

Phillip J. Qualy
Legislative Director,
Chairperson

Nicholas J. Katich
Assistant Director

Brian L. Hunstad
Secretary



United Labor Centre
312 Central Avenue S.E.
Suite 450
Minneapolis, MN 55414
651-222-7500 (o)
651-222-7828 (f)
sld@smart-td-minneosta.org

Minnesota Legislative Board

A Division of SMART, Sheet metal, Air, Rail and Transit Union
Printed In House

May 11, 2020

The Honorable
Senator Scott Dibble
State of Minnesota
2213 Senate Office Building
St. Paul, MN 55155

RE: Senate File 3829: Class III, Short-line and Regional Carrier Disclosures, Required.

Dear Senator Dibble,

Belated, to say the least, thank you for signing on as Chief Author to S.F. 3829, the Railroad Short-line and Regional Carrier Disclosure bill. We appreciate your leadership for railroad service with accountability for tax-payor resources in Minnesota.

Enclosed herewith, please find our amended and updated S.F. 3829 issue brief memo with attachments. I will be forwarding this information to your esteemed Senate Co-Authors. Our S.F. 3829 file brief has been forwarded to MnDOT Commissioner Anderson Kelliher.

So as to be clear, UTU-SMART-TD has no issue with our State assisting a small county or co-op owned short-line providing vital service to shippers. However, rail labor proffers three essential questions we believe the state of Minnesota must ask any railroad carrier:

- 1) Who are the Minnesota tax-payors actually giving funds and resources to?
(Or, who actually owns the short-line railroad company seeking funding?)
- 2) Does a railroad short-line carrier hold liability insurance, self-insured, other?
- 3) As a short-line is seeking tax-payor support why aren't the Class One Rail Carriers, who divested the property prior but still gain traffic interchange and line-haul revenues, contributing to pay for rehabilitation of the same railroad lines? Clearly, the Class One carriers are earning record profits.

S.F. 3829 proposes to prescribe ownership disclosure requirements, liability disclosures, and is intended to advance accountability for our Minnesota tax-payors on the short-line and regional railroads. Railroad labor intends to seek reintroduction of S.F. 3829, "Short-line and Regional Railroad Ownership Disclosures" legislation in the 2021-2022 Biennium.

For our 1,100 workers in Minnesota, please accept my appreciation for your leadership for railroad safety, service, and tax-payor accountability. Thank you.

Sincerely,

Phillip Qualy
Minnesota Legislative Board
UTU-SMART-TD Minnesota

Legislative Leadership

May 11, 2020

Page two.

via: Electronic PDF file.

enclosure

cc: Office of Governor Tim Walz

Mr. Jeremy Ferguson, SMART-TD General President

Mr. Greg Hynes, SMART-TD National Legislative Director

Mr. Larry Mann, SMART-TD Designated Regulatory Counsel

UTU-SMART-TD Minnesota Safety and Legislative Representatives

Office of the Revisor of Statutes

Search Results:

[SF3828](#) [SF3829](#) ▾

[SF3840](#)

SF 3829 Status in the Senate for the 91st Legislature (2019 - 2020)

Current bill text: [As Introduced](#)

Companion: [HF2984](#)

Revisor number: 20-5478

[Add SF 3829 to MyBills](#)

[Companion Text](#)

[Version List](#)

[House Search](#)

[Long Description](#)

[Committee Hearings and Actions](#)

[Senate Counsel & Research Summary](#)

[Fiscal Notes](#)

Description

Short-line and regional railroad carrier disclosures requirement

Authors

[Dibble](#); [Kent](#); [Carlson](#); [Klein](#); [Frentz](#)

Actions

Separated

[Chronological](#)

Senate

03/02/2020 Introduction and first reading

[Intro](#)

03/02/2020 Referred to [Transportation Finance and Policy](#)

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 3829

(SENATE AUTHORS: DIBBLE, Kent, Carlson, Klein and Frenz)

DATE
03/02/2020

D-PG

Introduction and first reading
Referred to Transportation Finance and Policy

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to transportation; requiring short-line and regional railroad carrier
- 1.3 disclosures; proposing coding for new law in Minnesota Statutes, chapter 222.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. [222.455] SHORT-LINE AND REGIONAL RAILROAD CARRIER
- 1.6 DISCLOSURES REQUIRED.
- 1.7 (a) To be eligible to receive funding through appropriations, loans, grants, loan or grant
- 1.8 forgiveness, or capital bonding under sections 222.49; 222.50, subdivision 7; 222.55; 222.57;
- 1.9 or 222.63, subdivision 8, a Class III short-line or regional railroad carrier must disclose to
- 1.10 the commissioner of transportation the following:
- 1.11 (1) class of ownership reported to the United States Surface Transportation Board;
- 1.12 (2) all persons, business partnerships, cooperatives, ownership partners, or any other
- 1.13 entity with an ownership stake in the carrier;
- 1.14 (3) whether the carrier is subject to ownership by a third-party rail carrier or holding
- 1.15 company, a subsidiary or a third-party short-line or regional railroad carrier in Minnesota
- 1.16 or another state, or owned in conjunction with another common partnership or corporation;
- 1.17 (4) the state or province in which owners are located or incorporated;
- 1.18 (5) total miles of track operated or subject to operation by the carrier;
- 1.19 (6) total number of revenue car movements by the carrier during the previous two calendar
- 1.20 years;
- 1.21 (7) annual total gross revenue;

- 2.1 (8) annual total assessed value of motive power and nonleased rolling stock;
- 2.2 (9) total annual investment in track, track structure, and general physical plant
- 2.3 maintenance on all properties;
- 2.4 (10) total compensation of the carrier's top three officers, owners, or equity investors;
- 2.5 (11) total net profit and all dividends paid to owners, investor groups, or cooperatives;
- 2.6 (12) for operating, track, and signal employees, the total number of employees, average
- 2.7 hourly wage, and health care cost per employee;
- 2.8 (13) whether the carrier's employees and employers contribute monthly tax payments
- 2.9 to the United States Railroad Retirement Board and disability benefits program; and
- 2.10 (14) whether the carrier is self-insured or insured by a third party.
- 2.11 (b) Museum railroad carriers, port authorities, economic development applicants, and
- 2.12 municipal industrial park development applicants with Class I railroad carriers are exempt
- 2.13 from the disclosure requirements in this section.



TO: Senator Scott Dibble, Chief Author, S.F. 3829
Representative Sundin, Chairman and Chief Author, H.F. 2984

FROM: Phillip Qualy
UTU-SMART-TD, Advocate, H.F. 2984

DATE: March 2, 2020

RE: H.F. 2984 / S.F. 3829: Class III Short-Line, Regional Carrier Disclosures Required.

Railroad workers have a long history of operating America's railroads. The Sheet Metal, Air, Rail and Transportation Union, formerly the United Transportation Union, UTU-SMART-TD Minnesota is the chief advocate for H. F 2984 and companion S.F. 3829.

UTU-SMART-TD Minnesota recognizes the State's interest to assure Class III service to shippers. We want to support continued State funding sources to improve rail service. However, disclosure of short-line ownerships and liability levels is timely and necessary.

Since the federal Staggers Act, 1982, which allowed Class One railroad Carriers to divest "*marginally profitable*" branch lines, Minnesota has seen a proliferation of Class III short-line entities operating across our state. UTU-SMART-TD Minnesota wants to support our state's rail network for safety and service. However, as the railroad workers of Minnesota have witnessed annual legislative funding, loan, grant and grant forgiveness requests, ownership and liability insurance disclosures appear to have become necessary.

Railroad carriers currently receive oversight from the federal Surface Transportation Board (STB). However, review of STB carrier registration and ownership entities is limited, may not be up to date, or accurate as to the actual operational status of a carrier.

UTU-SMART-TD Minnesota is not aware the Minnesota Department of Transportation (MnDOT) has any authority or ability to identify short-line ownership and liability levels. Currently, MnDOT lists four Class I, One Class II and sixteen Class III carriers operating in Minnesota.

H.F. 2984 seeks address concerns rail labor, shippers, local units of government, and most importantly, the tax payers of Minnesota with information as to Class III short-line ownership. Minnesotans have a right to be apprised of who tax-payer funds are being given prior to further funding of these rail carriers. H.F. 2984 /S.F. 3829 is clear, prescriptive and is intended to shine light of disclosure on Minnesota short-line operations.

Please review the following analysis with attached documents and articles on short-lines.

H.F. 2984 / S.F.3829 Construction: (Attachment One).

Section One sets forth disclosure requirements prior to funding, loans, grants, or grant forgiveness under statutes at 222. 49, and later sections, "Rail Service Improvement". The requested information intends to assure full disclosure of what entities, or amalgamation of entities, corporations, or other, the State is providing resources to. The Commissioner's [MnDOT] powers are better served with ownership and asset disclosure.

Short-line Ownership in Minnesota: (Attachments Two)

Review of short-line operations show several clear and singular ownerships. For example, the Minnesota Dakota and Western (MDW) and Cloquet Terminal Railroad (CTR) are essentially in-plant switching services that operate to interchange with Class I carriers in close proximity. Ownerships are held with the industrial plant they serve.

