



John Duncan Varda, Counsel
DeWitt Ross & Stevens s.c.
2 E. Mifflin Street, Suite 600
Madison, WI 53703
608-212-1103
jdvarda@dewittross.com

www.centralcorridors.com/wcg/

March 23, 2016

Wisconsin Central Group Agenda 2016Q1 – Concluded. Moving in a Different Direction?

In December 2015, WCGroup's Steering Committee opted to promulgate the following action agenda for 2016Q1. Set forth below is our report card, notable for lack of success.

- Log Cars – WI SB305/AB458, \$4.8 Million Earmark, Minimum 20% Match (**not this session**):
 - Push for public hearing (February-March), potential adoption mid-March 2016, subject to confirming minimum stakeholder support (**only partially confirmed**), *i.e.*:
 - Key shipper/commercial stakeholders commit (before 12/31/2015 – **accomplished but some slippage**) to public support (i.e., attend public hearing, other contacts and PR);
 - CN commits to public support and contribution of \$1.2 million match (by early Jan., 2016 – **no response from CN**);
 - NRTC commits to public support (**resolution adopted 1/29/2016**); and
 - Cooperative support (at least tacit) from Walker Administration and WisDOT (**pending**).
 - Michigan funding – Promote parallel legislative effort for \$3 million (**non-starter**).
 - No WCGroup involvement in 2016 TIGER VIII absent WI and/or other state funding. (**confirmed at NRTC meeting 1/29/2016**).
- Branch Line Projects – Focus on Central Wisconsin and L'Anse-Baraga branch lines (**stalled**).
- Based On Responses From CN Take Action On – Intermodal/transload project target location; and cooperate to implement CN public relations support for WCGroup projects (**no CN response**).

WCGroup's next forward agenda awaits results of the scheduled 4/20/2016 meeting of CN senior management with NRTC at Stevens Point, WI.

Freight marketplace developments may strongly influence WCGroup's next agenda. It is now publicly known that PCA is moving finished product via truck from Tomahawk to Chetek for transloading to Progressive Rail for furtherance west via Union Pacific. What other negative impacts on CN/WC lighter density lines are likely to follow? This development appears to be a shocking (if not wholly surprising) failure by CN to effectively compete for non-captive, truck-competitive freight essential to sustain CN/WC lighter density lines.

Is it possible/likely freight marketplace developments will elevate the priority of consideration of alternative operators for CN/WC lines serving local industry? In any event, notwithstanding the ambivalence of several key stakeholder groups and skepticism among state policy makers outside of the Northwoods, this development underscores the relevance and importance of a publicly owned log car fleet to serve, and sustain rail access in, the Great Lakes Forests Region