



**SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, AUGUST 13, 2014  
NEWBERRY RAIL YARD, WILLIAMSPORT  
1:07 P.M.**

**PRESERVING  
RAIL FREIGHT  
SERVICE**

*serving the counties of*

Centre  
Clinton  
Columbia  
Lycoming  
Mifflin  
Montour  
Northumberland  
Union

**AUTHORITY MEMBERS**

Stephen Bridy, Northumberland County  
Russ Graham, Centre County  
John Gummo, Clinton County  
Scott Harvey, Lycoming County  
Tom Herman, Montour County  
Rick Jenkins, Columbia County  
Brent Jones, Clinton County  
Rob Postal, Mifflin County  
Don Purcell, Northumberland County  
John Showers, Union County  
John Spychalski, Centre County  
Jerry Walls, Lycoming County  
Eric Winslow, Union County

**JRA OPERATOR**

Gary Shields  
Jeb Stotter  
Diana Williams

**GUESTS**

Al Bubb, NRHS  
John Burch, Long Nyquist & Associates  
Lynn Cunningham, Lycoming County Planning Commission  
Mark Murawski, Lycoming County Planning Commission  
Frank Sawicki  
Dennis Shaffer, Reading & Northern Railroad

**LEGAL COUNSEL**

Tom Schrack, Esq., McQuaide Blasko Law Offices

**JRA CONSULTING PROFESSIONALS PRESENT**

John Conrad, P.E., Bridge Engineer  
Randy Herring, CPA, Herring, Roll & Solomon  
Dan Mazur, Operating Agreement Consultant  
Christine Witmer, Herring, Roll & Solomon

**JRA STAFF**

Kay Aikey, Program Assistant  
George Fury, Property & Maintenance of Way Manager  
Jeff Stover, Executive Director

**SEDA-COG JOINT  
RAIL AUTHORITY**

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SEDA Council of Governments

**SEDA-COG Staff**  
Steve Kusheloff, Public Information

## **CALL TO ORDER**

### **Call to Order**

Chairman Walls called the meeting to order at 1:07 p.m.

### **Pledge of Allegiance**

Chairman Walls led the Pledge of Allegiance.

## **ADMINISTRATIVE ITEMS**

### **Public Forum**

No comments from the general public.

### **Approval of the June 11, 2014 Meeting Minutes**

*Mr. Herman made a motion to approve the June 11, 2014 meeting minutes; Mr. Gummo seconded the motion; motion carried unanimously.*

### **Treasurer's Report**

Mr. Harvey presented the Treasurer's Reports for the months of June 2014 and July 2014 as well as the JRA's loan summary.

*Dr. Spychalski made a motion to accept the Treasurer's Reports for the months of June 2014 and July 2014 and file for audit; Mr. Purcell seconded the motion; motion carried.*

### **Presentation of 2013 JRA Audit**

Mr. Herring and Ms. Witmer presented and reviewed, in detail, the 2013 Audit of the SEDA-COG Joint Rail Authority. Printed copies of the Audit were given to Board members.

Mr. Gummo asked what is meant by "unrestricted net position". Mr. Herring replied it is the excess of assets over liabilities excluding capital assets and debt; it is basically current assets minus current liabilities.

Mr. Herman asked the JRA's financial status in comparison to the previous year. Ms. Witmer replied that the JRA's financial condition as of 2013 year-end is stronger and the working capital increased. There is a 14% increase. The cost of the JRA's assets increased.

*Mr. Bridy made a motion for the full Board to accept the 2013 Audit for the SEDA-COG Joint Rail Authority; Mr. Harvey seconded the motion; motion carried.*

Mr. Graham asked for a definition of rail line property value and rail line rehabilitation. Ms. Witmer stated that rail line property includes the engine houses, signals, and the like, and rehabilitation would be restoration of the lines, maintenance, and extension of rail lines.

Mr. Herman asked about the interest rate and asked if it would be more to the JRA's advantage to consider pursuing a bond issue to reduce the interest being paid to the Jersey Shore State Bank. Chairman Walls suggested that Attorney Schrack and Mr. Stover look at other bond issues that have been issued by municipal authorities and see what kind of rates are common and then compare that to the JRA's current interest rate with Jersey Shore State Bank, including an analysis of costs of issuing a bond. Attorney Schrack stated that the Authority's loans with Jersey Shore State Bank have a pre-payment penalty which must be considered. Mr. Stover stated that a bond issue was checked out before, but it was not economical due to the costs involved.

