

**Rail Advisory Committee  
February 7, 2008  
Meeting Minutes**

Meeting location:

Port of Portland Building, 121 NW Everett Street, Portland

Members in attendance:

Bruce Carswell, Portland & Western Railroad  
Delmer Hansen, United Transportation Union  
Paul Langner, Teevin Bros.  
Chuck McLaran, Chair  
Dave Root, Willamette Valley Railway

Terry Finn, BNSF Railway  
Jonathan Hutchison, Amtrak  
Craig Levie, Tangent Services  
Annette Price, Port of Portland

Members absent:

Ray Barbee, Roseburg Forest Products  
Mike Hayward, Wallowa County Commissioner  
Bob Krebs, retired

Bob Lowry, retired  
Jerry Wilmoth, Union Pacific Railroad

ODOT Rail Division staff in attendance:

Kelly Taylor  
Bob Melbo  
Cary Goodman

Chair McLaran called the meeting to order at 9:22 a.m. Rail Advisory Committee (RAC) members made self-introductions. RAC reviewed and accepted its October 4, 2007, meeting minutes.

**ConnectOregon I Update** - Kelly Taylor gave an update of *ConnectOregon I* (CO I) program. Some projects are completed and most others are well underway. The grant awards to the Treasure Valley renewable Resources project and the related Colorado Wyoming Railroad have been cancelled. The Central Oregon and Pacific Railroad's Winchester yard grant award remains on hold. Any available funds from projects that have not gone forward have been allocated to the Port of Morrow project. The Port of Morrow project was designated by the Oregon Transportation Commission to receive funding if funding became available. Dave Root requested an updated CO I rail project list to review at the February 14 meeting.

**ConnectOregon II Process Overview** - Kelly outlined the content of the members' CO II binders, the applicant presentation/Q&A process, and the requirement for members to declare any conflict of interest they have for particular projects at the beginning of each meeting at which the RAC will be discussing the projects to determine ranking or prioritization. A member with a conflict of interest can fully participate in any discussion on the project in question, but the member must abstain from voting on the project.

As outlined by the Reviewer Instructions issued by ODOT, to prepare a prioritized project list of the rail projects, RAC will first determine the "tier" level (1, 2, 3 or 4) of the project depending on how thoroughly the project meets the five considerations listed in the CO II legislation. RAC will assign a high, medium, or low ranking to each project within each of the four tiers. RAC will then prioritize the list beginning with the Tier 1 high ranked projects, followed by the Tier 1 medium ranked projects, and so forth until all projects have been assigned a priority within its tier and ranking.

## **Applicant Presentations/Questions & Answers**

Mt. Hood Railroad (MHRR), R10004, Repair Flood Damaged Track - Jack Mills, owner/president; Michelle Marquart; Ron Kaufman, were the presenters. The project would repair the washout at MP 15. Only half of their track mileage is usable now. Fix will restore service to Parkdale. Prior to washout, the railroad handled between 60,000 to 70,000 passengers per year, which equates to \$6-7M for Hood River County's economy.

- Will the proposed fix prevent a repeat of damage from a future flood event? MHRR staff has worked w/Army Corps of Engineers, Fish & Wildlife, etc. to come up with a fix that will last, is aesthetically pleasing, and satisfies environmental concerns.
- Tell more about MHRR's freight business. They can pursue new freight business if the project is built. The four businesses that are no longer functioning in Parkdale are passenger-related, not freight-related. Staff stated that this railroad makes the majority of its money with its passenger service.
- Tell more about the propane freight. Parkdale's residents and nearby orchards are the customers.
- Prior to the flood damage, how many cars did they switch w/UP? 500/year.
- What weight is the rail? 100 lb.
- Can't the MHRR get help from FEMA? No, FEMA will not provide funding because the railroad is a private business. MHRR suffered \$300K of damage in the '96 flood; they (and all the other private railroads) were not eligible. Port of Tillamook Bay RR did get FEMA funds because it is owned by a public agency.
- Staff stated that MHRR is providing about a 40% match, and that MHRR's annual carloads were once as low as 100/year, but that number has been trending upwards in recent years.

Albany & Eastern Railway Company (AERC), R20051, Mill City Branch Bridge- Toby Van Altvorst & Dave Farrell presented. The project will make this bridge a true 8-stringer bridge, equipping it to handle 286K cars.

