

SOUTH DAKOTA STATE RAILROAD BOARD MEETING MINUTES

Tuesday, October 10, 2023 at 11:00 a.m. CDT

Becker-Hansen Building/Commission Room – 700 East Broadway Avenue, Pierre, SD

MEMBERS PRESENT: Jeff Burket, Chairman
Jack Nelson
Greg Carmon
Scott Lockwood
Ralph Schmidt

**MEMBERS PRESENT
VIA CONFERNECE CALL:** Steve Scharnweber

DOT STAFF PRESENT: Joel Jundt, Karla Engle, Kellie Beck, Jack Dokken, Perry Griffith, Misty Siedschlaw, Katlyn Wieme, and Kari Kroll

OTHERS PRESENT: Scott Van Den Top – D&I Railroad Company; Ryan Yanez – Ringneck & Western Railroad, LLC (RWRR); Mark Hobbler – Watco/RWRR; PJ Forbes – Watco; Ross Lane – Rapid City, Pierre & Eastern Railroad, Inc. (RCPE); Mike Kellar – RCPE; Hollie Stalder – Belle Fourche Economic Development Corporation (BFEDC); Brad Ludens – City of Sioux Falls; Mark Trottier – Dakota, Missouri Valley & Western Railroad Inc. (DMVW); Troy Fast – DMVW; Jenna Jahner – DMVW; Jeff Cooley – Civil Design Inc. (CDI); Bruce Lindholm – Grant Solutions; Bob Mercer – Keloland; and Senator Jean Hunhoff

**OTHERS PRESENT
VIA CONFERENCE CALL:** Jerry Vest – RCPE; Shannon Ausen – City of Sioux Falls; Shellee Currier – RWRR; Janet Wagner; Dan Bilka – All Aboard; Dick Huff; and Alex Huff

Chairman Jeff Burket called the Special meeting of the South Dakota State Railroad Board (the “Board”) to order at 11:00 a.m. CDT. A roll call was taken, and a quorum was determined.

Burket opened the floor to the Board members to disclose potential conflicts of interest and to present requests for waiver pursuant to the South Dakota Codified Law (SDCL) chapter 3 – 23.

Karla Engle, Office of Legal Counsel, reminded the Board that Board member, Ralph Schmidt, has previously disclosed a potential conflict of interest waiver request regarding his employment with Sisseton Milbank Railroad Company (SMRR). SMRR is making a request for a Special Transportation

Circumstance (STC) grant from the Board. Schmidt is recusing himself from the discussion and vote for the STC grant requests on the Board's agenda.

Burket opened the floor to public input.

No members of the public addressed the Board nor offered input.

Director Kellie Beck presented the Secretary's Report to the Board on behalf of Secretary Jundt. She noted the Department of Transportation (the "Department") filed the required notice with the Surface Transportation Board to complete the railbanking of the Tyndall to Ravinia segment of the Napa-Platte rail line. The Department will be responsible for managing the railroad right of way, any legal liability arising out of the transfer or use of the right of way (unless immunity from suit applies), and the payment of any taxes that may be assessed on the right of way.

Ralph Schmidt left the table where the Board was seated and sat in the gallery during presentation of all STC grant requests. Jack Dokken, Program Manager of the Office of Air, Rail, and Transit presented the details of a request from Ringneck & Western Railroad, LLC (RWRR) to increase the federal funding on an awarded 2020 STC grant for the construction of a meet and pass siding located on the Mitchell-Rapid City rail line. The amount of the requested federal funding increase is \$797,353. Since the original grant application was approved on May 20, 2020, the estimated project costs have risen, resulting in a requested funding shortfall.

Ryan Yanez of RWRR was available to the Board to answer questions.

No action was taken. The Board will consider any action on this request at its meeting on October 18, 2023.

Dokken introduced the STC grant application presentations. The following presentations were made to the Board:

1. **Presenter:** Jeff Cooley, Civil Design Inc (CDI) on behalf of SMRR
STC Project: The purpose of this project is to ensure that the worst sections of the railroad get upgraded and to repair recent flood damage. The railroad recently received news that a 2022 CRISI grant was awarded to upgrade the SMRR from Sisseton to Milbank. The SMRR is concerned that with the dramatically increased costs of rail construction the CRISI grant funding may fall short of the amount needed to reconstruct the entire railroad given the additional damage the flooding caused. The STC Funding would be utilized to rehabilitate the worst portions of the line that were impacted the most from the flooding that occurred in Spring

2023. Approximately 72 culverts were damaged or washed out during the flooding in spring 2023. The grade has been repaired, but the drainage issues caused by missing and damaged culverts (along with drainage washouts) remains. SMRR requests this funding source be approved to ensure adequate funding to reconstruct the entire railroad, including fixing the drainage issues that occurred in the spring of 2023. Currently these two rail segments are the worst on the line – trains move over these segments at walking speed with a maximum of 13 cars per train.