### Events Calendar/Staff Report

Mr. Stover presented the events calendar for August/September and Staff Report.

Dr. Spychalski offered a correction that the departure time for the first passenger excursions run at the Sunbury River Festival on Saturday, August 16, 2014 is 9 a.m.

Mr. Stover stated that the 2009 Taurus that he is driving has over 128,000 miles on it and approval from the Board for its replacement is needed.

***In response, Dr. Spychalski made a motion for the Board to authorize the Executive Director to seek bids for a 2013 or 2014 Ford Taurus with 15,000 or less miles to replace the 2009 Ford Taurus; Mr. Gummo seconded the motion; motion carried.***

***Mr. Herman then made a motion for the Board to authorize the Executive Director to advertise to accept bids for sale of the 2009 Ford Taurus; Mr. Graham seconded the motion; motion carried.***

### Operator's Status Report and Business Forecast

Mr. Shields referred to the Operator's Report included in the packet.

Ms. Williams provided Board members with a revised pro forma for June 2014. She reported that June 2014 showed a 10.65% increase in operating fee revenue over June 2013. This is attributed to trackage rights and other freight revenue.

Regarding the reportable incident in Danville, Chairman Walls stated that the coroner has issued a report that it was a suicide and therefore not something that was the result of fault attributed to the train or the track.

## NEW BUSINESS

### Jannotti and Conrad Continuing Contracts

Mr. Stover stated that in 2004, the Board passed resolutions to name John Conrad, P.E., as the JRA's Bridge Engineer and Paul Jannotti as the JRA's Track Consultant.

PennDOT has asked for copies of continuing contracts for both of these JRA consultants. Mr. Conrad and Mr. Jannotti have submitted a proposed contract to Attorney Schrack for his review and approval.

*Dr. Spsychalski made a motion for the Board to approve the continuing professional services contracts with Mr. Conrad and with Mr. Jannotti; Mr. Harvey seconded the motion; motion carried.*

### Consideration of Contribution for Buses for NEARS Meeting Rail Excursion in State College

Mr. Stover stated that the NEARS (North East Association of Rail Shippers) will hold its fall conference at the Nittany Lion Inn in State College from September 30 to October 2. The NBER is hosting a VIP Office Car Special on Wednesday, October 1. Previously, the JRA was a NEARS conference sponsor by paying for the buses needed to transport the attendees from the hotel to the train. Mr. Stover stated the buses will transport the attendees from the hotel to Vail where the train will be located and will travel to Bellefonte to pick up and return attendees to the hotel. Three buses will be needed at an approximate cost of \$375 per bus through Fullington Trailways for a total cost of less than \$1,200. Dr. Spsychalski and Mr. Postal expressed a possible interest in attending the NEARS conference.

*Mr. Gummo made a motion for the Board to authorize payment of the conference registration fees for any board member who would choose to attend the NEARS Conference; Mr. Herman seconded the motion; motion carried.*

*Mr. Jenkins made a motion for the Board to authorize the coverage of the cost for buses in the amount of approximately \$1,200 to support the NEARS Conference; Mr. Postal seconded the motion; motion carried.*

Chairman Walls stated that he, along with Messrs. Stover, Fury and Murawski, will be holding a meeting with the Williamsport Regional Airport Authority and the Federal Aviation Administration (FAA). The purpose of the meeting is to address a question raised in the airport terminal building project and changes to the on-street access to the terminal as to how the trains moving through there may affect any of those accesses, plus the vertical intrusion into the gliding path for Runway 27.

Mr. Stover stated that the glide path issue in Williamsport is unique because it sits in a valley and the FAA regulates how the planes come in. If a train is occupying the Lycoming Valley Railroad it changes the glide path coming in so the airport needs to know when a train is occupying the track right by the airport. The airport engineer/consultant for the airport is proposing that a

VHF frequency be set up so when the locomotive engineer approaches the airport he can get on the radio and can let them know he is coming into the airport area. Diamondback Signal had prepared a design like a circuitry just like a grade crossing approach. Diamondback Signal is going to be asked to revisit the proposal they had done and it will be presented to the airport. Mr. Stover stated this meeting is to be held on August 21. Mr. Stover stated that the airport would need to pay for this at a cost of approximately \$400,000. This is an informational item only. No action is necessary at this time.

