NOTICE OF MEETING OF THE
EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM

There will be a meeting of the East Wisconsin Counties Railroad Consortium on **Wednesday, November 13, 2019**, at 10:00 a.m., in Meeting Rooms H and I, located on the first floor of the Dodge County Administration Building, located at 127 E. Oak Street, Juneau, Wisconsin. Phone No. (920) 386-3590. (Handicapped accessible).

Sign in for the meeting of the East Wisconsin Counties Railroad Consortium will start at 9:30 a.m.

**A G E N D A**

1. Call meeting to order.
2. Certification of public notice.
3. Roll call.
4. Public comment.
5. Approve Minutes of July 10, 2019 Meeting.
7. Consider, discuss, and take action on EWCRC 2018 Financial Statements prepared by the Dodge County Finance Department.
8. Consider, discuss, and take action on 2020 funding level for member counties and authorize invoicing.
9. Consider, discuss, and take action on Freight Rail Preservation Program Grant Application Instructions and Project Selection Procedure.
10. Discussion – WisDOT considering sale of State Railroad Property at 241 S. Walker Street, Waupun, WI.
12. Report of WSOR.

- Maintenance activities
- Capital projects throughout the network
- Spring Grove Derailment
- Track tour/inspection
- Other reports per Operating Agreement
13. Time, date, and place of next meeting (January 8, 2020).


It is possible that individual members of other governing bodies of the County government may attend the above meeting to listen, gather information and comment. Such attendance may constitute a meeting of other governing bodies pursuant to State ex rel. Badke, v. Vill. Bd. of Vill. Of Greendale, 173 Wis2d 553, 578-74, 494 N.W. 2d 408 (1993). No action will be taken by any other governmental body except by the governing body noticed in the caption above.

Any person wishing to attend whom, because of a disability, requires special accommodation, should contact the Dodge County Clerk’s Office at 920-386-3600, at least 24 hours before the scheduled meeting time so appropriate arrangements can be made. The building entrance, which is accessible by a person with a disability, is located on the east side of the building off Miller Street.

***NOTE TO CONSORTIUM MEMBERS: Please notify the Corporation Counsel Office several days in advance of this meeting if you are unable to attend.

***NOTICE AND AGENDA sent to County Clerks in the EWCRC Region with a request to please post.
Minutes of the
East Wisconsin Counties Railroad Consortium
Meeting of July 10, 2019

East Wisconsin Counties Railroad Consortium Meeting was called to order by Chairman Thomas Winker on July 10, 2019, at 10:00 a.m., at the Ozaukee County Administration Center Auditorium, located at 121 W. Main Street, Port Washington, Wisconsin.

Certification of Public Notice: Kimberly A. Nass certified that the notice of this meeting complies with all applicable requirements of Wisconsin’s open meetings law.

Roll call was taken.

Present: Russell Kottke and Jeffrey Caine, Dodge County; Joseph Koch and Karen Madigan, Fond du Lac County; Dennis Mulder, Green Lake County; Thomas E. Winker and Donald Dohwardt, Ozaukee County; Roger Te Stroete and Jim Glavan, Sheboygan County; Jeff Schleif and Robert Hartwig, Washington County; and, Larry Smith and Joel Rasmussen, Winnebago County.

Excused: James E. Foley, Columbia County; Vicki Bernhagen, Green Lake County; Milwaukee County; Richard Bemis, Sheboygan County.

Others Present: Ken Lucht, WSOR; Rich Kedzior and Edward Singer, WisDOT; Don Pohlman, Mayor of the City of Plymouth; Kimberly A. Nass, Dodge County Corporation Counsel; and, Kelly L. Lepple, Recording Secretary.

Public Comment: Don Pohlman, Mayor of the City of Plymouth, thanked everyone on the EWCRC for its interest in the railroad and freight rail.

Approval of Minutes of March 13, 2019: Motion by Schleif/Rasmussen to approve the minutes of the March 13, 2019 meeting, as presented. Motion carried by unanimous vote.

Financial Report: Russell Kottke reported the following: The balance in the checkbook as of February 28, 2019, was $1,103.86. Deposits were $225,005.24. Expenditures were $4,523.73. Transfers were $220,481.68. Total EWCRC money on deposit in the Local Government Investment Pool as of June 30, 2019, is $673,612. Motion by Glavan/Caine to approve the Financial Report. Motion carried by unanimous vote.

Consider, discuss, and take action on the level of funding by member counties for 2020: There was consideration of and discussion about the level of funding for member counties for 2020. Motion by Smith/Dohwardt that the Board of Directors of the EWCRC recommend that each member county budget $25,000 for its 2020 member county contribution to the EWCRC. Motion carried by unanimous vote.

Consider, discuss and take action on Freight Rail Preservation Program Support Letter for 2019/2021 Biennial State Budget: Ken Lucht reported that this agenda item was requested several months earlier in anticipation of lengthy state budget process. Ken Lucht reported that the Governor signed the budget for the 2019-2021 Biennium and approved $30 million of bonding authority for the Freight Railroad Preservation Program. WSOR is no longer asking for a support letter from the EWCRC. Ken Lucht reported on the visits to the State Capitol in May and June.
Consider and discuss Freight Rail Preservation Program, 2019/2021 State of Wisconsin Budget and potential projects: Rich Kedzior reported that the Northwoods Rail Transit Commission has expressed concerns about the condition of its tracks and bridges. Rich stated that he asked for more dollars to be allocated to the FRPP so that WisDOT could award monies to more rehabilitation projects around the State of Wisconsin.

Consider, discuss and take action on the Bylaws of the EWCRC: There was consideration of and discussion about revisions to the Bylaws of the EWCRC. Kim Nass stated that language in certain Articles and Sections of the Bylaws need to be addressed and clarified as follows:

- **Article II – Board of Directors, Section 5 – Quorum.** There was discussion about how this read and it was agreed to change it to read “...the presence as more than fifty (50%) percent of duly appointed members ...”.

- **Article IV – Officers, Section 2 – Election, Term of Office and Succession.** There was discussion about removing the clause “The Chair and Vice Chair will not serve more than 2 consecutive, 2-year terms.”

- **Article IV – Officers, Section 6 – Secretary.** Kim Nass stated that “... s. 66.042, Wisconsin Statutes,” should read “... s. 66.0607, Wisconsin Statutes ...”

- **Article V – Contracts, Checks, Loans and Deposits, Section 2 – Checks, Drafts, Etc.** Kim Nass suggested that the heading of Section 2 be changed to read “Checks, Drafts, Other Orders”.

Motion by Mulder/Caine to approve all of the changes outlined above, and direct Kim Nass to make the changes to the current Bylaws of the EWCRC and provide an updated copy of the Bylaws to all members of the EWCRC. Motion carried by unanimous vote.

Chairman, Tom Winker stated that Milwaukee County currently has no one from its County Board appointed to serve on the EWCRC and that Columbia County only has one County Board member appointed to serve on the EWCRC. Tom Winker suggested that Kim Nass draft a letter to Milwaukee County and to Columbia County requesting that Milwaukee appoint two county board members to serve on the EWCRC and Columbia appoint one county board member to serve on the EWCRC. Kim Nass will draft the letters for her signature and Tom Winker’s signature. It was the consensus of the members of the EWCRC that Kim Nass draft and send out letters to Milwaukee County and Columbia County, as described by the Chairman.

Reminder of 2019 WisDOT Annual Freight Railroad Conference, scheduled for November 12, 2019: The 2019 WisDOT Annual Freight Railroad Conference will be held on Tuesday, November 12, 2019, at the Sheraton Hotel, in Madison, Wisconsin. Rich Kedzior stated that he will send an email with registration details and hotel reservation information, along with a draft agenda later this summer.
Report of WisDOT, Railroads and Harbors: Rich Kedzior reported the following:

There is $1.5 million available for intermodal facility planning studies and application review. WisDOT is going to announce to the community that there is money available for intermodal planning studies. WisDOT will use FRPP guidelines and the application deadline is February 1, 2020.