- How many carloads on the Mill City branch? Last year it carried 2,000 carloads. There should be about 100 carloads/year increase due to recent addition of a 3<sup>rd</sup> customer.
- More details on interconnection with Class I railroads? It is a UP branch. There is an allowance in the agreement with UP for a certain amount of carloads that can come via BNSF.
- Is other rail work needed on this branch for it to handle 286K cars? Yes, AERC has another CO II project to address that trackage.
- How will upgrading for 286K affect signing up more shippers? Without the upgrades, they can't expect to get more business. They're running 286K cars now, but there will be a day of reckoning if they don't upgrade.
- Will these upgrades result in a speed increase? Yes, it's 10 mph now.
- Is your business enough to maintain the line if COII pays for these upgrades? Yes, AERC is pleased with the income generated from this branch; this branch has a bright future.
- A member pointed out that applications R20051 & R20052 (page 4, Question 10) mistakenly say that the applicant owns the property. Actually, they lease it from UP (1993 – 2013 with an option to extend). AERC acknowledged this.
- Staff noted that this is one of the few projects that is systemic – it addresses all the bridges on this branch (43). Additional Information section in binder provides more data on the bridges.

Albany & Eastern Railway Company, R20052, Mill City Branch Rail & Tie Upgrade 286K- Currently, this branch has 75 lb. and 90 lb rail in places; elsewhere there is 131 lb rail. The 7.5 miles from Lebanon to Crabtree is still 75 lb rail. AERC is running 5 mph along this section

since they're running high cube railcars and they don't want to risk derailments. AERC contends it can stretch the funding dollar further due to sister company Rick Franklin Corporation. AERC plans to achieve Class 2 track classification with the CO II funds and run 20 – 25 mph over most of this branch, but maintain the canyon as Class 1. AERC has identified 6.5 miles of rail that they can purchase from UP if this project is funded.

- A member observed that AERC's application proposes to install a tie for total cost of \$80, which is very cost effective.

Albany & Eastern Railway Company, R20013, Sweet Home Branch Rail & Tie Rehab – 286K. Weyerhaeuser has spent significant money upgrading one of their mills (Santiam Lumber) along this branch, calling it a Super Mill. It's a small log mill; it could represent 3,200 carloads/year in a strong market. Existing rail is 75 lb and is wearing out. Project would upgrade 7.25 miles between Lebanon and Bauman, and build a 1,000' run-around track.

- Won't the new mill need two switches per day? Yes. The track is currently 10 mph; upgrade would make it Class 2 and allow 25 mph and would facilitate two switches in one train crew day.
- How would AERC prioritize these three projects? Same order as the presentations – Mill City branch bridge is most vital; Mill City branch rail is 2<sup>nd</sup>; Sweet Home branch rail is 3<sup>rd</sup>.
- How will AERC match \$2M+ if all three projects are funded? Being a part of the Rick Franklin Corporation family provides AERC with access to adequate finances. Rick and Bernice Franklin personally own the railroad. They have a vision of running 25 mph on the entire line, growing the freight, running passenger excursions, etc. Previous owner had the entire line in exempted status. Franklin took over September 2007 and they're working at upgrading to Class 1, then Class 2.
- Have you considered a federal RRIF loan? To some degree, applicant is looking at it further.

City of Lebanon, R20062, Santiam Spur Upgrade/Bridge Replacement - The City will present on this project tomorrow. However, since AERC is a co-applicant, Chair McLaran asked if they cared to comment on it.

- AERC is supportive of the project. AERC owns the property at the end of this spur; dismantles cars there for UP; hauls scrap away in carload; stores its locomotives in a secure location.
- Why is the cost relatively high for the length of the spur? Cost is not just for work on rail; the bridge was burned by vandals a month after Franklin took ownership. Bridge supports are creosoted, and some are in the City's water supply. City would welcome their removal & replacement with concrete supports.
- Staff noted that \$1.2M of the project elements are road improvements eligible for highway funding, therefore that portion of the project is not eligible for CO II funding. Committee will ask City of Lebanon representative tomorrow if they will still want to pursue the CO II funds given they will have to pay for all the road work.