However, other Class III carriers are segments of larger carrier entities. For example, the Twin Cities and Western, (TC&W) is a "sister" carrier to the Red River Valley & Western (RRV&W) based in North Dakota. The TC&W operates a third line, the Minnesota Prairie Line, (MPL) as a wholly owned subsidiary of TC&W in partnership with the Minnesota Valley Regional (MVRRA) and Sisseton Milbank Railroad (SMRR) as another wholly owned subsidiary.

In other examples of single short-line operations that are part and parcel to larger conglomerates, Northern Lines Railway is part of the parent Anacostia Railroad, which operates short-lines in Illinois, Indiana, Kentucky, Texas, New York and California. The Progressive Rail, Lakeville, is part of a single-owner scheme with extensive operations in Wisconsin, Iowa, Illinois, and Missouri.

Finally, the highly lucrative Minnesota Commercial Railway (MNNR) "Empire" with four Class I interchanges, is owned by a transportation attorney and publisher with residence in Illinois. In year 2018, omnibus bonding bill legislation provided the MNNR with loan forgiveness for two MNNR locomotives estimated to total \$238,000. Why?

It is fully reasonable and prudent for the state of Minnesota to require the disclosures set forth in H.F. 2984 /S.F. 3829 prior to further funding of Class III short-line entities.

Liability Disclosures: (Attachment Three).

H.F. 2984 / S.F.3829 Section One, (14) sets forth Class III carriers must provide information as to whether that carrier is self-insured, insured by a third party or both. Perhaps the greatest potential danger to local units of government would be a Class III carrier derailment with catastrophic damages impacting the public.

Following the Lac Megantic' Quebec, Canada, one-person crew train derailment, July 6, 2013, wherein a town was destroyed and 47 people were killed, the short-line railroad, Montreal, Maine, & Atlantic Railway (MM&A) simply declared bankruptcy. The owner of the MM&A was a pioneer in creating the Staggers Act and establishing the nationwide short-line movement in the 1980's. Other entities including the provincial government were left to pay claims and reparations after the MM&A declared bankruptcy.

In another area of concern, short-line and county regional rail authorities responsible for line haul origination inspections may be vulnerable to claims of liability after derailment.

The Minnesota Legislature has paid significant interest to the issue of railroad carrier liability recently during the planning of the Metropolitan Council's Southwest Light Rail Line. The Legislature acknowledged liability concerns during hearings and negotiations.

With the powers granted to the MnDOT Commissioner, it is fully appropriate to require Class III carrier ownership and liability disclosures prior to any appropriation, bonding, loan forgiveness, or guarantees from the Minnesota tax payor. Thank you for your review H.F. 2984 /S.F.3829 this policy summary of the proposed improvement to state statutes.

RAILROAD DEFINITIONS

Railroads may be defined two ways, by U. S. Surface Transportation Board (STB) definition or by Association of American Railroad (AAR) Classifications.

STB Railroad Classifications*

Class I Railroads: Annual Operating Revenue in excess of \$447,621,226

Class II Railroads: Annual Operating Revenue of less than \$447,621,226 and more than \$35,809,698

Class III Railroads: Annual Operating Revenue of less than \$35,809,698.

*These threshold figures are adjusted annually for inflation using the base year of 1991.

AAR Railroad Classifications

Class I Railroad - The AAR matches the STB's classification threshold for Class I railroads (see above)

Regional Railroad - Regional railroads are line-haul railroads below the Class I revenue threshold that operate at least 350 miles of road and earn at least \$20 million in revenue, or line-haul railroads that earn revenue between \$40 million and the Class I revenue threshold regardless of mileage.

Local Railroad - Local railroads include freight railroads which are not Class I or Regional. The Local railroad category can be further subdivided into local line haul carriers and switching & terminal carriers. This latter category is composed of railroads which primarily provide switching and/or terminal services for other railroads. S&T carriers usually have a relatively large number of employees per mile of track.

American Short Line and Regional Railroad Association

50 F Street, N.W. Suite 500

Washington, DC 20001

Phone: (202) 628-4500 | Fax: (202) 567-2823



united transportation union

TO: UTU Legislative Representatives
UTU General Membership

FROM: Phillip Qualy, UTU-SLD Minnesota

DATE: August 16, 2010

RE: Memorandum: Summary of Railroad Industry Divestiture of Rail Lines, Creation of Shortline Rail Operators, Staggers Act, 1980, 49 CFR 10901-07 Line Sales.

Dear Brothers and Sisters,

This memorandum will serve to summarize the UTU Minnesota Legislative Board's position on expansion of Shortline railroad operations in the state of Minnesota and upper Midwest. This UTU State Committee office has extensive file history regarding the divestiture of "marginally profitable" rail lines and new Shortline operation in this state.

As defined in the Surface Transportation Board, (STB) Glossary, Shortlines are defined as freight railroads which are not Class I or Regional Railroads, that operate less than 350 miles of track and earn less than \$40 million. The law creating the American Shortline movement originates from the Staggers Act, 1980, with sections 49 CFR 10901-07, line sales as the governing language. The phrase "Shortline" originates from industry analysis that was published in 1917 regarding a series of small railroads in northern New York State. It then became a loose term for describing branch lines or shorter service and non arterial rail traffic lines during subsequent decades through the 1970's.

The net effect of Shortlining in general was to create incentives for Class One carriers to defer maintenance while skimming profits off of lines, divest the rail lines, eliminate all organized labor agreements, and lower FRA reporting thresholds. Thereafter, state governments then stepped in to make loan and grant programs more readily available and at the tax payer's expense. As a rule, we see Shortlines as methods to eliminate union living wage jobs with health plan benefits, replacing union workers with much lower wage workers, while upper level managers and consultants skim those portions of new carrier revenue for their own personal financial gain. Shortline management teams and private investors enjoy diminished levels of financial disclosure and safety reporting.

In Minnesota, the first divestitures of "marginally profitable" rail lines were the Chicago & Northwestern Railway's, (C&NW) western extension of the Minneapolis & St. Louis Railroad, Minneapolis to Madison Minnesota, to the Minnesota Valley Railroad Company. The second was the C&NW's divestiture of the original C&NW line from Winona Minnesota, to Rapid City South Dakota. The UTU opposed both of these line sales and contested the C&NW's position that the lines were actually "marginally profitable". Due to no requirement to provide accurate and verifiable financial information, the UTU was not able to successfully protest the line sales to new Shortlines.

The UTU's concern stemmed from known high train counts of loaded revenue cars that originated off of these lines, the revenues from which were effectively deluded into the C&NW's over all operating Divisions. Further, from 1960 to 1980, the CNW intentionally deferred maintenance on these lines which caused slower speeds, Federal Railroad Administration (FRA) excepted track, and increased derailments. With C&NW's creation of the Dakota Minnesota and Eastern Railway, (DM&E) there were many eye witness accounts of the DM&E simply acting as an alter ego and extension of the C&NW after divestiture.

What is most interesting in year 2010 is that with the Soo Line and Canadian Pacific Railway's purchase of the Milwaukee Road in 1986, subsequent divestiture of that system's southern rail lines to the Montana Rail Link and successor, Iowa Central and Eastern, and recent purchase of all of those lines back plus the DM&E, real wage levels and original contract provisions have not been restored. Yet several sources of profit, real estate, traffic revenue, and transaction proceeds have been realized. The Shortline scheme has gone full cycle while lowering employee wages and benefits significantly.

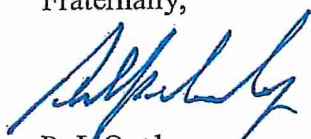
Although not a Shortline, the evolution of the Canadian Pacific Railway's movement into and across Minnesota has been staged and remarkable. With the predecessor Soo Line's sale of the aforementioned lines and abrogation of original property agreements, the Canadian Pacific's repurchase of the same lines, previous labor contracts have not been restored while workers move the same originating and overhead traffic. Unfortunately, in the regulatory climate during the first decade of this century, the Canadians have run rough- shot over respective trade union local and general committees of adjustment by refusing to acknowledge the legitimate and real claims of American railroad workers. The Canadian Pacific Railway continues to accentuate profitability at all costs while destroying their own workplace employee morale and the livability of railroad worker's families. The Canadian's use of Shortline schemes and conduct against the American trade unions is not consistent with intentions of the North American Free Trade Act.

I would be remiss to not mention that current STB Public Notice provisions, seven day notice for divestiture transaction, is unreasonably short and unfair to objecting parties. The UTU encourages changes in STB regulations to increase the period of time interested parties have to gain public notice and respond to applications for change of rail service.

Today, the UTU represents Shortline rail workers on the Red River Valley & Western (former Great Northern, Burlington Northern) and Progressive Rail (former Minneapolis Northfield & Southern Railway). Both rail carriers remain very profitable to the private ownerships. The latter continues to exercise highly questionable safety practices and anti-union labor tactics during our UTU member's first contract negotiation. Our UTU members continue to run their respective railroads in a safe and professional manner. The UTU wants to provide good service and believes that safety means: "No Accident."


If you should have any informational reports, questions, or concerns, please do not hesitate to contact your UTU State Committee office. Thank you for your review of this memorandum.

Fraternally,



P. J. Qualy
UTU SLD Minnesota

Small railroad operators seeking \$91M in help from Minnesota

 © Star Tribune/Star Tribune/Khang Lu/Provided by Minnesota Commercial Railway/Star Tribune/TNS A
Minnesota Commercial Railway train headed along the 6.5-mile spur line from White Bear Lake to a Hugo industrial park.

