

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3065

2001 HOUSE TRANSPORTATION

HCR 3065

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3065

House Transportation

Conference Committee

Hearing Date 3/01/01

Tape Number	Side A	Side B	Meter #
1	X		73-1995

Committee Clerk Signature *Robin L. Small*

Minutes:

REP. WEISZ called the hearing to order with all committee members present.

In favor:

REP. WEISZ introduces the resolution. WEISZ states that this basically has to do with looking at or studying inter modal facilities. With the increase of value added processing that our state is experiencing, businesses like Dakota Growers. There is a great demand for inter modal transportation. Loading of a semitrailer that is then loaded on to a rail car, shipped out to the east or west coast. Currently the closest facilities are Minneapolis or Winnipeg. Have had several calls from people that have to deal with this issue. We really think as a states that we need to look at this and study this. I think that the state has really dropped the ball when we look at the mode of railway. Which has caused communities to shut down, because we have lost the grain elevators. Eventually the community isn't viable any more. Should be a lot more proactive. This has put stress on our highway systems. At least take a look at this so we don't go backwards.

REP. SCHMIDT asks about the abandoned tracks in his area. The weeds have gotten so bad. The

terrain is so bad that it is almost impossible to get back in there to spray it. It is starting to become a problem in the communities as in leafy spurge and such, and they are not very nice to look at. WEISZ replies that is opening a whole other can of worms, and whether the land goes back to whom and who is responsible for maintaining it. Even though the railroad hasn't abandoned the line they still are not maintaining it. REP. THORESON asks how much of a ball park figure of a feasible railway it would take? WEISZ replies that there is still a substantial amount of railway in the state. REP. MAHONEY asks about South Dakota and what are they doing? WEISZ replies that there is a loan program with a federal highway, railway act what ever it is called. They do have funds available, and the state has loaned them out to short line railroads. South Dakota has taken those dollars, plus the state has added dollars. Now the line is doing very well. That is where I think that we have missed the boat here in the last twenty years. In some cases the state could have been proactive in insuring that some these lines stay viable. The wear and the tear on highways is incredible when you start going through a set of a ten mile radius just to haul products.

In favor:

REP. POLLERT, DISTRICT 29

POLLERT states to the committee that his full-time job outside of the assembly is a manager of a grain elevator/feed plant out of New Rockford, ND. Prior to that he ran a fifty car railroad grain loading station for ConAgra. Feed company. From 1981 to 1996. So when REP. WEISZ brought this study resolution I gladly signed on to it. I know what happens to a community and to our road structures when the elevators are closing, especially when you go around the town of Carrington, or you go out towards Goodrich, McClusky and Bowdon. You can go out to Pettibone, Woodworth, all the way to Reagan, Wilton and then you go out to the hundred car

station at Gladstone or Sterling, and in Jamestown then you see what happens to our road structures. What's currently happening now, with the railroads, is there are studies being done. Currently the state is going to be handled by ten or twelve hundred car loading facilities stations. To me I don't think that is in the best interest of our state as far as the economic mode. We need to keep in mind as far as what value added agriculture does for us. So I hope you give this a do pass.

In favor:

JON MIELKE, PUBLIC SERVICE COMMISSION

Please see attached testimony. MIELKE states that the hundred car loading facilities are built for speed loading. We have approximately ten of those in the states right now. Several others are still on the drawing boards right now, which I guess we will get between fifteen and twenty of those facilities. The institute estimates that those facilities will have to handle between ten and fifteen million bushels of grain per year to be viable. Looking for facilities that can handle 50-60% of all the grain that moves out of the state. This isn't something that is projected, its very real, it is here. It is going to have a huge impact on the grain elevator industry, the communities that those companies are located in. Certainly the shipping patterns that the grain moves off of the farm to the first rail head. Rather than going to elevators that are now ten or fifteen miles away. Its going to have a huge impact on the infrastructure of the state. It is certainly something that is worthy of study. Hopefully the state can be proactive and try and get out in front of the crew and do what it can to minimize the adverse impact on the infrastructure, also the business community. The PSC will support this study. REP. WEISZ asks how many grain elevators are in North Dakota? MIELKE replies that there are just under 450. That is down 125 from ten years ago.

In favor:

JOHN MACMARTIN, MINOT AREA CHAMBER OF COMMERCE

MACMARTIN states to the committee that he rises to support this resolution. In Minot they are doing a small pilot study on an inter modal facility. They are finding that one community by itself can not find all the needs that are needed, and what are all the possibilities are in the state of North Dakota. Today there are less than 400 inter modal shipping areas. They have been closed all through out the United States, not just through out North Dakota. Containers off at the east and the west coasts. This study will be beneficial.

