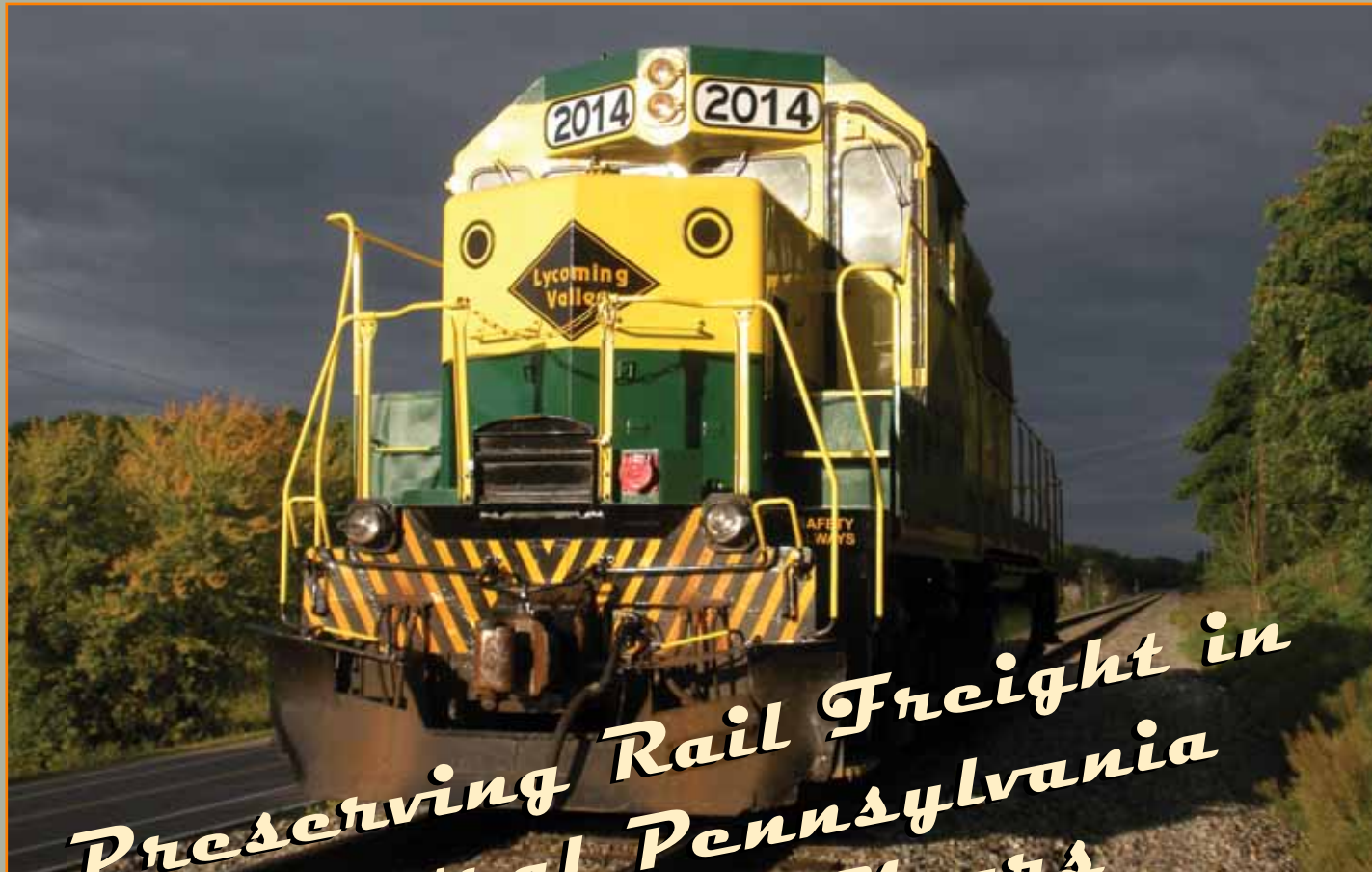


## SEDA-COG JOINT RAIL AUTHORITY



*Preserving Rail Freight in  
Central Pennsylvania  
for 30 Years*

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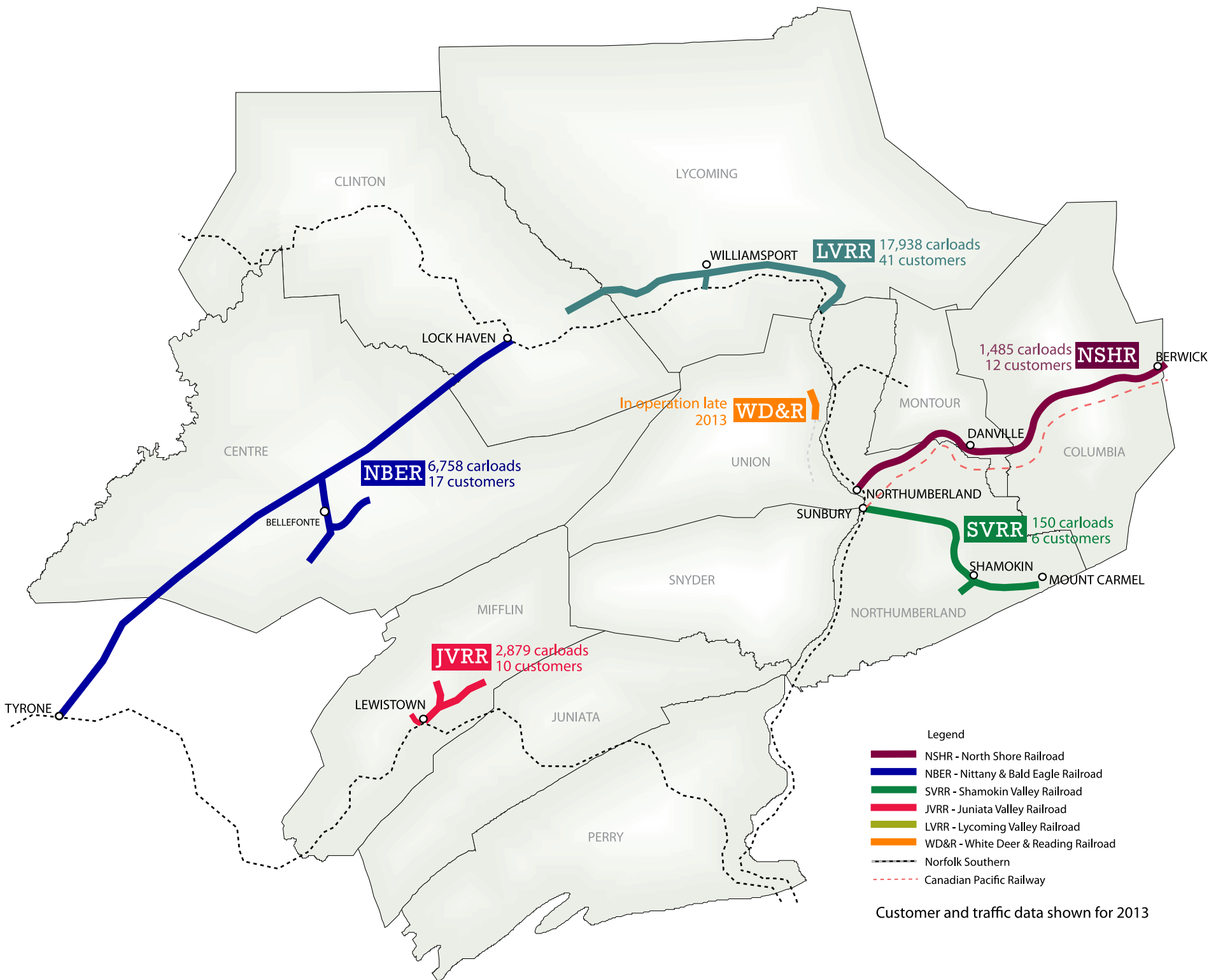
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Customer and traffic data shown for 2013

