



**Request for Proposals – Operation of Five Short Line Railroads  
In Central Pennsylvania**

Issued by:

SEDA-COG Joint Rail Authority  
201 Furnace Road  
Lewisburg, PA 17837  
[www.sedacograil.org](http://www.sedacograil.org)

Issued May 16, 2014

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**SEDA-COG JOINT RAIL AUTHORITY  
REQUEST FOR PROPOSALS – OPERATION OF FIVE SHORT LINE RAILROADS**

**I. INTRODUCTION AND PURPOSE OF RFP**

This Request for Proposals (the “RFP”) is issued by the SEDA-COG Joint Rail Authority (the “JRA”) for the purpose of seeking a railroad operator to enter into an agreement with the JRA for the operation of the JRA’s rail lines for rail freight service. The JRA invites proposals from experienced railroad operators capable of providing the specialized, professional services required for operation of the JRA’s rail lines. The railroad operating services sought by the JRA pursuant to this RFP will commence July 1, 2017.

The JRA desires to obtain first-class, high-quality operating services that meet the needs of the railroad customers on the JRA’s rail lines. The intent of this RFP is to engage an operator that is deemed most capable of providing such services as a contractor of the JRA. Specifically, the JRA seeks an operator that will:

- manage and operate the JRA’s rail lines in a high quality and efficient manner;
- operate the JRA rail lines in a manner so as to enhance rail revenues while ensuring that the JRA’s rail lines remain economically competitive;
- properly maintain and safeguard the JRA’s investment in its railroad properties through the exercise of highest standards of maintenance in accordance with JRA requirements and, where approved by the JRA, recommend or undertake capital improvements to improve the rail lines;
- maximize the economic impact to the central Pennsylvania region and the utilization of rail in the region;
- implement appropriate marketing activities to attract new customers to be served by JRA rail lines; and
- accomplish all objectives required of the operator in a professional manner, in compliance with best railroad industry practices and applicable laws and ordinances.

In order to satisfy the JRA’s requirements and meet the JRA’s goals mentioned above, proposers must agree to provide all of the services sought by the JRA under this RFP. At the conclusion of the RFP process, and upon the execution of an operating agreement between the selected proposer and the JRA, the selected proposer will have responsibility for the operation of the JRA’s rail lines for rail freight services.

## **II. BACKGROUND OF JRA**

In the early 1980s, Consolidated Rail Corporation (Conrail) began pursuing an expedited abandonment of its rail lines, after several federal laws were enacted that enabled Conrail to eliminate unprofitable lines. In central Pennsylvania, the potential impact of these rail line abandonments greatly concerned industries that relied on Conrail for rail service. In particular, the rail line known as the Bloomsburg Branch (traversing Northumberland-Danville-Bloomsburg-Berwick) and rail lines in Centre County (the Bellefonte Branch, Pleasant Gap Industrial Track and portions of the Bald Eagle Branch) were all targets for abandonment. This abandonment would have affected approximately 80 miles of rail lines, and would have left a significant void in rail service for industry throughout central Pennsylvania.

In response to this potential loss of rail service, the concerned shippers banded together into “shipper groups.” These groups contacted the SEDA-Council of Governments (“SEDA-COG”) for assistance in developing a solution for the potential rail line abandonment and loss of rail service. SEDA-COG, a public development organization, is an eleven-county council of governments that provides a wide-range of services to its member counties, including economic and community development services, transportation projects and similar activities.

SEDA-COG coordinated a series of meetings of the shipper groups to address the concerns related to potential rail line abandonment. At some point during these meetings, the idea of purchasing the subject rail lines from Conrail was raised. Although the idea sparked interest, there was no immediate consensus on a possible purchaser. There was concern that a private acquisition without public oversight or involvement would potentially result in yet another rail line abandonment, should profitably again become a concern as it was with Conrail. It was therefore decided that public oversight would be necessary to preserve rail service in central Pennsylvania.

Thus was born the concept of the public-private partnership to both take ownership of the rail lines (public) and provide rail operation on the failing rail lines (private). The participant shippers all agreed that the lines needed local ownership, and a public owner provided the stability necessary to ensure long-term preservation of the rail lines. Initially, SEDA-COG was considered as the possible “public” purchaser of the rail lines from Conrail. However, due to a recognized need to separate rail activities from the other activities conducted by SEDA-COG, it was proposed that a multi-county joint municipal authority be formed to take ownership of the rail lines from Conrail.

Consequently, on June 30, 1983, the JRA was incorporated as a joint municipal authority under the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. § 5601 et seq. (the “Act”). As set forth in the relevant ordinances of the five initial member counties which established the JRA (Centre, Columbia, Montour, Northumberland, and Union), the JRA was formed to:

[F]inance, construct or otherwise acquire, purchase, hold, lease or sub-lease, either in the capacity of lessee or lessor, land, rail lines, buildings or other facilities to be devoted wholly or partially for the operation of rail lines, for public uses, or for any other purpose permitted by said Act, whether said projects are situated in the Counties of Centre, Columbia, Montour, Northumberland or Union, or elsewhere in the Commonwealth.

