



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, OCTOBER 9, 2013
SEDA-COG, LEWISBURG, PA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre
Clinton
Columbia
Lycoming
Mifflin
Montour
Northumberland
Union

AUTHORITY MEMBERS

Russ Graham, Centre County
Scott Harvey, Lycoming County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, 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

Reuben Brouse, NRHS
Allen Bubb, NRHS
Steve Campbell, Roaring Creek & Catawissa Valley Historical Study Group
Lynn Cunningham, Lycoming County Planning Commission
Rick Dandes, Daily Item
Allen Neely, McQuaide Blasko Law Offices (via speaker phone)
Don Purcell, Penn Valley Railroad, LLC
Andrew Richards, Bellefonte Historical Railroad Society
Dennis Shaffer, Reading & Northern Railroad

LEGAL COUNSEL

Tom Schrack, Esq., McQuaide Blasko Law Offices

JRA CONSULTING PROFESSIONALS

John Conrad, P.E., Bridge Engineer
Dan Mazur, Operating Agreement Consultant

**SEDA-COG JOINT
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Affiliated with
SEDA Council of Governments

JRA STAFF

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

SEDA-COG STAFF

Steve Kusheloff, Public Information

CALL TO ORDER

Call to Order

Chairman Walls called the meeting to order at 12:30 p.m.

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Bubb circulated two photos:

- Penn Central Train on what is now the Shamokin Valley track. It was taken in 1976 before Conrail.
- Logging apparatus/logging machine mounted on a rail car. It was taken on the Susquehanna and New York Railroad between Newberry and Towanda.

Mr. Campbell stated that over the years that he has attended the JRA meetings, the North Shore Railroad has updated the board on safety improvements on the trains. He said that he understands the passenger cars are being inspected and hopes that the Board would share this information at the JRA meetings.

Approval of the September 11, 2013 Meeting Minutes

Mr. Herman made a motion to approve the September 11, 2013 meeting minutes; Dr. Spsychalski seconded the motion; motion carried.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of September 2013 as well as the JRA's loan summary.

Dr. Spsychalski made a motion to approve the Treasurer's Report for the month of September 2013; Mr. Sawicki seconded the motion; motion carried.

Operating Agreement Consultant Report

Mr. Mazur stated that it was reported previously that the Maintenance of Way expenditure during the first and second quarter was running significantly behind budget and he was monitoring it on a monthly basis. He reported that the actual expenditure for the third quarter is 85% above the budget. This gives a cushion for going into the fourth quarter which is a very heavy quarter and is 35% of the total expenditure for the year. Through the third quarter, Maintenance of Way is running 21% above budget. This will continue to be monitored.

Legal Issues

Attorney Schrack suggested that the Board go into Executive Session to discuss existing litigation in which the JRA is involved – the Munro eminent domain proceeding and the Feist action to quiet title.

Chairman Walls called for an executive session at 12:47 p.m.

Chairman Walls reconvened the regular meeting at 1:23 p.m.

Chairman Walls stated that the JRA has under construction the South Avis Access Road that will have a number of public benefits including improved public safety response for fire and ambulance to the South Avis residential community and well as to the Jersey Shore Steel Company and the other tenants in the South Avis Realty rail yard. This is only the second time in the 29-year history of the JRA that the JRA has had to resort to eminent domain.

Attorney Schrack stated a significant amount of the executive session was devoted to the Munro/South Avis Access Road eminent domain matter. Attorney Schrack echoed the comments by Chairman Walls and was hopeful that the Authority could reach a swift and satisfactory resolution with Mr. Munro. The Feist matter was also discussed in terms of seeking a possible resolution to that litigation. The JVRR property was discussed briefly in executive session. This is related to the potential acquisition of property and is suitable for discussion in executive session.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for October/November and Staff Report.

Mr. Stover referred to a draft letter from the JRA to Mr. Steve Bartos, Chief Clerk of the City of Shamokin related to the Market Street grade crossing. The City had asked for a summary of where the Authority stands in terms of the Authority's position. Mr. Stover stated that when he and Mr. Sawicki briefed the Northumberland County Commissioners recently this project came up in discussion. A copy of this letter will be sent to the Northumberland County Commissioners.

