

### 3. Additional railroad line, 19th Street Overpass:

Administrator Meyer stated he sent a memo out two or three weeks ago (from WHKS & Associates) regarding the potential cost of adding room to put in an additional rail line that would be tied to Iowa Traction Railroad and turned the meeting over to Fouad Daoud.

Fouad Daoud provided the following presentation:

“ Thanks for giving us the opportunity to be here tonight. I'd like to hand out a layout. As Tom indicated, we had written a letter to Gary Wilfong, City Engineer, regarding our summary of discussions with Dave Johnson and the addition of the potentially additional track under that structure. I guess I'd like to just give a brief history or just take a step back and try to explain...obviously when we sized the structure over a railroad track, obviously the existing railroad track that we have right now on 19th Street is a Union Pacific. Union Pacific has their own requirements. They have their own clearances. They have vertical clearances as well as horizontal clearances, so we met those when we laid out the cost of the bridge. We met all the requirements the Union Pacific has in their specifications. And along with the study in our Phase 1 that got approved back in the summer, the City staff, or the City, has asked us to investigate the cost of what would happen if we had one more rail other than the Union Pacific under that bridge. And Dave Johnson was identified as a potential candidate, so we met with Dave Johnson three times. And Dave Johnson is the owner of the Iowa Traction. We met with him twice at our office and once here with Tom and Gary, actually in this room. In our first two meetings with Dave Johnson, when he first came to us he had what you see on our sheet, he had laid out a potential future track identified as, or labeled as one. Now with that layout of track to go down south, the cost would be increased anywhere from \$2 to \$2.3 million dollars because the type of structure would change from concrete to steel. So after discussions with him - he also liked layout number 2, but the disadvantage of layout number 2, it will be over the geothermal. Layout number 2 has obviously a lot of disadvantages because that would be laid out over the geothermal field. So after further discussions with David, he tends to agree that he could lay something out that parallels the Union Pacific and then it would go north. That way they'll be able to function as a spur to serve that quadrant. Now, with this layout, keep in mind that he gave us his specifications and Tom and Gary were at the meeting. They are a little different than the Union Pacific because they're not a major rail line. The clearances are different, both clearances, the vertical clearance as well as the horizontal clearance. But if we need to accommodate for that rail, the foundations or piers will have to be spewed or angled differently. Also, the type of joint that we will have at the end of the bridge will be different. And we are anticipating additional cost on top of the \$7.5 million to range anywhere from, based on literally preliminary numbers, \$200,000 to \$400,000 dollars. And the reason why ... I want to show you something quick, that this is our bridge, this is where the Union Pacific Railroad tracks are and we have clearances here of 23 feet and we have horizontal clearances of 24 feet and that's exactly what 12th Street is laid out for. Union Pacific requires space for an additional track, they call it a future track, that 12th Street is laid out for, and this track will go right in here. We have accommodated for that. Now if Iowa Traction decides to add an additional rail, that rail will go in this span, in the adjacent span. How-

ever, this clearance that David required is 18 feet versus 23 feet. Now option 1 that you look at it, was laid out like way out here so that made the structure a lot longer, so we were able to have a discussion with Dave about making it closer or parallel to Union Pacific and that additional cost is \$200,000 to \$400,000 dollars. Now also I'd like to point out that what the Council had approved us to do is Phase II which is preliminary design and also it includes survey and concept statement, environmental assessment and public hearings and public information meeting and so forth. So there's going to be a lot of work that needs to be done before we reach the point to lay out the bridge. But I would say something needs to be decided within two weeks regarding this decision. Its very important to make this decision at this point."

Council Member Jaszewski asked if Dave Johnson had agreed that eighteen feet would work for them with Daoud concurring.

Council Member Jaszewski asked what would happen if Johnson backed out or was unable to put this together and another rail company wanted to build a third line into industrial park, would eighteen work for them with Daoud stating if they were a major line company, the answer was 'no' advising if it were someone like the Union Pacific it would have to go back twenty-three feet and that would really add to the cost of the project, but since this was a spur line and a smaller company, that wasn't necessary. He also stated it would be difficult for another company to come here since Dave Johnson owned everything that paralleled 19th Street. He further stated, per Dave Johnson, his cost for that rail line would be roughly \$1.3 million dollars

Council Member Zook asked if he had the money with Daoud stating that was a question Dave Johnson would have to answer and Zook stating if Johnson did not have the money then there was no sense in doing this.

Council Member Marsters stated the UP only had one rail going through there and the City was building it for two so he did not see that made much difference with Zook stating it was \$200,000 to \$400,000.

Council Member Nelson stated he thought it was planning for the future and mentioned Dave Johnson might not always own that line emphasizing it was smart to plan for the future. He acknowledged that \$200,000 to \$400,000 was a lot money but when talking about a \$7 million dollar project, it wasn't that much.

