

**Rail Advisory Committee  
March 4, 2014  
Meeting Minutes**

Meeting location:

Portland Airport Conference Center, Multnomah Room, 7000 NE Airport Way, Portland, OR

Members in attendance:

Chuck McLaran, Chair	Craig Levie, Tangent Services
Bruce Carswell, West Texas & Lubbock Railroad	Dale Keller, City of Prineville Railway
Randy Russ, United Transportation Union	Mark Eitzen, Gunderson LLC
Mike Hayward, Wallowa County Commissioner	Annette Price, Port of Portland
Joel Haka, Genesee & Wyoming Railroad	Rob Eaton, Amtrak
Donald Leap, Retired	Jerry Wilmoth, Union Pacific Railroad
Terry Finn for Johan Hellman, BNSF Railway	Paul Langner, Teevin Bros.

Members absent: None

ODOT Rail Division staff in attendance:

Hal Gard	Bob Melbo	Kathy Holmes
Heather Gaona		

Chair McLaran called the meeting to order.

Craig expressed appreciation for the individual(s) who put together the binders.

Conflict of Interest

The committee declared their conflicts.

Kathy reminded the members that those with conflict could still participate in discussion, but just not the vote. Jerry acknowledged that he had a number of conflicts

Paul expressed concern over the committee's path. He echoed Bruce's concern from the previous day that the applications were focused more on economic growth and less on infrastructure. He asked Annette her view, as she was a founding member of the committee. Annette conceded that the focus had shifted, but stated it was a sign of evolution. The view she had was everyone loves infrastructure and needs it, yet there doesn't seem to be a long term view for maintaining it as an asset. It was a balance to figure out.

Bruce recommended they express their view of what Connect Oregon should prioritize currently and going forward by how they ranked. There should be a migration away from industrial development and more toward the original intent. Terry added that there is the perception that they were helping the rich or single industrial projects. He stated it should be more about the public benefit. Craig stated he felt this was an evolution. In the beginning there were a number of railroads which needed improvement. The lines are still operating and bringing business to them as a result of past investments.

**Applicant Presentations/Questions & Answers**

Peninsula Terminal (1R0342) – Kent Warnes

This is a four acre paved lot next to the terminal, BNSF, and UPRR. It has cross dogging capabilities of 22,000 feet. There is a staging area and a section dedicated to just loading

chemicals. About 20% of the commodity is kosher food grade, and the rest are chemicals. Bringing track into the facility will help with loading all kinds of things. It would create jobs by adding a switch crew, marketing and administrative support, and mechanical. There are four businesses looking for pallet capacity. They feel they are in a good location, about one mile from the port. They believe it would palletize commodities, move product, reduce carbon/congestion/wear and tear, and create at least six jobs.

- *Would you do all the improvement?* We would do some and contract out some.
- *You mentioned 3,000 tons but regular are 4,000 tons, can you explain that?* That would be the recurring volume of potential new business.
- *What is the recurring volume?* Export about 4,000 tons per month and import 4,800 pounds, about 30 plus cars per month.
- *How many boxcar doors?* There will be four functional boxcar doors.
- *What is the third business?* Duo Shipping. They do oil and dry storage. They want 200,000 pallets to take up 1,300 square feet and bring in three rail cars and three trucks a week.
- *Is there the risk that it may move to Seattle if not built?* Some of it has already moved, so yes.
- *You mentioned four businesses, but I heard three, what is the fourth?* Buffalo Hydraulic. They will ship 1,000 tons of sand a month. We will need a dedicated switch engine for them.
- *Can you comment on how this may help with safety or congestion relief?* Safety has always been number one concern. We can put Portland on or off the map. Focus on safety and we have a 100% rating. This would remove congestion and improve safety by taking the chemicals off the road.
- *Is this project strictly rail and one or two switches?* Yes, it would require a number nine turnout, a turnout going into the warehouse, and a second number nine turnout going into the rail spur.
- *You talked about trucks and container traffic. How much is it?* It depends. The traffic is mainly going between the facility and the terminal.
- *Who is your competitor in Oregon?* For what I'm trying to do, no one in Oregon. Main competition is Tacoma and Seattle.
- *How do you differ from your competitors?* We are a little further down the river so will take a day in and a day out. However, our prices are competitive and we want the business.
- *How certain is the business if you were granted funds?* It is pretty certain. Some of them want to come in now in fact.
- *How ready is the project?* We have the design and nearly ready to start breaking ground.
- *How much time to complete?* It would take about 30 days once we have all the materials. We have already cut the cement in preparation.
- *You are requesting a forklift. Are you planning on modifications to the warehouse?* The second forklift is to load trucks outside.