# PROLOGUE

Choices. We generally like more rather than fewer — 16 screens at the local cineplex, 10 ways to “have it your way” at our favorite ‘burger joint. Central Pennsylvania did not have many choices 30 years ago when it was threatened with the loss of rail service.

The major railroads in America’s northeast were bankrupt by the mid-1970s. In response, the federal government formed the Conrail System to replace them, but Conrail had troubles, too. However, once federal regulations were eased in the early ‘80s, the new railroad giant was free to abandon unprofitable rail lines, some of which were in Central Pennsylvania.

Abandonment didn’t just mean loss of service; the tracks themselves became scrap metal, the ground beneath them sold to the highest bidder.

Issues extending beyond single county boundaries had led to the creation of the SEDA-Council of Governments (SEDA-COG) in the early ‘60s. As the planning and development organization for 11 Central Pennsylvania counties, SEDA-COG provided numerous services, many related to transportation. It was also a link to resources from other public and private sources. Now, as it contemplated the region’s loss of rail service, SEDA-COG’s Board of Directors didn’t have many choices. While some firms could ship in and out by truck, others could not and would have to relocate or close their doors.

When faced with the threat of abandonments prior to ‘83, regional leaders had appealed to their Senators or Congressmen for help, or to

the Interstate Commerce Commission. But with the winds of deregulation sweeping through the nation’s capital, it was doubtful anyone in Washington would ride to the rescue of our region’s rail lines.

There was another choice, however, one which offered the potential for success, yet was coupled with risk; a bold plan that, at the very least, had to be explored. SEDA-COG could buy the lines and ensure they remained in public hands, available for use.

By the early ‘80s SEDA-COG had earned a solid reputation — developing plans for water quality and flood control, establishing emergency communications centers, securing funds for local projects like hospitals, industrial parks, and schools. It was carrying out housing rehabilitation projects and providing financing for new and expanding companies.

Yet, while SEDA-COG itself was a million dollar operation, it had never run a business on the scale of a railroad, one that served 21 industrial customers along its 80-miles. In addition to experience, money was a major obstacle. SEDA-COG was interested in four lines — one from Northumberland to Berwick, and three shorter lines in Centre County. Conrail’s asking price was about \$5 million.

Overcoming these obstacles was an exacting process involving traffic analyses, market forecasts, and cost determinations. But step by step the region moved closer to assuming control of its own rail freight infrastructure. The key step

was creation of the SEDA-COG Joint Rail Authority, an autonomous entity responsible for public oversight of the soon-to-be-acquired rail lines.

In the years to follow, those responsibilities would be increased. Funds were needed to maintain and improve the lines, and additional lines were purchased, ensuring continued rail service in other parts of the region. A solid, working relationship was developed between the Authority and the private operator it had chosen via a Request for Proposals process to run the trains and serve shippers on the lines.

October 2013 marks the 30th anniversary of the Joint Rail Authority, commemorating the start of a process that, today, involves six short line railroads, 200 miles of track, eight counties, and a yearly budget of \$1.2 million. Service is provided to 80 customers employing a total of over 8,000 people. October’s celebration, however, is more than an observation of time gone by.

In 1983 individuals from both public and private concerns determined that rail freight service would remain available to this region’s industrial community. That was the choice they made, and 30 years later the SEDA-COG Joint Rail Authority reaffirms that choice through the work that it does and decisions it makes.

Steve Kusheloff  
Manager, Public Information  
for SEDA-Council of Governments



Juniata Valley  
★  
Lycoming Valley  
★  
Nittany & Bald Eagle  
★  
North Shore  
★  
Shamokin Valley  
★  
White Deer & Reading



*Three crews of the Lycoming Valley Railroad  
switching at Newberry Yard.*



# HISTORY

**T**ransportation has been a major focus of SEDA-Council of Governments since its inception in the early 1960s. One of seven regional organizations in Pennsylvania's rural Appalachian region, SEDA-COG had been monitoring rail freight service since the mid-1970s, particularly taking note of the bankruptcy of the six major northeast railroads. Three of the bankrupt railroads, the Penn Central, Erie-Lackawanna, and Reading, operated in the 11 central Pennsylvania counties served by the organization. SEDA-COG formed a Regional Railroad Task Force to deal with the bankruptcy's impact. In 1976 the federal government replaced the bankrupt rail lines with the Consolidated Rail Corporation — Conrail.

Conrail remained unprofitable from its start to 1980, even though it was given billions in federal dollars to rebuild the northeast's system. Much of the problem was due to rigid Interstate Commerce Commission (ICC) regulations that impeded effective competition with truck transportation. Those regulations were significantly eased with passage of the Staggers Rail Act of 1980, and Northeast Rail Service Act of 1981 (NERSA). The legislation made it much easier for Conrail

to abandon unprofitable lines under the guise of "insufficient revenue."

Anticipating an effort to abandon local lines, SEDA-COG secured a grant from the Appalachian Regional Commission (ARC) in 1982 to study and identify local lines with the greatest potential to be successful short-line operations. Three candidates for preservation emerged:

- The Bloomsburg Branch Line in Columbia, Montour, and Northumberland counties
- The Milton Secondary, and the Montandon Industrial lines in Union County
- The Bald Eagle Branch, Bellefonte Secondary, and Pleasant Gap Industrial lines in Blair and Centre counties.

Before the study even began, Conrail took steps to abandon the Centre and Blair county lines and did succeed in abandoning a portion of the Bald Eagle Branch. The track, however, was left in place and was used by Conrail to store excess rail cars. Efforts to abandon three more portions of rail line were undertaken in February of 1983, but Conrail continued rail service on them because SEDA-COG was preparing an offer to buy the lines and preserve them.