## **OLD BUSINESS**

### **TIGER II Status and Action Items**

Mr. Stover reviewed the updated TIGER II budget that was distributed at the meeting.

### **Consideration of Bids for JVRR West Park Track Reconstruction**

Mr. Fury stated that bids were opened and reviewed by Mr. Jannotti on August 8. Four bids were received with K.W. Reese being the lowest bidder. Mr. Jannotti felt that the bids were too high and suggested the bids be rejected and go to a modified project.

*Mr. Showers made a motion for the Board to reject the bids for the JVRR West Park Track reconstruction; Mr. Winslow seconded the motion; motion carried.*

### **Bridge Engineer's Report**

Board members were provided with the Bridge Engineer's report, action items and the project summary budget. Mr. Conrad provided an update on the Loyalsock Creek Bridge, Talleyrand Bridge Rehabilitation, the LVRR Washout Repairs and the RTAP bridges.

#### **Loyalsock Creek Bridge Change Orders**

Change Order 1: Adjust backwall timbers on two-span spillway bridge to match top of rail elevation grade between spillway bridge and Loyalsock Creek Bridge. Additional ballast and tamping included to meet new top of rail profile. Change Order Cost: \$4,491.90

Change Order 2: Repair two-span spillway bridge concrete on existing abutments and wing walls. Clearing trees and shrubbery exposed wing wall damage and cracks. Change Order Cost: \$3,320.08

Change Order 3: Add hand railing and no trespassing signs to each back wall at the Loyalsock Creek Bridge and at the two-span spillway bridge. Change Order Cost: \$6,352.78

Change Order 4: Adjust west side grade from Mill Street and extend existing storm pipe. Gradient adjustment is necessary due to raising Mill Street to meet new top of rail elevation at grade crossing. Change Order Cost: \$8,838.52

Change Order 5: Additional mulch blanket for Mill Street. Change Order Cost: \$1,120.00

Change Order 6: Added welding to make repairs to cracks in cover plates of two span spillway bridge while being painted off site. Cracks were discovered when sand blasting for painting.  
Change Order Cost: \$7,480.00

***Mr. Harvey made a motion for the Board to approve change orders 1-6 as presented and recommended by the bridge engineer in the amount of \$31,603.28; Mr. Herman seconded the motion; motion carried.***

## LEGAL

### Legal Issues

Attorney Schrack stated that there are four items for discussion and action; none of which requires an executive session for discussion.

- NARCOA Run Approval for October 5 on WD&R

Attorney Schrack stated that in the past VIP and NARCOA Speeder Run approvals have been presented to the Board under Legal, as the Operating Agreement provides that activities on the rail lines that are not involved in rail freight operations require the consent of the Rail Authority.

***Dr. Spsychalski made a motion for the Board to approve the NARCOA Run scheduled for October 5; Mr. Winslow seconded the motion; motion carried.***

- Bell Pole Lien Waiver Request

Attorney Schrack stated that one of the Authority's tenants, Bell Lumber & Pole Co., has requested that the JRA waive, as landlord, any asserted lien that it may have or assert against the tenant's personal property in the event of a default by the tenant. This is required by the bank in connection with this tenant's financing. Often, the bank will take inventory and other personal property of the tenant as a security interest, and it must have a priority security interest. In this case, the Authority is asked to waive its rights to the tenant's equipment so the lender can have this interest.

Attorney Schrack recommends that the Board approve the landlord waiver letter prepared by counsel for Bell Lumber & Pole Co., which provides that the Authority waives its right to assert any lien against the tenant's personal property and inventory.

***Mr. Jenkins made a motion for the Board to approve the landlord waiver letter prepared by Bell Lumber & Pole Co.; Mr. Postal seconded the motion; motion carried.***

- CUDD Energy Services, Inc.

Attorney Schrack stated that he and Mr. Fury had a discussion with the attorney for CUDD Pumping Services yesterday. As background, CUDD had initially assumed the lease for operation of the former Marcellus Energy site in the Newberry Yard; however, it was

determined to do a new lease between CUDD and the JRA. Terms of the proposed new lease with CUDD are essentially the same as with Marcellus Energy, the past tenant.