The Weed Commissioner of the City of Beaver Dam sent WisDOT a notice to cut grass and weeds on railroad right of way properties located within the City limits. WisDOT did not receive the notice until after the compliance date. The City of Beaver Dam hired a company to cut the grass and weeds and sent WisDOT an invoice for approximately $1,000. Ken Lucht stated that this should no longer be an issue, as WisDOT is not responsible for grass and weed removal, and by state statute, it is illegal to assess special fees to WisDOT.

WisDOT is in the process of revising the Freight Rail Preservation Program guidelines. WisDOT will present the revised guidelines to the EWCRC after the revisions have been completed.

Ed Singer provided an update on rebuilding and extending the existing rail siding that exists within the railroad right of way in Adell, Wisconsin. WSOR is working with WisDOT and the private property owner to resolve issues with the driveway that would be located within the railroad right of way. WisDOT will enter into Offer to Use Agreements with Agri-Service and Adell Cooperative.

Report of WSOR: Ken Lucht reported the following:

In June of 2019, WSOR replaced approximately 13,000 ties and installed 2,000 ton of ballast on the Cambria Subdivision. WSOR will start resurfacing in the next couple of weeks.

WSOR is almost done weed spraying the entire system. A truck travels on the railroad tracks and sprays the weeds and brush on the sides of the track. This is important because the weeds and brush retain moisture, and the retained moisture deteriorates railroad ties.

WSOR is currently checking its rail lines for defects by means of a rail defect detector test car. The rail defect detector test car transmits an ultrasonic sound wave through the rail and it thereby detects cavities and other internal defects in the rail.

In the next week or two, WSOR will be replacing an at-grade crossing located on Columbus Street, in Randolph, Wisconsin.

The continuous welded rail has arrived for installation on the Oshkosh Subdivision. Diversified Track will install the continuous welded rail between Ripon and Fisk. WSOR will complete the surfacing. This is a Phase 2 rehabilitation project.

WSOR received an award from the City of Oshkosh in relation to the public and private partnership to construct a new transload terminal that opened in Oshkosh, Wisconsin.

WSOR is working on its carload report. Ken stated that he will present this report to the EWCRC at its next meeting.
Ken will provide a date, time, and location of the next freight rail inspection tour to be held in the fall of 2019.

Chairman, Tom Winker suggested that the EWCRC invite the WisDOT Secretary to the next meeting of the EWCRC.

**Date, time, and place of next meeting (September 11, 2019):** The next regular EWCRC meeting will be held on September 11, 2019, at 10:00 a.m. Dodge County will host the meeting.

Motion by Glavan/Mulder to adjourn. Motion carried by unanimous vote.

Meeting adjourned at 11:22 a.m.

Respectfully submitted,

Joseph W. Koch, Secretary

Disclaimer: These are draft minutes. These draft minutes may be approved, amended, or corrected at the next meeting of the East Wisconsin Counties Railroad Consortium.
# EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM
# FUNDS ON DEPOSIT AS OF OCTOBER 31, 2019
## PREPARED FOR THE NOVEMBER 13, 2019 EWCRC MEETING
### US BANK

#### CHECKING ACCOUNT

<table>
<thead>
<tr>
<th>Date/Activity</th>
<th>Total Amount Of Income/Expenditures/Transfers</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of June 30, 2019</td>
<td>........................................</td>
<td>$ 1,003.69</td>
</tr>
</tbody>
</table>

#### DEPOSITS:
- **July 9, 2019** – Transfer of Money from LGIP to EWCRC Checking Account. (EWCRC 2018 Capital Invoice from WSOR – Ripon to Fisk Phase 2 Rehabilitation Project) $219,795.10 (transfer)
- **July 9, 2019** – WSOR 2019 3rd Quarter Rent $ 5,201.21 (check)
- **July 30, 2019** – Total Interest paid in from US Bank in July 2019 $ 2.02 (automatic deposit by bank)

*** No interest accrued for August or September of 2019 ***

**TOTAL DEPOSITS** ........................................ | $ 224,998.33 |

#### EXPENDITURES:
- **July 9, 2019** – EWCRC 2018 Capital Invoice from WSOR – Brandon to Fisk Phase 2 rehabilitation project (Check No. 5007) ($219,795.10 + 5,201.21 +3.69 = $225,000.00) $225,000.00

**TOTAL EXPENDITURES** ........................................ | $ 225,000.00 |

#### TRANSFERS TO LOCAL GOVERNMENT INVESTMENT POOL:

No Transfers.

**TOTAL TRANSFERS** ........................................ | $ 0.00 |

**October 31, 2019 – BALANCE IN CHECKBOOK** ........................................ | $ 1,002.02 |

**TOTAL EWCRC MONEY ON DEPOSIT IN LOCAL GOVERNMENT INVESTMENT POOL** (as of October 31, 2019) $457,869.01
EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM

FINANCIAL STATEMENTS

For The Year Ended December 31, 2018
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANAGEMENT'S DISCUSSION AND ANALYSIS</td>
<td>3</td>
</tr>
<tr>
<td>BASIC FINANCIAL STATEMENTS:</td>
<td></td>
</tr>
<tr>
<td>Government-wide Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Statement of Net Position</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>6</td>
</tr>
<tr>
<td>Fund Financial Statements:</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet – Governmental Funds</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Revenues, Expenditures and</td>
<td></td>
</tr>
<tr>
<td>Changes in Fund Balances – Governmental Funds</td>
<td>8</td>
</tr>
<tr>
<td>NOTES TO FINANCIAL STATEMENTS</td>
<td>9-12</td>
</tr>
<tr>
<td>SUPPLEMENTARY INFORMATION</td>
<td></td>
</tr>
<tr>
<td>Special Revenue Fund</td>
<td>14-15</td>
</tr>
</tbody>
</table>
Purpose of the Consortium

The Consortium was created for the purpose of facilitating the continuance of rail service on the Northern Division of the Milwaukee Road and the preservation of the facilities for the continuing of such service. In carrying out these purposes the Consortium has acquired this branch line and leased the facilities to a railroad operator.

In cooperation with the State of Wisconsin and the railroad operating company, the Consortium has funded the rehabilitation of the rail lines.

Financial highlights

On an accrual basis of accounting, net position of the Consortium increased by $163,749 in 2018. Net position is $2,693,913 in 2018, as compared to 2017 net position of $2,530,164.


Government-Wide and Governmental Fund
Financial Statements

Under generally accepted accounting principles, the Consortium presents two sets of financial statements, one on the accrual basis of accounting and the other on the modified accrual basis of accounting. The accrual basis financial statements or the Government-Wide financial statements consist of the statement of net position and the statement of activities and are presented on an aggregated basis. The modified accrual basis financial statements or the Governmental Fund financial statements consist of the balance sheet and the statement of revenues, expenditures and fund balance and are presented on a fund accounting basis. The Governmental Fund financial statements do not include any long-term assets, such as fixed assets, and long-term liabilities, such as long-term debt.
Comparison of Revenues and Expenses

Revenues for fiscal 2018 were equal to those of 2017. County contributions were $225,000 in 2018 and $225,000 in 2017.

Administrative expenses were $4,524 in 2018 which was an increase of $849 from 2017.

Railroad rehabilitation expenditures were $450,000 in 2018 and $112,500 in 2017.

Comparison of Assets, Liabilities and Net Position

Current Assets and Liabilities

Cash and investments increased by $34,610 in 2018.

There were no accounts receivable at the end of 2018.

Accounts payable were $849 higher at the end of 2018 than in 2017. Accounts payable at the end of 2018 consisted of administrative costs that were incurred in 2018 but not invoiced until 2019.