Accordingly, the JRA was formed for the purpose of acquiring, owning and maintaining various railroad properties throughout central Pennsylvania, and its primary mission has been to preserve rail freight service and foster economic development and job creation in the region through the improvement and expansion of

rail infrastructure. After its incorporation, the JRA successfully acquired and ultimately rehabilitated the 80 miles of rail line from Conrail, through various funding sources including the Commonwealth of Pennsylvania, the United States Economic Development Administration, and the Federal Railroad Administration. The JRA now consists of eight member counties, including the Counties of Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland, and Union.

Despite its authorized public purposes of owning and maintaining the rail lines, the JRA's authorized purposes do not include operation of the rail lines. Therefore, since its formation, the JRA has contracted with a private railroad operator for the operation of rail freight service on the JRA's rail lines. There is currently an operating agreement in effect for rail freight services on the JRA rail lines, which will expire June 30, 2017. This RFP, therefore, seeks a new operating agreement for rail freight services on JRA rail lines to commence July 1, 2017.

Further information concerning the background of the JRA is available in the JRA's 30<sup>th</sup> anniversary booklet entitled "Preserving Rail Freight in Central Pennsylvania for 30 Years," which is available as a .pdf file on the JRA website at: [http://www.sedacograil.org/Documents/RailBk2014\\_RevwCover.pdf](http://www.sedacograil.org/Documents/RailBk2014_RevwCover.pdf). This includes a listing of customers and commodities handled on the JRA rail lines. A printed copy of that file can be obtained by contacting Ms. Kay Aikey at [kaikey@седа-cog.org](mailto:kaikey@седа-cog.org) or by calling 570-522-7333.

### **III. JRA MISSION STATEMENT/STRATEGIC GOALS AND OBJECTIVES**

On August 8, 2012, the JRA adopted a comprehensive five-year strategic plan (the "Strategic Plan"). This is a very detailed document containing significant information about the JRA and its railroad properties. The Strategic Plan included a review and evaluation of the JRA's public/private partnership model and identified goals and potential action to be taken by the JRA, many of which involve rail operations on the JRA's rail lines. Specifically, the following are a few objectives relating to rail freight operations that will be pursued by the JRA as part of the Strategic Plan:

- Expand and maintain the JRA's strong rail system preservation and maintenance program through its successful public-private partnership (P3) business model.
- Proactively identify new industrial properties to facilitate new rail freight service dependent upon industrial development opportunities.
- Develop and maintain an effective continuity of operations program to effectively sustain rail service in central Pennsylvania.
- Continue to improve and build upon the JRA and Operator's strong rail operations.

On the following page is an excerpt from the Executive Summary of the Strategic Plan.

<p><b>SEDA-COG Joint Rail Authority</b></p> <p><b>Vision:</b> To provide Central Pennsylvania with a world-class railroad enterprise that affords its customers and partners with the most reliable, efficient, and safest short line system.</p>		
<p><b>Mission:</b> To preserve and foster rail service in Central Pennsylvania and to further economic development through the retention, improvement, and expansion of the infrastructure and the rail service it supports.</p>		
<p><b>Core Values:</b></p> <ul style="list-style-type: none"> <li>• Excellence</li> <li>• Stewardship</li> <li>• Safety</li> <li>• Integrity</li> <li>• Leadership</li> </ul>	<p><b>Core Functions:</b></p> <ul style="list-style-type: none"> <li>• Rail System Preservation and Improvement</li> <li>• Economic Development</li> <li>• Collaboration</li> </ul>	<p><b>Guiding Principles:</b></p> <ul style="list-style-type: none"> <li>• Plan and implement regional rail system projects with member county needs, private shipper needs, Rail Service Operator and other stakeholder interests in balance</li> <li>• Conduct open public JRA Board meetings with a public forum agenda item at every meeting</li> <li>• Adhere to state Right-to-Know Laws</li> <li>• Exercise ethical procurement standards and procedures that go beyond that required by the Commonwealth</li> <li>• Commit to a professional Code of Conduct and Ethics Policy for Board Members, Staff and Operator</li> <li>• Maintain a culture of cooperative problem-solving and partnership with our local governments, utilities, shippers, economic development agencies and property owners</li> </ul>

In many instances, the railroad operator is identified as the lead entity responsible for carrying out identified recommendations to meet those objectives. As such, proposers are encouraged to review the Strategic Plan in order to clearly understand the JRA’s goals for future rail operations. A copy of the Strategic Plan may be downloaded at [www.sedacograil.org](http://www.sedacograil.org). A printed copy of the Strategic Plan can be obtained by contacting Ms. Kay Aikey at [kaikey@seda-cog.org](mailto:kaikey@seda-cog.org) or by calling 570-522-7333.