CUDD has agreed to assume the obligations to pay rent beginning January 2014. One final review has to be done by CUDD, but it is anticipated the document is near execution. The lease is a 5-year lease and the amount of rent is \$50,383 annually - \$4,198.65 /month. This is a standard Authority lease with a few minor adjustments.

***Mr. Herman made a motion for the Board to approve a new lease with CUDD Energy Services, Inc.; Dr. Spsychalski seconded the motion; motion carried.***

- Installation of Signals

Attorney Schrack stated that the Authority is being asked to approve two reimbursement agreements with PennDOT for the installation of signals in the City of Shamokin and in Scott Township, Columbia County. Project costs for the signals in Scott Township are \$250,000 and \$326,500 for the City of Shamokin.

***Mr. Bridy made a motion for the Board to approve a reimbursement agreement with PennDOT for the installation of signals in the City of Shamokin and a reimbursement agreement with PennDOT for installation signals in Scott Township, Columbia County; Mr. Showers seconded the motion; motion carried.***

***Mr. Jenkins made a motion for the Board to authorize the Vice Chairman to attest the signatures of the Chairman on any agreements that are approved at the meeting; Mr. Postal seconded the motion; motion carried.***

## COMMITTEE REPORTS

### Passenger Excursions Committee

Dr. Spsychalski referred to the three passenger excursions scheduled for August 16 out of Sunbury. He also referred to the accounting report of the passenger excursions through July 2014.

### Property Management/Capital Budget Committee

#### Aqua PA Easement

Mr. Fury stated that Aqua PA has approached staff seeking an easement for the installation of a 12" ductile iron pipe water line. The line will cross under the SVRR right-of-way at Mountain Road (Weigh Scales) within the public right-of-way. No easement fee will be assessed. The application fee of \$700 and a \$1,500 boring pit fee will be assessed. The old waterline will be filled with concrete once abandoned. All plans have been received and approved.

***Mr. Winslow made a motion for the Board to approve the easement for Aqua PA in Weigh Scales and authorize the Chairman to execute the document as well as for the***

***Vice Chairman to attest the easement agreement ; Mr. Purcell seconded the motion; motion carried.***

### **PEG Bandwidth Easements**

Mr. Fury stated that PEG Bandwidth PA, LLC, is seeking approval of three transverse occupations along the NBER; one is at Harrison Road in Pleasant Gap and two are in Milesburg along the NBER Main at MP 30.7 and 31.05. All easements are within public rights-of-way and no fees will be assessed. An application fee of \$700 will be assessed for each occupation. All plans have been received and approved.

***Mr. Gummo made a motion for the Board to approve all three easements for PEG Bandwidth PA, LLC; Mr. Herman seconded the motion; motion carried.***

### **Operating Agreement Committee**

#### **Recusal of Select Board Members from RFP Process Review**

Attorney Schrack indicated that there are a few Board members who have a customer relationship with the existing operator, and they have decided that in order to avoid any appearance of an unfair or biased scoring process and maintain a high level of integrity in the process, it would be appropriate for them to abstain from further participation in the RFP process. Those Board members are Scott Harvey, Rick Jenkins, Brent Jones, Michael Krentzman, Dave Park, and Eric Winslow. All but one of the above board members represents customers of the current short line operations. Mr. Winslow is a board member of the West Shore Railroad, which has an agreement with Union County Industrial Railroad.

***Mr. Herman made a motion for the Board to accept the offer of recusal of the six board members; Mr. Postal seconded the motion; motion carried, with Messrs. Harvey, Jenkins, Jones, Park and Winslow abstaining.***

### **Review of RFP Procedures and Schedule**

The JRA has received five responses in response to its Request for Proposals (Phase 1 – Request for Qualifications). The respondents are:

- Carload Express
- Genesee & Wyoming Railroad
- North Shore Railroad
- Reading & Northern Railroad
- Stonepeak Advisors, LLC

Attorney Schrack stated that Board members should have been provided hard copies of the responses received along with the scoring sheet. Any questions should be directed to Mr. Stover.




The ten Board members reviewing the proposals need to submit their individual scoring sheets to Mr. Stover by the September 10<sup>th</sup> JRA Board Meeting.

Chairman Walls adjourned the meeting at 3:08 p.m.

Respectfully submitted,

  
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Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on September 10, 2014.

  
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~~Secretary/Assistant Secretary~~ Vice Chairman