Non-Current Assets and Liabilities

An analysis of capital assets for the 2018 year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2018</th>
<th>Additions</th>
<th>Reductions</th>
<th>Dec 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail improvements, net</td>
<td>$1,899,643</td>
<td>$450,000</td>
<td>$89,811</td>
<td>$2,259,832</td>
</tr>
</tbody>
</table>

The Consortium had no long-term debt.

Changes in Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Fund Balances</td>
<td>$434,081</td>
</tr>
</tbody>
</table>

The general fund balance increased by $28,560 in 2018.
EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM
Statement of Net Position
December 31, 2018

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Investments</td>
</tr>
<tr>
<td>Total current assets</td>
</tr>
<tr>
<td><strong>Noncurrent assets:</strong></td>
</tr>
<tr>
<td>Capital assets</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
</tr>
<tr>
<td>Total noncurrent assets</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
</tr>
<tr>
<td>Accounts payable</td>
</tr>
<tr>
<td>Total current liabilities</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
</tr>
<tr>
<td>Net Investment in capital assets</td>
</tr>
<tr>
<td>Unrestricted</td>
</tr>
<tr>
<td>Total Net Position</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this statement.
EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM  
Statement of Activities  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

Operating Revenues
- County contributions $ 225,000
- Rent 20,805
Total Revenues 245,805

Operating Expenses
- Administration 4,524
- Depreciation 89,811
Total Expenses 94,335

Operating income(loss) 151,470

Nonoperating Income
- Interest Revenue 12,279
Total Nonoperating Income(Expense) 12,279

Change in Net Position 163,749

Net Position-Beginning of year 2,530,164
Net Position-End of year $ 2,693,913

The accompanying notes are an integral part of this statement.
## EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM

### Balance Sheet

**Governmental Funds**

**December 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Revenue</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in the Bank</td>
<td>$ 1,000</td>
<td>$ -</td>
<td>$ 1,000</td>
</tr>
<tr>
<td>Investments</td>
<td>419,986</td>
<td>247,820</td>
<td>667,806</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 420,986</td>
<td>$ 247,820</td>
<td>$ 668,806</td>
</tr>
</tbody>
</table>

| **Liabilities:** |              |                 |              |
| Accounts Payable | $ 4,524      | $ -             | $ 4,524      |
| **Total Liabilities** | $ 4,524      | $ -             | $ 4,524      |

| **Equity:**      |              |                 |              |
| Fund Balance:    |              |                 |              |
| Committed        |              | 247,820         | 247,820      |
| Unassigned       | 186,261      | $ -             | 186,261      |
| **Total Fund Equity** | 186,261      | 247,820         | 434,081      |

| Total Liabilities and Fund Equity | $ 190,785 | $ 247,820 | $ 438,605 |

### Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total fund balances - governmental funds: $ 434,081

Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds:

- Capital assets: 3,030,503
- Accumulated depreciation: (770,671)

Total net position - governmental activities: $ 2,693,913

The accompanying notes are an integral part of this statement.
**EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**Year Ended December 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Special Revenue</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County contributions</td>
<td>$</td>
<td>$ 225,000</td>
<td>$ 225,000</td>
</tr>
<tr>
<td>Rent</td>
<td>20,805</td>
<td>-</td>
<td>20,805</td>
</tr>
<tr>
<td>Interest from Investments</td>
<td>12,279</td>
<td>-</td>
<td>12,279</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>33,084</td>
<td>225,000</td>
<td>258,084</td>
</tr>
</tbody>
</table>

|                      |              |                |          |
| **Expenditures:**    |              |                |          |
| Railroad Rehabilitation | -          | 450,000        | 450,000  |
| Legal Charges        | 3,566        | -              | 3,566    |
| Accounting Charges   | 958          | -              | 958      |
| **Total Expenditures** | 4,524       | 450,000        | 454,524  |

**Excess of Revenues Over (Under) Expenditures**

|                      |              |                |          |
| Fund Balance beginning of year | 157,701 | 472,820 | 630,521 |
| Fund Balance end of year         | $ 186,261 | $ 247,820 | $ 434,081 |

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities**

Net change in fund balances-total governmental funds

$ (196,440)

The acquisition of capital assets is reported in the governmental funds as expenditures. However, those costs are capitalized on the statement of net position and depreciated over their estimated useful lives in the statement of activities.

- Capital outlay reported in governmental fund statements 450,000
- Depreciation expenses reported in the statement of activities (89,811)

Change in net position-governmental activities 360,189

Change in net position-governmental activities 163,749

The accompanying notes are an integral part of this statement.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consortium prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. FINANCIAL REPORTING ENTITY

The Consortium was organized in 1980 to acquire and rehabilitate rail lines. It was organized by six counties under State Statute 66.30 and now includes nine counties. The member counties are: Columbia, Dodge, Fond du Lac, Green Lake, Milwaukee, Ozaukee, Sheboygan, Washington, and Winnebago. The Consortium is governed by two representatives from each member county. It is a joint venture of the member counties and is not a component unit of any county.

The Consortium is considered to be a “stand-alone government” as defined by GASB. The financial reporting entity of the Consortium is defined by GASB to consist of (a) the stand-alone government, (b) organizations for which the stand-alone government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the stand-alone government are such that the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The basic financial statements of the Consortium consist solely of the stand-alone government. No other organizations were identified for inclusion in the financial reporting entity of the Consortium.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. They include all activities of the reporting entity.

Fund Financial Statements

Financial statements are provided for the governmental funds. The Consortium reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources which are not required to be accounted for in another fund.

Special Revenue Fund – The special revenue fund is used to segregate railroad infrastructure improvements funds from the general consortium funds.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide statement of net position and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

D. BUDGETARY ACCOUNTING

The Consortium does not prepare an annual operating budget. The Consortium controls expenditures through special revenue project budgets which do not coincide with its fiscal year.

E. CASH AND INVESTMENTS

The Consortium is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin Statutes. Cash is on deposit at a local bank. Investments are held in the custody of the Dodge County Treasurer. Investments are stated at fair market value.

F. ACCOUNTS RECEIVABLE

Accounts receivable are recorded at the gross amount. No loss for uncollectible accounts is expected. There were no accounts receivable at the end of 2018.

G. CAPITAL ASSETS

Government-wide Statements

Capital assets, which consist of rail improvements, are reported in the government-wide financial statements. Capital assets are recorded at cost. Only the Consortium's share of rail rehabilitation costs are reported in the financial statements. Equity in the improvements is shared among the Consortium, the state and the railroad company in proportion to each entity's contribution to the costs. Depreciation of the rail improvements is being recorded over estimated service lives of 30 years using the straight-line method.

Fund Financial Statements

In the fund financial statements, capital assets are reported as expenditures of the governmental fund upon acquisition.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. NET POSITION

Government-Wide Statements

Net Position is displayed in two components:

a. Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Unrestricted — All other net position that does not meet the definition of “net investment in capital assets”.

Fund Statements

1. EQUITY

Fund balances are segregated into five classifications. 1) Non-spendable includes amounts that are not in a spendable form or are required to be maintained intact. 2) Restricted includes amounts constrained to specific purposes by their providers. 3) Committed includes amounts constrained to specific purposes by the Consortium using its highest level of decision-making authority. 4) Assigned includes amounts that the Consortium intends to use for a specific purpose. 5) Unassigned includes amounts that are available for any purpose. The consortium utilizes only two of the five classifications: Committed and Unassigned.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

The Consortium deposits excess funds with the Dodge County Treasurer, who further deposits them in an interest bearing account with Local Government Investment Pool. The account is completely liquid with the ability to withdraw funds upon request. Earned interest is reinvested and held for Consortium purposes, along with the principal. Designation of earned interest revenues is not established by the Consortium.

The Consortium does not have formal policies regarding custodial credit risk, credit risk or interest rate risk.
3. ACCOUNTS RECEIVABLE/RENT REVENUES

The operating agreement between the Consortium and the railroad operator provides for the payment of rent for the use of the land corridor and rail facilities. The annual rental rate is $100 per mile of track operated. Rental income in 2018 was $20,805. Rent is to be paid to the Consortium quarterly.