Port of Morrow, R50044, Morrow Multimodal Rail Logistics Center - Lisa Mittelsdorf, Ann-Marie Lundberg, and Gary Cardwell (co-applicant) presenting. Recently, a Port tenant was awarded a \$24.5M federal grant to develop cellulosic-ethanol production. If this project is built, Union Pacific (UP) says they could run three to five more trains out the Gorge by using the proposed side track to stage trains. Page 12 of the CO II application lists commitments for 315 jobs in the Boardman area should this project be built.

- What is the length of the controlled siding? 8,100'.

- RAC member Craig Levie noted that he has a conflict of interest as he is a colleague of presenter Ann-Marie Lundberg, and that they helped the Port put together their application.
- For Gary Cardwell, For your portion of this project, is this the same project as CO I that you withdrew because UP did not support it? Yes, but UP now supports the project and has submitted a letter of support.
- Why did UP change its position? Solid waste unit trains can run in slots, and UP sees that they could handle this traffic. Also, UP was running at about 130% capacity two years ago; now UP is running at less than 100%.
- Staff noted that letters of commitment are required to prove certain claims, not just letters of support. Also, UP's Jerry Wilmoth (a RAC member) will be attending tomorrow's meeting and can speak to this issue.
- It appears there are several components; what are the priorities? Get switch off the main; add necessary trackage off the main.
- The staging tracks are long – are they for unit trains? Eventually.
- How shovel-ready is the project? They have already invested \$10M. Their goal is to break ground by the end of the year; design is at 25%. Staff noted that the application indicates a less aggressive schedule, i.e. 01/15/09 as the construction contract award date. Presenter stated he still thought they could break ground by the end of 2008 but acknowledged that that would be a month sooner than the schedule in the application.
- Tell more about the solid waste traffic. Currently, 80 containers/day are going to Arlington by truck. This project would allow for these containers to travel by rail to Port of Morrow (Boardman), then truck them back to Arlington.
- The international containers go out of country from where? Seattle/Tacoma.
- What about track configuration – won't you have to reach across tracks to load/unload containers? Yes, but NWCS equipment can lift 80,000 lbs.

Northwest container Services, R10058, NWCS Portland Expansion - Gary Cardwell presenting. NWCS subcontracts with UP & BNSF to haul intermodal containers between Portland and Seattle/Tacoma. Business has grown from 50,000 to 70,000 containers/year. Project would add two more tracks to the Portland facility, and possibly add two more jobs. NWCS has invested \$42M since 1997.

- How long would each new track be? 1,600'.
- One train/day to Tacoma? Yes.
- What percentage of containers come in by rail? About 98%.
- Is solid waste compacted before/after loading into container? Before.
- What is the status on NWCS' plan to build a facility in Eugene? Once they're done with Boardman, they'll pursue Eugene. UP seems more open to the Eugene idea than they were two years ago.
- UP still OK with the proposed project? Yes.
- RAC member Terry Finn noted that his company, BNSF, supports this project.

Port of Portland, R10066, South Rivergate Yard Expansion - Robin McCaffrey presenting. Project would add additional yard track. Current users of this yard include: Columbia Grain, they need two turns a day but can't get it now; Oregon Steel, opened a pipe plant recently, they're moving towards unit train, but lack the capacity to handle that; Land of Lakes; other Rivergate manifest users (Simplot, Schnitzer Steel, Hi-Temp). Most of this application is for a loan, not a grant.

- RAC member Terry Finn noted that his company, BNSF, supports this project.
- Another RAC member observed that this project is the final piece needed to make other improvements really pay off.
- What is status of Ramsey Yard (CO I)? 50% design.

- How many tracks currently? Seven.
- This will add five more? Yes, but not along the entire length of the yard.
- How will the proposed loan work? PoP will enter into an operating agreement with UP & BNSF. The Class I railroads will pay a usage fee (flat, not volume-dependant) to pay PoP the loan back over 10 years.
- Is your proposed schedule reasonable, given all the delays on the Ramsey Yard? Yes, applicant thought it was still realistic – the railroads support this project, and PoP learned some things from the CO I (Ramsey Yard) project.
- Who maintains the current yard? UP.
- Would they likely maintain the proposed expansion? Not sure, but presumably UP.
- A member asked staff: does cost estimate seem high for the scope of work? Unknown, have not yet reviewed the budget breakdown received only a few days ago.