The economic ripple created by a \$1.5 million state investment a few years ago in a freight-rail spur line south of White Bear Lake, has empowered several small railroads to ship the Minnesota Legislature a 2020-2025, \$91.4 million rail and crossing-improvement program.

"The proposed legislation requires a relatively small amount of funding compared with state spending on highways supporting truck traffic, a direct and more expensive competitor to rail shipping," said a report from the rail-improvement consortium. "Minnesota has no financial resources or programs devoted to rail infrastructure and rail-related economic development needs of [spur-line carriers] while Wisconsin has spent more than \$240 million over the past two decades and Iowa more than \$60 million."

The \$91 million would fund about a dozen projects in seven counties involving eight short-line freight railroads and would retain and create "hundreds" of new jobs, according to the promoters.

The state spent \$1.5 million to enable Minnesota Commercial Railway to upgrade deteriorating tracks and other improvements over the 6.5 mile span from White Bear to Hugo's Bald Eagle Industrial Park.

John Gohmann, owner of Minnesota Commercial, which operates 128 miles of short-haul tracks around the Twin Cities, said there was too little volume for him to privately finance the improvements on the Hugo track that was abandoned in 1990 by huge Burlington Northern.

"We weren't being selfish," Gohmann said last week. "We were only doing about 10 cars a month at \$400 a car. I couldn't pay for the track rehab or finance it. But the maintenance came due after 25 years."

The consortium said the state investment worked, saving a few hundred jobs, and resulting in more business for the railroad and related expansion.

JL Schwieters Construction has completed a \$20 million expansion. The manufacturer of wall and floor panels for contractors has added more than 100 employees. Loadmaster Lubricants, used for heavy mining equipment, and which had threatened to leave, also expanded.

"We're at 250 employees and I expect that we're going to add 100 jobs," co-founder John Schwieters predicted correctly in 2018. "That will translate into more jobs out in the field, also. We have 55 people working in the plant now, and this expansion will allow us to triple that number."

The White Bear Area Chamber of Commerce and the town of Hugo were instrumental in getting the bipartisan bill through the legislature.

Gohmann, 72, who hopes to leave his company to a trust that will operate it for the benefit of employees, said in addition to the direct economic development ... every full rail car eliminates the need for 4.5 large trucks on local roads.

Now, the short-haul rail lines, including Minnesota Commercial, are back looking for a big boost.

That includes Progressive Railway's replacement of thousands of rail ties in Bloomington and Rosemount, rail replacement of the Northfield to Lakeville line; and repair of the Nine Mile Creek Bridge on the old Dan Patch Line in Bloomington for \$11.4 million.

The cities of Otsego and Monticello in Wright County want \$3.8 million for a proposed, rail-served industrial park and crossing upgrades, Big Lake in Sherburne County wants \$10 million for an industrial park; Becker wants \$1.6 million for a track serving Northern Metals and Minnesota Northern Railroad and St. Croix Valley Railroad want \$8.1 million for various projects.

And the Twin Cities & Western Railroad wants help on 107 miles of deteriorating track that serves several grain terminals, as well as huge Cargill and Cenex in Savage in Scott County.

The rail team at the Minnesota Department of Transportation have recommended \$8 million in grants and no-interest loans to start some this year, as part of Gov. Tim Walz's big-ask, \$2 billion capital-improvement budget.

That ranges from fixing state roads and bridges to helping Minneapolis upgrade sewers.

The small-line operators formed 25 to 40 years ago as the big national carriers, such as Burlington Northern and Canadian Pacific, abandoned tracks or leased them to small players, as they focused on their more-profitable multistate rail lines.

The Great Rail Race among the Minnesota independents for public dollars will be underway later this month at the statehouse.

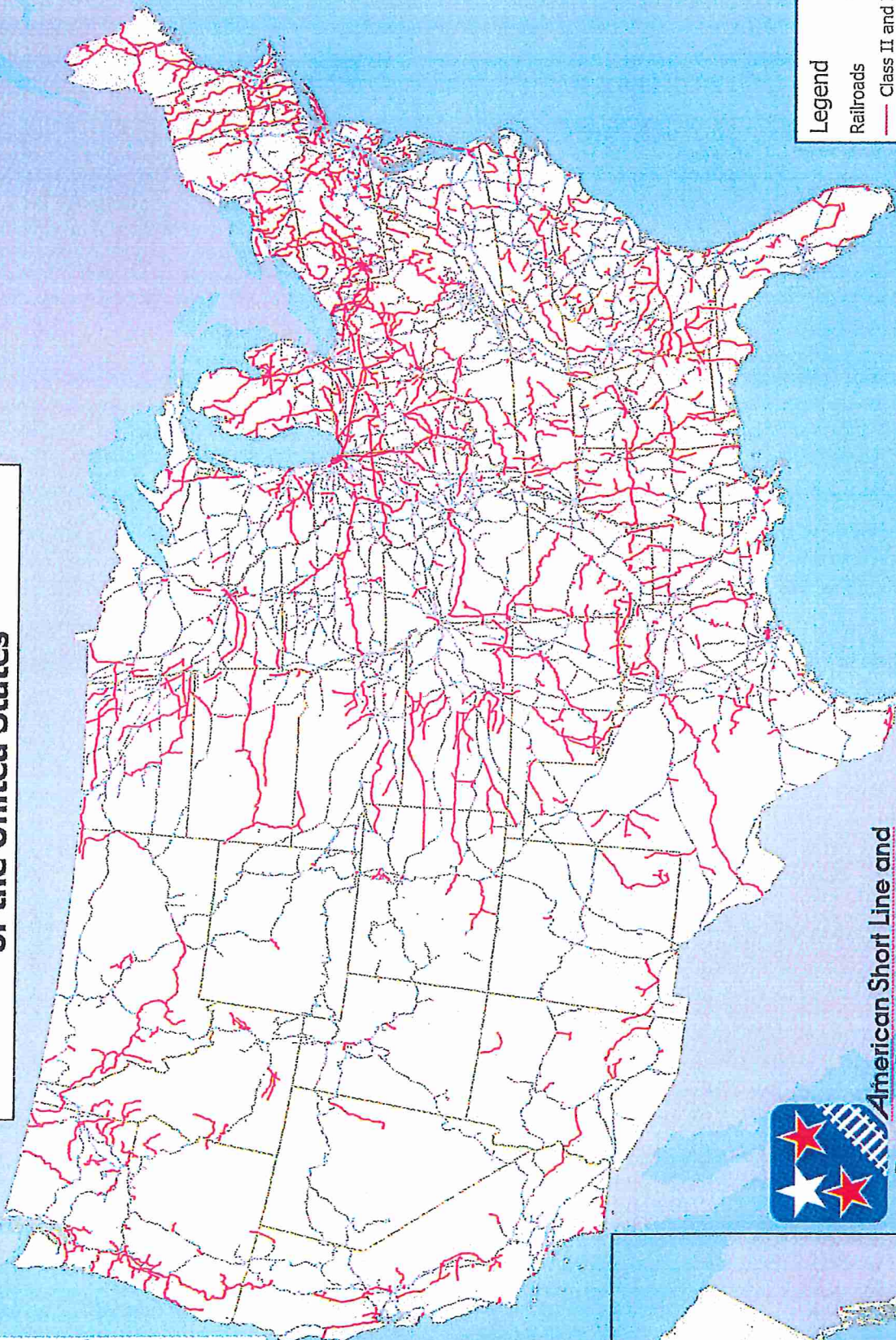
This multiyear plan is a good starter, as long as each project results in a solid, long-term return to communities and taxpayers.

Neal St. Anthony has been a Star Tribune business columnist and reporter since 1984. Reach him at nstanthony@startribune.com.

Short Line and Regional Railroads of the United States

Short Line Statistics (2014)

Network Characteristics	Class II	Class III	Total
Number of Railroads	21	539	560
Route-Miles Operated	10,325	22,776	33,101
Traffic Volume			
Cars/Trucks Handled	1.8 million	6.3 million	7.8 million
Average per Railroad	84,000	11,000	15,000
Revenue per Railroad	60,000	3,300	3,700
Customers Served			
Average per Railroad	95	14	18
Average per Mile	60	0	0
Length of Haul			
Average	197	35	70
Median	159	15	15



American Short Line and
Regional Railroad Association



JOHN W. GOHMANN (FORM_01.HTML)

PRESIDENT & CHAIRMAN

14047 Petronella Dr,
Suite 201

Libertyville, IL 60048



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Advisory Board

OnTrackNorthAmerica benefits tremendously from the many people serving advisory, oversight, endorsement, and contributory roles in our organization. See who is participating, weigh in with your thoughts, and consider joining the team.

Rail Operations

Exhibit 2-E

✓ Charles Banks - President, R. L. Banks & Associates Inc.

