

**Rail Advisory Committee
February 15, 2008
Meeting Minutes**

Meeting location:

Port of Portland Building, 121 NW Everett Street, Portland

Members in attendance:

Bruce Carswell, Portland & Western Railroad	Terry Finn, BNSF Railway
Mike Hayward, Wallowa County Commissioner	Jonathan Hutchison, Amtrak
Bob Krebs, retired	Craig Levie, Tangent Services
Bob Lowry, retired	Chuck McLaran, Chair
Annette Price, Port of Portland	Dave Root, Willamette Valley Railway
Jerry Wilmoth, Union Pacific Railroad (left early)	

Members absent:

Ray Barbee, Roseburg Forest Products	Paul Langner, Teevin Bros.
Delmer Hansen, United Transportation Union	

ODOT Rail Division staff in attendance:

Kelly Taylor	Kathy Holmes
Bob Melbo	

Chair McLaran called the meeting to order at 9:15 am.

Conflict of Interest Declaration – For the members that were absent at the February 14 meeting, Kelly Taylor reviewed the requirements on conflict of interest. Kathy Holmes read the list of projects; each member declared their conflict of interest for the individual projects, and Kathy noted the members with conflict of interest for each project. (See attached Conflict of Interest Declaration list.)

Jerry Wilmoth announced that Union Pacific Railroad would be withdrawing their Klamath Falls CTC project (R40069) and increasing the match for the St. John's Lead Improvements project (R10072). It was noted by the members that would raise R10072 from Tier 2, High to Tier 1. The committee readdressed the ranking and priorities for Tier 1 projects. It was decided to rank R10072 as Tier 1, High, and to keep the Priority ranking from yesterday's meeting for the first two projects. The UP project was added as Tier 1, High, Priority 3. Since UP withdrew its Klamath Falls CTC project, the committee removed it from its priority list.

There was general discussion about the program and process:

- Many companies may be putting more match funds into the projects than what is shown on the applications, yet it won't be reflected in the tiering.
- The majority of the money for the projects may be going to the Portland area based on the ranking, and many small projects could be done for the same amount as one of the large ones.
- The projects are still being sent to the regions for ranking and prioritizing. Some of the other areas will rank the smaller projects higher since they will not have the bigger ones from the valley and may not have many marine or transit projects.
- Concerns about the "Economic Benefit" assessment compiled by ODOT economists and Oregon Economic and Community Development Department (OECDD) staff used to complete the matrix column for consideration "b". Members disagreed with some of the assessments, noting that staff comments included with the assessment shows that the staff did not understand the projects and their impact to the rail system. Members expressed

concern that being required to rely solely on the assessment to complete consideration “b” reduces the committees’ input.

Following the general discussion, the Committee continued assigning Priority within each Tier and Rank. Comments on specific projects included:

Klamath County, R40037, Chemult Train Station Welcome Center (Phase 2)

- Historically inadequate.
- It helps make Phase I functional
- Connects to Bend – long term benefit
- Economic benefit to Bend area

Sumpter Valley Railroad, R50012, Machine Shop Expansion and Rebuild Program

- May be ineligible.

BNSF Railway, R10047, East St. Johns Siding Extension R10047 – 2

- Important to the triangle to reduce congestion.
- The interests are so varied between the different agencies that if they were left on their own then it would never happen.
- It helps anyone who feeds onto that line.
- Supports increased passenger trains.
- Gives capacity to this line.

Port of Morrow, R50044, Morrow Multimodal Rail Logistics Center

- Morrow could be success for the eastern Oregon like Prineville is for central Oregon.
- It gives more capacity to eastern Oregon.
- What happens when the economy improves? Will UP’s interest continue if other business increases in the future?
- Can project be phased?
- Port of Morrow has been getting some CO I funding.

Union County/Pendleton Grain Growers, R50007, Alicel Intermodal Transportation Project

- Is this project is feasible? Yes, if the economy stays the same.
- If the facility can attract more car loads then it will be harder for the larger railroads to ignore. The facility gives the possibility of future growth.
- Rail is a minor part of the project, mostly a building.
- Companies are making decisions now on where to locate and purchase property. Now is our opportunity to become part of that growth, to be an anchor for businesses that become established.
- Ultimately this is a short line project. Bulk storage to induce businesses to come. The building provides a competitive advantage.
- If eastern Oregon is going to grow, it will likely be in Union County.
- Building multi modal facilities or hubs throughout the state support economic growth - that is the purpose of *ConnectOregon*.

Klamath Northern Railway, R40032, KNOR 286 Upgrade

- This addresses a business viability issue, to sustain service for rail-dependent shippers.

Union Pacific Railroad, R20071, Install Eugene Yard Crossover

- Helps Amtrak only in the broadest sense, not clear it has a direct benefit.
- Will benefit the Central Oregon and Pacific Railroad, and Portland & Western Railroad as they both operate in and around the Eugene yard.

Willamette Valley Railway, R20057, Upgrade Railroad – Phase II

- There was support to put this project at priority 1 under its Tier and Rank to make up for the recognition that should have been given for consideration “b” (economic benefit) but was omitted by ODOT economists and OECDD staff.
- Dave Root told the committee this project was a carry over to finish up the work started with COI. The railroad has greatly reduced revenue due to four less businesses to serve in Woodburn due to issues the railroad could not control, e.g. one company was bought out by a competitor. Not sure railroad will be able to meet the match for another project, but does not want to withdraw the application yet. Instead asked the committee to prioritize it at the bottom of its tier/rank.