Daoud referred to the maps and clarified it would be on the East side and the second line would go in for the UP if they ever wanted to build.

Council Member Weaver stated Johnson was asking for \$200,000 to \$400,000 from the City on just an idea, nor had he seen a letter of credit from Johnson's bank and he was troubled about that. He also mentioned he hadn't seen a map until

yesterday and did not know anything pertaining to the concept of a third line until 2:00 yesterday and wasn't prepared to vote on anything tonight.

Mayor Bang stated he would be meeting with Mr. Johnson tomorrow at 9:00 in his office and invited any Council Member to join him.

Council Member Marsters stated as far as where it went to the South, the whole idea was the potential of the annexed area for development, so no one could answer that question today and, if the City were to build this overpass, it should be done to accommodate that rail to enhance or support annexation development, so \$200,000 to \$400,000 now was a lot cheaper than tearing it down and making a bigger one, and therefore it was a no-brainer for him to make room for the potential expansion under the overpass.

Council Member Tornquist stated it was pretty clear to him on Tuesday that the Council was moving this from the worksession to the Special Meeting so he did not have any problems if the Council wanted to act on this tonight. He also stated the City had sold this project (as far as getting outside funding) two different ways. To the State the City sold it to get Clean Air Attainment Grants, and that was to get rid of the traffic that sat idling when the tracks were blocked. At the Federal level, the hot button was not clean air, because everyone that turned in an overpass was talking about clean air, so what differentiated the City at the Federal level was the potential for a second provider, emphasizing it was just the potential and because the emphasis was on "potential", he did not care if Iowa Traction had the wherewithal to do it now or ever, just by having the potential to do it, gave the City leverage and was going to be beneficial to those trying to develop. He further stated this was similar to the telecommunications initiative in that the City wasn't saying they were ever going to build telecommunications infrastructure but just that there was the potential and because the City had the potential, it could now sit down with the current provider and talk and that was why the potential was so important. He stated he could care less what Iowa Traction's plans were and was comfortable acting on this now because anything he might learn in the next two weeks was just going to make it that much more attractive.

Jaszewski echoed Tornquist's comments regarding giving potential developers in industrial park a second option or a competitor that would enhance their position economically and pointed to Freedom Fuels stating the Council really wanted them in industrial park and they chose not to go there because they wanted a two-rail possibility. That alone told him there were other prospects that would be looking at Mason City in the next five years who would also be interested in rail transportation. He further stated, as the Mayor pointed, out the City sold this concept at the Federal level and it was one of the reasons Mason City received funding and, "...to not do what we said we were going to do would reflect badly on us and make them

less likely to partner with us in the future." He stated he was okay in waiting a few weeks and getting more information from Mr. Johnson but thought the City really needed to proceed.

Council Member Zook stated the City might have sold it to the people who write the checks but the City had not sold it to the neighborhood stressing no one would want smoke stacks and railroad centers in their backyards and that was exactly what the City was asking of the people in Midland Heights and Rolling acres. He also stated he had relatives in that neighborhood and while on a recent visit, he could hear the fans from the ethanol plant and cars being stacked one upon the other at Mason City Iron and Metal, and putting railroads and heavy industry out there would just increase the noise emphasizing it was not good for the neighborhood. He further stated the City felt like it had money in the bank by partnering but wondered if the UP would pull any support for the project or play hardball on other City projects if they knew the City was looking at a second line stressing the City might spend \$200,000 to \$400,000 to make room with no guarantees. He further stated, "Show me the neighborhoods won't care about the smoke stacks and railroads in their back yard. Show me that the Iowa Terminal Railroad or another future railroad will pay he \$200,000 to \$400,000 that the taxpayers of Mason City put that in, and show me that they have a letter of credit or cash to do the job that you say they're going to do and I'll vote 'yes'. Otherwise I'm going to vote 'no'. Thank you."

Council Member Weaver asked if anyone had a map because the map included in the just completed Comprehensive Plan showed a proposed railroad that cut within 400 yards of the greenspace, took off at 19th Street, came past 43rd Street and whipped around to Hwy 65. That was a proposed railroad, and he could only assume it had been part of the dialogue, and part of this project, the third line. He reiterated that he needed more information and echoed Zook's comments regarding the integrity of the neighborhood and the importance of greenspace. He also stated he did get a memo from Administrator Meyer less than a month ago and hadn't known he had gone to Washington and was working on two other lines advising he understood the overpass issue but was never at any meetings regarding any of the other stuff. He also stated it wasn't until this summer that he was told the City approved expenditures of \$21,000 to look at the feasibility of putting another line in and at that time he (Weaver) questioned publicly whether Mr. Johnson was going to pay for that with the answer being 'no' so the City picked up the cost. Weaver also stated he would like to see what cost Johnson was going to pick up of the \$200,000 to \$400,000 stating he should certainly pick up whatever share and percentage the UP was going to donate to the overpass, unless the UP walked. He also expressed his concern over the cost stating there was a potential for Mr. Johnson to do business with the DM&E adding DM&E and ICE were a Cedar Valley Holding Company out of Brookings, South Dakota and were big players, so big in fact, that