4. CAPITAL ASSETS

A summary of fixed assets at December 31, 2018 follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 01/01/18</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance 12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail Improvements</td>
<td>$2,580,503</td>
<td>$450,000</td>
<td>$-</td>
<td>$3,030,503</td>
</tr>
<tr>
<td>Accumulated</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>680,860</td>
<td>89,811</td>
<td></td>
<td>770,671</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,899,643</td>
<td>$360,189</td>
<td>$0</td>
<td>$2,259,832</td>
</tr>
</tbody>
</table>

5. FUND BALANCES

The fund balance in the special revenue fund is the total of unexpended county contributions from prior years' projects. The unexpended amounts from each year were as follows:

- 1998-2001: $1,742
- 2004: $21,078
- 2018: $225,000
- Total: $247,820

6. RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and error and omissions. Risks are covered through the operating agreement with the railroad operating company. The operating company has purchased commercial insurance to indemnify the Consortium. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Consortium.

7. COMMITMENTS

The Consortium has agreed to match 10% of approved rehabilitation project costs. There was $450,000 incurred in 2018. The Consortium has committed the special revenue fund balances for 2018, as listed in Note 5, to pay for rehabilitation project costs.

12
SUPPLEMENTARY INFORMATION
### EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM
### COMBINING BALANCE SHEET
### SPECIAL REVENUE FUND BY PROJECT YEAR
### December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$22,820</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$225,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$22,820</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$225,000</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>-</td>
<td>$</td>
</tr>
<tr>
<td>Fund Balances</td>
<td>22,820</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>225,000</td>
</tr>
<tr>
<td>Total Liabilities and Fund Balance</td>
<td>$22,820</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$225,000</td>
</tr>
</tbody>
</table>
## EAST WISCONSIN COUNTIES RAILROAD CONSORTIUM

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUND BY PROJECT YEAR**

**Year Ended December 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counties</td>
<td>$ 650,000</td>
<td>$ 225,000</td>
<td>$ 250,000</td>
<td>$ 225,000</td>
<td>$ 225,000</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>650,000</td>
<td>225,000</td>
<td>250,000</td>
<td>225,000</td>
<td>225,000</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Costs</td>
<td>225,000</td>
<td>225,000</td>
<td>337,500</td>
<td>112,500</td>
<td>450,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>225,000</td>
<td>225,000</td>
<td>337,500</td>
<td>112,500</td>
<td>450,000</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under) Expenditures</td>
<td>425,000</td>
<td>-</td>
<td>(87,500)</td>
<td>112,500</td>
<td>(225,000)</td>
</tr>
<tr>
<td>Fund Balance beginning of year</td>
<td>22,820</td>
<td>447,820</td>
<td>447,820</td>
<td>360,320</td>
<td>472,820</td>
</tr>
<tr>
<td>Fund Balance end of year</td>
<td>$ 447,820</td>
<td>$ 447,820</td>
<td>$ 360,320</td>
<td>$ 472,820</td>
<td>$ 247,820</td>
</tr>
</tbody>
</table>
## EWCRC 12/31/2018
### Capital Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Miles</th>
<th>Year</th>
<th>Life</th>
<th>Rail Cost</th>
<th>A/D 12/31/17</th>
<th>2018 depr</th>
<th>Net Fixed Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waupun</td>
<td>5.6</td>
<td>1998</td>
<td>30</td>
<td>111,687</td>
<td>72,668</td>
<td>3,730</td>
<td>35,289</td>
</tr>
<tr>
<td>Ripon &amp; Brandon to Fairwater</td>
<td>1999</td>
<td>30</td>
<td>30</td>
<td>111,687</td>
<td>68,945</td>
<td>3,730</td>
<td>39,012</td>
</tr>
<tr>
<td>Beaver Dam to Cambria</td>
<td>12.0</td>
<td>2000</td>
<td>30</td>
<td>111,687</td>
<td>65,222</td>
<td>3,730</td>
<td>42,735</td>
</tr>
<tr>
<td>Beaver Dam to Cambria</td>
<td>10.3</td>
<td>2001</td>
<td>30</td>
<td>109,945</td>
<td>60,532</td>
<td>3,671</td>
<td>45,742</td>
</tr>
<tr>
<td>Milton Junction-Janesville</td>
<td>2004</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>N Milwaukee-Goodland rd</td>
<td>2005</td>
<td>30</td>
<td>30</td>
<td>275,498</td>
<td>114,937</td>
<td>9,198</td>
<td>151,363</td>
</tr>
<tr>
<td>Janesville-Walworth</td>
<td>2006</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Horicon-Hartford</td>
<td>2007</td>
<td>30</td>
<td>30</td>
<td>46,344</td>
<td>16,242</td>
<td>1,547</td>
<td>28,555</td>
</tr>
<tr>
<td>Horicon-Hartford</td>
<td>2008</td>
<td>30</td>
<td>30</td>
<td>83,656</td>
<td>25,450</td>
<td>2,789</td>
<td>55,417</td>
</tr>
<tr>
<td>Milwaukee-Slinger</td>
<td>2008</td>
<td>30</td>
<td>30</td>
<td>180,000</td>
<td>55,250</td>
<td>6,000</td>
<td>118,750</td>
</tr>
<tr>
<td>Milwaukee-Slinger</td>
<td>2011</td>
<td>30</td>
<td>30</td>
<td>251,653</td>
<td>54,522</td>
<td>8,388</td>
<td>188,743</td>
</tr>
<tr>
<td>Milwaukee-Slinger</td>
<td>2012</td>
<td>30</td>
<td>30</td>
<td>398,346</td>
<td>73,029</td>
<td>13,278</td>
<td>312,039</td>
</tr>
<tr>
<td>Saukville-Elkhart Lake AA-1</td>
<td>2013</td>
<td>30</td>
<td>30</td>
<td>225,000</td>
<td>33,750</td>
<td>7,500</td>
<td>183,750</td>
</tr>
<tr>
<td>Fairwater-Markesan</td>
<td>2015</td>
<td>30</td>
<td>30</td>
<td>225,000</td>
<td>16,875</td>
<td>7,500</td>
<td>200,625</td>
</tr>
<tr>
<td>Fairwater-Markesan</td>
<td>2016</td>
<td>30</td>
<td>30</td>
<td>225,000</td>
<td>13,125</td>
<td>7,500</td>
<td>204,375</td>
</tr>
<tr>
<td>Oshkosh Bridges</td>
<td>2016</td>
<td>30</td>
<td>30</td>
<td>112,500</td>
<td>7,500</td>
<td>3,750</td>
<td>101,250</td>
</tr>
<tr>
<td>Oshkosh Bridges</td>
<td>2017</td>
<td>30</td>
<td>30</td>
<td>112,500</td>
<td>2,813</td>
<td>3,750</td>
<td>105,937</td>
</tr>
<tr>
<td>Brandon to Ripon Rail</td>
<td>2018</td>
<td>30</td>
<td>30</td>
<td>450,000</td>
<td>0</td>
<td>3,750</td>
<td>446,250</td>
</tr>
</tbody>
</table>

### Balance at 12/31/18

<table>
<thead>
<tr>
<th>Description</th>
<th>Rail Cost</th>
<th>A/D 12/31/17</th>
<th>2018 depr</th>
<th>Net Fixed Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 12/31/18</td>
<td>3,030,503</td>
<td>680,860</td>
<td>89,811</td>
<td>2,259,832</td>
</tr>
</tbody>
</table>

### A/D Balance at 12/31/18

<table>
<thead>
<tr>
<th>Description</th>
<th>Rail Cost</th>
<th>A/D 12/31/17</th>
<th>2018 depr</th>
<th>Net Fixed Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/D Balance at 12/31/18</td>
<td>770,671</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Current additions

- prior year WIP
- current expenditures 2018 450,000
- accrued expenditures
- Total 450,000

(1) These were joint projects with WWRTC. Costs were shared. Line belongs to WWRTC so costs were expensed by EWCRC.