✓ Ed Burkhardt - President, RailWorld Inc. - **CEO, M.M.P.A. RAILROAD.**

✓ John Gohmann - President & Chairman, Minnesota Commercial Railway

✓ R. Powell Felix - President, Indiana Boxcar Corporation

Vetoed: 2018 Omnibus Supplemental Budget Bill (Ch 201) - Transportation Articles (Articles 23 and 24):

Loan forgiveness to the Minnesota Commercial Railway for two locomotives (Art 24, Sec 133) - it had directed MnDOT to convert the outstanding balance on a loan made to Minnesota Commercial Railway to become a grant, cancel all future payment, and release liens on two locomotives established as part of the loan. This was Rep. Runbeck's bill (HF 3346).

Appropriated \$1 million from MRSI account for a grant to the Minnesota Valley Regional Rail Authority for rail track rehabilitation. (Art 23, Sec 2, Subd. 3) Note: This funding while vetoed in this bill was enacted in 2018 bonding bill:

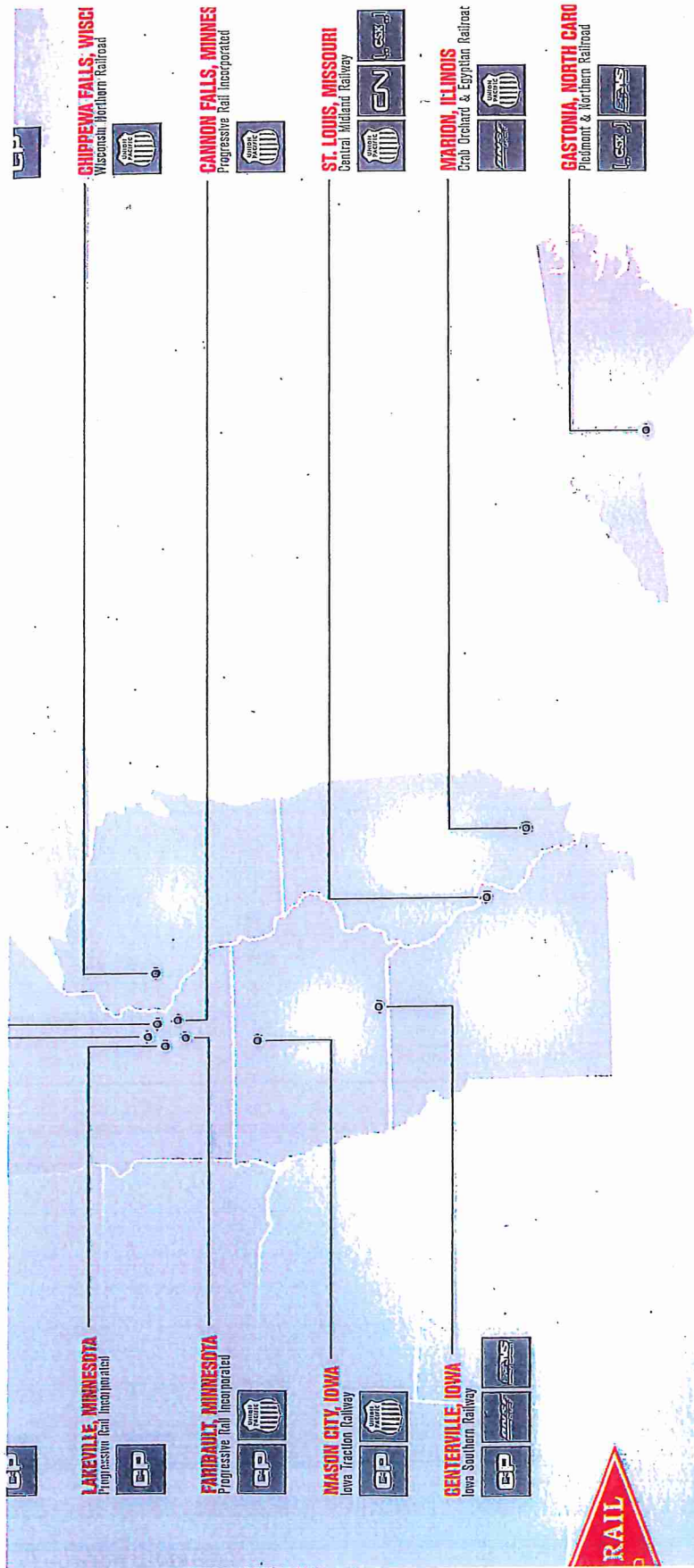
Directed MnDOT to contact BNSF Railway to commence negotiations on an extension of the Northstar Commuter Rail line to St. Cloud. It specified the conditions and aspects of the negotiations, including on frequency of service, train crews, fare collection, and did not allocate or allow the use of state funds for the negotiations.

Enacted in 2018 Bonding Bill (Ch 214):

- \$1 million in MRSI funds for Minnesota Valley Regional Rail Authority and \$550,000 for the replacement of the Rice Creek railroad bridge.
- \$1 million in GO bonding to MN Commercial Railway Company for Rice Creek Bridge
- \$2 million for Anoka County for Rail Grade Separation
- \$330,000 for Goodview/Minnesota City, Railroad Crossing Quiet Zone
- \$1.2 million for Hennepin County, Railroad Crossing Safety Improvements in Loretto, Medina, and Wayzata
- \$1 million in GO bonding for New Brighton, Rice Creek Railroad bridge (in addition to \$550,000 above)
- \$6 million for Moorhead, Rail Grade Crossing Separation at 21st St. South - added to previous appropriation
- \$1 million for Rosemount Bonaire Path Railroad Quiet Zone
- \$10.5 million in Trunk Highway Bonding for Railroad Crossing Separation on TH 29 in Pope County
- Language for Eden Prairie – Rail Grade Crossings to allow a 2017 appropriation to include rail crossing safety devices for a pathway.

Subd. 4. Rail Service Improvement

From the rail service improvement account in the special revenue fund under the rail service improvement program in Minnesota Statutes, section 222.50, for grants to the Minnesota Valley Regional Rail Authority in the amount of \$1,000,000 to rehabilitate a portion of the railroad track between Winthrop and Hanley Falls, including but is not limited to environmental analysis and remediation, predesign, design, and rehabilitation or replacement of bridges or culverts, which is in addition to any other appropriation, or other grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62, and the amount of \$550,000 for the grant under section 26 which is available when the commissioner determines that sufficient resources have been committed to complete the project and is available until June 30, 2023, provided that the commissioner must: convert to a grant the remaining balance on Minnesota Department of Transportation Contract No. 1000714, originally executed as of June 1, 2015, with Minnesota Commercial Railway Company; cancel all future payments under the contract; release liens on the locomotives designated as MNNR 49 and MNNR 84; and perform the appropriate filing; and provided that the commissioner is prohibited from requiring or accepting additional payments under the contract as of the effective date of this subdivision, and that notwithstanding the loan conversion and payment cancellation under this subdivision, all other terms and conditions under Contract No. 1000714 remain effective for the duration of the period specified in the contract.



HERE WE GO

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RAILWAY**

**CRAB ORCHARD &
EGYPTIAN RAILWAY**

Rail Served Centers of Commerce

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MARION, ILLINOIS

**IOWA SOUTHERN
RAILWAY**

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HARRISON, IOWA
KALAMAZOO, IOWA
LOVELL, IOWA

**IOWA TRACTION
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Rail Served Centers of Commerce

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**PIEDMONT &
NORTHERN RAILROAD**

Rail Served Centers of Commerce

DELMONT, NORTH CAROLINA
CASTORIA, NORTH CAROLINA
BOUTT HOLLY, NORTH CAROLINA

**WISCONSIN
RAILROAD**

Rail Served Centers

BLUICKER, WISCONSIN
CAMERON, WISCONSIN
CHATELAIN, WISCONSIN
CHIPPEWA FALLS
EAGLE FORT, WISCONSIN
NEW AUBURN, WISCONSIN
HORRA, WISCONSIN

**PROGRESSIVE RAIL
INCORPORATED**

Exhibit 2-G

www.progressiverail.com

Dakota County poised to block export of water to western U.S.

Proposed moratorium on industrial wells is in response to a proposal to ship water from a local aquifer.

By ERIN ADLER
erin.adler@startribune.com

likely be the first of its kind in Minnesota, but local officials worry that a Lakeville-based railway will be back with a new plan to ship water to the desert.

The Dakota County Board will vote next week on a one-year moratorium on industrial well drilling in response to a local company's plan to dig two wells and ship millions of gallons of water by rail to the Southwest.

The drilling ban would

"Right now we don't really have a guaranteed way to prevent water exportation," said Valerie Grover, the county's groundwater protection supervisor. "This is kind of buying us a little more time."

The proposal would temporarily ban new wells that draw more than 10,000 gallons a day or a million gallons a year for commercial, institutional or food-processing purposes. It would not prohibit the replacement of existing wells or those used for irrigation of

farmland.

"It shouldn't impact farmers in any way," Grover said.

The County Board will hold a public hearing and vote on the measure May 5.

Empire Building Investments, the real estate arm of Lakeville-based Progressive Rail, filed a preliminary application to drill two wells on land it owns in Randolph and pump up to 6,000 gallons of water per minute. It planned to ship the water by rail to states in the Colorado River basin, where

10,000

gallons per day, maximum pumping under moratorium

6,000

gallons per minute, volume proposed by Empire

high demand exists for water to drink and irrigate crops.

The Minnesota Department of Natural Resources (DNR) said then that the plan wasn't likely to be approved and hasn't received any similar applications since, officials said.