In favor:

STEVE STREGE, ND GRAIN DEALERS ASSOC.

Please see attached testimony. STREGE states that this is a good concept to study. They stand in support of this.

Being there was no further testimony in favor or in opposition the hearing was then closed.

ACTION:

REP. CARLSON motioned for a DO PASS, seconded by REP. HAWKEN. REP. WEISZ asks for a voice vote, all of the committee motioned with YES. The motion carries. The resolution was placed on the consent calendar. The CARRIER of the bill is REP. POLLERT.

HCR 3065: DO PASS

CARRIER: REP. POLLERT

Date: 3/01/01

Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HCR 3065

House Transportation Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep Carlson Seconded By Rep Hawken

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman	✓		Howard Grumbo	✓	
Chet Pollert - Vice Chairman	✓		John Mahoney	✓	
Al Carlson	✓		Arlo E. Schmidt	✓	
Mark A. Dosch	✓		Elwood Thorpe	✓	
Kathy Hawken	✓				
Roxanne Jensen	✓				
RaeAnn G. Kelsch	✓				
Clara Sue Price	✓				
Dan Ruby	✓				
Laurel Thoreson	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Pollert

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
March 1, 2001 12:02 p.m.

Module No: HR-35-4590  
Carrier: Pollert  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
**HCR 3065: Transportation Committee (Rep. Weisz, Chairman) recommends DO PASS**  
**and BE PLACED ON THE CONSENT CALENDAR (14 YEAS, 0 NAYS, 0 ABSENT**  
**AND NOT VOTING). HCR 3065 was placed on the Tenth order on the calendar.**



2001 SENATE TRANSPORTATION

HCR 3065

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3065

Senate Transportation Committee

Conference Committee

Hearing Date 3-16-01

Tape Number	Side A	Side B	Meter #
1	x		7.5-25.8
1	x		50.6-51.9
Committee Clerk Signature <i>Suzette Schaffer</i>			

**Minutes:** A concurrent resolution directing the Legislative Council to study the negative impact due to diminishing rail access and service, the cost to industry, business, and communities of shifting rail services to state and local highway systems, and the feasibility and desirability of funding enhanced rail facilities including an inter modal rail facility in this state.

**Rep. Robin Welsz:** ( District 14; Supports) Basically this resolution is addressing two things. It is looking at the whole rail infrastructure. Emphasizes two things: intra modal issue- intra modal facilities. North Dakota currently has no intra modal facility. North Dakota's closest facility is in Dilworth, MN which is most likely to be closed. Otherwise you are looking at Minneapolis and Winnipeg. Almost all the freight is going west, so they are taking the freight East or North to turn around and go back Westward. The study wants to know if it is feasible to have a facility in ND and have the state help finance it. It's legitimate to look at it. I feel that we as a state have dropped the ball the last twenty years when it comes to rail issues. The second issue is to

look at the trend with shuttle car facilities. The increased stress on highways is dramatic. We may have to take a look at possibly having an intra modal facility to take care of the container freight business.

**Senator Mutch:** Is there an intra modal facility in Montana similar to Minneapolis and what kind of Ag commodities would be useful for this facility?

**Rep. Welsz:** Billings has intra modal facility. Major railroads aren't that interested in this. Virtually any commodity we produce, it doesn't have to be Ag related. One major one is buckwheat.

**Steve Stenge:** (ND Grain Dealer's Association; Lobbyist 147; Supports) See attached testimony.

**John Mielke:** (Public Service Commission; Supports) See attached handout. Discusses handout.

There are currently 9 shuttle facilities with several more on the drawing board. This could be 15-20 total. They would need about 15 million bushels per year per facility to be viable. Calculating this, it's a total of 300 million bushels of grain per year. Elevators in the state currently ship out 500 million so those new facilities could handle over half of the grain in the state. They will have a major impact on our transportation infrastructure.

**Senator Mutch:** What's a shuttle area?

**John Mielke:** A shuttle is a train of between 104-110 cars. An individual elevator can not go out and purchase one shuttle train because shuttles in the Burlington Northern system are sold in blocks of 6 or 12 or 18 and 24 trains. So someone has to step up and buy 6 or more trains, this is just not possible. A shuttle goes to destinations, loads and unloads immediately and is in continuous movement. Generally, a shuttle facility is going to have about a nine cent freight advantage over an elevator that can handle 52-54 cars. So they can draw grain from a much

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Senate Transportation Committee  
Bill/Resolution Number HCR 3065  
Hearing Date 3-16

larger territory/ That is what the handout depicts. The trade territories will basically encompass the entire state.

