



Minneapolis – Duluth/Superior  
Passenger Rail Alliance  
Wednesday, October 25, 2017  
Pine County Courthouse  
Pine City, MN

## MINUTES

### **Appointed Representatives Present:**

Elissa Hansen, \*\*City of Duluth - Chair  
Mike Jugovich, \*St. Louis County  
Katie Draper, Mille Lacs Band of Ojibwe  
John Quincy, \*\* City of Minneapolis  
Jason Serck, City of Superior, WI  
Stan Gustafson, City of Cambridge

### **Alternate Representatives Present:**

Rick Goutermont, \*Lake County

### **Appointed Representatives Not Present**

Matt Ludwig, \*Pine County  
Linda Higgins, \*Hennepin County

\* County Commissioner

\*\* Council Member

### **Other meeting attendees attached and made part of the minutes**

#### **1. Call to order / introductions**

Chair Hansen called the meeting to order at 10:04 a.m., welcomed all and introductions were made. Seven (7) representatives in attendance constituted a quorum.

#### **2. Additions to agenda**

Chair Hansen requests that agenda item Reports #6B be moved to New Business Item #8A. **Motion** to approve by Commissioner Jugovich, **supported** by Councilor Quincy. Unanimous.

#### **3. Public Forum / Appearances**

None.

#### **4. Communications**

- A. Letter from Chair Hansen to St. Louis & Lake Counties Regional Railroad Authority regarding 2018 TIGER Grant Application - Received. (*Attached and made part of the minutes*).

## 5. Consent agenda

- A. Approve minutes from meeting of September 27, 2017 –
- B. Expenditure & Budget Analysis for September 2017 -  
A **motion** by Councilor Quincy, **supported** by Commissioner Goutermont to approve the September 27, 2017 meeting minutes and the Expenditure & Budget Analysis for September 2017 as presented. Unanimous.

## 6. Reports

- A. Media – Jill Brown - (*Attached and made part of the minutes*).
- C. State / Federal / Legislative Report –John Ongaro, Gary Cerkvenik & Jeff Anderson gave the legislative updates.
- D. Technical Advisory Committee Reports – Ken Buehler – (*Attached and made part of the minutes*).
- E. Bob Manzoline & Frank Loetterle – NLX TIGER Grant Application, Environmental & Other – Bob Manzoline informs that the TIGER Grant Application has been submitted in the amount of \$10 million, as all rural grade crossings were scaled back to fourteen (14). The project is 100% eligible for Federal funding with no local match required. Bob further informs the Federal Government likes to see a non-federal match to these projects. Frank, Bob and consultants were involved with the application to arrive at the benefit/cost analysis for these crossings, which has a good rating. St. Louis & Lake Counties Regional Railroad Authority (RRA) met and agreed to submit the application, from that a Joint Powers Agreement was confirmed with State of MN to work together. If the grant were to be received, a more formal agreement with the State will be necessary. Bob adds that it would take at least one full time person and possibly a half time person to administer this grant, along with legal counsel and auditing help. Costs associated with this if the grant is received, RRA has not committed to at this time, taking a wait and see approach, as a portion of administrative costs could be covered under the grant, but not all. Frank adds that if the grant is received, he would be working full time on it, of which costs could be covered under his normal salary, and also be working with State Freight Office, which regularly deals with this type of issue. Frank adds that if the grant is received, Burlington Northern Santa Fe Railroad (BNSF) would be the one who hires the contractors and monitor the work being performed and then be reimbursed.

Bob Manzoline informs that the INFRA Grant application of which \$700 million is available from the last Recovery Grant Fund , the new administration has a caveat attached to it whereby it needs a private sector contribution. Contribution could be between 20-60% private sector funding. At present, BNSF has not committed to funding this project and without private sector funding, the grant application is not being considered.

Bob further explains that a trip to Washington, DC is planned after the Finding of No Significant Issues (FONSI) has been received and then talks could take place with AMTRAK. Only two types of groups could operate this passenger rail service being BNSF or AMTRAK. Right now AMTRAK is being considered to be the operator and any operation that AMTRAK would get involved with, would do the train operation on the line and financial analysis for that operation. Talks on cost for this analysis have taken place. AMTRAK is upgrading and purchasing new equipment and meetings are planned with AMTRAK Administration in Washington, D.C. to discuss the possibilities of purchasing the old locomotives and put into service on NLX line after rebuilds at a much lesser cost than purchasing new. After discussions with AMTRAK, discussions can then be held with BNSF on future relations.