*Junata Valley Railroad serving customers on the West Park Track.*

**1983**

JRA formed through SEDA- COG Centre, Columbia, Montour, Northumberland and Union Counties join JRA

**1984**

Acquired 82 miles of Conrail lines, renamed North Shore and Nittany & Bald Eagle Railroads

**1986**

Clinton County joins JRA

**1987**

Negotiated acquisition of the eastern segment of Bald Eagle Branch lines and the Shamokin cluster of lines

**1988**

Shamokin Valley Railroad begins operation

**1996**

Acquired lines in Williamsport and Lewistown  
Juniata Valley and Lycoming Valley Railroads begin operation

Economic factors that inspired the formation of the SEDA-COG Joint Rail Authority in 1983 will spur future rail freight growth well in to the 21st Century. The rising cost of fuel and increasing traffic congestion on our nation's highways will drive more freight to rails. To meet the demand the JRA will continue to rehabilitate tracks, create state-of-the-art bulk transfer facilities and lay additional spurs to provide direct links for new rail customers.

From 2008 through 2013, the JRA has undertaken over \$43 million in capital projects. This means that central Pennsylvania has seen both significant improvements and actual expansion of its rail infrastructure. The federal TIGER II suite of projects alone resulted in the construction of over seven miles of new railroad tracks. Railroad bridges have not been ignored either. Restoration of a flood-damaged bridge in the village of White Deer in Union County will allow for rail service to be extended to a large, developing

industrial park. In 2014, a new LVRR bridge over Loyalsock Creek near Williamsport will replace a 1927 structure that was severely damaged in 2011 by record floodwaters.

The extraordinary improvements in the region's rail infrastructure are not solely limited to the JRA's unilateral efforts. In recent years, the JRA has engaged private and public partners on over 40 projects. Each of these have resulted in rail improvements to be sure, but more importantly, they are part of a regional economic development benefit. In addition to JRA-sponsored projects, rail customers across the system-on their own-have built thirteen new sidings since 2009. From the JRA's inception, PennDOT's Bureau of Rail Freight has been a critical partner as well.

In a recent JRA survey of area businesses, nearly half the respondents indicated plans for expansion. Many of the businesses credited those plans to new rail spurs that will increase the

availability of raw materials and allow for increased shipments. "We anticipate the addition of customers on each of our six lines," said Jeff Stover, Executive Director of the SEDA-COG Joint Rail Authority.

The JRA's primary Class One railroad connection is Norfolk Southern. A limited interchange is available to Canadian Pacific.

*Newberry Yard's Reach Road Terminal was put in operation in 2012 by Unimin to transload frac sand.*



## **SEDA-COG JRA: Rail Freight System for the 21st Century**

## **SEDA-COG JOINT RAIL AUTHORITY**

In March 1983, SEDA-COG's Board of Directors approved a rail service preservation strategy. One month later it endorsed formation of a five-county municipal authority — the SEDA-COG Joint Rail Authority — as the legal entity to implement the strategy and, in effect, replace SEDA-COG's rail line preservation activities.

The Joint Rail Authority (JRA) would own the lines, but contract with a private operator to provide rail service. By late June, 1983, the Authority was in place, comprised of Centre, Columbia, Montour, Northumberland and Union counties. Two individuals from each county were appointed to the new board, one representing a rail user and the other drawn from the general public. Although independent of SEDA-COG, the Rail Authority contracted with the organization to provide staff services and a base of operations. Its initial meeting was on July 6, 1983.

During that meeting, a teleconference was held with officials of the U.S. Economic Development Administration (EDA) who asked how much money the JRA was willing to borrow to finance the project. With no hesitation, John Brennan, a Northumberland County representative, responded, "Up to one million dollars." That willingness to borrow was a

**1997**

Lycoming County joins JRA

Norfolk Southern and CSX each acquire portions of Conrail

**1998**

Built new engine house in Williamsport at Newberry Yard

**2003**

Built new engine house in Lewistown

**2007**

Rail Authority wins Industrial Development award from Norfolk Southern

**2008**

Completed Whiterock Quarry track

First Marcellus rail traffic

**2009**

Construction of intermodal complex at Newberry Yard

Completed Newberry South Bulk Transloading Facility

## JUNIATA VALLEY RAILROAD

deciding factor in EDA's decision to support the project. This was the first rail line acquisition and rehabilitation project within the jurisdiction of EDA's Philadelphia Regional Office and there were few guidelines to assist the federal funding organization.

Other funding was provided by the Federal Railroad Administration, Commonwealth of Pennsylvania, county and local government entities, and rail users themselves. In fact, over \$400,000, nearly 10% of needed monies, was committed by local sources. The foundation of private funds made the leverage of public dollars much easier. The newly-formed JRA held its organizational meeting on July 20, 1983, and the following were elected:

- John Brennan, Chairman, Northumberland County
- Howard McKinnon, Vice Chairman, Berwick Forge & Fabricating, Columbia County
- Mark Mitchell, Secretary, Corning Glass Works, Centre County
- Mark Shuey, Assistant Secretary, Clasters, Centre County
- Allen Bubbs, Treasurer, Northumberland County
- Dick Wesner, Assistant Treasurer, Kennedy Van Saun, Montour County

As it continued negotiations to purchase the Centre County Cluster, as it was now known,

**Counties Served** Mifflin  
**Miles of Rail Line** 13

### Customers Served

**Allensville Planing Mill** Lumber

**First Quality Baby Products** Pulp

**Greenbrier Rail** Railroad Wheels and Axles

**Kovalchick Salvage** Scrap Metal

**Krentzman Metals** Scrap Metal

**Nittany Oil Company** Various

**Standard Steel** Scrap Metal

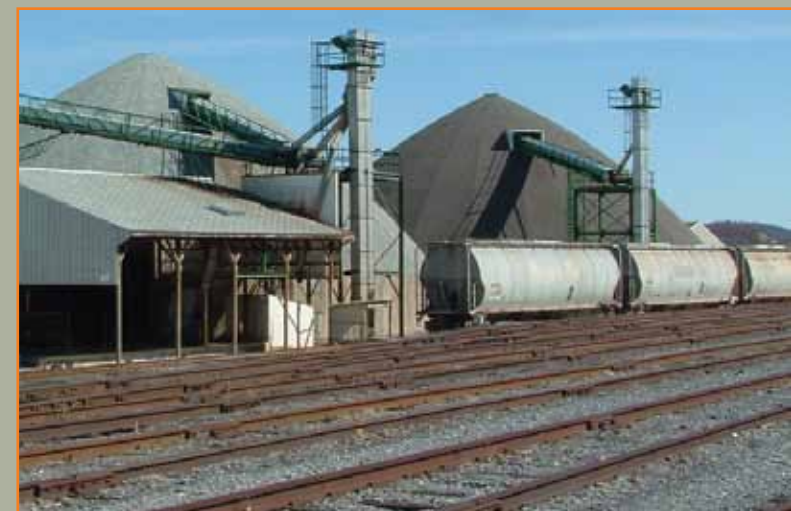
**Suburban Propane** Propane

**Sylco Service Terminal** Fertilizers

**Trinity Plastics** Plastics

*Top: Standard Steel is North America's only producer of forged steel wheels and axles for freight cars and locomotives. Juniata Valley Railroad transports scrap steel to Standard's facility at Burnham.*

*Bottom: JVRR worked with Sylco to establish the largest fertilizer rail/truck transload operation in Pennsylvania. Each of Sylco's dry bulk storage domes can accommodate 72 rail carloads.*







LVRR Engine No. 239 emerges from the Newberry engine house.