Mr. Stover stated that the Authority has already gone on record officially by agreement with the City to contribute \$40,000 either toward the grade crossing or toward their eminent domain. The Authority has no role in the eminent domain proceedings; this is being done by the City of

Shamokin. A private crossing east of the Market Street grade crossing could be constructed that would not require the building to be acquired by eminent domain. This would be a single lane exit from the parking lot which would result in a new exit onto Market Street north of the railroad. The ownership of the City's parking lot was investigated and it was found that most of the parking lot is owned by the JRA. If the City and JRA can agree on the boundary, the JRA will perpetually lease the parking lot to the City for \$1.00 per year.

Chairman Walls suggested sending a copy of the letter to each member of Shamokin City Council.

Brief discussion followed regarding changing the lease term to a mutually acceptable term.

Mr. Reitz made a motion for the board to approve issuance of the letter to Mr. Bartos with the refinements discussed; Mr. Park 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 reported that August YTD carloads for 2013 increased 11.2 % over 2012 and operating fees paid YTD increased approximately 10% over 2012.

Dr. Spychalski asked what is being done for clearing the debris in the culverts. Mr. Shields stated that this is being done on a routine basis and will be included in the Operator's report.

OLD BUSINESS

TIGER II Status and Action Items

Mr. Stover reviewed the status of the various TIGER II projects that were listed on the agenda grid as well as the updated TIGER II budget that was distributed at the meeting.

Bid Award for Vail Paving Contract

Bids were opened for paving the entrance road to the Vail Yard.

The bid results are listed below:

Glenn O. Hawbaker: \$84,972.25

Rhinehart Railroad Construction: \$118,846.00

D. S. Brown Co. N/B

Dr. Spychalski made a motion for the Board to recommend Glenn O. Hawbaker be awarded the Vail paving contract in the amount of \$84,972.25, and authorize the Chair and Secretary to execute all documents; Mr. Herman seconded the motion; motion carried.

South Avis Access Road Update

Mr. Stover stated that this project is nearing completion and should be done by mid-October. The road has been paved for about 1,300 feet from SR220 to near the South Avis railroad yard embankment. The project has been delayed due to some discrepancies in subgrade elevations from the engineer vs. stakeout elevations placed by surveying subcontractor. Substantial efforts are underway to correct these issues.

Bridge Engineer's Report

Board members were provided with the Bridge Engineer's Report. Mr. Conrad was in attendance at the meeting and updated Board members on projects he is working on.

Update – Bridge 194 - Catawissa

Mr. Fury stated that the JRA offer to PennDOT District 3-0 to purchase a box culvert to upgrade capacity under Legion Road, in conjunction with our Bridge 194 replacement, has been rejected, citing lack of budget. Mr. Conrad will need to redesign a portion of the project to account for velocities of water coming from PennDOT's existing discharge.

Danville – Route 54 Project

Mr. Conrad provided an update on this project. The track work component of the Route 54 project was completed on October 1 as scheduled. The flood closure interface portion of the project will be completed in the next couple of weeks, and is determined by Susquehanna Supply's (flood closure project contractor) schedule.

Diamondback Signals will install new signal systems at Route 54, the middle school pedestrian crossing and the Danville Middle School entrance in early November.

Once final grade at Route 54 was set, the highway approaches were stringlined to determine the limits of paving. Because the crossing was raised an additional ± 1 inch, the paving limits were extended. NSHR forces provided tamping, inspection and signal department services.

NEW BUSINESS

Bid Award for Bellefonte Train Station (SMS Sutton Track) Track Upgrades

Mr. Stover stated that the Bellefonte Historical Railroad Society stores its two rail diesel cars (RDCs) near the Bellefonte Train Station on a portion of the SMS rail spur. The track under the RDCs is poor and needs to be reconstructed. The plan is to move the two RDCs to the Bellefonte Yard and rebuild the track. This will allow better access to the Talleyrand Bridge for Lycoming Supply and for a usable track under the RDCs so that when they go back into service they can be safely moved from the siding.

Listed below are the bid results:

W.E. Yoder: \$43,758.00

CTW: \$53,966.50

Amtrac of Maryland: \$44,644.00

Railworks: \$63,264.00

Rhinehart Railroad Construction: \$45,184.00

Patterson Stevens: \$77,600.00

K.W. Reese: \$51,985.40

Acme Construction Co., Inc.: \$85,326.00

Mr. Richards stated the BHRS would like to offer an additional \$3,500 to extend the repairs approximately an additional rail length (30') in that area.