they were asking for the largest loan the government had ever given out to private industry, \$4.5 billion dollars, and privately they were going to raise another \$3 billion so they had the wherewithal to contribute. He stated he did call the UP today and had a long conversation with them advising they had not been included in any discussions whatsoever other than one letter and stressed he did not want to do anything against the UP and wanted to bring everyone to the table (the UP, David Johnson, and the neighborhood) in order to make a good decision for the community based on the principles set forth in the Comprehensive Plan.

**It was moved by Jaszewski and seconded by Weaver to table action on the item until November 7, 2006.**

Council Member Tornquist stated he had some things he would like to say before the Council tabled this.

Council Member Marsters stated this was all about the overpass, not the rail emphasizing there were no plans to enlarge the rail, nor were there plans today for the second UP line, it was about the overpass. He stated the Council had heard over and over again at all the Listening Posts thus far the question of when the overpass was going to be done, so the Council needed to move forward with that and that was what this was about, not about where the rails were going, if they were going, or when they were going, advising the Council would deal with those issues as they came up. This was about the overpass, how big it was going to be and would it accommodate future expansion.

**It was moved by Marsters and seconded by Nelson to build the overpass with the approval of the additional third line.**

Council Member Tornquist stated he would like to address some points the Council had touched on stating they were all valid but he was not sure they were germane in light of what Marsters said. He referred to the UP percentage sharing versus Iowa Traction percentage sharing noting for this to ever materialize it would require a \$1.3 million dollar investment. That was when their dollars hit the table. What the City was buying was the potential for that investment to happen by a third party. The City's return on that \$200,000 to \$400,000 was creating the opportunity for competition and that was going to give the businesses in south industrial park a competitive advantage that they didn't have now and an opportunity to grow their business which would result in incremental. He stated right now the City had a million dollars before the House that had not been approved by the Senate and the City was going to be asking for another million in Federal funds and his concern was if the City did not follow through on the commitment made in Washington, D.C. the City might lose that \$2 million dollars which meant the taxpayers

had to pick up that \$2 million dollars if the project was ever going to happen and he did not want to put that bridge at risk.

Council Member Marsters questioned how many future projects could be in jeopardy (might lose) because of that.

Council Member Tornquist referred to Zook's comments regarding smoke stacks and the impact on the neighborhood but the Council was assuming a problem that did not exist. He stated that any significant business going into industrial park would want incentives which would come before Council and the Council was going to have the opportunity to kill any project that the Council deem inappropriate because of the negative impact it might have on the neighborhood. It might never happen, but the Council could have a chance to deal with that and create an opportunity that very few communities in this country had with respect to marketable property and dual provider access.

Council Member Weaver reiterated the City was looking at a \$2 million dollar investment and what he discovered was that the UP was going to put a double track into Mason City past 9th Street all the way past B20 advising usually, when the City put together a deal it involved development agreements and pointed out that right now, there was nothing in writing emphasizing he has never seen Council base anything on air or just an idea.

Mayor Bang stated this was a large project for the community, just like 12th Street Northwest, and he wanted to do it right adding in his opinion it would be nice if the whole Council got behind this, and maybe a piece of that would be to talk to Mr. Johnson. He reiterated it was a big deal and it was important to have people behind it and it might be prudent to wait a few weeks. He asked when the letting date was with Daoud stating they were hoping to let the project by January of 2008.

Council Member Marsters stated it was pretty obvious that there were two Council Members opposed and did not see anything that was possibly going to change their opinions as evident by the conversations tonight. He pointed out if the Council waited it would amount to airing the issue again on TV and listening to the same stories many times over and it accomplished nothing but to drag the issue in front of the public and they were still no further ahead.

Council Member Zook stated the public deserved to hear the comments and discussions, especially those living in the area of Midland Heights/Rolling Acres.

Council Member Weaver emphasized he needed more time and if Daoud, the Mayor, and a few Council members were in favor of it, he would hope it would be unanimous to table this for another two weeks so he had time to do his homework.

The Mayor called the question to table the issue and on roll call, the vote was as follows:

Yea: Jaszewski, Weaver, Zook, Tornquist

Nay: Nelson, Marsters

(Motion was declared carried.)

**ADJOURN**

**It was moved by Marsters and seconded by Jaszewski that the meeting adjourn at 8:00 P.M.**

Yea: Nelson, Marsters, Zook, Weaver, Jaszewski, Tornquist

(Motion was declared carried.)

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Roger Bang, Mayor

ATTEST:

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Tom Meyer, Interim City Clerk