## 2010

Federal TIGER II application submitted

\$10 million TIGER II grant award

## 2011

TIGER II projects begin  
Tropical Storm Lee severely damages LVRR bridge over Loyalsock Creek

## 2012

Reach Road Terminal at Newberry in operation

Additional \$1 million TIGER II award

## 2013

LVRR Loyalsock Creek Bridge construction started

# LYCOMING VALLEY RAILROAD

and Bloomsburg Branch, the Authority learned that Pocono Northeast Railway was also pursuing the Bloomsburg line. Conrail could negotiate with whomever it chose, and selected the JRA because the Authority was negotiating to buy additional lines, creating the potential for Conrail to earn greater revenue.

Conrail made an offer to sell the rail lines on July 29 at a considerable reduction from its earlier quote. The Joint Rail Authority enthusiastically accepted Conrail's offer. The reduction meant the JRA would not need to incur any long-term debt to purchase and rehabilitate the lines.

Throughout the fall and early winter, Conrail and the Authority negotiated the terms of the sale and contract language. The JRA signed the sales agreement in January of 1984, as did Conrail the following month.

The Authority then inspected the lines, accompanied by officials from Conrail.

The need to select an operator remained, however, before the deal could be closed. A "Request for Proposals" was prepared and those interested were given until mid-April to respond. They could bid on the Centre County Cluster, the Bloomsburg Branch, or both. The JRA received eight proposals and chose Richard Robey as the operator for both properties. His was the only proposed operation which would need no subsidies. In addition,

**Counties Served** Lycoming, Clinton  
**Miles of Rail Line** 38

### Customers Served

**Advanced Drainage** Plastic

**Arrow Terminal Services** Proppants

**Bell Poles** Poles

**Bridgewell** Poles

**Bulkmatic** Intermodal

**Carbo Ceramics** Proppants

**Charlotte Pipe** Plastics

**Fairmont Minerals** Proppants

**Fiberspar Line** Pipe

**Fisher Mining** Coal

**Flint Energy Service** Gas related

**Frito Lay** Grain

**FTS International (Frac Tech)**

Proppants

**General Cable** Aluminum Cable

**Geo-Met / D & M** Steel

**G.O. Hawbaker (Montoursville)**

Various

**Halliburton** Gas related

**Hanson** Aggregates

**High Steel** Steel

**Jersey Shore Steel** Steel

**Kepner Crop Services** Ag. Products

**Keystone Filler** Carbon Products



*A loaded train of limestone aggregate for G. O. Hawbaker Inc. in Montoursville.*

**Koppers** Railroad Ties

**Lonza** Chemicals

**Marcellus Energy Services** Proppants

**McFarland Cascade** Poles

**National Fuel Gas** Pipe

**Panhandle Pipe** Pipe

**Penn Recycling** Steel

**Reagent Chemicals** Chemicals

**Shop Vac** Plastic

**Sooner Pipe** Pipe

**Staiman Recycling** Steel

**Stella Jones** Poles

**T-force Energy Services** Gas related

**Transco** Rail Car Repair

**TRI-CAN** Proppants

**UGI** Propane

**Unimin** Proppants

**Universal Well Services** Proppants

**Wire rope** Steel

## NITTANY & BALD EAGLE RAILROAD



Top: The Nittany & Bald Eagle Railroad transports agricultural products to Webb's SuperGro in Mill Hall.

Bottom: Two NBER customers: on the left is PVS Chloralkali and on the right is WSP Chemical. Both are chemical companies. The traffic is for Marcellus customers.

### Counties Served

Centre, Clinton, Blair

Miles of Rail Line 70

### Customers Served

**84 Lumber** Lumber

**American Eagle Papers** Pulp

**American Rock Salt** Road Salt

**Avery Dennison** Chemicals

**Blazer Enterprises** Various

**Croda** Chemicals

**First Quality Tissue** Pulp

**Graymont Lime** Lime

**Happy Valley Blended**

Bulk Materials

**Growmark** Ag. Products

**G. O. Hawbaker** Aggregates

**Hilex** Plastics

**NS Coal Unit Trains** Coal

**PVS Chloralkali** Chemicals

**Scott Wagner Trucking**

Company Ag. Products

**Webb's Super Gro** Ag. Products

**WSP Chemicals** Chemicals

Robey was willing to operate both clusters despite the perception that the Centre County lines were "losers".

Now, with an operator selected, the Authority and Conrail finalized the purchase which occurred on July 27, 1984. Operations on the Bloomsburg Branch, now the North Shore Railroad; and Centre County Cluster, now the Nittany & Bald Eagle Railroad, began August 1. Later that month special commemorative events were held in Northumberland and Bellefonte, and Conrail provided special passenger rail cars for both.

With operations underway, the JRA sought bids for the rehabilitation phase of the project. Because Conrail had known for some time these lines were headed for abandonment, there was considerable deferred maintenance. The initial condition of the 36-mile long North Shore Railroad (NSHR) was poor and track speeds were limited to 10 mph. The result was a two-day-or two crew-trip to move freight from the Conrail interchange at Northumberland to Berwick. Some of the NSHR had to be upgraded to allow for 25 mph speeds to efficiently operate the branch.

Beginning in December, unneeded track material was removed from the Nittany & Bald Eagle (NBER) and taken to Northumberland to construct an interchange track on the NSHR. Rehabilitation of the line took nearly ten months and included the replacement of

approximately 20,000 ties, 200 switch timbers and 100 bridge timbers. Forty miles of rail line were surfaced after tie installation. Significant brush cutting and weed control measures were undertaken to bring the line into FRA compliance. Track improvements were followed by the Public Utility Commission's final inspection and subsequent approval. Not only had the acquisition and rehabilitation of the two new railroads been brought in on budget; they were closed out to the satisfaction of all federal and state project funding sources.

## GROWTH OF THE SYSTEM AND ADMISSION OF CLINTON COUNTY

In 1985 interest from several quarters was expressed regarding the Authority's acquisition of additional track in Centre County: portions of the Bellefonte Secondary and Bald Eagle Branch. The Bald Eagle Branch would provide an eastern interchange with Conrail's Harrisburg - Buffalo main line, providing a direct connection in Tyrone with Conrail's Pittsburgh main line, potentially eliminating a circuitous 255-mile route from Tyrone to Lock Haven. The eastern segment of the Bald Eagle line was actually in Clinton County, which had expressed an interest in joining the JRA and was admitted in 1986.

