amount the same as the previous Tiger Grant application?* No, the project was scaled back for this grant. We were not successful in obtaining the TIGER grant.

The Chair opened the floor for public comments.
There were no public comments.

Closing Comments/Adjourn

The Chair adjourned the meeting.