#### Willamette Valley Rail Road (2R0290) – David Root

This project involves about 10 miles of track from Woodburn to Silverton. The first step involves making some track improvements. Next we will be expanding on some bridge improvements that were done from prior *ConnectOregon* grant. This will complete work on the head walls and replace the side board and fix the Abiqua Bridge. There is a small 15 ft. bridge to replace with culvert. The reload work is in Woodburn. They bought 10 acres of land, which is used for the nursery industry. Union Pacific increased the tariff so high that the nursery needs an alternative shipper. There are three acres that are currently used and move about 300 cars a year. They want to pave, light, fence, rail, and dock it. This would enable them to switch cars around there so they don't have to move an extra 2 miles. The valley is heavily involved in wheat. Increase from 50 to 80, and expect more than 100. They have seen car loads increase about 15%. This year they started out up another 10%. This is good but just trying to increase business and meet

customer needs. They do have match on hand from selling tax credits. They've accumulated about \$150,000.

- *What is annual car loads?* 900 cars.
- *Can you give us a brief overview of the business?* We operate Monday through Friday. Our biggest customer is frozen chicken who brought in 264 cars last year.
- *What is the status of the lease property from Union Pacific?* Just extended the lease for 10 years.
- *How often do you interchange with Union Pacific?* We don't due to the issues. We use Salem Local which is excellent. UPRR is great for everything else, just not this.

#### Boise Cascade (5R0293) – Craig Simanton

Has Gary Lathrope on the line as well. They have eight mills in region. They are all tied together with products and region. They have 100,000 hourly and salary employees. This is for the Elgin plant which is plywood and lumber. It was built in 1960's and the spurs were put in at that time. They have done no major construction, just repair since mid 60's. They are the largest employer in the county and Elgin. They produce a lot and have shipped 64 million feet of logs. The economic impact is 91 million dollars and wages are 51 million dollars for 325 employees. Their mill also supports drivers, land owners, machinery and equipment businesses. They have been repairing track as need and spend an average of \$50,000 a year. The proposed project would replace the majority of the track. They must repair immediately before further product can be shipped. This is a safety hazard to area. The scope is to resurface track and replace current 85 lb. rail for 136 lb. rail and replace 158 ties. They would buy the materials and contract to build. Estimated cost is \$500,000 with 20% which has been approved by Board of Directors. All the repairs and finance would be annually. Majority of money for consulting with estimated around \$100,000. They would purchase equipment from company for \$400,000.

- *Why did you choose 136 lb., when 115 lb. may have worked?* It was a recommendation from the rail company due to the size of the cars we are running.
- *Question to Bob: Do we know the rail size going into La Grande?* 131 lb. secondhand jointed rail.
- *You mentioned two derailments. Can you tell us about that?* Yes, both occurred due to track giving out with broken ties.
- *What is the volume?* We run about 16 cars a week.
- *What would be the volume if upgraded?* Not necessarily increased volume. It would just prevent the derailment and allow for better efficiency with speed.