#### **IV. JRA RAIL PROPERTIES SUBJECT TO THIS RFP**

The JRA owns railroad properties throughout nine counties in central Pennsylvania. The railroad properties which are the subject of this RFP include five short lines and line segments,<sup>1</sup> as follows:

Track Segments in Blair-Centre-Clinton Counties (currently referred to as the “Nittany & Bald Eagle Rail Line”):

Bald Eagle Branch from M.P. 1.0W to M.P. 54.3 (Lock Haven to Tyrone)  
Gray Yard adjacent to M.P. 222.2 to M.P. 223.2 (Norfolk Southern Pittsburgh line M.P. numbers)  
Lock Haven Yard adjacent to M.P. 194.3 to M.P. 195.1 (Norfolk Southern Buffalo line M.P. numbers)  
Pleasant Gap Industrial Track from M.P. 0.0 to M.P. 3.0  
Bellefonte Branch from M.P. 30.8 to M.P. 42.5 (Milesburg to Lemont)  
Bellefonte Sunnyside Yard M.P. 32.4 to M.P. 33.1  
“Shop” Track from M.P. 0.0 to M.P. 1.0  
All operating remnants of the Mill Hall Industrial Track (N&BE main line M.P. 51.9)  
Mill Hall Industrial Track - starting at M.P. 13 (Draketown) and extending east 1.9 miles to end of track (Castanea)

Track Segments in Northumberland-Montour-Columbia-Luzerne Counties (currently referred to as the “North Shore Rail Line”):

North Shore Railroad from M.P. 213.45 to M.P. 176.97  
Berwick Yard M.P. 178.7  
BIDA Complex from NSHR M.P. 176 up the Hill Track to and including all track within the BIDA Complex

Track Segments in Northumberland County (currently referred to as the “Shamokin Valley Rail Line”):

Shamokin Valley Main from M.P. 0.0 to M.P. 25.2  
Carbon Run Branch from M.P. 0.0 to M.P. 1.5  
SAIC Industrial Park Track from M.P. 0.0 to M.P. 1.0

Track Segments in Clinton-Lycoming Counties (currently referred to as the “Lycoming Valley Rail Line”):

Grumman Lead from M.P. 199 to M.P. 200  
Lycoming Secondary from M.P. 199.8 to M.P. 181.1  
Newberry Yard M.P. 181.1 to M.P. 179.4  
Avis branch from M.P. 179.4 to M.P. 166.0 at Avis  
All operating remnants of the Williamsport Industrial Track  
Antlers Running Track M.P. 179.4 to M.P. 178.7

Track Segments in Mifflin County (currently referred to as the “Juniata Valley Rail Line”):

Lewistown Yard M.P. 0.2  
Maitland Industrial Track from M.P. 0.0 to M.P. 7.4

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<sup>1</sup> The JRA controls a sixth short line known as the White Deer and Reading (WDR) line in Union County, which is **not** included in the rail lines to be operated under this RFP. The WDR line is a four-mile line segment that extends from White Deer to a point just north of Allenwood. The northerly 2.5 miles, more or less, of this line segment is owned by the JRA. The southern segment (approximately 1.57 miles) is leased by the JRA from the Central Pennsylvania Chapter of the National Railway Historical Society. This WDR line does not directly connect to Norfolk Southern or any other Class I railroad. The WDR line extends north to a major industrial park owned by the County of Union, known as Great Stream Commons. The WDR line connects at its southern end with the rail line owned by the West Shore Railroad.

Burnham Branch from M.P. 0.0 to M.P. 4.0

MCIDC Plaza Track

West Park Track - Granville Township from the NS Pittsburgh Main north to and including all track within the MCIDC West Park

The JRA may include additional rail lines and properties to the Operating Agreement for the services sought by this RFP, as set forth more specifically in the Operating Agreement.

**V. MAPS OF LINES/RAIL LINE DATA AND INFRASTRUCTURE INVESTMENTS**

All JRA rail system and individual rail line maps are available for downloading at [www.sedacograil.org](http://www.sedacograil.org). Each of these individual rail line maps shows current rail customer locations and aggregate rail traffic volumes for the past ten years on the line. Each individual rail line has an additional map which documents the investments and expansions made on that line by the JRA, customers and/or other partners in economic development.

Track charts for the rail lines above are available at for downloading at [www.sedacograil.org](http://www.sedacograil.org).

**VI. CURRENT OPERATIONS**

Typical operations for each of the lines are shown below.

**Juniata Valley Railroad**

<i>Line Segment</i>	<i>Frequency</i>
Lewistown Yard	M-W-F
Maitland Industrial Track	As needed
Burnham Branch	M-W-F
West Park Track	M-W-F

**Lycoming Valley Railroad**

<i>Line Segment</i>	<i>Frequency</i>
Lycoming Secondary	M-W-F
Newberry Yard	M-T-W-Th-F-Sa-Su
Avis Branch	M-T-W-Th-F
Antlers Running Track	M-T-W-Th-F-Sa-Su
Grumman Lead	M-W-F

**Nittany & Bald Eagle Railroad**

<i>Line Segment</i>	<i>Frequency</i>
Nittany Main Line	M-T-W-Th-F
Gray Yard (Tyrone)	M-(T)-W-(Th)-F
Lock Haven Yard	M-T-W-Th-F
Pleasant Gap Industrial Track	M-T-W-Th-F

Bellefonte Branch	M-T-W-Th-F
Shop Track (Coleville)	M-T-W-Th-F
Mill Hall Industrial Track	M-T-W-Th-F

**North Shore Railroad**

<i>Line Segment</i>	<i>Frequency</i>
North Shore Railroad	M-W-F
Berwick Yard	M-W-F
Hill Track/BIDA	M-W-F

**Shamokin Valley Railroad**

<i>Line Segment</i>	<i>Frequency</i>
Shamokin Valley Main	Tues
Carbon Run Branch	N/A
SAIC Industrial Park Track	Tues

**VII. INTERCHANGES**

Active Class 1 interchanges are:

**Norfolk Southern (NS)**

- Northumberland
- Lock Haven
- Tyrone
- Lewistown

**Canadian Pacific (CP)**

- Sunbury

**VIII. PROPOSED OPERATING AGREEMENT**

At the conclusion of the RFP process, the JRA and the selected proposer will enter into an agreement for the operation of rail freight services on the JRA’s rail lines (the “Operating Agreement”). See Appendix “A” for the proposed Operating Agreement, which will take effect on July 1, 2017.