(2) Also joint with WWRTC. This line is owned by EWCRC. Costs were capitalized. WWRTC share was also capitalized with a contribution recorded.
Hi Kimberly,
Attached are some exhibits that will help the commissioners understand what we are considering and why. The agenda item would be:

**WisDOT considering sale of state railroad property at 241 S. Walker Street, Waupun.**

It could be listed as a discussion or information item. The commission and WSOR do not have a vote, but must be advised of the possible sale in the event either entity wishes to purchase the property in question.

The state railroad property in Waupun, between W. Lincoln Street and W. Brown Street is 82.5' in width. Several property owners in this area have encroachments on the right of way. On December 3, 2018, WisDOT sent letters to the property owners, asking them to remove items such as gardens, benches, and firepits.

The homeowner at 241 S Walker recently sold their home. The garage at the rear of their lot, encroaches 3.08’ on the north end and 1.79’ on the south end. A rough estimate is an 86-square foot encroachment. While personal property and lightweight structures can be relocated, moving a garage that encroaches 86-square feet and is roughly 38’ from center of track, defies common sense and would be cost prohibitive to the property owner.

Another option is for WisDOT to administer an Offer to Use agreement; essentially leasing the property. Again, the administration of a use agreement for such a minor encroachment is not cost effective.

The Grant Agreement states WisDOT can, on its own initiative, sell property beyond 33’ from center of track. However, WisDOT is required to consult with the commission and the rail operator and offer the property to either one.

RHS is very aware of the continued freight railroad obligations of WSOR and staff sees no deleterious effect to freight service by selling a strip of property that would encompass the encroachment and thereby legitimize it.

Please let me know your comments, Kim.

Thank you,
Edward J Singer
Real Estate Specialist
Railroads and Harbors
Wisconsin Department of Transportation
4822 Madison Yards Way, 6th Floor South
Madison, WI 53707
(608) 267-7347

If this is related to a records request, please email:
dotdtsdnerrecords@dot.wi.gov
NE corner encroaches 1.59' to the east (overhang encroaches 3.08').

SE corner encroaches 0.34' to the east (overhang encroaches 1.79').
MEMORANDUM

TO: East Wisconsin Counties Railroad Consortium Members

FROM: Kimberly A. Nass, Dodge County Corporation Counsel

DATE: October 31, 2019

RE: Freight Rail Preservation Program Grant Application Instructions and Project Selection Procedure

Dear Consortium Members:

Attached to this Memo you will find the Fiscal Year 2019 Freight Rail Preservation Program Application Instructions. Please review and provide feedback, suggestions, or concerns at the November 13, 2019, EWCRC meeting.

I will collect all comments and submit the Consortium’s feedback to the Department of Transportation after the discussion.

Thank you.

KAN:kl
October 9, 2019

Tom Winker
Chair
East Wisconsin Counties Railroad Consortium
127 E. Oak Street
Juneau, WI 53039-1329

Dear Chairman Winker,

WisDOT is seeking feedback on the Freight Railroad Preservation Program (FRPP) and requests participation from the East Wisconsin Counties Railroad Consortium. The Department is considering updating the FRPP application and project evaluation criteria. To this end, the Railroads and Harbors Section is soliciting written stakeholder feedback on the most recent FRPP Application Instructions (Part I) and Project Selection Procedure (Part II), which are enclosed. Written comments and suggestions are most welcome and are being accepted through Friday, November 29th. Please note that I am unable to take verbal feedback over the telephone or at meetings.

Written comments should be sent to me at either Richard.Kedzior@dot.wi.gov or by mail at:

Rich Kedzior
WisDOT Railroads & Harbors
4822 Madison Yards Way, 6th Floor South
P.O. Box 7913
Madison, WI 53707-7913

Please do not hesitate to email me or call me at 608-266-7094 should you have any questions.

Sincerely,

[Signature]

Rich Kedzior
Freight Railroad Program Manager
PART I - APPLICATION INSTRUCTIONS

SECTION 1.0 INTRODUCTION

The Freight Railroad Preservation Program (FRPP) documents are composed of four parts. Part I contains the information needed for applying for financial assistance under the program. Part II contains the description of the process used by the department to rate and rank proposed projects for funding. Part III contains the description of the categories of assistance. Part IV contains the forms to complete the application.

We recommended that a potential applicant review all parts prior to initiating the application process.

Wisconsin Statutes Chapter 85.077 enacted in July of 2009 requires that railroad rehabilitation and construction projects funded in any part with public funds be let to competitive bids and awarded to the lowest responsible bidder. As a result, with limited exceptions, all FRPP projects costing over $25,000 will be required to be competitively bid.

SECTION 2.0 ELIGIBLE APPLICANTS AND SUSTAINABLE OPERATIONS

SUB. 2.1 ELIGIBLE APPLICANTS

Under statutory authority {s. 85.08(4m)(b)1}, an eligible applicant must be a county, municipality, town or agency thereof, a railroad, a current or potential user of freight railroad service or a transit commission organized under s. 59.58(3), s. 66.0301, or s. 66.1021.

SUB. 2.2 ELIGIBLE LOCATION FOR PROJECTS

Any project under the rail preservation program must be located on or directly associated with either a publicly-owned rail line or an abandoned rail line as defined under s. 85.09(3), Wis. Stats., except that a non-abandoned rail line may be the subject of an acquisition for continued freight railroad operation project.

SUB. 2.3 DETERMINING ABILITY TO SUSTAIN RAILROAD OPERATIONS

2.3.1 Requirement for Determining Ability to Sustain Railroad Operations.

Except for a rail bank project or a substitute service project not resulting in the provision of freight railroad service, the operator of rail freight service using or serving the project facility must be deemed by WisDOT capable of sustaining railroad freight operations.

2.3.2 Process for Determining Ability to Sustain Railroad Operations.

The proposed rail freight service operator shall be deemed capable of sustaining operations upon satisfying ALL of the following criteria:
(a) Operator is able to demonstrate immediate and continuous access upon demand to start-up operating capital in an amount exceeding 200% of the operator's projected gross revenue for the first twelve months of operation. Assistance match funds are not start-up capital. One year's depreciation of operating equipment (locomotive(s), rail cars, etc.) owned debt free by operator may be credited as start-up capital.

(b) The sum of the gross revenue projected by the operator for the first three years of operation is less than the amount derived by multiplying the average per car revenue retained by the prior operator over the three years prior to public acquisition by 1.5 plus the start-up capital amount identified in (a) above.

(c) The sum of 25% of the total projected gross revenue for the first three years of operation plus 50% of the start-up capital amount divided by the mainline track miles of the system operated exceeds $2,500.

SECTION 3.0 ELIGIBLE PROJECTS

SUB 3.1 RAIL BANKING PROJECTS

A rail bank project is one in which the land corridor and the improved property thereon (track, bridges, etc.) is acquired and held in public ownership for up to ten years for the purpose of restoring freight railroad service on it at an indefinite future date when such restoration would be economically justified.

SUB 3.2 ACQUISITION FOR CONTINUED OPERATION

An acquisition project for continued rail freight operation consists of the public acquisition of a rail line for immediate continuation of rail service after the line has been abandoned, or is threatened with abandonment or loss of service as determined by RHS, by a private railroad.

SUB 3.3 TRACK AND/OR BRIDGE REHABILITATION PROJECTS

A rehabilitation project consists of a one-time rehabilitation of the track structure and/or bridges on a publicly-owned or previously abandoned line to enable freight train operating speeds of up to 25 mph and gross loaded freight car weights of 286,000 lbs. Project applications should include provisions for complete rehabilitation of specific track segments and, when applicable, include a multi-year rehabilitation plan. A rehabilitation project may include side tracks and that portion of industrial spurs and yards that are located on publicly-owned rail corridor real estate or within 33 feet of the centerline of the through (main) track on a previously abandoned line if they are needed for active rail freight service. Track segments that have been the subject of a prior rehabilitation grant under a WisDOT program are generally not eligible for further assistance under this program. As determined by WisDOT, additional assistance may be available for improvements needed to meet new standards established by WisDOT. In general, minor repair of concrete piers and abutments, minor steel component repair or replacement, and installation of timber bridge components (such as tie decks, stringers, pile caps,
walkways and headwalls) are ineligible for rehabilitation assistance funding.