Dakota County Commissioner Joe Atkins said he is hearing that an investor group may be working with Progressive Rail to try again, perhaps by buying local farms and drilling on the land or by getting access to a different aquifer.

"It's my understanding that something is, in fact, in the works," he said.

Calls to Progressive Rail were not returned last week.

Atkins said the response to the proposed moratorium See **WELLS** on B6 ▶

Dakota County poised to block water exports

◀ **WELLS** from B1

has been overwhelmingly favorable, with hundreds of residents expressing their desire to "do everything we possibly can to avoid exporting massive amounts of water outside of Dakota County."

The coronavirus pandemic has people opposing exportation more than ever because they want to avoid another public health crisis, he said. About 90% of Dakota County residents get their water from the ground.

If the moratorium passes, county staffers and officials plan to study the impact on the county of exporting large volumes of water, Atkins said. Projections show water quantity issues will become more significant as the population grows, he said. What they find may launch broader discussions about stricter state laws.

Rodney Born, president of the Minnesota Well Water Association, said his group supports the moratorium.

"We want to keep [our water] in Minnesota. We don't want it shipped out of state," he said. "Once it leaves the state, it doesn't return."

Environmental groups also said they approve the moratorium. Steve Morse, executive director of the Minnesota Environmental Partnership, called it a "good strategy" to preserve the state's most valuable resource.

"I think it's a completely reasonable approach," said Carrie Jennings, research and policy director at the St. Paul-based Freshwater Society. "Everyone is struggling to understand what a reasonable policy would be without impacting irrigation wells and local industrial users."

Jennings said she also has heard that a proposal to drill in Dakota County may be

taking shape.

The DNR is responsible under state law for keeping the pumping of groundwater from depleting surface water. Officials there wouldn't speculate on how the DNR would respond to a well application if various changes were made in last fall's proposal. At that time they said approval for a well comes down to who would get the water and what they would use it for.

Empire Building's proposal was primarily hobbled by a state statute that prohibits new permits for wells drawing water from the Mount Simon-Hinckley aquifer unless the water is for potable use and there are no logical alternatives.

Another state law cites specific criteria for diverting water outside the state, DNR officials said, but doesn't forbid it.

Grover said Metropolitan Council projections show that groundwater in areas of Dakota County could be depleted by up to 50% in the coming years through local use. The hot spots are population centers such as Apple Valley, Eagan, Inver Grove Heights and Lakeville and the southeastern part of the county, where farmers use a lot of water for crops, she said.

Dakota County officials said they expect the moratorium to be approved.

"I absolutely support the idea," said Commissioner Tom Egan. "I really think we have to protect this precious, valuable resource."

Egan, who represents Eagan and Mendota Heights, said he worries that his constituents' water source could be jeopardized by a new proposal to ship water elsewhere.

"We will be prepared if they come back and try to do this again," he said.

Erin Adler • 612-673-1781

TC&W History

tcwr.net/about/tcw-history/

Twin Cities & Western Railroad Company (TC&W) commenced operations on July 27, 1991 over what was formerly known as the "Ortonville Line" operated by the Soo Line Railroad Company (now Canadian Pacific Railway) between Minneapolis/St. Paul and Milbank, SD.

Prior to TC&W and Soo Line operation of this line, it was part of the Milwaukee Road's main line to the Pacific Northwest. This main line was originally built in the 1870's by the Hastings & Dakota Railway.

TC&W – Largest Short Line in Minnesota

Twin Cities & Western Railroad Company is a regional railroad operating over 229 miles of track, serving some of the most productive agricultural counties in Minnesota. TC&W interchanges with all four Class 1 railroads in the Minneapolis/St. Paul terminal area: BNSF Railway (BNSF), Canadian Pacific Railway (CP), Canadian National Railway (CN) and Union Pacific Railroad Company (UP). TC&W provides a gateway to world markets for the surrounding areas. Operating as far east as St. Paul, Minnesota and as far west as Milbank, South Dakota, TC&W is the largest short line in Minnesota.

Minnesota Prairie Line and Sisseton Milbank Railroad Company

Minnesota Prairie Line (MPL) began serving its customers in October of 2002, restoring rail service to a line that had sat dormant for two years after a prior operator ceased operations. MPL is a wholly-owned subsidiary of TC&W. MPL works in partnership with the Minnesota Valley Regional Rail Authority (MVRRA) and the communities it serves to enhance rural economic development. In July of 2012, TC&W acquired Sisseton Milbank Railroad Company (SMRR), also a wholly-owned subsidiary of TC&W. Over the years TC&W has re-invested millions back into its infrastructure and equipment in order to provide safe and efficient operations for its customers. TC&W is a sister company of Red River Valley & Western Railroad Company, based in Wahpeton, ND.

Red River Valley & Western Railroad Co

Red River Valley & Western Railroad Company provides transportation services. The Company offers railroad freight services for transporting grain, fuels, and fertilizers. Red River Valley & Western Railroad operates in the States of North Dakota and Minnesota.

SECTOR	INDUSTRY	SUB-INDUSTRY	FOUNDED	ADDRESS	PHONE
Industrials	Transportation & Logistics	Rail Freight	--	209 Dakota Avenue Wahpeton, ND 58075 United States	1-701-642-8257

Executives

NAME/TITLE
Mark J Wegner Chief Executive Officer
Victor Meyers "Vic" President

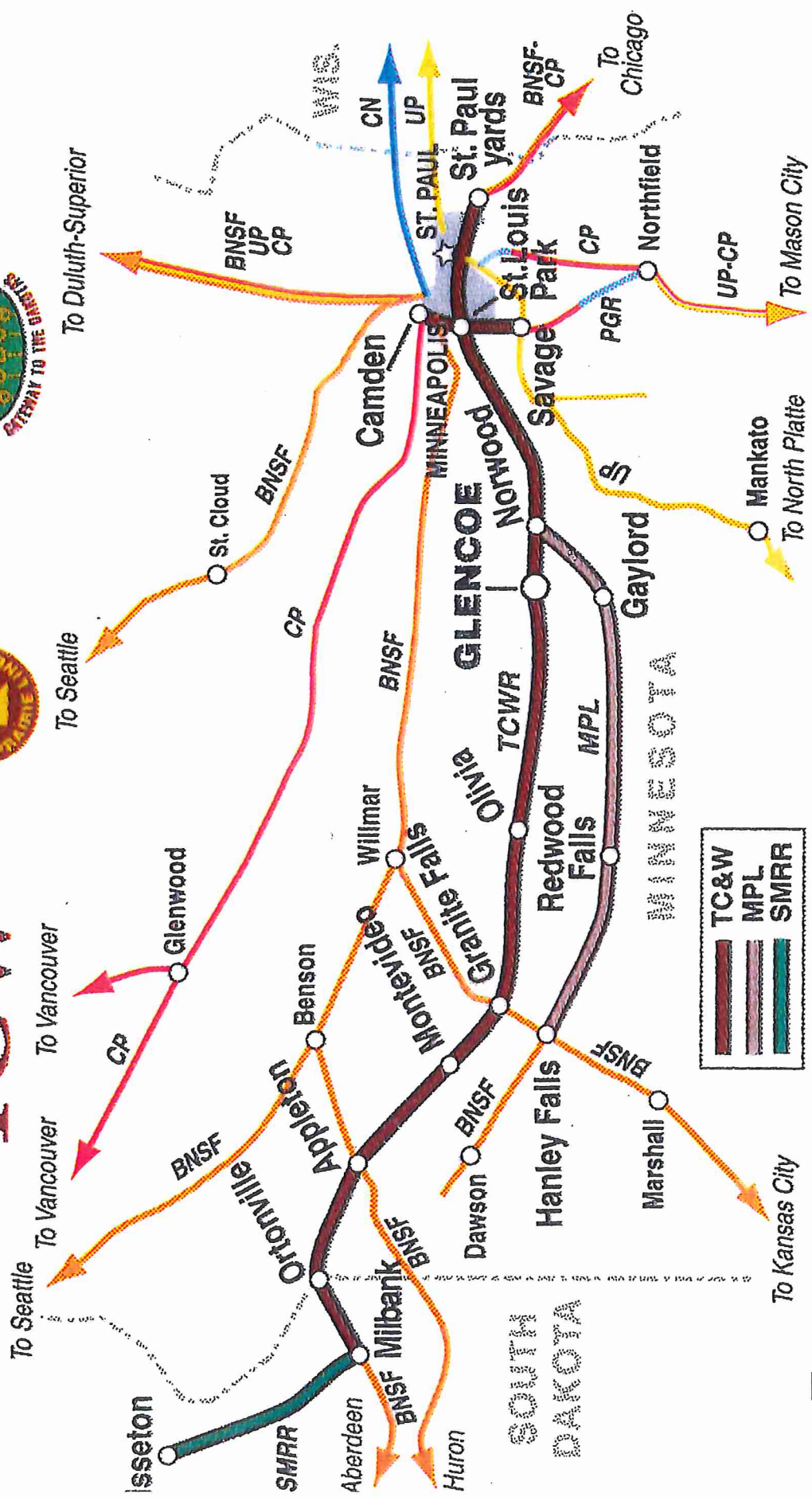
Board Members

NAME/COMPANY
Martha Head

Exhibit

Z-C

TC&W



May 3-16, 2018

Vol. 29, No. 9

southwestjournal.com

Southwest light rail headed to court again

Met Council's dispute with a shortline
railroad escalated in April

By Dylan Thomas / dthomas@southwestjournal.com

A regional dispute over who will own and control key portions of the future Southwest Light Rail Transit corridor escalated to the federal Surface Transportation Board in April — and then to U.S. District Court.