Mr. Stover stated that the award would go to W.E. Yoder with a potential change order to add some footage based upon the donation by BHRS.

Mr. Richards then read the proposal from BHRS: *"The Bellefonte Historical Railroad Society is aware that the JRA plans to make repairs to the first 366 feet of track on the rail siding near the Bellefonte train station generally referred to as the SMS siding. As you know, the BHRS has used that siding, for some time, to store our RDC cars, and we will benefit from the track improvements being made in this area. We would like to thank the JRA and the operator (NBER) for allowing us to continue to use the siding and for making the effort to improve its condition.*

As both the JRA and the BHRS will ultimately benefit from improvements to that track, and since there is value to both organizations in repairing as much track as possible while a contractor is engaged at the site, we would like to offer to pay to extend the repair area under the JRA's contract with the winning bidder. The ability to move the cars further back on the line will help us keep them away from the street during winter plowing operations, and at times when the cars are being worked on by BHRS personnel. While we cannot afford to extend the repair area as far as we would like, we are prepared to offer \$3,500 to extend the repairs approximately an additional rail length (30') in that area.

We hope that this offer will allow both parties to benefit from the additional repairs. If this arrangement is acceptable to the JRA, please let me know. We will make suitable arrangements for payment to the JRA.

Once again, thank you for your efforts on behalf of the BHRS. We are thankful to have such a successful partnership with the JRA.

*Sincerely,
Andrew Richards, Treasurer"*

Dr. Spsychalski made a motion for the Board to accept the offer from BHRS in the amount of \$3,500 for approximately 30' extension of the work to be addressed by a change order to the bid by W.E. Yoder; Mr. Reitz seconded the motion; motion carried.

Mr. Herman made a motion to accept the staff recommendation to award the Bellefonte Track Rebuilt contract to W. E. Yoder in the amount of \$43,758.00; Mr. Sawicki seconded the motion; motion carried.

NBER Bellefonte Branch Rail Replacement RTAP Application

Mr. Stover stated that the annual track inspection has revealed a major rail wear problem on much of the Bellefonte Industrial Track from near the former Cerro plant to the Pleasant Gap fish hatchery. Mr. Jannotti estimates that 18,000 lineal feet of rail needs to be replaced at a cost of \$750,000. There is a line item for this project in the PA Capital Budget.

The JRA should pursue release of \$525,000 from PennDOT to assist with this project. The unexpected cost of the NBER flash flood in June made self-funding this needed project much more problematic.

Mr. Reitz made a motion for the board to authorize staff to submit a Rail Transportation Assistance Program (RTAP) application to PennDOT in fall 2013; Dr. Spsychalski seconded the motion.

Mr. Stover stated that this is Commonwealth bond money. They do about \$30 million of rail capital projects every year.

Motion carried.

Mr. Stover stated he had been in conversation with Dr. Spsychalski as to whether this is a capital project or a maintenance item. A copy of the Guidelines for Asset Upgrades was provided to board members. Dr. Spsychalski referred to the rail item and the asset upgrades the JRA may consider and the operators' responsibilities under agreement and related exhibits.

Chairman Walls asked that staff engage in further discussion with the operator regarding this.

Chairman Walls asked if action should be taken to file an application for disaster damage reimbursement to FEMA regarding the Bellefonte branch replacement.

Mr. Harvey made a motion for the board to authorize staff to file an application for disaster damage reimbursement application to FEMA; Mr. Showers seconded the motion; motion carried.

COMMITTEE REPORTS

Passenger Excursions Committee

Committee Chair Spsychalski referred to the Executive Director's calendar of upcoming passenger excursions for the month of October and November.

The inspection of passenger carrying rolling stock owned by all parties who do or might operate passenger excursions or any kind of passenger movement on lines owned by the JRA conducted by Mr. Mark Magers has been completed. A meeting was held with Mr. Magers on September 18 and then Mr. Magers proceeded to perform the remainder of his work.