STC Funding Request: \$4,051,300 estimated total project cost, consisting of \$3,241,040 (80%) in federal grant funds and \$810,260 (20%) match by SMRR.

2. **Presenter:** Ryan Yanez, RWRR, and Matt Hoobler, Watco
STC Project: This project consists of purchasing and installing 31,600 ties, 17,000 tons of ballast, and 44 miles of surfacing. In addition to the surfacing, the project includes the replacement of a culvert at MP 468.15 and bridgework at MP 454.3, MP 455, and MP 455.2. At MP 468.15, the current culvert has detached from the internal coupler which is causing below culvert soil erosion. Failure of the culvert is imminent. This work is to repair currently identified problem areas and continue focusing resources related to subgrade problems and resurfacing from Chamberlain to Presho to minimize the risk of future embargoes.
STC Funding Request: \$10,388,665 estimated total project cost, consisting of \$8,310,932 (80%) in federal grant funding and \$2,077,733 (20%) match by RWRR.
3. **Presenter:** Jack Dokken, South Dakota Department of Transportation, and Jeff Cooley, CDI
STC Project: There are two options – Option 1 is reconstruction from MP 0.0 to MP 20.9 with either new (Option 1A) or relay (Option 1B) 115# rail. Option 2 is reconstruction from MP 0.0 to MP 11.37 with either new (Option 2A) or relay (Option 2B) #115 rail. Both options include bridge repair, crossing reconstruction, tree and brush removal, grade repair, and culvert replacement.
STC Funding Request:
 - Option #1A \$27,277,980 estimated total project cost, consisting of \$21,822,384 (80%) in federal grant funding and \$5,455,596 (20%) match by the Railroad Trust Fund/Department of Transportation
 - Option #1B \$23,655,980 estimated total project cost, consisting of \$18,924,784 (80%) in federal grant funding and \$4,731,196 (20%) match by the Railroad Trust Fund/Department of Transportation
 - Option #2A \$14,424,460 estimated total project cost, consisting of \$11,539,568 (80%) in federal grant funding and \$2,884,892 (20%) match by the Railroad Trust Fund/Department of Transportation
 - Option #2B \$12,530,460 estimated total project cost, consisting of \$10,024,368 (80%) in federal grant funding and \$2,506,092 (20%) match by the Railroad Trust Fund/Department of Transportation
4. **Presenter:** Ross Lane, Mike Keller, and Jerry Vest of Rapid City, Pierre & Eastern Railroad, Inc. (RCPE)
STC Project: The project work will include the installation of rail repurposed from the RCPE 2021 federal RAISE grant project, railroad bridge upgrades, bridge replacement, new crossing surfaces, and turnouts to allow for 286k freight cars on the northern portion of the Blacks Hills

Subdivision located between Rapid City, SD and Colony, WY. In total, 21.25 miles of rail would be replaced within the project limits.

STC Funding Request: \$20,089,040 estimated total project cost in South Dakota consisting of \$14,062,328 (70%) in federal grant funding and \$6,026,712 (30%) match by RCPE. \$1,921,293 estimated total project cost in Wyoming which would be paid 100% by RCPE.

5. **Presenter:** Hollie Stadler, Belle Fourche Economic Development Corporation (BFEDC)

STC Project:

Option #1 The project consists of 110 feet of track realignment of the existing track, 2,960 feet of new track construction, installation of one new turnout, installation of security cameras and light fixtures for safety and security and laying of gravel of 4.62 acres for two separate gravel laydown areas. The tracks will be far enough apart to unload railcars directly onto trucks on both sides of each track. In addition, if temporary storage is needed, the material from the railcars can be stored in the laydown area. Also, if material is to be loaded onto railcars it can be staged on the laydown area prior to loading onto railcars.

Option #2 Option #1 plus an effort to evaluate and select a location to develop another rail served industrial park.

Option #3 Option #2 plus the purchase of a track mobile.

STC Funding Requests:

Option #1 \$1,834,300 estimated total project cost consisting of \$1,467,440 (80%) in federal grant funds and \$366,860 (20%) match by BFEDC.

Option #2 \$1,949,300 estimated total project cost consisting of \$1,559,440 (80%) in federal grant funds and \$389,860 (20%) match by BFEDC.

Option #3 \$2,349,300 estimated total project cost consisting of \$1,879,440 (80%) in federal grant funds and \$469,860 (20%) match by BFEDC.

6. **Presenter:** Mark Trottier, Dakota Missouri Valley & Western Railroad, Inc. (DMVW)

STC Project:

Project A This project would entail replacing 4 switches at MP 27.52, MP 28.40, MP 28.45, and MP28.25. It would include installing 22,800 ties,45,600 tons of ballast, skew tie correction and surfacing between MP 115.4-74.2 and between Jarret Junction to Britton, SD. It would also include replacing anchors between MP 115.4-83.5 and Jarret Junction to Britton, SD.