## The Economics of Going Green

Railroads are fuel efficient, environmentally friendly and reduce highway congestion—all factors that are driving the growth of short line railroads in an environmentally aware age. The Association of American Railroads cites the following statistics:

- Freight trains move a ton of freight an average of 436 miles on one gallon of diesel fuel.
- A single rail car can carry the same amount of freight as four trucks thus easing pollution, saving energy and reducing highway congestion.
- Currently 16 percent of the nation's freight is shipped by rail. If that freight were shifted to trucks, it would cost rail shippers an additional \$69 billion. It would add 92-billion truck miles-of-travel and cost an

additional \$64 billion for highway improvements over the next 20 years.

Consider also that a mile of track can be built for as little as 10 percent of the cost of building a mile of highway. Highway construction consumes enormous quantities of petroleum-based raw materials and severely impacts open spaces. Railway construction is far more environmentally friendly.



*A hydraulic suction crane unloads Transco pipes to be used in the construction of natural gas lines. Transco ships its pipes on the LVRR from its facility in South Avis.*





## Whiterock Quarry Track:

## Big Challenge Delivers Big Rewards

*NBER serving Whiterock Quarry terminal with train of coal for Penn State University.*

In 1996, the SEDA-COG Joint Rail Authority, working with state legislators and private industry, embarked on the exploration of a rail line directly linking Centre County's Whiterock Quarry to the Nittany & Bald Eagle Railroad (NBER). The quarry owner, Centre Lime and Stone, and its operating parent company, G.O. Hawbaker, sought to expand its rail shipments of limestone aggregate. The track that originally serviced the quarry, however, had not been used for decades and had fallen into disrepair.

Repairing the old rail spur, which wound through the village of Pleasant Gap, initially appeared to be the best solution. But over the years new homes, a school and other structures had been built close to the out-of-service track. Rehabilitation would mean major

disruptions for Pleasant Gap residents as well as the reopening of five grade crossings. An alternative route needed to be found. It was found across a field from the NBER rail line. The route, however, required building a bridge that would carry traffic on Route 26 over the new track.

The 11-year project, including more than 8,700 feet of track and various loading, unloading and storage facilities as well as the bridge, cost over \$6 million. Former state Senator J. Doyle Corman, Senator Jake Corman and Representative Kerry Benninghoff helped secure \$4.1 million from the Commonwealth. The remaining funds were provided by G.O. Hawbaker, NBER and SEDA-COG JRA. PennDOT and Centre Region Metropolitan Planning Organization also supported the project.

The new rail spur and yard tracks are paying off in new jobs created by increased business at the quarry. The project is also helping to maintain 115 jobs and is reducing the number of truck trips by more than 11,000 annually. Fuel efficiency and less impact on Pleasant Gap area highways are additional benefits. Completion of the Whiterock Quarry Track demonstrates the results that can be achieved when private enterprise and public entities work together. According to Jeff Stover, Executive Director of the SEDA-COG JRA, "G.O. Hawbaker was determined to make the project happen, determination matched by the Rail Authority, NBER and three state legislators."

This rail-truck terminal now handles aggregates, road salt, coal, liquid and recycled asphalt.

## RAIL PRESERVATION IN NORTHUMBERLAND COUNTY

As the situation in Centre and Clinton counties was being resolved, trouble was brewing in Northumberland County. Conrail, which still sought to abandon lines, had turned its attention to former Penn Central and Reading railroad lines in the Shamokin area. One industrial park in the region, served by rail, lost a prospective tenant. The company needed 500 carloads of raw material, but with Conrail thinking of pulling out, the company couldn't be assured of rail service and had to locate elsewhere. In October, 1985, Conrail filed legal notice to abandon portions of the following, which became known as the Shamokin Cluster:

- Paxinos Industrial Line
- Shamokin Secondary Line
- Carbon Run Branch

The JRA was anxious to preserve the line and provide Sunbury-area shippers with access to Conrail's main line between Harrisburg and Buffalo. A private firm expressed interest in buying the lines, but later changed its mind, believing there was insufficient revenue to be earned. In September, 1987, Conrail accepted the JRA's offer for the Shamokin Cluster, and service was provided under a lease arrangement. It was not until December, 1988, over one year later, that closure on the lines



occurred and the Authority assumed ownership of the renamed Shamokin Valley Railroad.

## EXPANSION INTO MIFFLIN AND LYCOMING COUNTIES

In the late 1980s, the Mifflin County Industrial Development Corporation (MCIDC) began discussions with the Rail Authority about the JRA's potential ownership of a rail line at MCIDC's industrial park near Lewistown. As discussion ensued, the Authority was also aware of two nearby lines, the Maitland Industrial and Milroy Industrial lines, which it anticipated would become the subjects of abandonment proceedings in the future. Sure enough, in January, 1996, Conrail put the Lewistown Cluster up for sale, as well as rail lines in the Williamsport area of Lycoming County, lines which the JRA had expressed an interest in five years earlier. They included portions of the:

- Koppers Industrial
- Corning Secondary
- Avis Industrial
- Williamsport Industrial
- Antlers Running Line
- Linden

At about the same time the Williamsport and Lewistown lines became available, Conrail

## NORTH SHORE RAILROAD

**Counties Served** Columbia,  
Montour, Northumberland

**Miles of Rail Line** 37

### Customers Served

**Ardagh Group** Scrap Steel

**Autoneum** Plastic

**Consolidated Container** Plastic

**Del Monte Foods** Pet Foods

**Kydex** Plastic

**Mohawk Flush Doors** Wood Products

**Penford** Potato Starch

**PPL SES** Machinery

**Snaively's Mill** Wheat

**Ultra-Poly** Plastics

**Wise Foods** Vegetable Oil, Corn

**Zartman** Various



*A pneumatically inflated airbag creates a bulkhead that minimizes load movement. This is just one method used to prevent freight damage.*



## \$1 Million+ Rail Project to Draw New Industry to BIDA Complex

*Above: the dock in the Berwick Yard can be used to transload commodities onto a truck for off-line customers.*

A \$1 million plus SEDA-COG Joint Rail Authority improvement project at the 150-acre Berwick Industrial Development Association (BIDA) complex and in the Berwick Yard now allows North Shore Railroad's customers to take full advantage of rail-to-truck transloading. Completed in 2009, the project included reconstruction of 3500 feet of track. The reconstruction has eliminated derailments that occurred on a stretch of track running along a warehouse in the BIDA complex. Some of the original rail dated back to the late 1800s and was too light to carry heavier loads. Significant improvements were completed in the Berwick Yard. Snively Mill, CIBA Specialty Chemicals (now Penford) and Consolidated Container Company, among others, are beneficiaries of the track improvements.

The BIDA complex houses 14 industries and is important to Columbia County's

industrial base. The complex is currently offering buildings and property designated as a Keystone Opportunity Zone (KOZ), which offers companies unique tax incentives and development designations.

Financing for the project included \$760,000 in federal funding and \$130,000 from Pennsylvania's Rail Freight Assistance program. The Federal dollars came from the Congestion Mitigation and Air Quality Program (CMAQ) which is designed to reduce emissions.

