

**SOUTH DAKOTA STATE RAILROAD BOARD MEETING
BECKER-HANSEN BUILDING
COMMISSION BOARDROOM
MARCH 16, 2016 @ 11:00 A.M.**

AGENDA

WEDNESDAY
MARCH 16, 2016

- 11:00 A.M. **Todd Yeaton, Chair**
- Call to Order
 - Approve the minutes of meeting on February 17, 2016 **1**
 - Election of Chair, Vice-Chair and Secretary
-
- 11:15 A.M. **Bruce Lindholm, Office of Air, Rail, and Transit**
- Consideration of Sioux City project **2**
 - Update on MRC line project
 - Rail line committee assignments for board members **3**

Adjourn

To participate by telephone, please dial **1-866-410-8397** and enter code **1289182255** to be logged into the meeting

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SOUTH DAKOTA STATE RAILROAD BOARD MEETING
February 17, 2016 @ 11:00 AM
DOT Building – Commission/Boardroom
Pierre, South Dakota

MEMBERS: Todd Yeaton, Chair
Carl Anderson via phone
Jeff Burket
Jerry Cope
Sheldon Cotton
Gary Doering
Harlan Quenzer

OTHERS: Jack Parliament

PHONE: Alex Huff

STAFF: Bruce Lindholm, Misty Siedschlaw, Bill Nevin, Bonnie Olson, Lynn Kennison, and Tessa Wenner

Agenda Items:

Call to order

- 1) Approve the minutes of meeting on January 20, 2016
- 2) Consideration of RCP&E TIGER grant funding
- 3) Consideration of State owned rail line maintenance plans
- 4) Update on MRC line project

Chair Yeaton called the regular meeting of the South Dakota State Railroad Board (the "Board") to order at 11:00 AM with a quorum present.

- 1) Motion by Quenzer, second by Burket, to approve the January 20, 2016, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

Bruce Lindholm, Office of Air, Rail, and Transit

- 2) Consideration of RCP&E TIGER grant funding

Lindholm summarized the Transportation Investment Generating Economic Recovery (TIGER) grant for the Rapid City, Pierre & Eastern, Inc. (RCP&E) project. The \$12.4 million project will be funded with a \$6 million TIGER Grant, \$4.4 million of RCP&E funds, and \$2 million in Future Funds from the Governor's Office of Economic Development (GOED). RCP&E plans to purchase rail prior to the

issuance of the TIGER grant in order to avoid a potential increase in rail prices. The TIGER grant will likely not be available until Fall 2016.

There will be three agreements needed for this project:

- 1) An agreement between the South Dakota Department of Transportation (the "Department") and GOED;
- 2) An agreement between the Department and RCP&E; and,
- 3) An agreement between the Department and United States Department of Transportation (USDOT) for the TIGER grant funding.

Motion by Cotton, second by Cope, to authorize the Department to enter into funding agreements with GOED and RCP&E for their portions of the TIGER grant project, and to authorize the Department to enter into a grant agreement with USDOT for the TIGER grant funding.

Motion carried by roll call vote (all aye).

3) Consideration of State owned rail line maintenance plans

Lindholm provided information regarding the state owned rail line maintenance plans. This information included the proposed 2015 plans, results of 2015 plans, and proposed 2016 maintenance plans. Plans and results were submitted by: D & I Railroad Co., for the rail line between Canton and Elk Point and between Hawarden and Beresford; MRC Regional Railroad Authority for the Mitchell to Rapid City rail line; Dakota Southern Railway Company for the Mitchell to Rapid City rail line, and the Napa to Platte rail line; Rapid City, Pierre & Eastern, Inc., for the Yale rail line; and Dakota, Missouri Valley & Western Railroad, Inc., for the Britton line.