SUB 3.4 TRACK CONSTRUCTION PROJECTS

Construction projects are limited to new track facilities on a new location or alignment that serve as a substitute for and are less costly than an acquisition or rehabilitation project that otherwise would be required to preserve rail freight service. Land acquisition required, if any, is not eligible for assistance.

SUB 3.5 SUBSTITUTE SERVICE PROJECT

A substitute service project is a project where a fixed capital facility is provided under assistance from this program as a lesser-cost substitute for an acquisition or rehabilitation or construction project. Assistance for the substitute facility is limited to that necessary to provide the functional service equivalent of the facility for which substitution is being made. If the applicant elects to upgrade the function of the new facility beyond an equivalent replacement, the upgrade may be done but solely at applicant's expense. An example of a substitute facility is assisting with a bulk commodity transloading site on a nearby rail line instead of acquiring and rehabilitating miles of abandoned line. Another example is rehabilitating and connecting a portion of an abandoned line to a different line continuing under operation.

The amount of assistance is limited by the estimated cost of preserving service at the current facility. First priority for funding would be for rail facilities at the new location to be functionally equivalent to those lost.

SECTION 4.0 ASSISTANCE APPLICATION AND AWARD PROCESS

SUB 4.1 APPLICATION FILING

4.1.1 Applications for freight railroad preservation assistance are to be filed with the WisDOT Railroads and Harbors Section (RHS) addressed as follows:

**U.S. Mail**
Chief, Railroads and Harbors Section
Wisconsin Department of Transportation
P.O. Box 7914
Madison, Wisconsin 53707-7914

**Delivery Service**
Chief, Railroads and Harbors Section
Wisconsin Department of Transportation
4802 Sheboygan Ave., Room 701
Madison, WI 53705

4.1.2 Application Dates.

(a) Applications for rail banking or acquisition for continued operation or substitute service may be filed at any time.

(b) Applications for track and/or bridge rehabilitation or track construction must be filed **on or before 4:00 p.m. on Thursday, February 1, 2018.**

4.1.3 Application Documents.
(a) Section IV of this document contains the forms necessary for making application for assistance funds. Only those forms pertinent to the project need be filed. Forms labeled General 1 through 4 must be filed with every application.

(b) The form labeled Qualifications and Operations Plan (Q&O) must be filed with any application for assistance for acquisition for continued operation. It must also be filed with an application for assistance for track and/or bridge rehabilitation, if this application is filed more than two years after the subject line was acquired. This requirement may be waived when, in the sole judgment of RHS, sufficient information is already known to RHS.

4.1.4 In order to gain full understanding or greater clarification of the contents of an application, it may be necessary for RHS to schedule and hold an application conference or conferences with the applicant and other involved parties, if any.

SUB 4.2 ASSISTANCE AWARD

4.2.1 Rail Bank Projects, Acquisition for Continued Operation Projects, and Substitute Service Projects.

(a) The project proposal will be rated and ranked according to the applicable criteria described in Section II herein.

(b) The applicant will be notified in writing of the award decision within 30 days of RHS receiving all initial and subsequent, if necessary, application information.

(c) An assistance agreement must be signed by applicant within 60 days of the notice of award. Upon the expiration of 60 days and absent an executed agreement, the award is canceled unless extended by WisDOT.

4.2.2 Track and/or Bridge Rehabilitation and Construction.

(a) The project proposal will be rated and ranked according to the applicable criteria described in Section II herein.

(b) The applicant will be notified in writing of the award decision as soon after July 1, 2018 as possible, provided all necessary application data has been provided by May 15, 2018.

(c) An assistance agreement must be signed by applicant by February 1, 2019. Absent an executed agreement, at RHS discretion, the award may be canceled.

SUB 4.3 ENVIRONMENTAL REVIEW
The satisfaction of all environmental review and permit requirements as may be needed are the responsibility of the applicant and must be completed prior to the execution of an assistance agreement.
SECTION 1.0 PROJECT SELECTION POLICIES

SUB 1.1 PURPOSE OF QUALIFICATION AND RANKING

The department seeks to assist projects that generate current or future transportation efficiency benefits as well as broader public benefit. In order to evaluate proposed projects, criteria set forth in Section 2.0 below are used. Proposed projects are rated on each criterion. The rating generates a point score for the purpose of establishing a project's qualification for funding and the rank of individual qualified projects for funding priority.

SUB 1.2 USE OF QUALIFICATION AND RANKING

A score of 30 points or greater is required for a proposed project to qualify for assistance. This threshold score is attainable by a project exhibiting a transportation efficiency ratio of 1.0 or by a project with a somewhat lesser ratio scoring points on other criteria. Qualified projects are then ranked by total point score. The rankings are subsequently used to determine which applicants receive offers of assistance. Offers are made to applicants in rank order until program resources are no longer able to cover estimated project costs.

SUB 1.3 DIFFERENCES IN CRITERION USE

It is not possible to establish a transportation efficiency benefit/cost ratio for a rail-banking project given the fact that no rail operations are initially contemplated. Thus, if a banking project meets the physical characteristics set forth under Sub. 2.2 of this Part, the project is awarded 30 points in lieu of B/C points.

Furthermore, banking and acquisition project timing is controlled by the entities outside the control of the applicant. Therefore, banking and acquisition projects will not compete for funding with other project types, but will compete among themselves.

SUB 1.4 RELATION OF RANK TO FUNDING

The rank of a project determines two things. First, is it a project for which project assistance is justified (qualification score of 30 or more)? Second, if qualified, what priority does the project have over qualified competing projects for funding? The ranking process has no influence on the format of the assistance award package offered.

It is possible for an eligible project to be funded outside of rank order. If a lower ranking project can be funded within remaining resource limits while a higher-ranking project would exceed those limits, the lower ranked project may be funded if the applicant for the higher-ranking project does not accept only the portion of its request able to be funded within resource limits.
SUB 1.5 LATE SELECTION

In the event circumstances develop which indicate limits on resources change (an assistance agreement not executed, a project requires a lesser amount of assistance than expected, etc.), RHS may, at its sole option, issue an assistance offer to the next highest ranked, unfunded project able to accept the offer any time prior to the next date for receiving project proposals or hold the unused assistance amount for the next round of proposals.

SUB 1.6 TIES

If two or more qualified projects attain the identical ranking score, the tie between projects will be broken by using the following criteria. The tie breaking will proceed through the criteria until the projects no longer have the same result:

1. Project with highest raw benefit/cost ratio.
2. Applicant who has received the least amount of funding in the current cycle.
3. Applicant who has received the least amount of funding in the prior cycle.
4. Applicant who has the least number of completed projects with final bills outstanding.

SECTION 2.0 PROJECT SELECTION CRITERIA

SUB 2.1 TRANSPORTATION EFFICIENCY BENEFIT/COST RATIO

(a) **Purpose:** The purpose of this criterion is to afford a measure of the economic soundness of a public investment in the project.

(b) **Description:** The transportation efficiency benefit/cost ratio (B/C) is a measure of net transportation efficiency benefits of a project. The calculation of this ratio will be performed by RHS using data supplied by the applicant in the project proposal application and application conference(s). The methodology for the calculation of this ratio is available from RHS.

(e) **Scoring:** Points are awarded on the basis of the project’s raw B/C ratio as shown in the table below. The points awarded increase as the B/C ratio approaches 7.0. The points are awarded in this manner to reflect the lesser quality of the public investment shown by a low B/C ratio and to reflect the greater attractiveness of the project shown by a higher B/C ratio.