The term of the Operating Agreement shall be seven years, with a possible renewal term of five years. Under the Operating Agreement, the selected proposer will have exclusive use of the JRA’s rail lines for rail freight services in exchange for payment of an operating fee, which will be determined as part of the RFP process, and fulfillment of other requirements set forth in the Operating Agreement. Thus, the Operating Agreement contains all duties and responsibilities expected to be observed and performed by the selected proposer in its day-to-day operations of the JRA rail lines. By way of example and not limitation, the Operating Agreement requires the operator to do the following:

- make various reports to the JRA, including reports relating to financial performance, operations, marketing, and maintenance of way;

- maintain the JRA rail lines in accordance with the JRA’s track maintenance standards and asset guidelines;
- furnish all required management, supervision, and other services required in the performance of rail operations;
- meet certain customer service standards and operator and maintenance expenditure thresholds as determined by an independent JRA consultant;
- cooperate with the JRA in carrying out its mission of preserving rail freight service and fostering economic development and job creation in the region through the improvement and expansion of rail infrastructure;
- provide and maintain required insurance for its operations; and
- indemnify the JRA for liabilities arising from the rail operations.

As the Operating Agreement provides the relevant rights and responsibilities of the JRA and the railroad operator, proposers are advised to review the proposed Operating Agreement with legal counsel. The Operating Agreement is incorporated by reference into this RFP, and any conflict in terms between this RFP and the Operating Agreement shall be resolved in favor of the conflicting term in the Operating Agreement.

## **IX. PASSENGER EXCURSIONS**

This RFP does not encompass rail passenger services. By way of supplemental information, on October 22, 2010, the JRA entered into a three-party Agreement for Rail Passenger Excursion Service with Susquehanna Union Railroad Company and its subsidiary operating companies, and Penn Valley Railroad, LLC for the provision of rail passenger excursions on JRA rail lines (the “Passenger Excursions Agreement”). The Passenger Excursions Agreement provides for the operation of certain public passenger excursions, which are annually operated at nine locations on the JRA rail lines, through the contribution of various services by the involved parties. The Passenger Excursions Agreement continues until June 30, 2017. For purposes of this RFP, no assumption should be made on whether the Passenger Excursions Agreement will remain in effect beyond June 30, 2017, or that a similar successor agreement will be executed. The JRA nonetheless recognizes the benefit that these excursions provide for the public and intends to examine all options to ensure that these excursions can continue beyond June 30, 2017.

## **X. OVERVIEW OF RFP PROCESS: TWO PHASES**

The JRA desires to ensure that first-class rail operations are provided on its rail lines. The intent of this RFP is, therefore, to ensure that an appropriate level of review of proposals is undertaken in order to select a rail operator that the JRA deems best suited to provide rail freight service operations on its rail lines.

The JRA will employ a two-phase review process in its selection of an operator, which involves this RFP being divided into two phases. The first phase of this RFP shall be referred to as Phase 1 (Request for Qualifications (RFQ)). (Although there will be two phases in this process, this RFP document will cover both phases – there will be no additional RFQ or RFP document issued.) Phase 1 will involve an examination and evaluation of the qualifications of proposers. The JRA will assess each proposer’s approach to operations, qualifications and experience, financial capability and other areas described below. There will be no restriction to the number of proposers that may participate in Phase 1. From the responses received, the JRA will utilize a scoring system in order to select the top three candidates to proceed to the next phase,

known as Phase 2 (Detailed RFP). More details concerning Phases 1 and 2, and the requirements for submission for each phase of the process, are listed below.

**A mandatory pre-Phase 1 (RFQ) proposers' meeting will be held by the JRA at June 5, 2014, at 10:00 a.m at the Union County Government Center, 155 North 15<sup>th</sup> Street, Lewisburg, Pennsylvania 17837.** At this meeting, proposers will have the opportunity to ask questions about the JRA, the RFP process, the requirements of the RFP, the history of revenue derived from operation of JRA rail lines, and other items relevant to this RFP. Interested proposers are required to attend this meeting. Failure to attend this meeting in person may constitute grounds for removal of the proposer from consideration.

Based upon the results obtained from Phase 1, the JRA Board of Directors, upon recommendation of the JRA Operating Agreement Committee with the assistance of JRA's consultants, staff, and solicitor, will select the top three candidates to be invited to participate in Phase 2 of the RFP process. Phase 2 (Detailed RFP) will involve a more detailed evaluation of the three remaining proposers by the JRA's Operating Agreement Committee. The Operating Agreement Committee shall base its review and evaluation upon multiple criteria discussed below and shall score the three remaining proposers in accordance with a scoring system. The Operating Agreement Committee shall, at the conclusion of its review and evaluation in this second phase, recommend the best proposal for an Operating Agreement for rail freight services to the JRA Board.