Additionally Penford Chemicals (then CIBA), Consolidated Container, North Shore Railroad and BIDA each contributed \$13,500. The Joint Rail Authority covered \$70,000 in engineering costs and other fees. The Columbia County Commissioners assisted by directing the federal funds to this project.

began expressing interest in acquiring trackage rights over the Nittany & Bald Eagle for PP&L coal trains. These trains originated in southwestern Pennsylvania, intended for the utility's Strawberry Ridge power plant at Washingtonville. Routing them over the NBER would return significant efficiency dividends as this more direct route would shave off approximately 80 miles from the current route and would also eliminate the need for an additional train crew.

Negotiations took the unique form of bartering, with Conrail agreeing to sell both the Williamsport and Lewistown lines for \$1 in exchange for trackage rights on the NBER. The Rail Authority also agreed to upgrade the lines, allowing operating at speeds of up to 40 miles per hour. Closure on a contract occurred August 15, 1996, with Robey as the contract operator. The Williamsport lines became the Lycoming Valley Railroad (LVRR); the Lewistown lines, the Juniata Valley Railroad (JVRR).

The JRA's latest acquisition had also included remaining portions of the Bald Eagle Branch, marking the realization of a ten year objective of the Authority — a direct connection and interchange with both Conrail's Pittsburgh line at Tyrone, and its Buffalo line at Lock Haven, a total distance of nearly 55 miles.



*An NBER train at LVRR Antlers Bridge coming across from Linden.*



## SHAMOKIN VALLEY RAILROAD



*Top: Anthracite Industries sends and receives graphite products on SVRR from its track spur located east of Sunbury.*

*Bottom: The Shamokin Valley Railroad loading coal cars at the DMS high wall in the SVRR Transload facility at Ranshaw.*

**Counties Served** Northumberland

**Miles of Rail Line** 27

**Customers Served**

**Anthracite Industries**

Carbon Products

**Clark's Feed Mill** Ag. Products

**Drug Plastics & Glass** Plastics

**Sealed Air Corp.** Pulp

**Shamokin Filler** Carbon Products

**Shamokin Valley Railroad**

**Transload Facility** Various

The Bald Eagle Branch now became the NBER's Nittany Main Line, and by January 17, 1997, rehabilitation of the line was complete and included 35,000 tons of ballast and 51,000 new crossties. Numerous highway grade crossings were reconstructed, as well.

In June of 1997, Lycoming County became the JRA's seventh member. The presence of the LVRR prompted the county to apply for membership.

That same year Norfolk Southern (NS) and CSX agreed to purchase Conrail and split the system. NS acquired most of the lines in PA and later began operations in 1999.

### CONRAIL COAL TRAINS AND CONTINUOUS WELDED RAIL

CONRAIL coal trains began using the newly rehabilitated Nittany Main on February 12, 1997. At the time the track primarily consisted of jointed rail sections, connected with bars and bolts, which would later create numerous maintenance problems. The majority of these problems could be eliminated through the installation of continuous welded rail. The Authority had 22 miles of welded rail installed in 2000, and another 21 miles three years later. PennDOT was instrumental in funding support for the welded rail.



## MIFFLIN COUNTY EXPANSION

Mifflin County was now encouraged to seek membership in the Authority, particularly in light of the Juniata Valley Railroad's presence in Mifflin County, and new requests from MCIDC that the JRA acquire rail lines in its industrial park as well as another Lewistown-area site. In 2002, Mifflin County became the eighth and most recent member of the Rail Authority. The track within the MCIDC Industrial Park was conveyed to the JRA.

## REAL ESTATE SALES AND PROPERTY MANAGEMENT

Based on regulations surrounding its funding from the Economic Development Administration, the JRA could not retain the proceeds of real estate sales during its early years. That was remedied with the passage of federal legislation in 1987, permitting the Rail Authority to retain all proceeds provided the sale would help preserve rail service. In subsequent years the JRA was to become involved in requests for licenses, easements, and leases, as well as offers for real estate.

To deal with such matters, the Authority established a Property Management Committee to review the merits of a request and recommend

Competition between railroads and trucks has traditionally produced a segmented, un-integrated transport system with each mode aiming to maximize its line-haul. Transferring freight from one mode of transportation to another created delays and additional costs.

Intermodal transportation involves the use of at least two different modes from point of origin to destination through an intermodal transport chain. Moving freight from one mode to another usually takes place at a terminal specifically designed for intermodal transportation.

In 2009 the SEDA-COG Joint Rail Authority completed a facility in Williamsport at its Newberry rail yard. This state-of-the-art transportation hub ensures shippers safe and quick unloading and delivery of materials. The completed facility includes wash bays, areas to handle mechanical

needs, equipment to clean out tank trucks and other services. Water and sewer lines were installed as well as an access road which offered a better connection to US Route 220.

Bulkmatic is the anchor tenant. This national transportation company handles bulk materials such as plastic resin, corn syrups and flour. Bulkmatic, which says it has chosen to work with the railroads rather than fight them, transloads over 40,000 rail cars at 60 sites annually. Pennsylvania Department of Transportation provided \$1.5 million toward the facility's construction which cost \$4.1 million.

*Top: LVRR serving the Bulkmatic facility at Newberry.*

*Bottom: Fisher Mining Co. coal is loaded into open-top hoppers at the Newberry Rail Yard's state-of-the-art bulk transfer facility.*



## Newberry Intermodal Facility:

## Transporting Freight in the 21st Century

**Shared responsibilities between the public and private sectors increase the likelihood of success for Central Pennsylvania's rail development efforts. It ensures the commitment of all the parties involved.**

This is the basis of the World Bank's case study of the SEDA-COG Joint Rail Authority (JRA) undertaken and completed independently, soon after the JRA's 25th anniversary. The case study, which can be accessed at [www.sedacograil.org](http://www.sedacograil.org), provides a historical perspective of the rail project's original intent to preserve rail-dependent employment, retain existing businesses and attract new companies, maximize funding options for infrastructure improvements, and ensure long-term commitment to rail service.

The case study elaborates on each of the objectives, outlining how they have been and continue to be accomplished. Yes, the Rail Authority has met its primary goal. In 2013 we're celebrating 30 years of rail line preservation. As it turns out, however, preservation was just the beginning. Today, says the World Bank, regional stakeholders, public and private, have made access to rail transportation a centerpiece of Central Pennsylvania's economic development strategy.

### Advancing rural economic development through public investment in short line railroads through SEDA-COG Joint Rail Authority

This case study aims to show how rail connectivity can contribute to rural economic development and regional competitiveness. It also illustrates that financial risk sharing between government and potential beneficiaries and sharing of responsibilities between public and private sector entities increase the chance of success of the rail development project since it ensures commitment of all parties.

#### Context

The eleven-county central Pennsylvania region that comprises the Susquehanna Economic Development Association Council of Governments (SEDA-COG) has a well-developed industrial base that is home to many manufacturing and extractive industries. These industries have long relied on freight rail service to access markets near and far, and would suffer considerably absent rail service.