Project B This project would entail replacing 4 switches at MP 27.52, MP 28.40, MP 28.45, and MP28.25 and installing 4 new concrete crossings. It would include installing 38,500 ties,77,000 tons of ballast, skew tie correction and surfacing between MP 115.4-42.81 and between Jarret Junction to Britton, SD. It would also include replacing anchors between MP 115.4-83.5, MP74.6 & MP42.81 and Jarret Junction to Britton, SD.

Project C This project would entail replacing 4 switches at MP 27.52, MP 28.40, MP 28.45, and MP28.25 and installing 4 new concrete crossings. It would include installing 38,500 ties,77,000 tons of ballast, skew tie correction and surfacing between MP 115.4-42.81 and between Jarret Junction to Britton, SD. Replacing anchors between MP 115.4-83.5 & between the MP of 45.7-43.75,48.1-47.34,54.89-

50.64,63.05-55.07 of and Jarret Junction to Britton, SD. Installing 115-pound rail between MP 115.04-110.2 & Jarret Junction to Britton.

Project D This project would entail replacing 4 switches at MP 27.52, MP 28.40, MP 28.45, and MP28.25 and installing 4 new concrete crossings. It would include installing 38,500 ties,77,000 tons of ballast, skew tie correction and surfacing between MP 115.4-42.81 and between Jarret Junction to Britton, SD. Replacing anchors between MP 115.4-83.5 & between the MP of 45.7-43.75,48.1-47.34,54.89-50.64,63.05-55.07 of and Jarret Junction to Britton, SD. Installing 115-pound rail between MP 115.04-110.2 & Jarret Junction to Britton, MP 63.05-55.07, MP54.89-50.64 and MP48.1-47.35.

STC Funding Requests:

Project A \$11,259,819.25 estimated total project cost consisting of \$9,007,855.40 (80%) federal grand funding, \$1,688,972.89 (15%) match by Railroad Trust Fund, and \$562,990.96 (5%) match by DMVW

Project B \$18,158,410.50 estimated total project cost consisting of \$14,526,728.40 (80%) federal grand funding, \$2,542,177.47 (14%) match by Railroad Trust Fund, and \$1,089,504.63 (6%) match by DMVW

Project C \$25,992,268.00 estimated total project cost consisting of \$20,793,814.40 (80%) federal grand funding, \$3,378,994.84 (13%) match by Railroad Trust Fund, and \$1,819,458.76 (7%) match by DMVW

Project D \$37,273,578.25 estimated total project cost consisting of \$19,818,862.60 (80%) federal grand funding, \$4,472,829.39 (12%) match by Railroad Trust Fund, and \$2,981,886.26 (8%) match by DMVW

7. **Presenter:** Brad Ludens, City of Sioux Falls

STC Project: The project would construct a new highway-rail grade separation overpass at 471st Avenue (N Marion Road) over the BNSF Madison Subdivision main track near Sioux Falls. This road is being upgraded to serve as a truck route for trucks to access the nearby Foundation Park rail-served industrial and logistics site from I-29 via Exit 86 (258th Street) to the north. The overpass would eliminate any traffic delays caused by train movements and provide a safety benefit by eliminating the risk of crossing related incidents. While there are no recorded accidents/incidents at the existing at grade crossing, the crossing currently only has passive warning devices (crossbuck signs and yield signs). Additionally, the crossing is skewed relative to the roadway and there is dense vegetation along the east side of the roadway, making it difficult for southbound vehicle traffic to see approaching trains coming from either direction. It should be noted that traffic crossing this at-grade rail crossing will continue to increase with the expansion of Foundation Park.

STC Funding Request: \$15,000,000 estimated total project cost consisting of \$12,000,000 (80%) federal grant funding and \$3,000,000 (20%) match by the City of Sioux Falls

8. **Presenter:** Scott VanDenTop, D & I Railroad Co. (D&I)

STC Project: The proposed project will replace worn out legacy jointed rail with modern 115#/yard continuously welded ribbon rail and required associated componentry. Crossties will be replaced as necessary. The track will be surfaced and groomed following the rail and tie replacement activities. Safety improvements at 17 grade crossing are included in this project.

STC Funding Request: \$12,446,557 estimated total project cost consisting of \$9,957,245.60 (80%) and \$2,489,311.40 (20%) match by D&I

No action was taken on the grant requests. The Board will consider the requests and take action at its meeting on October 18, 2023.

Burket asked for a motion for the Board to enter into executive session.

A MOTION WAS MADE by Carmon and seconded by Nelson to enter into executive session pursuant to SDCL 1-25-2(3) for the purpose of consulting with legal counsel and reviewing communications from legal counsel about proposed or pending litigation or contractual matters. All present voted aye by roll call vote. The motion carried.

The Board (except Ralph Schmidt) entered into executive session at 1:57 p.m.

Board member Ralph Schmidt left the meeting at 1:57 p.m.

Board member Steve Scharnweber left the meeting at 2:39 p.m.

The Board reconvened in open session and a quorum was determined by a roll call. With no other business to come before the Board, Burket adjourned the meeting at 2:40 p.m. CDT.