

RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL Washington DC
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**MINUTES OF JULY 9, 2003 MEETING OF THE
RAILROAD-SHIPPER TRANSPORTATION ADVISORY COUNCIL**

The Railroad Shipper Transportation Advisory Council (the "Council"), pursuant to notice, held a meeting on July 9, 2003 in the Board Room of the Surface Transportation Board, 1925 K Street, NW, Washington DC. The meeting was called to order at 10 am.

The following members were present: Peter Gilbertson, Chicago South Shore & South Bend Railroad; Sharon Clark, Perdue Farms Incorporated; Steve Bobb, BNSF Railway;; George Price, Berg Steel Pipe Corp.; Connie Thede, Muscatine Power & Water; Charles Marshall, Genesee & Wyoming Inc; James Brunkenhoefer, United Transportation Union; Bill Gelston, Federal Railroad Administration; Chairman Roger Nober, Surface Transportation Board; Dean Atkinson, Bobcat Company; Mike Scherm, BP Solvay Polyethylene North America; and David Brotherton, Bowater Inc.

The following members were absent: Bob Bailey, Port Jersey Railroad; Gary Spiegel, RailAmerica, Inc; James Howarth, CSX Transportation, Inc.; and Robert Pugh, Georgia Pacific.

James Foote, Canadian National, has resigned and a new large railroad member will be appointed by Chairman Nober.

I. Agenda

- A motion was made to accept the April 11, 2003 minutes. Motion was moved and accepted.
- The RSTAC financial statement was reviewed.. There was no motion made to assess dues to finance meals and miscellaneous expenses at this time.

II. Review of Surface Transportation Reauthorization Action Steps

- NITL invitation: The Rail Committee of the National Industrial Transportation League has invited RSTAC to speak in Arlington, VA on 7/22. Bob Bailey, vice-chair RSTAC, has agreed to present the RSTAC TEA-3 policy and participate in a general discussion on rail infrastructure.
- One page fact sheet: A draft copy of a fact sheet to support the RSTAC TEA-3 policy was circulated. Members are to respond to George Price by 7/21 with comments.
- Congressional visits 6/25/03: Sharon Clark and Steve Bobb visited the following Congressional representatives and/or staff to distribute the testimony RSTAC was to present 6/26/03 and discuss the RSTAC TEA-3 policy statement: Brian Baird (D-WA); William Lipinski (D-IL); Bill Pascrell, Jr. (D-NJ); Robert Menendez (D-NJ); Wayne Gilchrest (R-MD); and Don Young (R-AL).
- House Rail Subcommittee Testimony 6/26/03: Advised that RSTAC has 30 days after the date of testimony to submit additional information. The Council agreed to submit the one-page fact sheet, and then wait to see the written testimony with question/answer session to determine if additional information should be submitted. In general, RSTAC agreed that the railway network is shrinking and a rail trust fund does not stop this shrinkage.
- S. 919: It was determined RSTAC has no consensus on this bill given the diverse constituencies of labor, large railroads, small railroads, large shippers and small shippers which form the Council.

•Legislative Discussion (Open Forum):

--RSTAC's legislative policy needs to continue to emphasize flexibility of how funds are spent e.g. rail freight projects. A grant program with disciplined criteria (targeted), and tax credit bonds (built-in discipline as companies must be profitable to have taxable income) seemed to be the preferred financing vehicles.

--Consider laying out 4-5 principles for public investment in private rail. This could include specific examples of other public/private rail projects which may have value e.g. Buffalo, Baltimore, Louisville.

--There are a mixture of problems in funding rail freight projects: (1) rural shipper carloads have local jobs at stake; (2) rural highway situation left to states to determine road cost vs railroad cost; (3) CMAQ and urban improvements look at traditional pollution/congestion measures to determine savings; and (4) some rail freight projects are eligible for funding now at the state level, but states have no funds.

--Grants have issues because monies may be earmarked at the appropriations stage, and politics may not be best area to determine funding of projects in the public/private sector. Ideally, state DOT's would come up with a rail plan and rank projects for funding.

--From a shipper's perspective, it appears the U.S. does not have a vision of what the national rail infrastructure should be, while keeping in mind the need to compete in a global economy. For example, it is estimated there will be 30% less rail miles in the next 10 years if private capital is invested as current economics dictate.

--From a railroad's perspective, we need to mobilize shippers around the rail infrastructure issue. The question is if shippers will invest the political capital to support railroad infrastructure?

•Next Steps:

- Complete one page fact sheet by 7/25/03 to submit to House Subcommittee on Rail Infrastructure
- Commence discussions with NITL prior to the 7-22 meeting, explaining RSTAC's position and seeking their support
- Complete legislative proposal by 7/31/03
- Begin discussing legislative proposal with other groups e.g. AAR, STBP, ALSSRA in August
- Publish legislative proposal in September
- RSTAC to talk with Joe Boardman of AASHTO to request time at the Board Committee Meeting in September to discuss RSTAC Policy

II. Other

- Agreed to schedule next RSTAC meeting in September
- Meeting was adjourned at 2 p.m.