Figure 2 Pennsylvania



Starting in the late 1970s and continuing through the 1980s, restructuring of the bankrupt Northeastern U.S. rail system jeopardized rail service to many smaller Pennsylvania communities through either downgrading of service or outright abandonment of light

## JRA Is World Bank Model for Public-Private Partnerships

a course of action to the JRA's full board. Eventually, expansion of the railroad system necessitated a property manager be hired to oversee the Authority's properties, maintain a record of accounts, and provide initial review of requests for licenses, easements, leases, or sales.

## 30 YEARS LATER

Numerous individuals, too many to mention, have contributed to the success of the SEDA-COG Joint Rail Authority. What they have shared, in varying degrees, is concern, dedication, and talent — from those who initiated SEDA-COG's "Rail Preservation Project" in 1983, to the JRA's present Directors and staff. Over the past 30 years the Authority's presence has grown from five counties to eight. The 80 miles of rail line it preserved through the North Shore and Nittany & Bald Eagle lines has grown to 200 miles, including the Juniata Valley, Lycoming Valley, Shamokin Valley and White Deer & Reading railroads, and extensions of the Nittany & Bald Eagle.

The dramatic success of the Authority's short-line railroad system has been cited in national, and even international, publications.

The JRA is most proud of being able to facilitate and guide new rail-served industrial development. The growth of high-paying jobs in central Pennsylvania can be attributed, in



## **Passenger Excursions on JRA Railroads**

Railroad excursions, offered to the public, have long been a popular feature of Central Pennsylvania's Christmas season. For example, the Bellefonte Historical Railroad Society (BHRS) starts getting inquiries about its Santa Express in September. By early December, tickets are often sold out. In recent years, however, excursions have become part of other holidays, civic events, and local occasions. There are Halloween rides and fall foliage tours. Excursions have been part of Shamokin's 150th anniversary, Danville's Iron Heritage Festival, and Sunbury's Riverfest.

Excursions are a combined effort of local organizations; the SEDA-COG Joint Rail Authority (JRA), which provides passenger insurance and owns the track on which the excursions run; the North Shore Railroad Co., which donates crews and locomotive services; and

Penn Valley Railroad LLC, which makes refurbished vintage passenger cars available for the trips, and provides on-board entertainment and other services. As to their popularity, Andy Richards of BHRS says, "Many people just enjoy riding a train, because there's little opportunity to do so in our area. You can see beautiful scenery and have a terrific family adventure." Like other sponsoring organizations BHRS has found rail excursions to be excellent fund raisers. They are using the funds to restore historic rail diesel cars.

Railroad excursions bring people into our communities where they may visit a local store or restaurant. Aside from the direct impact, excursions create a greater awareness about railroading in general and the continued availability of rail freight service in particular.





*Frac sand being transferred from rail to truck at Newberry.*



Some compared it to the Gold Rush of the 1800s. Others said it would mean energy independence for America. For the SEDACOG Joint Rail Authority's rail lines, particularly the Lycoming Valley Railroad (LVRr), natural gas exploration in Pennsylvania's Marcellus Shale region meant more customers, a huge increase in carloads, and a search for rail-served property to meet the demand from companies seeking to get involved in this new opportunity.

In the late summer of 2008, the LVRr hauled its first shipment of frac sand, a key element in the drilling process. By October '09 the railroad was transporting 300 carloads a month, commodities like drilling lubricants and pipe in addition to frac sand. Three years later, annual traffic on the Lycoming Valley line, related to Marcellus Shale, was between 6,000 and 7,000 carloads.

There were more customers, too. Marcellus-related business resulted in 15 new customers in the Williamsport area. Traffic totals on the LVRr were up by 32%.

The impact extends beyond Williamsport, however. To the west, a half-dozen firms at the South Avis Realty rail yard handle Marcellus-related commodities and equipment, transloading it from train to truck. In April 2012 it was reported that annual truck trips on the residential streets of South Avis were between 20,000 and 30,000. The Rail Authority, with partner South Avis Realty, constructed an access road into the rail yard. This road reduces truck traffic and relieves congestion while opening 25 additional acres for development by companies serving the natural gas industry.

By 2013 Marcellus-related activity had leveled off due to the relatively low price of natural gas, but more robust days may be ahead as coal-fired power plants convert to natural gas and more companies use it for heating and industrial processing.

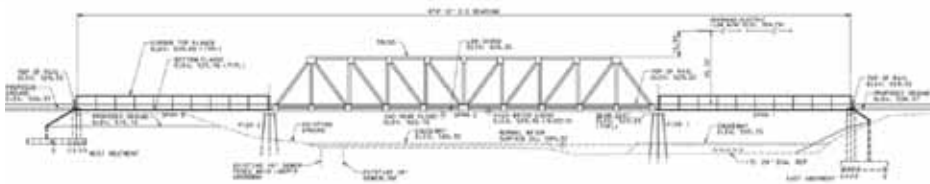
## Lycoming Valley Railroad: Natural Gas Exploration Propels Growth

some part, to the efforts of the JRA and its operator.

No one could have foreseen the changes that would occur—regionally and nationally—in the 30 years since the inception of the Joint Rail Authority. The economic crisis of 2008 and the regional development of natural gas had the greatest impact, and the two are intertwined. Natural gas exploration resulted in significantly increased carload totals, particularly on the Lycoming Valley RR. The economic crisis resulted in, among other things, the American Recovery and Reinvestment Act (TIGER II), which provided the Authority with over \$11 million for new rail facilities needed to meet increased demand for rail service due to natural gas exploration in the Marcellus Shale formation.

Even before natural gas development in the region, however, there was a growing appreciation, nationally and beyond, for the role of railroads in moving goods and services. That understanding, coupled with natural gas, led to growth at the Rail Authority's Newberry Yard and Jersey Shore Steel's South Avis location, in Williamsport and Clinton County respectively, and resulted in construction of a bulk transfer facility at Newberry, which allows for direct interface between rail and truck transport. The Juniata Valley RR has also shown steady growth, largely due to marketing and local industrial development. In 2014,





rail service will return to the Allenwood area and Great Stream Commons Business Park because much of industrial-based commerce today requires it.

One aspect of the JRA's operation that has not changed in 30 years is its ability to carry out major projects. The Loyalsock Creek Bridge, between Montoursville and Williamsport, was already slated for repair or replacement when flood waters left it heavily damaged in 2011. The Rail Authority was forced to demolish it and expedite plans to replace it, well ahead of schedule. The project was underway by the spring of 2013, scheduled for completion in the summer of 2014. This bridge replacement was but one of many projects included in the over \$43 million in capital projects successfully completed between 2008 and 2013.

Central Pennsylvania's shortline railroad system continues to receive recognition, beyond the region's borders. In 2008 it was the subject of a World Bank case study, and in 2012 the JRA's Executive Director was invited to participate in a White House forum on America's transportation infrastructure. The JRA's private railroad operator has received more awards from Norfolk Southern than any other of its connecting short lines for successful efforts to add customers and build up traffic on the system's six lines.