The Board discussed the progress and outlook of future maintenance plans among the separate state owned lines. The Board discussed having two or three Board members assigned to each line to oversee the state's assets as casual observers and fact gatherers, along with Department personnel, and to report back to the Board the overall condition of the line and any maintenance items they observed that may need to be addressed. The Board also asked Department staff to communicate to the railroads that they would like to see future maintenance plans in an easier to read format similar to the one received from D & I Railroad Co.

4) Update on the MRC project

Lindholm updated the Board on the status of the MRC project.

The meeting was adjourned at 12:50 PM upon a motion for adjournment by Anderson, second by Cotton.

Next meeting is scheduled for March 16, 2016, at 11:00 AM.



Department of Transportation

Division of Secretariat

Office of Air, Rail & Transit

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MEMORANDUM

Date: March 7, 2016

To: South Dakota State Railroad Board

From: Darin Bergquist, Secretary, Department of Transportation

Subject: Sioux City Interchange

Jack Parliament requested this item come before the Board. As the Board may recall, the interchange of traffic coming from the BNSF (former SD Core Line) to the Union Pacific and Canadian National is very inefficient. The settlement agreement with the BNSF contemplates improving the proposed interchange and requires the State provide a \$500,000 commitment towards the construction of the project. Mr. Parliament has been in contact with the Union Pacific regarding this interchange. The Union Pacific has requested a set of preliminary plans for review. While we have spent some time exploring options for this interchange, all work done to date is only conceptual.

Mr. Parliament is requesting the Board provide half the funds to develop preliminary plans for Union Pacific's review. D&I Railroad will be required to provide the other half of the funds with the total cost anticipated to be approximately \$9000 to develop these preliminary plans. The commitment the State made in the settlement agreement for improving the Sioux City interchange is attached.

3.2 Timing of Improvements

The State and BNSF shall utilize best efforts to complete the projects identified in Section 3.1 by December 1, 2007 (except in the case of the Wolsey interchange the date shall be as provided in Subsection 3.1(D) above); provided, further however, any delays in construction projects resulting from force majeure conditions or acts or omissions of the other party, or third parties beyond the reasonable control of a party affected thereby, shall cause these time deadlines to be further extended for a period corresponding with the effect of the force majeure condition or the other party or third party delay. Notwithstanding the foregoing, BNSF shall use reasonable efforts to complete its portion of the Wolsey and Napa Jct. projects identified in Section 3.1.D. and E. on or before December 31, 2006, unless, through coordination with State and BNSF engineering and operating representatives the parties mutually agree upon any other prioritization of projects.

3.3 Sioux City, Iowa Infrastructure Improvements

(a) Subject to BNSF's review and approval of engineering plans and specifications, BNSF agrees to complete, on or before December 1, 2008 (subject to any delays as specified in Section 3.2), the Sioux City infrastructure improvement project identified below subject to concurrence of Union Pacific Railroad Company ("UP") and Canadian National Railway Company ("CN"). If BNSF is able to obtain concurrence of all necessary parties to complete the Sioux City infrastructure project, the State shall contribute five hundred thousand dollars (\$500,000.00) to this project, which shall be applied first to pay the proportionate share of the project costs attributable to D&I, Dakota Southern and Dakota Short Line railroads' usage, based on each railroad's expected use of the infrastructure improvement. Any portion of the \$500,000.00 which exceeds the collective proportionate share of D&I, Dakota Southern and Dakota Short Line, if any, shall be used to reduce the cost of the infrastructure improvement prior to allocation of those costs to BNSF, UP and CN. BNSF shall not be obligated to contribute to the construction costs of the project unless BNSF elects to utilize the connection, at which point contribution would be determined on a usage basis.