**Senator Espegard:** How many grain elevators are there in the state today?

**John Mielke:** 445-450 today. In 1990, there were 575 elevators. In the early 1900's, there were over 2000 grain elevators. It's been a continuing decline and we expect to see that trend continue.

**Tim Horner:** (NDDOT; Neutral) We are just monitoring the bill to see how it incorporates with the statewide strategic transportation plan that we will be embarking on in the next month or so.

Hearing closed.

Committee reopened on 3-16-01.

Senator Espegard motions to Do Pass. Seconded by Senator Mutch. Roll call taken. 5-0-1. Floor carrier is Senator Espegard. (To be placed on the consent calendar)

Committee closed.

Date: 3-14  
Roll Call Vote #:

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 3005

Senate Transportation Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Espegard Seconded By Mutch

Senators	Yes	No	Senators	Yes	No
Senator Stenehjem, Chairman	X		Senator O'Connell	X	
Senator Trenbeath, Vice-Chair	X		Senator Bercler		
Senator Mutch	X				
Senator Espegard	X				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Espegard

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)  
March 16, 2001 12:24 p.m.

Module No: SR-46-5826  
Carrier: Espegard  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HCR 3065: Transportation Committee (Sen. Stenehjem, Chairman) recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3065 was placed on the Tenth order on the calendar.

2001 TESTIMONY

HCR 3065



# NORTH DAKOTA GRAIN DEALERS ASSOCIATION

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## TESTIMONY ON HCR 3065 - THURSDAY MARCH 1, 2001 - 9:00 A.M. HOUSE TRANSPORTATION COMMITTEE - REP. ROBIN WEISZ, CHAIRMAN

Good morning. My name is Steve Strege, I am the Executive Vice President of the North Dakota Grain Dealers Association. Nearly all the country grain elevators in our state are members.

We strongly support HCR 3065, and urge that it become an actual interim study. About 70% of North Dakota's grain and oilseed production moves out by rail. Loss of rail service can often be the beginning of the end for a ND country grain elevator. And, as lines 9 and 10 of HCR 3065 say, this loss shifts the burden of moving goods to our highway and road system. It also means farmers lose a competitive market and location for delivering their grain sales and purchase of their ag input needs.

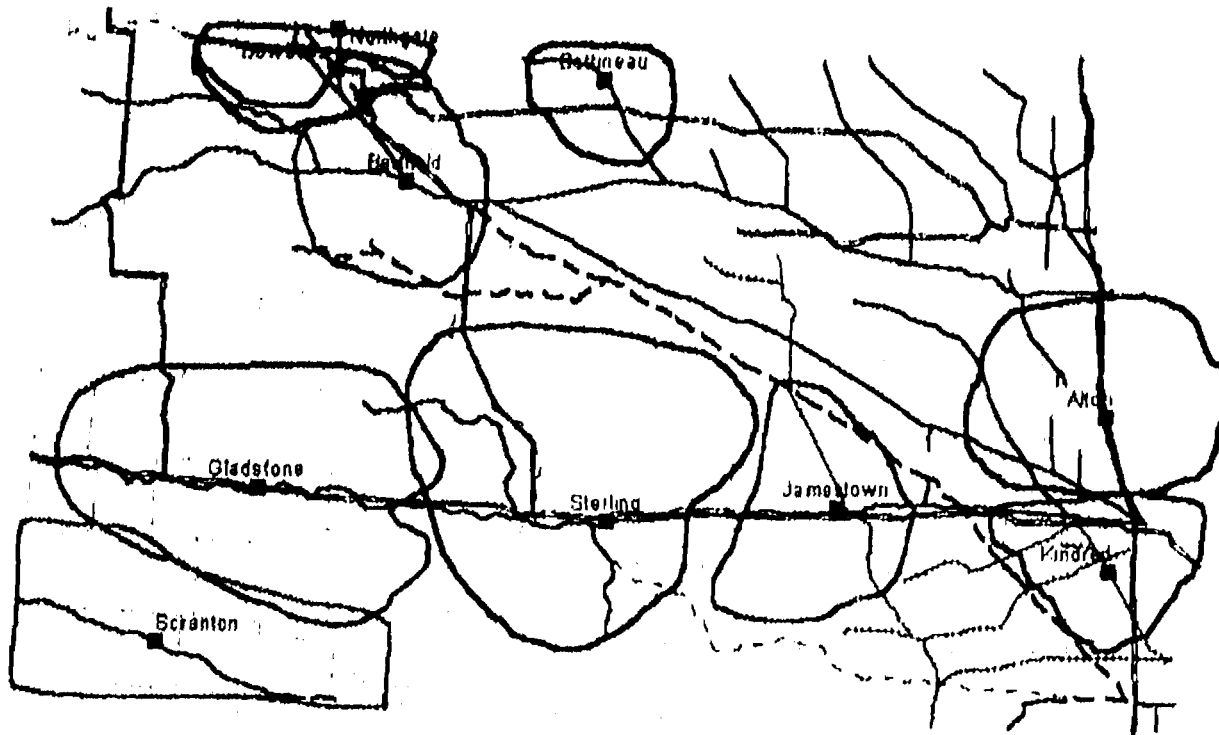
Line 14 of the resolution mentions shuttle trains. BNSF is the dominant rail carrier in North Dakota and is now pushing its shuttle train concept of 110 cars in corn and 104 cars in wheat. For farmers this means longer hauls in larger trucks to fewer locations. Those close to one of these mega-terminals may do better in the short run; those from farther away will see additional expense. Most export and domestic markets aren't calling for shuttles, but the railroad wants larger shipments from fewer locations. This process, carried far enough, will result in smaller elevators closing and railroad branch lines being abandoned. That will create even more stress on our highway as the railroad shifts grain-gathering costs from its branch line system to the public sector of roads and highways. Is there a place for public funding of rail lines to avoid this shift? Would it be the best use of dollars? A study can deal with such questions.