Eager to keep the \$1.9 billion SWLRT project on schedule and in the queue for federal funding, the Metropolitan Council petitioned the board for a speedy ruling on its plan

to become the owner of both the 6.8-mile Bass Lake Spur and the 2.5-mile Kenilworth Corridor. The two form one contiguous section of an active freight rail route, and Met Council's plan for a 14.5-mile extension of the Metro Green Line calls for light-rail trains to operate on a parallel set of tracks through much of the corridor.

SEE SOUTHWEST LIGHT RAIL / PAGE A16

▲ A Twin Cities & Western Railroad train hauls a load of freight through the Kenilworth Corridor. File photo

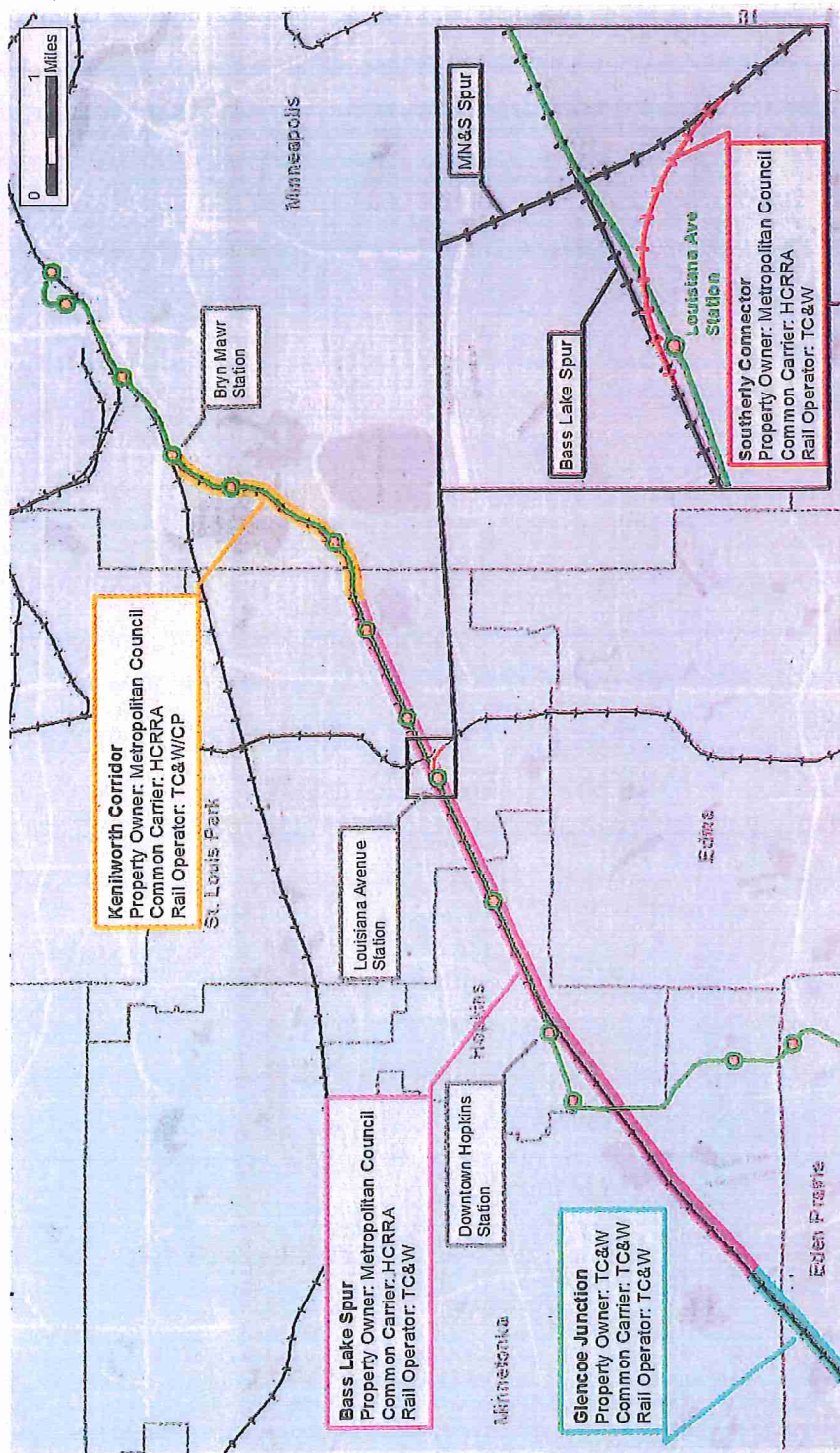
Exhibit 2-I

FROM SOUTHWEST LIGHT RAIL / PAGE A1

But Twin Cities & Western Railroad, which moves \$1.5 billion in freight through the corridor each year, argues that Met Council and its partner in the deal, the Hennepin County Regional Railroad Authority, haven't done enough to ensure SWLRT construction and operations won't hurt its business. The Glencoe-based shortline railroad and many of its customers in southwestern Minnesota and South Dakota are urging the Surface Transportation Board to reject Met Council's request or at least put off a decision until after a public comment period. Congressman Collin Peterson echoed the shippers' concerns in his own letter to the board.

TC&W is also seeking a remedy in federal court. The company filed a complaint April 23 in U.S. District Court in Minneapolis alleging Met Council's actions are preempted by federal law governing interstate commerce and that they would violate a 1990s trackage rights agreement that guarantees TC&W's ability to operate in the corridor.

In a letter to the Surface Transportation Board, TC&W argued the pending legal action is reason enough to reject Met Council's request. As an alternative, it suggested the board issue a "housekeeping stay" until a federal judge has time to review the matter.



This map presented to the Southwest Light Rail Transportation project's Corridor Management Committee in March shows which entities would own, operate on and be responsible for sections of the shared corridor if a Met Council plan goes through. Submitted image

In a statement issued April 23, Met Council Chair Alene Tchourumoff said she was "disappointed" TC&W had chosen to file suit, adding that the offers made to the railroad "were always responsive to their interests, as well as the ship- pers who rely on those tracks, while balancing our responsibility to the public."

"Our approach continues to focus on preserving the trackage rights agreements TC&W has today, and we will continue to approach this relationship in good faith," she said.

TC&W President Mark Wegner returned a phone call April 23 but said he had to consult with the railroad's attorneys before answering questions on the record. TC&W is the only freight rail operating in the corridor, and it runs about four trains and 160 loaded cars over the Bass Lake Spur and Kenilworth Corridor each day.

Met Council now finds itself in the position of defending the SWLRT project in two separate federal court cases. Met Council recently prevailed in a federal environmental lawsuit, but the local group that sued the regional planning agency — Lakes and Parks Alliance of Minneapolis — announced earlier this month it would appeal U.S. District Court Judge John Tunheim's decision to the Eighth Circuit Court of Appeals.

Rising tensions

Tensions between Met Council and TC&W rose sharply this spring, five months after they broke off negotiations on a light rail construction agree-

ment. Before talks froze, Met Council was close to sealing a \$16 million deal with TC&W.

The proposed agreement committed the Met Council to spending up to \$11.8 million to replace siding tracks in the Bass Lake Spur that would be relocated to accommodate the project. TC&W would get up to \$4.2 million, partly for its cooperation on construction and partly to compensate the railroad for any construction-related interruptions in its service.

Met Council members voted to OK the broad terms of the deal in August. But after that vote, agency officials said, TC&W returned with yet more demands — demands that would've put Met Council in the position of insuring the railroad against losses unrelated to light rail construction.

Wegner disputed that version of events in an April 13 letter to Tchourumoff, the Met Council chair, writing: "We have never contemplated grabbing additional revenue at SWLRT's expense. We merely insist that we do not incur losses we would not have occurred but for the presence of SWLRT on the freight corridor."

In the railroad's version of the story, presented in letters and the federal complaint, they were close to a final agreement that would have met TC&W's concerns about the four years of heavy construction planned for SWLRT, tentatively scheduled to begin this year and continue through 2022, with light-rail transit service beginning in 2023. There were several outstanding issues still on the table

when Met Council stepped away from negotiations and was silent for months — until it presented TC&W with a take-it-or-leave-it offer this spring.

In a phone conversation that took place before the federal suit was filed, Wegner said the railroad assumed Met Council was simply distracted during the months of silence. During that time, it was dealing with the Lakes and Parks Alliance lawsuit, putting the SWLRT civil construction contracts out for bid and developing a mitigation plan for a 10-foot high, mile-long crash wall only recently added to another section of the future light rail's path.

The March settlement offer was, he said, "a complete surprise."

A new plan

Seeking a way around the impasse with TC&W, Met Council announced a new plan with the Hennepin County Regional Railroad Authority in March.

Met Council would purchase the Bass Lake Spur from its current owner, Canadian Pacific Railway, for up to \$27.45 million. At the same time, the railroad authority would transfer ownership of the Kenilworth Corridor, valued at \$66 million, to Met Council. The deal also placed the railroad authority in the role of common carrier, making it legally responsible for maintaining freight service on both sections of track.