## **XI. PHASE 1 AND PHASE 2 OF RFP: GENERAL INSTRUCTIONS FOR ALL PROPOSALS**

This section explains the procedure that will be followed by all proposers. Proposers should carefully read and follow the procedures required by this section. Material deviations from these requirements may cause rejection of proposals.

Each proposer must submit one (1) original signed proposal and a cover letter, each signed in ink, and six (6) unbound hard copies to the JRA at the following address:

SEDA-COG Joint Rail Authority  
201 Furnace Road  
Lewisburg, PA 17837  
570-524-4491

In addition, all proposers must submit an electronic .pdf copy of their proposal. The .pdf must be a single document and not broken into multiple files. If the file size of the .pdf exceeds 12 MB, the proposer must contact the JRA to get instructions for FTP or Dropbox file transfers. Such communications shall be directed to Mr. Jeffery K. Stover at [jstover@седа-cog.org](mailto:jstover@седа-cog.org) – mobile phone number: 570-847-9503.

The first time an email is sent from an outside email address the sender will receive a response from a SEDA-COG computer program that is designed to filter spam emails. Proposers must follow the instructions that are automatically generated by this software, and then the email will go directly into Mr. Stover's email inbox. Otherwise, the email will go to a spam filter. Proposers are therefore urged not to wait until the last few minutes to comply with the deadline. Timely submission of proposals is the sole responsibility of the proposer. **Late proposals after the deadline will not be considered.** The JRA reserves the right to determine the timeliness of all submissions.

In addition, all proposers must submit one additional unbound copy of their proposal with any redacted sections “blacked out,” for a total of seven (7) unbound copies. The “blacked out copy” should only redact information deemed confidential and proprietary and will be used to response to requests under the Pennsylvania Right to Know Law. More details on this procedure are set forth later in this RFP.

Proposers should be clear, concise and direct in their submissions. Elaborate or lengthy proposals beyond those needed to provide a clear response to all requirements are not encouraged. Unclear, incomplete, or inaccurate documentation may not be considered. Falsification of any information may result in disqualification from the selection process, or in termination of the Operating Agreement if later discovered that the award of the agreement was made as a result of false information submitted in response to this RFP.

Submitted materials will not be returned to the sender after the proposals have been opened.

To be responsive, a proposal must be submitted in writing. All applicable documents, including attachments and exhibits, must be included with the proposal. Each page of the proposal should be numbered sequentially at the bottom of the page. Proposals must be submitted in the English language and must be at least 12 point font size, have at least one inch margins on all sides, and be on plain white paper.

Each proposal must be accompanied by a cover letter limited to one page that references the title of this RFP and includes the following information:

- (1) Full legal name of the proposer;
- (2) Legal business status (individual, partnership, corporation, limited liability company, etc.), address, telephone number, fax number, and email address of the authorized representative(s) of the proposer;
- (3) State in which, in the case of an individual, the individual is domiciled, or in the case of an entity, the entity is organized or incorporated.
- (4) Name, title, email address, telephone number and mailing address of the person(s) authorized to be the primary contact and represent the proposer in the RFP process.

The JRA, or its solicitor, reserves the right to seek additional information or clarifications from any proposers. The JRA may elect to interview any or all of the proposers.

All costs of preparation of a proposal shall be borne by the proposer. The JRA shall not be liable for any expenses incurred by proposers in the preparation and/or submission of proposals.

Proposals may be withdrawn by written request of the authorized representative of the proposer on letterhead at any time prior to the submission deadline.

## **XII. PHASE 1 (RFQ): SPECIFIC INFORMATION REQUIRED FROM PROPOSERS**

The JRA will accept submissions for the Phase 1 (RFQ) until 3:00 p.m. on **August 1, 2014**. Initial responses for Phase 1 shall be in narrative form and shall include the information required in this section. Proposers shall not submit proposals to address Phase 2 of the RFP process unless they are selected by the JRA to proceed to that phase. Failure to adhere to these requirements may be cause for rejection of the proposal as non-responsive.

To ensure a uniform review process and to ensure an appropriate level of comparability, initial responses by proposers for Phase 1 (RFQ) must be organized as follows:

1. *Approach to Operations.* In this section, each proposer should include the following:
  - a preliminary statement or summary of its overall approach or philosophy concerning the operation of short line railroads, including strategies or business practices that address the scope of services sought by this RFP;
  - a list of all railroads owned or operated by the proposer, along with an identification of any Class I railroad connections;
  - a description of its existing marketing activities employed in its rail operations to attract rail customers and otherwise market the proposer's business;
  - a description of the proposer's policies and procedures for operating its business, including policies and procedures relating to customer service, employee matters, risk management, and accounting and financial management;
  - a description of the proposer's approach to maintenance of rail lines;
  - a description of any pending, threatened, or concluded litigation involving the proposer or any of the proposer's directors, officers, or other key personnel, or otherwise involving any railroads owned or operated by proposer, for the past seven (7) years;
  - a description of any pending, threatened, or concluded investigation or proceeding instituted by any government agency against the proposer, including any citations or fines levied, for the past seven (7) years;
  - a summary of track inspections conducted by the Federal Railroad Administration (FRA) on any rail lines owned or operated by the proposer and a list of any violations or fines imposed by the FRA concerning same; and
  - a list of any contracts relating to rail operation services that were terminated or not renewed within the past ten (10) years, including reasons for termination or non-renewal.
  
