



August 4, 2017

Mr. Darin Bergquist, Secretary
Department of Transportation
Becker-Hansen Building
700 East Broadway
Pierre, South Dakota 57501

Dear Secretary Bergquist:

The Government Operations and Audit Committee has scheduled a meeting for August 29, 2017, in room 362, in the State Capitol Building, to review various issues involving state government.

The Committee requests that you provide written answers to the following questions by August 21, 2017 and be present on August 29, 2017 to discuss your answers with the Committee:

1. Are you aware of hazmat presently in storage on the State owned MRC line?
2. What is the hazmat, and how many cars are on the MRC line?
3. Did Dakota Southern inform the Department of Transportation of these cars?
4. When did this hazmat first start arriving on the MRC line?
5. Where are the cars presently located?
6. At the State Rail Board meeting in May 2016 permission was granted to Dakota Southern to install switches at milepost (MP) 413.5 and MP 415.5 to connect to sidings to be built on private property. Did Dakota Southern get prior Rail Board approval, or any State approval, for the hazmat currently stored on the State owned MRC line? Does the Department of Transportation apply a different standard for hazmat on State track vs. private land?
7. When the track between Mitchell and Chamberlain was upgraded, a switch was installed "on spec" for possible future development at about MP 415.8. Are you aware that Mike Williams and associated parties have purchased a strip of private land at this location? Does Dakota Southern or any other party have permission from the Department of Transportation or the Rail Board to connect to the MRC line at this location? Has the Department of Transportation or the Rail Board given permission to store hazmat at this location? Are you aware that construction of side tracks is already in progress at this location? Is storage of loaded LPG immediately adjacent to Interstate 90 acceptable to you?
8. Rail Board Chairman Todd Yeaton is considering storing rail cars on land he owns within the town of Kimball. Does he plan to store hazmat at this location?
9. Given that the National Transportation Safety Board attributed the derailed BNSF ethanol train (and resulting fire) about two years ago to deferred track maintenance, and given the serious derailment on Dakota Southern on July 15, can you assure this Committee that a similar mishap with hazmat will not occur?
10. The MRC Rail Authority is justified in seeing the Dakota Southern audit. Why was DOT's audit not provided to the MRC Authority?

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11. Has the Department of Transportation had trouble in the past in getting Dakota Southern to respond with payments when due?
12. Was Dakota Southern late this spring in making payments (revenue share payment and car surcharge payment) to the Department of Transportation?
13. Is the Department of Transportation holding Dakota Southern to its track maintenance plan?
14. Given that the Department of Transportation's own consultant (Stone Consulting) identified track problems at MP 414/415 – why did a serious derailment just occur at MP 414/415.
15. Dakota Southern's lease requires that the State track be maintained at Class 2 (25 mph) standards. Is there any accountability to insure this is being done?
16. In 2013 a sitting member of the State Railroad Authority (Sheldon Cotton) was introduced to the MRC Rail Authority by Mike Williams. Mr. Williams told MRC he had hired Mr. Cotton to do marketing work for Dakota Southern. Does Mr. Cotton still have such a relationship with Dakota Southern?
17. Are you aware that the Chairman of the Rail Board, Todd Yeaton, is looking at setting up his own personal rail car storage facility, to be served by Dakota Southern? Would such a relationship be acceptable to you?

Please submit your answers to Tim Flannery, Department of Legislative Audit, 427 South Chapelle, Pierre, SD, 57501 by August 21, 2017 so that the information can be sent to all Committee members in advance of the actual meeting date. The meeting is scheduled to begin at 8:00 a.m. on August 29, 2017.

If you have any questions, please contact Tim Flannery with the Department of Legislative Audit at 773-3595.

Sincerely,



Senator Deb Peters, Chair
Government Operations and Audit Committee



Representative Hunhoff, Vice-Chair
Government Operations and Audit Committee