Committee Chair Spsychalski stated he personally observed work being performed on a Penn Valley RR car in Berwick and also traveled to Strasburg Rail Road to observe work being performed there on two coaches owned by Penn Valley Railroad. Dr. Spsychalski stated he was satisfied that the work was of good quality. The remedial work identified as being necessary by Mr. Magers' inspections has been completed. Dr. Spsychalski stated he received a phone call from Penn Valley Railroad informing him that adjustments to their equipment have been completed. The JRA and other related parties will receive a report of the remedial work completed.

Committee Chair Spsychalski reported that he recently had a meeting with the Executive Committee of the Downtown Business Development Association in Lock Haven. The committee is in the preliminary stages of entertaining the possibility of submitting a proposal for an excursion in 2014. The committee was provided with information on how the service is operated and on requirements of good practice for excursion sponsors. The committee will have another meeting to consider this and respond back to the Chair of the Passenger Excursions Committee.

Property Management/Capital Budget Committee

Committee Chair Jenkins reported on the work of the committee.

Acorn Little League

Mr. Fury stated that he and the operator met with Acorn Little League officials at their fields in Northumberland to discuss the installation of a permanent fence to address long-term safety issues spawned by continued trespassing. Staff proposed installation of a chain link fence at least 6' tall with a privacy screen the length of both fields approximately \pm 350 feet, 12-15' off of the south rail. The Acorn Little League sought quotes for fencing materials with the lowest quote being \$7,500. The Little League requested that this amount be split three ways as their budget will only support \$2,500 towards the project. The privacy screen cost is estimated at less than \$1,000. The Acorn Little League has agreed to install the fence. The railroad has agreed to contribute \$2,500 toward this.

Staff also proposed an easement to the league, at no cost, for construction and maintenance of the fence and for use of JRA property on the south side of the fence. No permanent structures, other than the fence, will be allowed on JRA lands.

Dr. Spsychalski made a motion for the board to grant the Acorn Little League an easement of land no less than 12' from south rail for the construction and maintenance of a chain link fence for normal use of Little League activities, at no cost, with the installation of the fence to be completed prior to the start of the 2014 Little League season and authorize the Chair and Secretary to executive all documents; Mr. Park seconded the motion; motion carried.

Mr. Reitz made a motion for the board to approve the JRA's participation to purchase materials for this project at a cost not to exceed a total of \$3,500; Mr. Harvey seconded the motion; motion carried.

Operating Agreement Committee

Committee Chair Krentzman reported that the committee met at 10:00 a.m. He stated that the solicitor outlined some of the pitfalls that could be encountered in the RFP process. Discussion was held regarding adherence to the RFP process, confidentiality issues and the right-to-know requirements of various documents. Discussion was also held regarding what makes documents discoverable and having written certification as to why certain documents are proprietary and confidential. The RFP process and timeline was also discussed. This is a three phase process.

Chairman Walls stated that this RFP process is a competitive procurement process that meets the full requirements of PA law. The JRA's solicitor has researched this as well as cases that have been decided by the courts in order to have good guidance so this is an open and fair process to all competitor companies. It meets the requirement of a competitive process. The JRA is putting out a request for proposal in the next 3-4 months which will go through a process well in advance of the expiration of the existing contract of 2017.

Mr. Mazur stated that sometime within the first quarter of 2014 the RFP will go out. The RFP will define the criteria for the first step which is a request for qualifications to dwindle the list of candidates down to three or whatever the number may be. This will be spelled out in the RFP. The criteria for working with approximately three candidates and choosing a winner will also be spelled out in the public RFP. This is being based upon metrics in the following three areas: the candidates' expertise in managing 200 miles of short lines, financial strength and access to capital and would the candidate be a good partner.

Committee Chair Krentzman stated that discussion was also held on the marketing the RFP. The means for this will be a mailing, posting the RFP on the JRA website, legal ads, reaching out to the American Shortline and Regional Railroad Association, ads in various popular railroad magazines. Topics of discussion for the November meeting are the renewal term and a list of what will be included in the RFP.

Chairman Walls noted that a letter was received from Reading & Northern Railroad indicating their interest of entering into competition for consideration of the future contract.

Chairman Walls adjourned the meeting at 3:10 p.m.

Respectfully submitted,



Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on November 13, 2013.



Secretary/Assistant Secretary