2. *Qualifications and Experience.* In this section, each proposer should include the following:
  - a statement of its qualifications and experience and number of years managing and operating short line railroads;

- a minimum of five customer references, including name, mailing address, email address, and telephone number of the reference;
- if the proposer is a business entity (e.g., corporation, limited liability company, partnership), the proposer should detail the experience and qualifications of the proposer's management team; and
- a description of any operations specifically involving a public-private partnership, including an identification of the entities involved.

3. *Financial Capability.* In this section, each proposer should include the following:

- audited financial statements for the prior three years prepared in accordance with generally accepted accounting principles, including notes to financial statements;
- balance sheets for the prior three years;
- statements of income and expenses for the prior three years;
- corporate/partnership federal income tax returns for the last completed tax year;
- a credit report (e.g., Dun & Bradstreet report); and
- its most recent quarterly financial statement.

4. *Effect of Other Operations on JRA Lines.* In this section, each proposer should include the following:

- a description of any facts bearing upon any possible interests, direct or indirect, that the proposer believes any member, director, officer, employee or agent of the JRA presently has, or will have, in the performance of the Operating Agreement by the proposer; and
- a statement concerning whether proposer presently has or may in the future have an interest, direct or indirect, which would conflict in any manner with the performance of its obligations under the Operating Agreement or that is adverse or potentially adverse to the JRA (e.g., operation of other rail lines that may adversely affect rail operations of the JRA rail lines).

### **XIII. PHASE 1 (RFQ): SELECTION CRITERIA TO BE USED BY THE JRA**

The JRA Operating Agreement Committee will review and evaluate the information received from Phase 1 of the process. Each response will first be reviewed and analyzed to determine overall responsiveness and completeness. Failure to comply with the instructions above may result in the proposal being deemed non-responsive and may, at the discretion of the JRA, be eliminated from further consideration.

The JRA Operating Agreement Committee will then assess each proposer's Phase 1 response through the use of a scoring system. The proposers receiving the top three scores (which may, in the event of a tie, be more than three proposers) will advance from Phase 1 to the more detailed Phase 2 of the RFP process described below. The remaining proposers who do not advance will be removed from further consideration.

The scoring system is as follows: Each proposer will receive a single score of between zero (0) and twenty (20) points (twenty being the highest score) in the following categories:

- *Approach to Operations*
- *Qualifications and Experience*
- *Financial Capability*

The Operating Agreement Committee may then deduct points based on the response in the section entitled “Effect of Other Operations on JRA Lines.”

The proposers with the three highest scores out of sixty points will be invited to proceed to Phase 2. The JRA Operating Agreement Committee will thoroughly review all responses in the Phase 1 (RFQ); however, the Committee may request additional information from proposers or conduct additional investigation to verify the responses submitted by proposers in Phase 1. For example, the JRA may conduct interviews with federal, state, and local government agencies and/or Class I railroads that connect with lines operated by the proposer. Each proposer consents to any such additional investigation by the JRA.

At the conclusion of Phase 1, which is expected to occur within 60 days after the deadline for Phase 1 submissions, the JRA’s Operating Agreement Committee will recommend to the JRA Board of Directors the top scoring proposers who shall be invited to proceed to Phase 2 of the RFP process, which will involve submission of a second, more detailed response. **The JRA, at its option, may reject any and all proposals submitted in response to this RFP at any time during this process.**

#### **XIV. PHASE 2 (DETAILED RFP): SPECIFIC INFORMATION REQUIRED FROM INVITED PROPOSERS**

Shortly after the conclusion of Phase 1, the top three scoring proposers will be formally invited by the JRA to proceed to Phase 2 of this RFP. In Phase 2, the invited proposers will be asked to submit a more detailed proposal following the same general instructions for all proposals. Each proposal shall be in narrative form and shall include the specific information required in this section. Failure to adhere to these requirements may be cause for rejection of the proposal as non-responsive.

The following information should be included in each Phase 2 proposal from the invited proposers:

1. *Background information.* Proposer should include a more detailed description of its background than provided in its initial Phase 1 response, including historical information, specific awards and recognitions that the proposer has won (including from Class I railroads), information about its business approach to the extent not covered in its Phase 1 response, and other items deemed relevant to proposer’s railroad operations.