<table>
<thead>
<tr>
<th>Benefit/Cost Ratio</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 0.500</td>
<td>0</td>
</tr>
<tr>
<td>0.501 – 0.800</td>
<td>15</td>
</tr>
<tr>
<td>0.801 – 0.999</td>
<td>20</td>
</tr>
<tr>
<td>1.000 – 1.999</td>
<td>30</td>
</tr>
<tr>
<td>2.000 – 2.999</td>
<td>34</td>
</tr>
<tr>
<td>3.000 – 3.999</td>
<td>38</td>
</tr>
<tr>
<td>4.000 – 4.999</td>
<td>42</td>
</tr>
<tr>
<td>5.000 – 6.999</td>
<td>46</td>
</tr>
<tr>
<td>&gt; 7.000</td>
<td>50</td>
</tr>
</tbody>
</table>

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1157-A
SUB 2.2 CRITERION FOR RAIL BANK PROJECTS

2.2.1 Purpose: The purpose of this criterion is to provide a substitute criterion for rail bank project evaluation in lieu of the transportation efficiency benefit/cost criterion employed for other project types. By definition, a rail bank is a project without active rail service and, therefore, cannot yield revenue, operating and cost savings data required for a B/C analysis.

2.2.2 Description:

(a) Abandonment Status.

The subject segment of a rail bank project must be or have been the subject of a petition for abandonment before the Surface Transportation Board (STB) or the subject rail line must have been determined to be abandoned under the authority of s. 85.09(3) Wis. Stats.

(b) Performance Characteristics.

The subject segment of a rail bank project must satisfy ALL of the following:

(i) be a segment that, for any consecutive three year period within the ten years immediately prior to the date the abandonment petition is filed or abandonment is declared under s. 85.09(3), Wis. Stats., has carried a minimum of 10 carloads per year per mile.

(ii) be a segment that is free of known environmental clean-up or remediation requirements likely to cost in excess of $50,000, or WisDOT is indemnified against such costs.

(iii) be a segment that either connects two distinct line segments continuing under freight railroad operation or connects a previously rail banked segment or segments running to a district or larger trade center as defined in the 1992 Rail Policy Plan or later published rail system plan or be a segment serving a geographical area reasonably expected by development experts to experience expansion of existing industrial development within ten years.

(iv) be a segment that exhibits definitive potential for restoration of rail service within ten years after the date of closing on its acquisition by a public agency.

(v) be a segment on which, within five years of acquisition, an entity will accept the obligations concomitant with use of the segment as a recreation trail or all obligations of corridor management.

(c) Physical Characteristics.
The subject segment of a rail bank project must satisfy EACH of the following:

(i) be a segment in which 80% or more of its through route (main) line length consists of 85-lb. or greater weight rail with maximum headwear of 1/4".

(ii) be a segment in which 90% of the bridges and trestles are rated for no less than 263,000-lb. gross weight per car.

2.2.3 Scoring: A line segment proposed for a rail bank project that satisfies the conditions stated in 2.2.2 above is awarded 30 points. A segment failing to satisfy any one of these conditions scores zero points.

SUB 2.3 WISCONSIN CARLOADS PER MILE

(a) Purpose: The purpose of this criterion is to afford a measure of the direct usefulness of the project to Wisconsin industry and to recognize the larger impact upon Wisconsin's economy of investing scarce public resources on more densely used facilities. It is being assumed that state assistance is better invested in projects directly benefiting Wisconsin industry sites rather than supporting overhead routes for the railroad. It is also assumed projects serving unit coal or coke trains to electric utility plants generate a sufficient return to a railroad as to not justify public assistance.

(b) Description: Rail carloads using the project facility that originate or terminate at a consignor or consignee in Wisconsin, are averaged over five years. All carloads meeting these requirements may be included even if transported by a railroad not party to the project proposal. If multi-platform articulated cars are used, they are treated as single or multiple cars according to how they are treated in the tariff or contract under which they move. Excluded from this carload count are carloads of coal or coke delivered to regulated electrical utility generating plants in blocks or unit trains of 15 cars or more. Also excluded are carloads that within six months prior to the date of application have been used in a prior project's count of Wisconsin carloads, which are now rerouted over the proposed project unless the reroute can be demonstrated to be independent of project considerations. The carloads of the past three years and the projections for the next two years are used. Absent valid projections, only the average of the past three years is used. The applicant provides the carload data and evidence of its validity during the application conference(s).

(c) Scoring: Points are awarded on the basis of Wisconsin carloads per mile as shown in the table below. The points awarded increase as the carloads per mile approach 160. The points are awarded in this manner to reflect the lesser impact on Wisconsin's economy of public assistance on very light density lines.
<table>
<thead>
<tr>
<th>Wisconsin Carloads/Mile</th>
<th>5(3) Yr. Average</th>
<th>Points</th>
<th>Maximum 15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 20</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20 - 50</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>51 - 85</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>86 - 120</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>121 - 160</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 160</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

(d) **Application of this Criterion to Substitute Service Projects.**

The carloads used for a substitute service project are those that would have been used had the project substituted for been evaluated on this criterion.

**SUB 2.4 CATEGORY OF LINE**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect the degree to which certain rail lines, physically serve locations of actual or potential Wisconsin rail traffic generation locations. The criteria for classification are described in Translinks 21, a WisDOT comprehensive, long-range multi-modal transportation plan adopted in November 1994.

(b) **Description:** In Translinks 21, each rail line or line segment was classified into the categories of Tier 1, Tier 2 Intermodal and Primary, Tier 2 Primary, Tier 2 Secondary, Tier 2 Passenger, and Not Shown. Projects on Tier 1 lines are assumed to generate a sufficient return to a railroad as to create a lesser priority for public assistance.

(c) **Scoring:** Points are awarded on the basis of the classification of the line on which the project is located.

<table>
<thead>
<tr>
<th>Essentiality</th>
<th>Level</th>
<th>Points</th>
<th>Maximum 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Tier 2 Intermodal &amp; Primary</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Tier 2 Primary</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Tier 2 Secondary</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Tier 2 Passenger</td>
<td></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Not Shown</td>
<td></td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
(d) Application of this Criterion to Substitute Service Projects.

If the substitute service project results in traffic by rail, the line category of the line upon which the traffic is moved after the project is completed is used. If the traffic is not moved by rail after the project, no points are awarded under this criterion.

SUB 2.5 CONSOLIDATION

(a) Purpose: The purpose of this criterion is to afford a means to reflect both the public benefit of freeing land for alternative economic development and the benefit to railroad operators through lower maintenance costs.

(b) Description: For purposes of this criterion, a consolidation project is one that results in (a) the joint use of a rail line of one mile or more in length, or (b) the joint use of a bridge spanning a navigable waterway or State or U.S. highway, or (c) the joint use of a railroad switching yard by two or more railroads where 10 or more developable acres of land formerly used for railroad purposes is vacated for alternative land use, or (d) a separate bridge structure being eliminated or its construction avoided as a consequence of the project.

(c) Scoring: Either of the two scoring systems below may be used, but not both.

<table>
<thead>
<tr>
<th>Consolidation</th>
<th>Vacated Land</th>
<th>Bridge Length Avoided</th>
<th>Maximum 5 Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acres</td>
<td>Points</td>
<td>Feet</td>
</tr>
<tr>
<td></td>
<td>&lt; 2</td>
<td>0</td>
<td>&lt; 25</td>
</tr>
<tr>
<td></td>
<td>2 - 6</td>
<td>5 - 10</td>
<td>25 - 50</td>
</tr>
<tr>
<td></td>
<td>11 - &gt; 15</td>
<td>&gt; 15</td>
<td>&gt; 100</td>
</tr>
</tbody>
</table>

SUB 2.6 SYSTEM CONNECTIVITY

(a) Purpose: The purpose of this criterion is to afford a means to reflect the value a project may present in serving a distinct system function even though traffic origin or destination functions may be minimal or absent.