(b) In the event BNSF, UP and CN cannot come to agreement as to construction of the project for any reason, the State may negotiate a separate arrangement with UP and CN for such construction, and BNSF shall, subject to BNSF's review and approval of engineering plans and specifications, be obligated to construct those portions of the project on its right of way, provided BNSF is fully reimbursed for any costs BNSF incurs on the project. In the event BNSF desires to use this project, it shall be obligated to contribute to the cost of construction thereof in an amount proportionate to its own usage (which shall not include usage attributable to parties exercising Access Rights on BNSF lines). Initially, BNSF's usage shall be estimated for purposes of an initial payment to the State. Thereafter, BNSF's actual usage shall be tracked over a three (3) year period (commencing three (3) months after the project becomes fully operational) relative to other parties utilizing the trackage, and the actual proportionate usage

over that three-year period shall be utilized to calculate the final payment due the State from BNSF or refund due BNSF from the State for such construction cost contribution.

(c) The project shall encompass realignment of the core main track near and between Iowa Street and Floyd Boulevard in Sioux City, Iowa and construction of a connecting track to UP and CN. The currently planned requirements, which may be subject to change upon consultation with third parties and completion of engineering design work include: three Number 11 turnouts, one Number 11 turnout from BNSF's track, one (1) Number 11 turnout connecting to the UP track, and one Number 11 turnout connecting to the CN track. Subject to mutually agreed design specifications, UP would be responsible for construction of the Number 11 turnout from its track to the end of the limits of its right of way. Construction by UP will be governed by a separate agreement between UP and BNSF or the State, as appropriate. Subject to mutually agreed design specifications, CN would be responsible for construction of the Number 11 turnout from its track to the end of the limits of its right of way. Construction by CN will be governed by a separate agreement between CN and BNSF or the State, as appropriate. If a written agreement of necessary third parties is not reached, neither the State nor BNSF shall have any obligations pursuant to this Section 3.3.

Section 4. Guaranteed Train Capacity

4.1 Except as expressly provided otherwise herein, certain of the infrastructure improvements identified in Sections ~~2 and 3.3~~ ³ are intended to provide a guaranteed level of train capacity availability for all referenced carriers not in default of their respective implementing agreement(s) governing their respective Access Rights, subject to events of force majeure and acts or omissions of third parties beyond BNSF's reasonable control. In certain instances infrastructure improvements are not a predicate to the guaranteed train capacity levels. Following is the guaranteed train capacity, subject to events of force majeure and acts or omissions of third parties beyond BNSF's reasonable control, by lane, and other terms and conditions of this MOA:

(a) Wolsey-Aberdeen: Following completion of the Interchange Track north of Aberdeen and the Redfield siding extension (or alternate new siding near Redfield as may be determined by BNSF) project identified in Section 3.1.

CARRIER	GUARANTEED TRAIN CAPACITY
DME	3 train pairs per week (in addition to "normal operations" under pre-existing trackage rights between Wolsey and Redfield).*
Dakota Southern (pursuant to trackage rights)	2 train pairs per week.
Dakota Short Line (pursuant to trackage rights)	2 train pairs per week.**
Total Weekly Train Pairs	7 train pairs per week (in addition to "normal operations" under DME's pre-existing trackage rights between Redfield and Wolsey).*



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Division of Secretariat

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MEMORANDUM

Date: March 7, 2016

To: South Dakota State Railroad Board

From: Darin Bergquist, Secretary, Department of Transportation

Subject: Rail line committee assignments for Board members

At the last Railroad Board meeting, members expressed an interest in being assigned to specific rail lines to serve as liaisons for those lines. The Board will need to determine the exact duties but it is envisioned at least one area of involvement would be to participate in inspection activities of the lines with DOT personnel as well as be a Board resource for questions and issues related to that line. Staff recommends the Board consider grouping the lines as follows: the MRC by itself, Sioux Valley and Napa Platte as one group and the Wolsey sidings, Yale Line and Britton Line as the final group. These groupings work pretty well geographically and from a time and effort standpoint.

Staff also recommends the Board assign at least two members and not more than three to each group of lines. Once the groups are established, DOT staff will arrange times to highrail (if appropriate as some lines have limited capability for traveling on the rail) and/or otherwise inspect the lines.