2. *Operations plan.* Proposer should provide an operational plan that describes proposer’s planned approach to operating the JRA rail lines, including approaches relating to labor and supplier management, customer service, maintenance of way, and other items. This plan should specifically include:

- planned training programs for personnel relating to rail safety and operations;
- risk and safety management plans and programs;
- personnel management and administrative policies and procedures;
- a description of proposer’s management and accounting systems;
- an organizational chart that outlines the proposed staffing plan for operations of the JRA rail lines, including descriptions of the functional responsibilities of each staff

member and an identification of the proposed individual who will have overall responsibility for day-to-day operations;

- a description of the proposed staffing of train crews, maintenance of way crews, and rolling stock;
- resumes outlining the experience, education and performance record of individuals who will have supervisory authority over day-to-day operations;
- a succession plan for management;
- a description of existing locomotives, rolling stock, and other equipment owned or leased by the proposer, including locomotive listing model, dates and descriptions of major repairs or improvements to such equipment;
- an administrative support plan;
- plans to provide cooperation to the JRA in support of its mission;
- a local service plan outlining the proposed operations to service all of the JRA lines; and
- a description of proposed interchange relationships with Class I railroads, whether handling line agreements, interline settlement system agreements, or otherwise, and a statement concerning how each such proposed relationship will keep JRA rail lines economically competitive during the term of the proposed Operating Agreement.

3. *Maintenance plan.* Proposer should include a plan for maintenance of track and bridges on the JRA lines.

4. *Marketing Plan.* Proposer should include a marketing plan outlining proposer's planned marketing activities and programs for retention of existing customers on JRA rail lines and generation of new customers. This plan should include proposed expenditures for marketing activities.

5. *Financial Plan.* Proposer should include a financial plan that includes the following:

- an estimated financial pro forma for operations for the first five years of the Operating Agreement term, which should itemize estimated revenues and expenses by major line item and include supporting assumptions;
- proposer's strategy for maximizing annual operating revenues and minimizing operating expenses;
- an operating fee proposal or other proposal for compensating the JRA for use of the rail lines and other property available for use under the Operating Agreement (Note: Proposers are directed to Exhibit "C" of the Operating Agreement, attached at Appendix "A" to this RFP, for guidance in developing a fee proposal); and
- a proposal for sharing any federal or state tax credits or other special incentives afforded to operating railroads.

## **XV. PHASE 2 (DETAILED RFP): SELECTION PROCESS FOR AWARD OF CONTRACT**

The JRA will employ a more comprehensive review and evaluation of the proposals received in Phase 2. Each proposal will first be reviewed and analyzed to determine overall responsiveness and completeness. Failure to comply with the instructions of this RFP may result in the proposal being deemed non-responsive and may, at the discretion of the JRA, be eliminated from further consideration.

In Phase 2 of the RFP, the JRA anticipates conducting an in-depth investigation to verify proposals received. Proposers consent to such additional investigation. This may include the following:

- an inspection of other rail lines operated by proposer by JRA staff and consultants, including a review of track inspection reports of the Pennsylvania Public Utilities Commission and the Federal Railroad Administration for such lines;
- a survey conducted by JRA of the proposer's customers of other lines operated by the proposer.
- an interview of proposer's current Class I connecting railroads and state and federal regulatory agencies concerning proposer's performance; and
- a review of safety records and track inspection reports for proposer.

The proposers will also have the opportunity to inspect the JRA's rail lines in Phase 2 at a date and time to be determined.

The JRA Operating Agreement Committee will thoroughly review the proposals received in Phase 2 of the RFP. The JRA Operating Agreement Committee will then rank each proposal through the use of another scoring system.

The scoring system shall be as follows: Each proposer will receive a single score of between zero (0) and twenty (20) points (twenty being the highest score) in the following categories:

- *Commitment to Track Maintenance*
- *Commitment to Safe Operations*
- *Soundness and Sustainability of Operating, Marketing, and Financial Plans*
- *Commitment to Public-Private Partnership*
- *Commitment to Economic Development*

The Operating Agreement will be awarded to the proposer who obtains the highest score in Phase 2 of the RFP process. The JRA reserves the right to make the award of the Operating Agreement contingent upon the satisfactory completion by the proposer of certain conditions. The Operating Agreement shall contain the same terms and conditions set forth in Appendix "A" set forth herein, unless otherwise agreed by the JRA.

**The JRA reserves the right to reject any and all proposals, waive informalities and irregularities in proposals received and to accept any portion of any proposal if deemed in the best interests of the JRA.**

## **XVI. PROPOSAL ACCEPTANCE**

Each proposal is submitted with the understanding that the JRA's written acceptance of the offer of proposer to provide the services described herein, shall be the foundation for the Operating Agreement between the proposer and the JRA. Submission of a proposal shall therefore bind the proposer to furnish and deliver the services and related components in accordance with conditions of the proposal.

## **XVII. PROPOSAL OWNERSHIP AND CONFIDENTIALITY**

All proposals, including attachments, supplementary material, addenda, etc., shall become the property of the JRA and will not be returned to the sender. The JRA has the right to use any or all ideas presented in the proposal without limitation. All proposals will be considered public documents, subject to review and inspection by the public at the JRA's discretion, in accordance with the Pennsylvania Right-To-Know Law, 65 P.S. § 67.101 et. seq (the "RTK Law"). The JRA acknowledges that proposals may contain proprietary, financial or other data, the disclosure of which could cause substantial injury to the proposer's business. Proposers must therefore specifically identify the pages of a response or proposal that contain confidential information and provide a statement that such information is considered confidential by proposer and disclosure of such information would cause substantial injury to proposer. Proposers are also asked to provide a redacted unbound copy of any response or proposal with confidential information blacked out or removed from the text. This copy will be subject to public disclosure.