(b) Description: System connectivity is present when the project specifically provides for the sole connection of two distinct through route line segments of the applicant's system, or the system's sole interchange connection with another railroad.

(c) Scoring: System connectivity points are awarded only if the project satisfies the description under SUB 2.6(b) above.
System Connectivity | Level | Points | Maximum 5
---|---|---|---
Project Does Not Provide Connectivity | 0 |
Project Does Provide Connectivity | 5 |

**SUB 2.7 GEOGRAPHICAL DISTRIBUTION AND RURAL POPULATION DENSITY**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance a concept of geographical and rural population equity throughout the state.

(b) **Description:** For the geographical equity purposes of this criterion, the regions of the state correspond to the Division of Transportation Districts' regional structure of the department. A project anywhere in the region is a project in that region if 50.1% of its physical size is in that region. For the rural population equity purposes of this criterion, a project's location is deemed rural if it occurs in a city, town, or village of 4,000 or less population or in a city, town, or village in a county of less than 150 population per square mile. State funding for grade crossings and TEA rail projects are excluded from consideration as prior assistance in the region. Also excluded from consideration are projects closed out more than 36 months prior to the February 1, 2018 project proposal acceptance date. Points scored by a substitute service project are those that would have been scored by the project for which a substitute is made.

(c) **Scoring:** Geographical distribution points are awarded as shown in this chart.

<table>
<thead>
<tr>
<th>Geographical Distribution</th>
<th>Prior Project in Region</th>
<th>Points</th>
<th>Maximum 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rural Population</th>
<th>Project Location Qualifies as Rural</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>0</td>
</tr>
</tbody>
</table>

**SUB 2.8 PRIOR BENEFICIARY OF ASSISTANCE**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance a concept of equity among probable railroad beneficiaries of assistance.
(b) **Description:** This criterion is based upon the operator of the system on which the project is located or by which it is served. If the operator (holder of the STB certificate of public convenience and necessity) or the intended operator of the system on which the project is located is the operator of the system on which a prior project is underway or was completed within the 36 months prior to the application date, points under this criteria are not awarded. For purposes of this criterion, if the operator is under common control or common management (an individual is a corporate officer in both companies) with another railroad or parent company of another railroad, a prior project on any of the commonly controlled or commonly managed railroads is treated as a prior project of this operator. Grade crossing and TEA rail projects are excluded from consideration as prior assistance.

(c) **Scoring:** Prior beneficiary of assistance points are awarded as shown in this chart.

<table>
<thead>
<tr>
<th>Prior Assistance</th>
<th>Points</th>
<th>Maximum 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

(d) **Application of this Criterion to Substitute Service Projects.**

Awarding of points on this criterion shall be based upon the railroad serving after project completion. A substitute service project not served by rail after project completion is awarded no points under this criterion.

**SUB 2.9 ENVIRONMENTAL BENEFITS**

(a) **Purpose:** The purpose of this criterion is to afford a means to reflect in the awarding of rail assistance aspects of the project that offer environmental benefits that may not be captured under the benefit/cost criterion.

(b) **Description:** Points are awarded under this criterion on the basis of the department's finding the project will substantively:

1. Reduce urban highway congestion.
2. Reduce petroleum fuel consumption.
3. Reduce emission of air and/or water pollutants.
4. Improve safety of hazardous material transport.
5. Improve road or pedestrian safety.
6. Serve near term needs of rail passenger service.

(c) **Scoring:** Environmental benefit points are awarded as follows:

Environmental Benefits Generated 0-5 points
(a) **Purpose:** The purpose of this criteria is to afford a means to reflect in the awarding of rail assistance funds aspects of the project that offer economic benefits that may not be captured under the benefit/cost criteria.

(b) **Description:** Points are awarded under this criterion on the basis of the department's finding the project:

1. Will address an unusual Wisconsin job gain or loss situation.
2. Contains an element of urgency timeliness significant to its ability to deliver long-term benefits.
3. Improves competitiveness of businesses served by the operator.
4. Improves the attractiveness of Wisconsin for new business.
5. Serves a developed industrial park (streets, sewer, water, etc. in place).

(c) **Scoring:** Enhancing Wisconsin's economy points are awarded as follows:

Economic Enhancement Factors Present 0-5 Points
SECTION 1.0 RAIL BANK PROJECTS

SUB 1.1 ASSISTANCE FORM

The impetus for an application for assistance on a rail bank project is the applicant's determination to have a line segment banked when WisDOT itself has decided not to rail bank the line. Therefore, the assistance provided under the program for a rail banking project is acquisition of the line segment by WisDOT under a cost sharing and maintenance arrangement with the applicant. WisDOT holds title to the land and improved property and pays 100% of the cost of the land and 80% of the cost of the improved property and 80% of all other costs incurred to acquire the line. The applicant holds a lien on the improved property in an amount equal to 20% of the net liquidation value of the improved property at the time of liquidation.

SUB 1.2 MANAGEMENT

Under the grant agreement, the applicant shall manage the banked segment at no expense to WisDOT for so long as the segment is banked.

SECTION 2.0 PROJECTS FOR THE ACQUISITION OF RAIL LINES FOR CONTINUING OPERATION

SUB 2.1 ASSISTANCE FORM

2.1.1 The assistance provided is the use of the rail corridor acquired at 100% WisDOT expense for freight railroad transportation purposes.

2.1.2 The assistance provided is the use of the improved property acquired at 80% WisDOT expense for freight railroad transportation purposes.

SUB 2.2 APPLICANT MATCH

The applicant must provide the remaining 20% of the acquisition costs of the improved property. The applicant retains a claim on the net proceeds of liquidation of the improved property. This claim shall be in the same proportion of the applicant's contribution of matching funds under this and subsequent rehabilitation project grants, if any, to the contributions made by other parties.
SECTION 3.0 TRACK AND/OR BRIDGE REHABILITATION PROJECTS ON PUBLICLY-OWNED RAIL LINES OR PREVIOUSLY ABANDONED RAIL LINES

SUB 3.1 ASSISTANCE FORM

3.1.1 Grant Portion: The applicant, by written agreement, is granted funds in an amount up to 80% of approved project costs.

3.1.2 Loan Portion: The applicant, if a government body, may, at its own discretion, avail itself of additional assistance in the form of a loan from WisDOT in an amount equal to 15% of the total project cost for its use in providing the required 20% match share. Loans will be provided to the extent that WisDOT has funds available. The request for loan funds will be ranked with all other requests for loans to determine priority. The repayment of the loan principal and interest is to be made by applicant from funds provided by the operator of the project line. The terms of the loan shall be consistent with prior matching funds loans made by WisDOT.

SUB 3.2 APPLICANT MATCH

A matching share of no less than 20% of the project cost is required from the applicant except as noted in SUB 3.1.2 above. The applicant retains a claim on the net proceeds of liquidation of the improved property under terms of the grant agreement. To the extent loan funds are used by applicant to provide its 20% match share, the applicant's claim on the net proceeds of liquidation are diminished. Conversely, as loan principal is repaid, the applicant's claim on the net proceeds of liquidation are correspondingly increased. Interest payments on loaned funds do not increase applicant's claim on net proceeds of liquidation.

SECTION 4.0 TRACK CONSTRUCTION PROJECTS IN SUPPORT OF PUBLICLY-OWNED RAILROAD LINES OR LINES PREVIOUSLY ABANDONED

The form of assistance for track construction projects is the same as set forth under 3.0 of this Part.

SECTION 5.0 SUBSTITUTE SERVICE PROJECTS

The form of assistance for a substitute service project is the same as set forth under 3.0 of this Part, except that terms and conditions of the match loan, if any, may vary from those of prior match loans issued by WisDOT if the resulting facility is not a segment of railroad track publicly owned.