#### Roseburg Forest Products (2R0292) – Kevin Donnelly

Jeff Brennan, director. Sydney is manager, and Kevin is rail manager. They provided handout of what was not in the application. In March of 2009 most of their rail lines were on UPRR. They had no access to customers on BNSF. They bought the facility to load it out to BNSF customers. However, there were not enough customers to pay for it. In January 2010 they took it public. They separated from Roseburg to develop other wood businesses. They have grown it significantly with about 15 customers, including themselves. They have it on a short line. They have 150,000 sq. ft. of storage, five acres of developed land, and 10 acres of undeveloped land. They've upgraded quite a bit with low containers and band freight. They can load two box cars indoors and seven outdoors. They extended the spur to load flat load and centipede which was done from Connect Oregon II. There are improvements to loading dock. They got an authority for expenditure to \$750,000 to bring the seven cars inside, so will load nine inside in inclement weather. They put a hold on the expansion until the need is there and just got approved for new roof. They trans load and cross dock, work with South America, loading and shipping super sacs to hopper cars into Milwaukie. Their business and customers include Alcoa Aluminum, lumber, and they have four cranes that can move up to 20,000 lbs. They get benefit of ERP with Roseburg. They are sandwiched between PNWR and UPRR Mainline. When Weyerhaeuser had the property there was another spur. The City of Eugene and Springfield wanted

intermodal. St Vincent wants seven containers a week. They have a lot of interest from those who want someone who can store and forward. They would like to add 5 to 15 jobs and want to have ability to go out either railroad. They would be the only facility with indoor storage and dual use.

- *Would this project connect to existing infrastructure or just access it?* It won't tie into the railroad because it is forbidden in the contract, but it will tie into the structure. UPRR may throw money in which would reduce cost. There is a lot of potential to make this a viable option for growth. You can count on one hand the number of businesses with dual access. The issue is service level. It was okay but not great before, but now that I have my own customers, it is something that needs to improve.
- *Is it going to load down south or just truck to the facility?* We are storing things at different locations for houses. This is just additional.
- *Was there discussion to expand PNWR and have BNSF and UPRR build off of that?* No, we offered BNSF 100% of our business and they turned us down. We have tried in the past and from that experience we learned BNSF and UPRR won't agree together, so we came up with an alternative.
- *Comment:* I hear you say you hope it will be less than four million, and Bruce says it will probably be more. There is a big discrepancy which makes me wonder how solid the numbers are, and that maybe this is a premature request.
- *Comment:* As a short line guy we face the franchise issues. But, it could have a cheaper alternative to try and enter discussions with BNSF and UPRR.
- *It looks like you have two elements to fill, is this correct?* I don't have it at this time. I'm told it can be, but I don't have the data on me.
- *Comment:* if you haven't submitted for permits, you are looking at another year out.
- *What is your expectation of UPRR if it does get built out?* Currently it is five carloads a week, but hopes to get as much as 25 to 30 a week. From the offset though, it would be at least five.
- *Who would do the work?* It would be contracted out.
- *Who would do the signaling?* UPRR
- *Is this high speed rail through here?* Bob: Yes, 79 MPH maximum for passenger trains. This has processed through a UPRR review. We received approval and it would be coming off the high speed main line, then siding, then spur.

#### Teevin Brothers (1R0267) – Paul Langer

They are back after successful project for Connect Oregon III. They would like to capitalize on location. They can access I 5 without coming into Portland. This helps with intermodal system that doesn't have to go out on Class I. In Connect III they extended rail spur and some laid down track. In 2010 they said 37 jobs would be created, but created 75. They took 45,000 truckloads off the road. Traffic on the line is increasing the amount of cargo. They generate 10 cars a week. About 9,000 tons of rebar are processed without going up the I 5 corridor. Initially they started to look elsewhere, but if this project can be done, it will fit in Oregon instead. This would allow them to acquire land, add a rail spur, and move forward. They have opportunity to get last seven acres which has rail and marine terminal to the end. Added screening, security, ad hoc service, and infrastructure for future development. They can move forward with our project. They are adding to the Oregon system, not just Teevin Bros. Back of page is a list with bolded only Oregon products and/or significant customer base. This is the cap stone with the rail project. They have always met and exceeded job expectations.

- *Have you gone to the marine committee for funding?* No, they didn't consider it a project for them.
- *Will there be additional docking?* Yes, the Connect Oregon IV work which included the dock will be finished in six or seven days.
- *Do you have any specific view on how obtaining the land parcel will affect you?* This area is zoned industrial, but not for storing logs. This would allow us to consolidate shipments. They

are storing steel stock outside of San Diego. We would get the pieces of steel to load a barge. It can all ship at one time or consolidated shipment. One of the Hawaiian shippers is looking at putting together entire home building kits. There is a demand in Guam and other countries to receive home kits.