In the event a request for a response or proposal is received by the JRA, the JRA will advise the proposer of the request and ask the proposer to immediately submit a detailed statement indicating the proposer's legal basis for treating the information as confidential or otherwise seeking exemption from disclosure under federal, state or local law. The JRA will exercise care in applying this procedure, but will not be held liable for any damage or injury that may result from any disclosure that may occur. If proposer requests that the JRA resist disclosure of any records provided to the JRA by the proposer, and the JRA does withhold disclosure at the request of proposer, then proposer agrees to indemnify, defend, and hold JRA and its members, officers, employees, and directors harmless from any claim, liability, damages, losses, judgments, awards, costs or expenses that may be incurred by the JRA or arise out of its denial of a request for such records or withholding of such records from disclosure, and proposer will defend any action brought against the JRA for its denial of such records from disclosure as confidential or proprietary information to any person making a request for such records. Failure to agree to indemnify and defend the JRA as aforesaid shall constitute a waiver of the proposer's right to exemption from disclosure.

## **XVIII. GENERAL CONDITIONS, RESERVATIONS, AND DISCLAIMERS**

In addition to any other conditions, reservations, or disclaimers set forth in this RFP, the following section sets forth general conditions, reservations, and disclaimers which apply to this RFP.

- The JRA reserves the right to extend any submission deadline should doing so be in the interest of the JRA. Proposers shall have the right to revise their proposals in the event that a deadline is extended. In the event a deadline is extended, the JRA shall provide notice of same on its website at [www.sedacograil.org](http://www.sedacograil.org).
- The JRA reserves the right to withdraw this RFP at any time without prior notice. The JRA makes no representation that an Operating Agreement will be awarded to any proposer responding to this RFP. The JRA reserves the right to reject any or all proposals.
- If an inadequate number of proposals are received or the proposals received are deemed to be non-responsive, the JRA may, in its sole discretion, reissue the RFP or execute a sole-source agreement for rail freight operations with any individual or entity.
- The JRA will review and rate submitted proposals as described in this RFP. Proposers may not make any changes or additions after the deadline for receipt of proposals. The JRA reserves the right to request additional information or documentation from proposers as it deems necessary or appropriate.

- The JRA reserves the right to verify information in any response or proposal. If the information cannot be verified, the JRA reserves the right to reduce the score awarded to the response or proposal.
- The JRA may require interviews with any proposer.
- The JRA reserves the right to waive minor defects in any response or proposal.
- This RFP does not represent a commitment or offer by the JRA to enter into an agreement with a proposer or to pay any costs incurred in the preparation of a response or proposal. The proposer assumes all costs associated with responding to this RFP.
- The JRA reserves the right to seek new proposals when such a request is in the best interest of the JRA and to reasonably request such additional information or clarification of information provided in a proposal without changing the RFP.
- This RFP and a proposer's response to the RFP may become a part of the Operating Agreement between the selected proposer and the JRA resulting from this RFP process.
- No proposer shall offer any favor or anything of pecuniary value to any JRA Board member, staff member, consultant or any other individual with an interest in this RFP process for the purposes of influencing the outcome of the RFP selection process.
- Should any question arise as to the proper interpretation of the terms and conditions contained in this RFP, the JRA's decision shall be final.
- The JRA reserves the right not to award the Operating Agreement or to award an Operating Agreement to one or more proposers as it deems to be in the best interest of the JRA.

## **XIX. QUESTIONS AND COMMUNICATIONS PROTOCOL**

The following communications protocol shall apply throughout the RFP process.

- All discussions by proposers with JRA consultants and JRA Board members during the RFP process are prohibited.
- There will be one individual at the JRA with whom proposers may communicate or direct questions. The sole point of contact for proposers is:

Jeff Stover  
Executive Director  
SEDA-COG Joint Rail Authority  
201 Furnace Road  
Lewisburg, PA 17837  
570-524-4491 (office)  
570-847-9503 (cell)  
[jstover@seda-cog.org](mailto:jstover@seda-cog.org)  
[www.sedacograil.org](http://www.sedacograil.org)

- Each proposer shall direct all communications or questions concerning this RFP or existing rail operations on the JRA rail lines to Mr. Stover.

- Each proposer shall receive the same information concerning the RFP at substantially the same time as all other proposers.
- To ensure fair and consistent distribution of information, all proposer questions will be answered in a “Q&A” format in a document to be provided to all proposers. No individual answers will be given.
- After the submittal of proposals and until the award of the Operating Agreement, all JRA personnel will be directed not to hold or participate in any meetings, conferences or technical discussions with any proposer concerning the RFP except as provided in the RFP. Proposers shall not initiate communication in any manner with JRA personnel regarding this RFP during this period unless authorized in advance by the JRA. Failure of a proposer to comply with this requirement may result in removal of the proposer’s proposal from consideration.

**XX. TIMELINE**

The tentative timeline for the RFP submissions, review, selection and operating agreement award will be available on the JRA’s website at [www.sedacograil.org](http://www.sedacograil.org). This timeline is subject to change by the JRA, in its sole discretion.