Frank adds that he has been to Chicago for meetings with AMTRAK. Up to this point preliminary engineering has been done on track, grade crossings, etc., the equivalent is that preliminary engineering has been done on the finance and operating plan, work would then be done with AMTRAK on final design. AMTRAK would do an operations and finance plan that would attend to all details, to establish a final cost and how it would be operated. At this point, this work would be done in coordination with BNSF as AMTRAK has the authority to operate passenger trains on any freight line in the country. Frank relays that relations between BNSF and AMTRAK are very good. As far as the environmental work, everything is in Washington, D.C. with Federal Rail Administration (FRA) for review. A minimum of 45 days is expected on the FONSI with several calls placed to encourage movement.

- F. Derrick James - AMTRAK – Derrick explains that 2017 has been a solid year for AMTRAK whose fiscal year ended September 30<sup>th</sup>. A solid year of ridership growth, carried 31.7 million customers, which is the most since the first year of operation in 1972, up 1.5% over the previous year. Of AMTRAK'S three lines of business, the best performer has been their State Contract Services, which would be the potential umbrella the NLX Project would operate under, where AMTRAK would be the Contract Operator for the State or a sub-agency for the operation of the trains. Derrick informs that AMTRAK has contracts with nineteen (19) states and a portion of the contracting is doing an analysis of what the operation costs and expectation of ticket revenues are and contract amount would be to cover the difference. Derrick informs that the service the Alliance has planned has been done correctly, working with BNSF to provide a high number of frequencies, putting in capacities so trains run on time, which are the recipe's for successful service and adds that AMTRAK and BNSF relationship is very good.

Derrick adds that along with the increase in ridership to 31.7 million, ticket revenue has also increased to \$2.2 billion. The \$2.2 billion in ticket revenue along with some contracting services AMTRAK provides have brought them to a point where only needed from Congress last year an operating subsidy of \$200 million for the entire system of AMTRAK, down from a \$900 million operating subsidy in 2004. A new President/CEO for AMTRAK Mr. Anderson, formerly of Northwest Airlines indicates the drive is within 3–4 years to bring the Congressional operating subsidy need to zero, whereby the railroad would be operating at a break even, which is unprecedented in the U.S. much less the globe.

**7. Unfinished business**

- A. Consider Proposed 2018 Alliance Budget & Funding Formula - Following discussion, a **motion** by Jason Serck, supported by Stan Gustafson to table this agenda item until the next meeting to gather further information. Unanimous.

**8. New business**

- A. Chair Hansen - NLX 2018 Strategic Roadmap – Chair Hansen reviews the NLX Strategic Roadmap for the Board. *(Attached and made part of the minutes)*. Anyone with comments/additions can contact Chair Hansen.

**9. Other business**

- A. None.

**10. Next meeting**

- November 15, 2017** at 10:00 a.m. – Rescheduled due to Thanksgiving Holiday.  
Pine County Courthouse Boardroom

**Adjournment**

With no further business, Chair Hansen adjourned the meeting @ 11:00 a.m. Unanimous.

Respectfully submitted by Birdie Oddo.

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Elissa Hansen  
Chair of the Alliance



**Minneapolis to Duluth /Superior Passenger Rail Alliance- Attendees**

**Wednesday, October 25, 2017**

**Pine County Courthouse**

**Pine City, MN**

<b><u>Name</u></b>	<b><u>Address/Organization</u></b>
Steve Fecker	Alliance Attorney
Birdie Oddo	St. Louis & Lake Counties RRA
Bob Manzoline	St. Louis & Lake Counties RRA
Jill Brown	NLX Contractor
Leonard Bonander	City of Sandstone
Francis Loetterle	Passenger Rail Office / MN DOT
Don Pflaum	City of Minneapolis – Public Works
Mark Perry	City of Hinckley
Ken Buehler	LSRM / NSSR
John Ongaro	St. Louis County
Dean Michalko	Hennepin County
Jeff Anderson	Congressman Nolan’s Office
Kathy George	City of Sandstone
Ailene Croup	news.hinckleymn.com
Jill Brown	NLX Contractor
Nick Baker	Douglas County, WI
Gary Cerkvenik	St. Louis & Lake Counties RRA
Nacho Diaz	Consultant – MNDOT
Sam Griffith	City of Sandstone
Derrick James	AMTRAK
Leonard Bonander	City of Sandstone
Marshall Lind	City of Braham
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