

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES  
JANUARY 17, 2018 – 11:00 A.M.  
BECKER-HANSEN BUILDING – 700 EAST BROADWAY  
PIERRE, SOUTH DAKOTA**

**MEMBERS PRESENT:** Harlan Quenzer, Chair  
Jeffrey Burket, Secretary-Treasurer  
Sheldon Cotton, Member  
Jack Nelson, Member  
Gary Doering, Member  
Steve Scharnweber, Member

**MEMBERS PRESENT  
VIA CONFERENCE CALL:** Jerry Cope, Vice Chair

**DOT STAFF PRESENT:** Joel Jundt, Karla Engle, Bonnie Olson, Lynn Kennison, Misty Siedschlaw, Jack Dokken, and Patricia Saukel

**DOT STAFF PRESENT  
VIA CONFERENCE CALL:** Becky Janssen and Dustin DeBoer

**OTHERS PRESENT:** Blake Jones – Rapid City, Pierre, & Eastern Railroad (RCPE); Lyn Fleihs – (RCPE); Tom Young – SD Pulse Processors; Alex Huff; Dick Huff; Jack Parliament – D & I Railroad Co. (D&I); Scott Van Den Top – (D&I); Roy Drake – Dakota Warehouse; Kevin Hipple – Hughes County; Norm Weaver – Hughes County Regional Railroad Authority (RRA); and Martin Winckler – Hughes County RRA

Harlan Quenzer, Chair, pounded the gavel and called the meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:08 a.m. in memory of Carl Anderson, former Board member, who passed away on January 12, 2018. Roll call was taken and a quorum was determined.

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Chair Quenzer opened the floor to Board members to disclose potential conflicts of interest and to present requests for waivers pursuant to South Dakota Codified Law (SDCL) chapter 3-23.

No conflicts of interest were disclosed and no waivers were requested.

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With the Board’s acquiescence, Jack Dokken, Program Manager for the Office of Air, Rail, and Transit recommended taking the agenda items out of order to accommodate Deputy Secretary Joel Jundt who was delayed while attending a legislative meeting. Dokken presented the consideration of Hughes County RRA/SD Pulse Processors loan amendment and introduced Tom Young, President of the SD Pulse Processors, LLC in Harrold for testimony. Young provided the

Board with background of the SD Pulse Processors' operation and requested forbearance on the current year's principal and interest payment.

A MOTION WAS MADE by Doering and seconded by Cotton to authorize the South Dakota Department of Transportation (the "Department") to prepare an amendment to the current loan agreement and any related documents to defer the principal and interest payment for one year without penalty, with no interest accrued and no payments due for this year, and extending the loan for one year with the balloon payment due in 2024 rather than 2023. All present voted by roll call vote 6 aye, 1 nay [Burket]. The motion carried.

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Dokken presented the results of a request for proposal (RFP) for salvage of materials on the Mitchell to Rapid City line and the Britton line. The following list was presented to the Board with the proposed bid of \$1,212,271 from Omaha Track, Incorporated being recommended by the Department for approval:

Contractor	Bid Amounts	Points received based on criteria	Overall price received (gross ton)
Omaha Track, Incorporated	MRC \$150.82 per gross ton; Britton \$124.57 per gross ton; Minus \$5,942.00 for Britton 1/2 mile takeup.	90.5	\$1,212,271
National Salvage and Service Corporation	\$120.00 per gross ton	83.5	\$1,055,280
A and K Railroad Materials Incorporated	\$107.00 per gross ton for rail; \$124.00 per gross ton for OTM; \$115.50 per gross ton (average)	68	\$1,015,707
Omaha Track, Incorporated	Optional offer trade 6.8 miles of 132# head free rail with 1/4" wear and matching OTM.	67	N/A
David's Lawn and Snow	\$125,000 lump sum (\$14.21 per gross ton)	58	\$125,000

A MOTION WAS MADE by Burket and seconded by Nelson to authorize the Department to negotiate and execute an agreement and related documents with Omaha Track, Incorporated for salvage of materials on the Mitchell to Rapid City and Britton lines. All present voted aye by roll call vote. The motion carried.