The process will be accelerated if the BNSF goes ahead with a car supply program called SCOOTs. Even though the shipment sizes will be around 58 cars, SCOOTs will be reserved for the 104 and 110 car mega-terminals. This will cut the legs out from under existing 52 and 54 car grain elevators which have invested millions over the past 10-15 years to make both themselves and the railroad more efficient. The time might be right to challenge such a discriminatory practice by the railroad. The Canadian Pacific Railway also has a shuttle program, but is not as aggressive with it.

Another aspect of HCR 3065 is intermodal, trailer or container on flatcars (TOFC or COFC). Both foreign and domestic grain end-users are becoming increasingly fussy about more quality specifications. The other trend is an increasing variety of specialty crops. These aren't shuttle or unit train commodities. They may be commodities for TOFC or COFC, so that the buyer gets a smaller quantity and identity-preserved. I will try to respond to any questions.



## POTENTIAL DRAW AREA FOR SHUTTLE EQUIPPED ELEVATORS



Estimated Bushel Requirement for Ten Shuttle Facilities: 135,000,000 Bushels  
 ➔ 20 percent of ND Annual Grain Production

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Land Area in the Estimated Shuttle Facility Draw Areas: 22,751,000 Acres  
 ➔ 45 percent of ND Land Area

Wheat in the Estimated Shuttle Facility Draw Areas: 133,308,000 Bushels  
 ➔ 38 percent of Annual ND Wheat Production

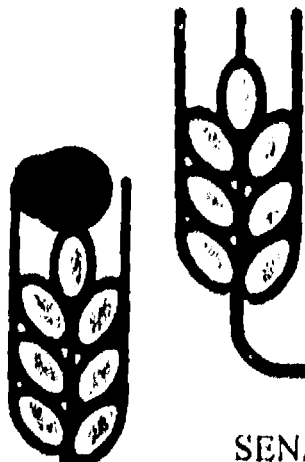
### LOCAL IMPLICATIONS:

- ◆ Longer Producer Truck Deliveries requires more Local Road/Bridge Spending
- ◆ Communities within Shuttle Draw Areas may lose Local Elevator
- ◆ Branch Lines within Shuttle Draw Areas may be Abandon
- ◆ Short Line Traffic may be Drawn to Class I Railroad Main Lines
- ◆ Local Processor Procurement Price Impacted by the more Competitive Rail Rate

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### **Draw Area Estimate Based on these Assumptions:**

- ▶ Rail Rates - Wheat, Effective September 1, 2000
- ▶ Elevator Infrastructure as of September 1, 2000
- ▶ Delivery made via Producer Semi-Truck Trailer
- ▶ Shuttle Rate 9.1¢ per Bushel Discount to Unit Train Rate
- ▶ Shuttle Rate Applicable for All Shipments
- ▶ Handling Costs Equal among Markets
- ▶ Producer Market Choice Based on Revenue Maximization
- ▶ Elevator Price=Minneapolis Price less Rail Freight
- ▶ Producer Revenue=Elevator Price less Truck Delivery Cost



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TESTIMONY ON HCR 3065 – FRIDAY MARCH 16, 2001 – 9:30 A.M.  
SENATE TRANSPORTATION COMMITTEE - SEN. BOB STENEHJEM, CHAIRMAN

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