**When "opportunity" meets "need," great things can happen.** Such was the case in 2010 as natural gas exploration reached unprecedented heights in the Marcellus Shale region. Fracking sand, special lubricants, and drilling equipment were just some of the commodities needed, commodities that could be shipped in by rail if the appropriate—and expensive—infrastructure were in place.

At the same time, Washington, doing all it could to get the nation's moribund economy moving, developed TIGER II—Transportation Investment Generating Economic Recovery. Although it was a highly competitive program, the SEDACOG Joint Rail Authority (JRA) secured \$11 million in TIGER II funds.

In all, TIGER monies allowed the JRA to undertake 14 individual projects, increasing capacity at the Bellefonte and Newberry rail yards, refurbishing



bridges in Centre and Union counties, adding a rail terminal near Northumberland, and building an unloading facility near Bellefonte. In all, seven miles of track were added to the Authority's system. The total cost for the 14 projects topped \$25 million. Private funding, local dollars, and money from the state were all a part of the effort.

Securing TIGER II funds was a significant challenge, as was matching it with dollars from a range of sources. But as a result, the Rail Authority's short line railroads are now better able to address Marcellus-related opportunities and respond to new, emerging prospects in the future.

## US DOT's TIGER II Grants Help Underwrite JRA Infrastructure Improvements

*Above left: 2014 Lycoming Valley Railroad (SEDA JRA) Bridge over Loyalsock Creek. Total bridge length: 485 feet—concrete piers 12 feet below grade sitting on pilings 60 to 90 feet below grade.*

*Above right: Looking south at new tracks built in NBER's Bellefonte Yard.*

**R**ail-served. Magic words to companies that need large quantities of raw material for industrial processes. Magic words to companies seeking to avoid high fuel costs and highway congestion. By the end of 2013, Great Stream Commons business park in Union County will be served by rail.

Together, the Joint Rail Authority, Union County Commissioners, and Union County Economic Development Council (UCEDC) pursued rail service at Great Stream Commons for some time, working out logistics and looking for funds. There had been no rail service in the Allenwood area, where the business park is located, since the 1970s. Although a rail line to the park was in place, it would need to be refurbished. In all, three grade crossings had to be constructed and four miles



of line rehabilitated. But the major part of the project, one third the project's \$2.7 million cost, was restoration of the railroad bridge across White Deer Creek. The JRA provided nearly \$100,000 toward the project with the balance funded by federal TIGER II grant funds.

Heavily damaged by floods in 1996, the bridge had been closed, taken out of commission. Beams from the old bridge were stacked and set aside, their future unclear. Now, however, they'll be reborn as part of a new bridge bringing rail service six miles north into Great Stream Commons and connecting the business park to major railroad networks in the Northeast.

The promise of rail service at Great Stream Commons via the White Deer & Reading Railroad has already drawn the attention of potential tenants in the park, according to Don Alexander, Director, UCEDC, who says it has been "...a significant factor in a number of inquiries we've received..."

## **White Deer & Reading Railroad: Rehabilitated Infrastructure Reconnects Allenwood to the Nation's Railroad Network**

Over the last 30 years, the value of the JRA-Private Operator partnership has been demonstrated successfully in project after project to the benefit of the region's economic base. The JRA has guided a system that started operations in 1984 on two lines with only 1,200 carloads in total. The year 2013 sees six rail operations with nearly 30,000 carloads. The private operator has grown from a workforce of about 15 persons to 100 employees. In contrast, the JRA currently has a staff of 2.5 persons, only one more than it did in 1983.

The myriad of cooperating partnerships the JRA has with industry, chambers of commerce, counties and municipalities results in a resilient strength and agility to meet future challenges. We cannot foreknow the type of growth that will occur over the next 30 years, but only look at the trends and make predictions. Based on the results of the last three decades, industries in central Pennsylvania that rely on rail service can continue to expect, and receive, world-class rail service.

*History based on text by Allen Bubb. Edited by Steve Kusheloff.*

## SEDA-COG JOINT RAIL AUTHORITY

### ALL-TIME BOARD OF DIRECTORS ROSTER

#### Centre County

1983, original JRA member

Mark Mitchell\* 1983-1988  
Mark Shuey\* 1983-1984  
Russ Heckman 1984-1987  
William Rumberger 1987-2006  
Eugene Proch 1988-1991  
Valarie Winner 1991-1999  
Michael Redin 1999-2009  
Michael Hawbaker 2006-2011  
Sam McCartney 2012  
**John Spsychalski** 2009-present  
**Russ Graham** 2013-present

#### Columbia County

1983, original JRA member

Howard McKinnon\* 1983-1985  
Nicholas Roll\* 1983-1987  
Merle Gordon 1987-1990  
Thomas Wheadon 1993-1997  
Mike Katerman 1990-1993  
George “Bud” Henry 1990-2010  
Tim Bergerstock 1997-2008  
**Rick Jenkins** 2008-present  
**Dave Park** 2011-present,  
Assistant Secretary

#### Montour County

1983, original JRA member

Richard Wesner\* 1983-1984  
Terry Diener\* 1983-1984  
Donald Seebold 1983-1985  
Barry Ashenfelder 1985-2008  
Earl Lynn 1984-1992  
Steven Harrison 1992-1996  
Jim Jordan 1996-1997  
Thomas Graham 2008  
**Tom Herman** 1998-present  
**Frank Dombroski** 2008-present

#### Northumberland County

1983, original JRA member

John Brennan\* 1983-1996  
Allen Bubb\* 1983-1988  
William Clark 1988-2007  
Robert Jones 1996-1999  
David Hoopengardner 1999-2008  
Dennis Reitz 2007-2013  
Frank Sawicki 2008-2013  
**Stephen Bridy** 2014  
**Don Purcell** 2014

#### Union County

1983, original JRA member

Galen Reichley\* 1983-1985  
Richard Sanders\* 1983-1992  
Charles Winslow 1985-1999  
Larry Maynard 1992-2004  
W. “Max” Bossert, Jr. 2002-2004  
Paul Beswick 2000-2002  
David Reed 1999-2000  
Dennis Shaffer 2002-2011  
John Fernsler 2004-2007  
**John Showers** 2007-present,  
Vice Chairman  
**Eric Winslow** 2012-present

#### Clinton County

1986, became JRA member

Donald Kramer 1986-2013  
James “Bud” Webb, Jr. 1986-2008  
**John Gummo** 2009-present  
*Assistant Treasurer*  
**Brent Jones** 2013-present

#### Lycoming County

1997, became JRA member

Jack Shultz 1997-2007  
**Jerry Walls** 1997-present, Chairman  
**Scott Harvey** 2007-present, Treasurer

#### Mifflin County

2002, became JRA member

Charles “Yogi” Laub 2002-2006  
James Spendiff 2002-2009  
**Michael Krentzman** 2006-present,  
*Secretary*  
**Rob Postal** 2009-present

\* original JRA appointee

2014 directors and officers appear in bold type

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**SEDA-COG JOINT RAIL AUTHORITY**

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