

House Appropriations Committee
Chairman - Jeff Delzer

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SB 2245

Mr. Chairman and members of the House Appropriations Committee, my name is Shane Goettle, and I am here today having been retained by the Minot Area Chamber of Commerce Economic Development Corporation to represent its interests in regard to SB 2245.

The Intermodal Transportation Assistance program proposed in this bill is an appropriation for the stable operation of intermodal service in North Dakota.

I want to take minute to make sure everyone understand what "intermodal service" means. Since the end of October 2020, intermodal service commenced in Minot. One unit train per week - that 110 cars - are loaded with 220 40-foot containers. These are stacked on top of each other. Inside these containers are anything you think of and put in a container, and the range from agricultural products to manufactured products. The key advantage of containerized shipping is the ability to preserve the identity of the products shipped. This identity preservation is key to worldwide niche markets for our farms and businesses across the state.

Empty containers, sourced mainly out of Chicago, are brought into the Minot site. The empty containers might be filled there, but they might also be trucked to all corners of the state - to Richardton, Williston, Park River, and Casselton - to be filled, brought back to the intermodal site, and then placed on rail cars.

From there they head west to Seattle, where they loaded off the train, onto a ship, and ultimately carried to destination all over the world.

We are calling this operation in Minot the Logistics Park of North Dakota.

Since October 2020, Greg Oberting, President of Rail Model Group, has been operating this facility. Mr. Oberting is an experienced logistics businessman who operates two other facilities - one in Nebraska and the other in Texas.

BNSF identified Mr. Oberting and his company as the one private operator they would trust to develop and operate an intermodal site. This is precisely because of his experience with his other two locations and his relationships - not only with BNSF, but also with the those in the shipping business throughout the world.

However, the arrangement that Mr. Oberting has with BNSF is provisional had has a timetable. The provisional arrangement. The current facility is simply not designed to load a full unit train at this time. To get there, we need at least 7000 feet of track that will be tied into Gavin Yard, just east of the facility. Currently, when Greg loads the containers onto the cars, by necessity he also using some of BNSF's mainline to switch out segments of the unit train. The ONLY reason BNSF is doing that right now is because they trust Mr. Oberting to manage that - but it is unsustainable beyond the August 1, 2021 date.

This leads to one portion of the request: \$1.8 million in state funds to lay some track. The full project will cost somewhere north of \$2.2 million. The additional funds will be matched locally.

The second portion of the request, \$8.2 million, is the negotiated amount to acquire certain above ground assets, namely all buildings, structures, fixtures and improvements, including track rail, other track material, ties and switches. The amount was arrived at by back and forth discussions and represents the last counteroffer from the banks as the Minot Chamber EDC approached it to buy these crucial assets.

For the rest of my testimony today, I will be referring to a brochure that we developed for this hearing. That is both attached to my electronic testimony and distributed to you as a hard copy.

[Cover information in brochure]

Mr. Chairman and members of the committee, I would be happy to stand for any questions.