Met Council then presented new settlement

terms to TC&W: \$11.9 million to cooperate during light-rail construction and quit any claims against the project, plus \$230,000 for expenses since talks ended last year. Given until April 18 to respond, TC&W rejected the offer.

In his letter to the Met Council's chair, Wegner pointed out a key area where, in the railroad's view, the agency's offer fell short. The deal would increase TC&W's tax obligations, opening a \$3.2 million gap in the siding replacement project, and add to its ongoing property tax liabilities.

"Forcing TC&W to absorb these taxes is tantamount to asking TC&W to subsidize the light rail project," he wrote.

The suit filed by TC&W April 24 names the Met Council, railroad authority and Canadian Pacific Railway. It alleges the Met Council's current plan "will substantially and unreasonably interfere" with TC&W operations.

Another issue raised by the railroad is the replacement for the siding tracks in the Bass Lake Spur. Asked about current plans for their replacement, Kate Brickman, director of communications for Met Council, said the agency would address the question in a future filing with the Surface Transportation Board. Without access to the roughly 16,000 feet of sidetracks, the railroad alleges in its complaint, it will be unable to sort railcars or park trains temporarily.

The complaint also questions the rail authority's ability to carry out common carrier duties, alleging that it has "demonstrated a hostile attitude towards rail freight transportation."

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Minnesota

There is currently no content classified with this term.



Independent Locomotive Service, Inc. & Independent Locomotive Leasing LLC began operations in 1981.

Frank Nesbit worked for the Soo Line Railroad as an apprentice, and then was later promoted to a machinist before becoming a general locomotive foreman. After more than 20 years of service with the Soo Line Railroad, Frank decided he wanted to go into business for himself. With a rented railroad car shop, a fleet of service trucks, and a team of dedicated employees ILS began providing customers with the locomotives, parts, and service that was very much needed in a growing industrial switching and shortline railroad market. Now more than 30 years later we have the experience and resources to satisfy the needs of our customers.

Frank's knowledge in the industry has allowed him to branch out into the Short Line Railroad business becoming an owner in the Minnesota Northern Railroad serving North Western Minnesota, The St. Croix Valley Railroad serving East Central Minnesota & the Dakota Northern Railroad serving North Eastern North Dakota.

Independent Locomotive Service & Independent Locomotive Leasing's owners, management and dedicated staff are committed to supplying our customers with the best service possible now and into the future.



Exhibit 2-D

Rapid City, Pierre and Eastern Railroad

Rapid City, Pierre and Eastern Railroad (reporting mark **RCPE**) is a Class II railroad operating across South Dakota and southern Minnesota in the northern plains of the United States. Portions of the railroad also extend into Wyoming, and Nebraska. It is owned and operated by Genesee & Wyoming.

Contents

History

Route

Operations

See also

References

External links

History

The Genesee & Wyoming, a holding company of mostly short line railroads, formed the Rapid City, Pierre and Eastern to acquire the western end of the former Dakota, Minnesota and Eastern Railroad (DM&E) rail line from the Canadian Pacific Railway (CPR). The acquisition was completed on May 30, 2014, for \$210 million. Most of its employees came over from the DM&E.^[1]

Route

Rapid City, Pierre and Eastern Railroad



Freshly-painted EMD SD40-2 No. 3423 in Rapid City in 2014

Reporting mark	RCPE
Locale	Minnesota, Nebraska, South Dakota and Wyoming
Dates of operation	2014–Present
Predecessor	Canadian Pacific Railway
Track gauge	4 ft 8½ in (1,435 mm)
Headquarters	Rapid City, South Dakota
Website	Official website (http://www.gwrr.com/operations/railroads/north_america/rapid-city-pierre-eastern-railroad)

Grand Rapids Eastern Railroad

Heart of Georgia Railroad

Hilton & Albany Railroad

Huron and Eastern Railway

Huron Central Railway

Illinois & Midland Railroad

Indiana & Ohio Railway

Indiana Southern Railroad

KWT Railway

Kiamichi Railroad

Knob Lake & Timmins Railway

Kyle Railroad

Little Rock & Western Railway

Louisiana & Delta Railroad

Luxapalila Valley Railroad

Mahoning Valley Railway

Marquette Rail

Maryland Midland Railway

Massena Terminal Railroad

Meridian & Bigbee Railroad

Michigan Shore Railroad

Mid-Michigan Railroad

Missouri & Northern Arkansas Railroad

New England Central Railroad

North Carolina & Virginia Railroad

Ohio Central Railroad

Ohio Southern Railroad

Olympia & Belmore Railroad

Ottawa Valley Railway

Otter Tail Valley Railroad

Pittsburgh & Ohio Central Railroad

Point Comfort & Northern Railway

Portland & Western Railroad

Prescott and Northwestern Railroad

Providence and Worcester Railroad

Puget Sound & Pacific Railroad

Quebec Gatineau Railway

Rapid City, Pierre & Eastern Railroad

Riceboro Southern Railway

Rochester & Southern Railroad

San Joaquin Valley Railroad

San Diego & Imperial Valley Railroad

Savannah Port Terminal Railroad

South Carolina Central Railroad

Southern Ontario Railway

St. Lawrence & Atlantic Railroad (Quebec)

St. Lawrence & Atlantic Railroad

Tazewell & Peoria Railroad

Texas Northeastern Railroad

Three Notch Railway

Toledo, Peoria & Western Railway

Tomahawk Railway

Utah Railway

Valdosta Railway

Ventura County Railroad

Warren & Trumbull Railroad

Warren & Saline River Railroad

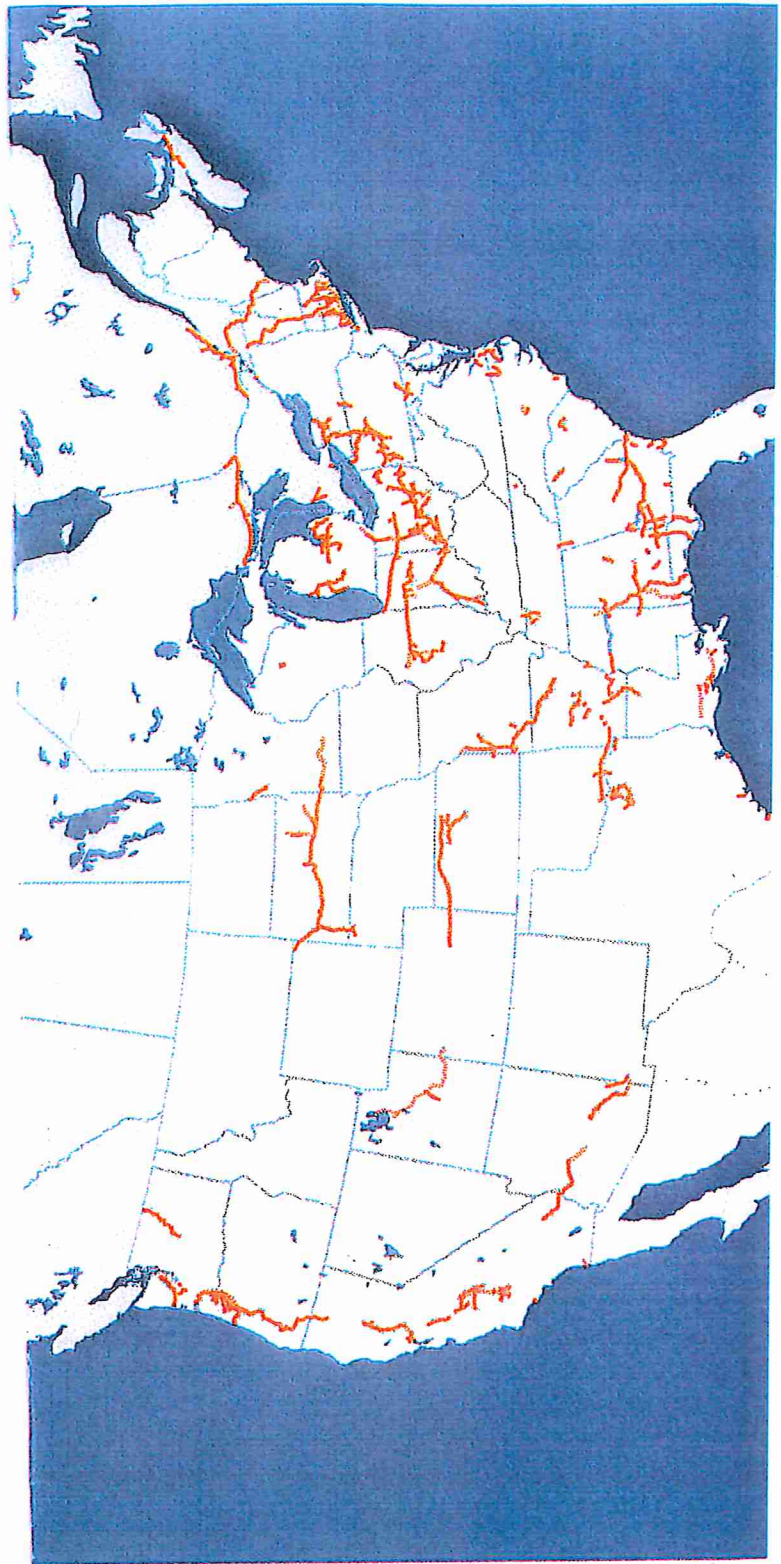
Wellsboro & Corning Railroad

Wilmington Terminal Railroad

Wiregrass Central Railroad

York Railway

Youngstown Belt Railroad



Bankrupt railway won't have to stand trial for Lac-Megantic train disaster

The Canadian Press



Smoke rises from railway cars that were carrying crude oil after derailling in downtown Lac-Megantic, Que., Saturday, July 6, 2013. The railway at the heart of the Lac-Megantic tragedy five years ago will not stand trial. THE CANADIAN PRESS/Paul Chiasson

MONTREAL -- The bankrupt railway at the centre of a 2013 train derailment that killed 47 people in the Canadian province of Quebec will not have to stand trial for criminal negligence, provincial officials said Tuesday.