The committee revisited the issue of UP’s announcement that they are withdrawing a project and increasing the match on their St. John’s Lead Improvement project. Members voiced concerns about increasing the match at this point of the process. Kelly Taylor noted that a project was withdrawn during the review process in CO I, however it was uncertain whether it is permissible to increase the match or make other application changes during the review process. She has raised the issue to ODOT’s *ConnectOregon* staff to determine the policy on this issue. Chair McLaran expressed regret the issue wasn’t addressed before Jerry Wilmoth from UP had left the meeting for the day. Kelly Taylor called Jerry to update him and reported that he understood the concerns.

Since the committee has already prioritized the UP project as if the project was Tier 1 due to an increased match, Kelly asked the committee to revisit their prioritization of the Tier 2 High projects in order to consider the UP project remaining a Tier 2 without the increased match. This would allow the committee to have a completed priority list regardless of the policy determination outcome. The committee set the priorities for Tier 2 High projects as:

- 1 - Portland & Western Railroad - R20025 - Albany Rail Corridor Improvement
- 2 - BNSF Railway - R10047 - East St. Johns Siding Extension
- 3 - Union Pacific Railroad - R10072 - St. Johns Lead Improvements
- 4 - City of Prineville Railroad - R40005 - Prineville Freight Depot
- 5 - Modoc Northern Railroad Company - R40043 - Lakeview Branch Improvement
- 6 - Port of Morrow - R50044 - Morrow Multimodal Rail Logistics Center

Kelly Taylor outlined the next steps in the *ConnectOregon* II process and timeline: the Regional Review Committees, the Final Review Committee and the Oregon Transportation Commission’s meetings in May and June

The Chair noted that there were no members of the public waiting to provide public comments to the RAC.

In closing comments, the Chair thanked the committee members for their work as well as the Rail Division staff’s work to prepare and organize the information. Kelly Taylor thanked the committee for their work, commitment and time to serve on the committee. Bob Lowry suggested the State consider energy issues in future grant opportunities.

The meeting adjourned at 1:30 pm.

**Rail Advisory Committee
Conflict of Interest for *ConnectOregon* II Projects
February 15, 2008**

Committee Members																
Project Number	Applicant Name	Project Description	Barbee, Ray	Carswell, Bruce	Hansen, Delmar	Hayward, Mike	Hutchison, Jonathan	Finn, Terry	Krebs, Bob	Langner, Paul	Levie, Craig	Lowry, Bob	McLaran, Chuck	Price, Annette	Root, Dave	Wilmoth, Jerry
R20013	Albany & Eastern Railroad Company	Sweet Home Branch Rail & Tie Rehab - 286k		X				X								X
R20051	Albany & Eastern Railroad Company	Mill City Branch Bridge Rehab & 286k Upgrade		X												X
R20052	Albany & Eastern Railroad Company	Mill City Branch Rail & Tie Upgrade 286k		X												X
R50015	City of Baker City	Elkhorn View Industrial Park Rail Spur II														X
R10047	BNSF Railway	East St. Johns Siding Extension		X			X	X						X		X
R10048	BNSF Railway	Power the North Leg of the Astoria Wye		X			X	X						X		X
R40037	Klamath County	Chemult Train Station Welcome Center (Phase 2)					X									
R40032	Klamath Northern Railway Company	KNOR 286k Upgrade														X
R20062	City of Lebanon	Santiam Spur Upgrade/Bridge Replacement		X				X								X
R10004	Mt. Hood Railroad	Mile Post 15 Flood-Damaged Track Repair														X
R40043	Modoc Northern Railroad Company	Lakeview Branch Improvement		X												X
R10058	Northwest Container Services, Inc.	NWCS Portland Expansion						X								X
R10066	Port of Portland	South Rivergate Yard Expansion						X						X		X
R50044	Port of Morrow	Morrow Multimodal Rail Logistics Center									X					X
R10016	Port of St. Helens	Port Westward Railroad System Wye		X				X								
R20078	Port of Tillamook Bay Railroad	Port of Tillamook Bay Bridge & Tunnel Project		X				X								X
R10026	Portland & Western Railroad	Columbia River Rail Corridor Improvement		X				X								X
R20025	Portland & Western Railroad	Albany Rail Corridor Improvement Project		X			X	X								X
R40005	City of Prineville Railroad/Freight Depot	Prineville Freight Depot - Phase 2						X								X
R50012	Sumpter Valley Railroad Restoration, Inc.	Machine Shop Expansion and Rebuild Program														
R50007	Union County Economic Development Corp.	Alicel Intermodal Transportation Project														X
R10072	Union Pacific Railroad Company	St. Johns Lead Improvements					X	X						X		X
R20071	Union Pacific Railroad Company	Install Yard Crossover		X			X									X
R40069	Union Pacific Railroad Company	Install Centralized Traffic Control System					X	X								X
R50070	Union Pacific Railroad Company	Construct Yard Connections												X		X
R10039	Vigor Industrial, LLC	Shipyard Commerce Center Siding Track												X		X
R20057	Willamette Valley Railway Company	Upgrade Railroad - Phase 2													X	X
X50018	Port of Umatilla	Upland Distribution Center												X		X