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Dokken asked the Board to move to the next item on the agenda concerning consideration of the Sioux Valley Relocation project. Deputy Secretary Joel Jundt stated that the status of the project is essentially at a standstill. The Federal Railroad Administration (FRA) is not signing off on the environmental portion of the project and approval does not appear likely because of the possible discovery of human remains with archeological scatter. The main concern is that there is a shortfall of approximately \$3,239,971 that needs to be addressed. The Department recommends not moving forward on the project until the funding concerns are resolved. Below is a breakdown of the current committed funding:

State	\$100,000
D&I	\$300,000
FRA	\$1,800,000

<u>D&amp;I RR loan</u>		<u>\$1,199,956</u>
Total Funds Committed		\$3,399,956
Anticipated Project Cost:		\$6,639,927
Shortfall:		<u>\$3,239,971</u>
Current expenditures:	State	\$426,573
	D&I	<u>\$100,000</u>
Total Expenditures:		\$526,573

Jundt introduced Jack Parliament to speak on behalf of D&I Railroad Co. Parliament stated that he is not ready to give up on the project. Parliament asked the Department to consider alternative sites or go back to the drawing board to look at other alternatives to mitigate the slide itself.

Parliament made available to the Board a handout of an engineering estimate from Civil Design Inc. (CDI) that was prepared in 2016 which gave costs around \$6.2 million. The Board reviewed the estimate and discussed the costs presented there.

The Board, the Department, and Parliament extensively discussed different options for the project. No action was taken.

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Chair Quenzer asked for a motion to approve the minutes of the December 20, 2017, Board meeting.

A MOTION WAS MADE by Burket and seconded by Cotton to approve the December 20, 2017, meeting minutes. All present voted aye by roll call vote, except for Scharnweber who abstained. The motion carried.

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Dokken provided the following project updates:

- RCP&E Project: The Office of Air, Rail, & Transit has been meeting with the FRA and RCP&E and the status has changed very little. RCP&E is still on schedule to bid in late January. The rail and turnouts have been purchased and the Department is waiting on solicitation for construction proposals.
- GIS mapping: The Department has received the first draft of the mapping of the Sioux Valley line. The Department has met with Planning and Development District III, which is the entity performing the mapping project. The Department will be prepared to show the Board a view of the mapping draft at the next meeting.

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Jundt presented the Secretary's Report. The Department was contacted by an individual with concerns relative to the movement of cars on the Napa to Platte line. An alleged incident took place on January 3, 2018, at approximately 7:00 p.m. where rail cars were being moved by Dakota Southern Railway Company and the individual indicated that there were no flaggers or flashing

lights at the crossing and the individuals in traffic vehicles were not able to see the moving rail cars.

The Department's Highway and Rail Safety Engineer along with Lynn Kennison reviewed the line and looked at each crossing for proper signage. FRA is responsible for regulation of the signage at railroad crossings. The Department has notified Dakota Southern Railway Company of the missing signs and suggested Dakota Southern Railway Company work with FRA to implement the proper signage. The Department's Highway and Rail Safety Engineer will also be working with Dakota Southern Railway Company to utilize available FRA safety dollars to upgrade signing. Because the frozen ground currently inhibits installations of new signing or lighting, the Department has suggested options to Dakota Southern Railway Company which includes not moving cars during the evening hours.

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Chair Quenzer asked for volunteers to participate in site visits to various rail lines. The following committee assignments were established:

Mitchell to Rapid City line – Mitchell to Presho: Nelson and Doering  
Sioux Valley and Napa-Platte lines: Burket and Cope  
Briton and Yale lines: Quenzer and Scharnweber

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A MOTION WAS MADE by Nelson to adjourn and seconded by Cope.

With no other business to come before the Board, the meeting was adjourned at 12:35 p.m.