There was little chance of convicting the Montreal Maine and Atlantic Railway of negligence after three of its former employees facing the same charge were acquitted in January, said a spokesman for prosecutors, Robert Benoit.

"The (Crown) was no longer reasonably convinced it could obtain a conviction against the company," Benoit said. "This closes the file."

An unattended train carrying crude oil rolled down an incline before coming off the tracks in the town of Lac-Megantic in 2013, exploded into a massive ball of fire and consumed much of the downtown, killing the 47 people.

The Montreal Maine and Atlantic Railway currently exists as a post-bankruptcy corporate entity with no money of its own and with no physical or operational assets. The defunct railway wasn't even represented by lawyers during the criminal negligence proceedings.

Even if prosecutors had somehow obtained a guilty verdict, Benoit said the next steps would have been unclear.

Before the tragedy, the railroad existed as two companies, one based in the United States and the other in Canada. The derailment sparked legal claims against it that forced it into bankruptcy proceedings on both sides of the border.

Attorney Robert Keach, the court-appointed trustee overseeing the bankruptcy proceedings in United States, said the railroad has no money of its own.

As part of the bankruptcy proceedings in the United States and Canada, several companies tied to the disaster agreed to pay into a fund for victims and creditors of the tragedy, in exchange for legal immunity.

In January, a jury acquitted former employees of the railroad of criminal negligence causing the deaths.

Lac-Megantic's current mayor said she was stunned by the decision to abandon proceedings against the railroad.

"Companies need to be held accountable," Julie Morin said.

Top Picks

timesunion

<https://www.timesunion.com/business/article/CP-Rail-buys-line-that-owns-Lac-Megantic-track-14852681.php>

CP Rail buys line that owns Lac Megantic track where 47 died

Canadian Pacific announced Wednesday that it has acquired the Central Maine & Quebec Railway from Fortress Transportation and Infrastructure Investors LLC, giving CP direct access to the Atlantic coast, including Saint John, New Brunswick, where Irving Oil maintains a major refinery.

The Irving refinery was the destination of a runaway Montreal Maine & Atlantic Railway train carrying Bakken crude that derailed and exploded in the early morning hours of July 6, 2013, killing 47 people and incinerating much of the town of Lac Megantic, Quebec.

Fortress Transportation acquired the assets of the bankrupt MM&A a year later for \$17 million according to The Canadian Press, renaming it the Central Maine & Quebec. CP paid \$130 million for the renamed railroad.

The Port of Albany developed as a major transshipment point for the Bakken crude, with more traffic shifting here following the Lac Megantic disaster. Protests by area residents against the so-called "bomb trains" led to increased safety inspections and training for local firefighters.

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Canadian Pacific Railway locomotives are shuffled around a marshalling yard in Calgary in 2012. The railway is rejecting a legal demand by the Quebec government that it help fund the cleanup of Lac-Mégantic.

The Canadian Press

MONTREAL

Canadian Pacific rejects order to pay for Lac-Mégantic cleanup

ANDY BLATCHFORD

Published Thursday, Aug. 15, 2013 01:46PM EDT

Last updated Thursday, Aug. 15, 2013 09:30PM EDT

Canadian Pacific Railway Ltd. says it holds no financial responsibility for the Lac-Mégantic rail disaster and has rejected a legal demand by the Quebec government that it help pay for the cleanup in the devastated town.

The railway announced Thursday that it will appeal the province's legal order.

The news came one day after the provincial government added CPR to a list of defendants it says are responsible for picking up the tab in Lac-Mégantic, where a train derailed on July 6 and dumped millions of litres of crude oil into the environment.

"Canadian Pacific has reviewed the notice. As a matter of fact, and law, CP is not responsible for this cleanup," railway spokesman Ed Greenberg said Thursday.

"CP will be appealing," he added.

That legal notice demands that the companies named follow a provincial law that holds businesses accountable for the financial impact of an environmental disaster.

The Quebec government says taxpayers should not be forced to pay for the cleanup.

However, attempts so far to ascribe financial liability have produced a flurry of finger-pointing among public and private interests.

Environment Minister Yves-François Blanchet, who signed the order, responded quickly Thursday to CPR's position.

"I will leave it up to lawyers, but let's be clear: under the law on environmental quality, the minister does not ask for, or suggest, compensation ... he orders it," Mr. Blanchet said in a statement.

"It's not optional," he added.

The disaster killed 47 people and led to a mass evacuation in the community of 6,000. The derailment has since prompted a criminal investigation, several lawsuits and concerns that locals may have to abandon Lac-Mégantic's oil-soaked downtown core.

In the legal notice, the province said CPR was the main contractor responsible for the fateful shipment that was supposed to transport crude from North Dakota oil fields to New Brunswick's Irving refinery.

It handed off the train in Montreal to the smaller Montreal, Maine & Atlantic Railway Ltd., which then operated the tanker train that derailed in the heart of Lac-Mégantic and set off a series of explosions.

MM&A is already among the other companies on the legal notice, but the U.S.-based railway has said it can't afford to pay and has requested bankruptcy protection.

In one court filing, MM&A said its insurance coverage was \$25-million and estimated the total cleanup cost would exceed \$200-million.

This week, the federal railway regulator announced it would suspend MM&A's Canadian operating licence because it said the company did not have sufficient insurance coverage.

On Wednesday, the Quebec government also added World Fuel Services Inc. to the legal notice. It's a subsidiary of the petroleum-logistics firm World Fuel Services Corp., which was listed along with another of its branches, Western Petroleum Company, in the initial demand from the government.

World Fuel Services, which stated last month that it had "serious objections to the legality of the order," had bought the crude that was to be shipped to the refinery in Saint John.

The Miami-based company declined to comment Thursday about the updated notice, but in an interview last month with The Canadian Press, its spokesman shifted some of the responsibility to CPR.

Feds quietly paid \$75-million Lac-Mégantic settlement Add to ...

Andy Blatchford

The federal government quietly spent \$75-million to settle with victims and creditors affected by the Lac-Mégantic rail disaster — a contribution that also shielded it from lawsuits related to the deadly crash.

Former transport minister Lisa Raitt said the deal, which involved 24 other defendants who settled, was under negotiation before her Conservatives lost the October election to the Liberals.

The Liberals have refused to reveal how much the government gave to the \$460-million settlement fund, even though at least two parties accused of wrongdoing in the deadly Quebec derailment disclosed their contributions.

But in a recent interview Raitt said the amount was public.

She said it was included in Transport Canada's supplementary estimates as well as in its quarterly financial report under "out-of-court settlement." The amount listed is \$75-million.

Last week, Transport Minister Marc Garneau said the figure was "classified" when asked how much taxpayer money the government set aside for the settlement.

Garneau also reiterated Ottawa's denial — under both the Liberals and the Tories — that it had any legal responsibility for the 2013 oil-train accident that killed 47 people and levelled part of Lac-Mégantic.

"We don't acknowledge that we had any responsibility; however, we did want to make a contribution because of the impact of this terrible tragedy in Lac-Mégantic," Garneau said last week.

Raitt agreed that the government's main goal behind the settlement was to speed up the process.

"The motivation was simple: this was an opportunity to get money to the victims for wrongful death in a shorter period of time through the U.S. bankruptcy proceedings as opposed to a long, drawn-out, litigious court case," Raitt said in a recent interview.

The government's decision to settle may have also been made to avoid the cost of fighting the allegations in court. It would have faced numerous lawsuits related to the derailment on both sides of the border, said the U.S.-based bankruptcy trustee for the company at the centre of the crash — Montreal, Maine & Atlantic Railway.

Robert Keach has also said that, contractually speaking, the arrangement explicitly stated the settling parties were not acknowledging any liability with their contributions.

The Transportation Safety Board's 2014 report on the crash said Transport Canada failed to recognize that the railway had urgent safety problems and was not following the rules. It also said the department failed to audit safety procedures at MM&A and didn't conduct enough inspections.

Raitt responded to the TSB report at the time by saying the government's role was to put the rules in place. The companies, the Conservative minister added, were expected to follow those regulations — something she said MM&A did not do.

In the recent interview, Raitt reiterated the position that the rules weren't respected.

"We don't believe we are liable and it's not an admission of liability," said Raitt, who added she would have publicly disclosed the government's settlement contribution.

Irving Oil has announced it had contributed \$75-million to the fund. The train was transporting crude oil to Irving's refinery in Saint John N B