- *Is the parcel to the east not industrial?* It is hybrid with waterfront. It is anything but industrial.
- *How many total acres do you have?* 89
- *How many car loads are you doing?* 12,000 (application provides examples of the type of loads)
- *How much of the loads internal to Oregon?* About 90%
- *Has the construction already been graded?* There are no fill projects or permitting projects. It is strictly flattening, paving, fencing, and lighting. The rail extension will be majority and we will use 136lb.
- *Who owns that property?* It is a private owner, the one who owns Rite Aid and Hi-School Pharmacy.

#### Port of Morrow (5R0311) – Lisa Mittelsdorf

Lisa and Ann Marie. They are 160 miles upriver in Boardman. They have 2,500 ft. of rail track, two switches, lighting, fencing, and refrigerated storage. There are no wetlands; about 2,500 acres are shovel ready. They are economic industry for North Central Oregon. They are a hub for agricultural products and processing, hub for bio fuels, and they handle up river containers (largest). There has been about 50 million dollar investment from public that resulted in 400 million dollar private investment. They are very diversified including data and grain and have lots of job creation. One of the constraints to grow is the amount of housing. To the project, there is a critical lack of reefer stored rail capacity. The bulk of ConAgra will go by rail. This would develop future rail capacity. Local companies have committed to use it. There are letters of support. They have built out past Connect Oregon projects, last was Connect II where they built out siding and built mainline siding with mainline switches which served industry. Also have Connect Oregon IV funding which is part of the extension. Developed plan for about 5 years. This is the phase development that does not include additional project development with international traders and eastern part of US. Being next to Hinkle they deliver best UPRR service. Port of Portland has been critical component and will continue to do so, but having options will ensure success. Strategically located to take advantage and timing is right.

- *Comment:* I see the total project cost is 12.1 million dollars, and you would invest more than six million as a match.
- *Are the 150 million dollars of product and 500 million pounds all rail?* Initially it is all modes but this is an additional phase, the catalyst. It is primarily rail and starts projection on additional rail projects. We think we are close to 4,000 carloads a year in and out, so we would be pushing out.
- *From the standpoint of available funds, it is still 15% of total. Is there any view or number on cost?* Can't really answer that. Those are hard numbers from cost estimates and what was necessary funding. Freezer is all rail, bulk is shipped out by rail, and it is a significant statewide hub. We understand a building is not rail but it is important because it adds to the use of the rail.
- *Do you know what Lamb Western is producing annually?* Over a billion lbs. the lion share is going into the warehouse
- *Comment:* See relevance of asking about percentage from modal standpoint.
- *Is the 62 million invested in Port Morrow or does it also include surrounding area?* It is specific to Port Morrow and had nearly doubled.
- *Is that additional spur for storage or some other project?* That is to use the cold storage and to pass cars.
- *Can you scale things back?* Craig: Of course things can be scaled back. Would it be successful? They have multi million dollars of investment. This is made right in Morrow

area. It could go up to the Kennewick area 100% by truck. Once it goes somewhere else it will stay there. They have dual service (UPRR and BNSF) in Kennewick, so there is the competitiveness. Gary: additional things in play but there will be opportunity for facility to grow, and materials will be taken to this area across state line and vice versa. We are construction ready. Not complex, and an easy go.

### **Conflict of Interest**

The committee declared their final conflicts of interests. Please see Conflict of Interest Declaration page.

### **Ranking Process Review**

Kathy explained the ranking process once more, reminding the committee that even if the rank is similar to how ODOT ranked, they must provide reasons.

### **Project Ranking**

The committee went through the process of ranking the projects and discussing the reasons for the ranking. Please see Project Ranking page for those ranks and reasons.

### **The Chair opened the floor for public comments.**

There were no public comments.

### **Closing Comments/Adjourn**

The Chair adjourned the meeting.