Sumpter Valley Railroad, R50012, Machine Shop Expansion and Rebuild Program - Taylor Rush presenting. SVRR is a 6-mile historic railroad in Baker County; incorporated in 1971, began running excursions in 1976; enjoyed 12% passenger growth last year. The service is a two hour train ride from McKewan to Sumpter and return. SVRR suffers from a lack of maintenance facilities; its 100' x 100' shell was constructed in 1999. Project would increase floor space by 50%, and finish the building (insulation, heating, water). The project will also provide funds to perform the required locomotive overhaul in 2010.

- What are your passenger volumes? Last year, SVRR had 13,900 round-trip passengers (end of May to end of September, weekends only).
- How much impact for the Baker County economy? Not sure. The fare is typically \$9/person. Some tourists make a weekend of it (motel, restaurant).
- Any plans for expansion – extend the track? There are plans for an additional five miles in the future, but they won't do that anytime soon. Track weight ranges from 70 to 100 lbs.
- Staff noted that the project costs in the application don't match between the original number of \$950,000 and the supplemental information with details that totals \$725,000.
- What is the source of the match? Presenter thought the match was the original construction of the building. It was noted that this may not be an eligible match.

Port of St. Helens, R10016, Port Westward Railroad System Wye - Gerry Meyer & Tom Fuller presenting. CO I project is 77% complete (\$2M of \$6M total project is from a CO I grant). The proposed wye will allow unit trains to get turned around for their return trip back to Portland and back. Required land has already been dedicated.

- Why is the wye so important? For an ethanol plant to be efficient, one never should break the unit trains. The only place to turn the unit train around is back in Portland, ~60 miles away.
- Will the wye be beneficial for other industries besides the ethanol plant? Yes, but not to the degree that one would build the wye just for them.
- Shouldn't the tail of the wye be longer (say 180' rather than 90')? Yes, the drawing has been revised to reflect a longer tail.

Union County/Pendleton Grain Growers, R50007, Alicel Intermodal Transportation Project - Craig Thompson & Jon Sperl presenting. Project will increase the facility's grain storage capacity, making shipping grain by rail viable for more shippers, and create jobs.

- Is UP supportive? Yes, they are extremely supportive of this project.
- How many carloads? 300 cars moved out last year. With the improvements, they could handle 700 to 1,000 cars/year. Market forces should drive additional business their way. They're loading out 25 cars at a time and putting them on UP's system at La Grande.

- How much elasticity is there in trucking rates? Not sure, but Union County recently lost three trucking companies that went out of business.
- If you don't get a price break for 25 car blocks, why build this? Facility needs more storage capacity to improve the efficiency of car deliveries and pickups by the short line railroads.

Port of Umatilla, X50018, Upland Distribution Center- Kim Puzey presenting. Majority of project is to build a 30,000 sq. ft. cold storage facility for one tenant.

- Most of the budget is for a building, not rail? Correct.
- \$4.3M is for the building? \$4.3 to \$4.5 - whatever isn't used for the building would go into track.
- Do you have the required crossing order to cross Roxbury Road? No. There is a current crossing issue on the Port's property that needs to be resolved (two tracks across the road, but only one Order in place) before another crossing order will be issued.

BNSF Railway, R10047, East St. Johns Siding Extension - Aaron Hegeman presenting. Extends siding from 4,900' to 7,700' and increases speed from 15 to 30 mph. 80 trains/day; about half are BNSF, other half are UP and Amtrak. This project provides the most benefit of all the Portland-area projects.

- Can Portland & Western Railroad exchange there? Yes.
- One member noted that when the railroads met last year to discuss Portland bottlenecks, this project rose to the top.
- Another member observed that this seems to be just the sort of project intended for by CO II legislation.

BNSF Railway, R10048, Power the North Leg of the Astoria Wye - Aaron Hegeman presenting. Will improve throughput out to ethanol facility, as well as all connections with Portland & Western Railroad (PNWR).

- Bruce Carswell agrees that their trains will have much less idle time. Also says that until this project is built, PNWR unit trains of corn will need an extra employee (on tail of train) to manually realign the switch.
- Staff noted that the engineering costs are \$700K, and that seemed rather high. Dirt work is included in the "civil work."
- A member expressed concern that this project doesn't upgrade PNWR's leg of the wye.
- Committee stated that this is a needed project, but asked the applicant to define and estimate it better. (Supplemental information submitted as requested and on ftp file.)

Upon conclusion of the presentations, the Chair noted that there were no members of the public waiting to provide public comments to the RAC.

The meeting adjourned at 3:23 p.m.