



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, April 10, 2019
SEDA-COG, Lewisburg, PA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

AUTHORITY MEMBERS

Frank Dombroski, Montour County
Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
Bob Hormell, Northumberland County (via teleconference)
Rick Jenkins, Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
David Schultz, Lycoming County (via teleconference)
John Showers, Union County
John Spsychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

Jeb Stotter, President & CEO
Diana Williams, Treasurer/Controller

GUESTS

John Ashbridge, Carload Express
Allen Bubb, West Shore Railroad
Howard Hobbs, Roaring Creek & Catawissa Valley Historical Study Group
Ron Johnson, National Railway Historical Society
Abhijit Nagaraj, J. M. Smucker
Gary Roberts, Roaring Creek & Catawissa Valley Historical Study Group

LEGAL COUNSEL

Michael Crotty, Esq., Siana, Bellwoar & McAndrew (via teleconference during executive session)
Tom Schrack, Esq., McQuaide Blasko

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

**SEDA-COG JOINT
RAIL AUTHORITY**

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SEDA Council of Governments

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JRA STAFF

Kay Aikey, Program Assistant

George Fury, Property & Maintenance of Way Manager

Kyle Postupack, GIS/Transportation

Jeff Stover, Executive Director

Ruth Wiest, JRA Temp

CALL TO ORDER

Call to Order

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

Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

Welcome – Chairman’s Statements

Chairman Showers stated that the use of audio or video recording devices at the public meeting is permitted. The Authority does not require pre-registration for recording purposes; however, any individual intending to record all or any part of the meeting must notify the Chairman or the Executive Director in advance of such recording. If the Authority recesses to Executive Session, no recording of that session shall be permitted.

Chairman Showers asked if anyone would be recording the meeting. No one expressed an intention to record the meeting.

Chairman Showers welcomed Ruth Wiest who will be filling in for Kay Aikey while she is on medical leave. Chairman Showers asked for introduction of guests present.

Public Forum

Chairman Showers asked if there is any public comment to come before the Board.

Mr. Bubb was recognized by Chairman Showers. Mr. Bubb shared a flyer for a train expo event to be held on Saturday, May 11, 2019 from 8 a.m. to 2 p.m. at the Sunbury Market House.

ADMINISTRATIVE ITEMS

Approval of the March 13, 2019 Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the March 13, 2019 JRA Meeting Minutes as distributed; Mr. Krentzman seconded the motion; motion carried.

Treasurer's Reports

Mr. Harvey presented the Treasurer's Report for the month of March 2019, as well as the JRA's PIB Loan Account, JRA's loan summary, DCED Grant – "Milesburg 3 Pipes" financial statement, and the JRA's detailed accounting associated with the operating fees paid by the Operator.

Mr. Krentzman commented that when he looks at what the JRA earns from the operating agreement, car storage, trackage rights and he looks at where funds go and how the JRA is using those funds, and what the JRA owes on loans, the public would be very proud to see that the JRA is a prudent group of people the way the JRA uses debt and does not abuse debt.

Mr. Krentzman made a motion for the Board to accept the Treasurer's Report for the month of March 2019 and file for audit; Mr. Graham seconded the motion; motion carried.

Events Calendar

Mr. Stover presented the events calendars for April and May as well as the staff report.

Mr. Fury showed the following slide: NBER – First Quality Tissue final paving.

Operator's Status Report

Ms. Williams stated that for the first two months of 2019, the operator has seen a 14.4% increase in operating fee revenue and an 8.9% increase in carloads. As of March, the operator has paid \$1.2 million into maintenance of way and the signal program.

Mr. Fury showed the following slides:

- NSHR – MP 182.3 (Market Street – Lime Ridge) - Ditching
- SVRR – Carbon Run Track Rehabilitation

Mr. Stotter commented that he may need to ask for the JRA's assistance or understanding in an approach with Shamokin Filler with the stormwater runoff.

OLD BUSINESS

Bridge Engineers Report

Mr. Fury referred to the Monthly Bridge Engineers Report from Jason Shura, P.E., that was provided as a handout to Board members.

Mr. Fury highlighted the following:

- The pre-bid meeting for the Milesburg “Three Pipes” replacement project will be held on April 17; bids are due on May 7.
- Bid package for SVRR 14.93 bridge rehabilitation project has been submitted to PennDOT’s Bureau of Rail Freight for review and approval so this project can go to bid.
- The box culvert for NSHR Bridge 194.07 at Catawissa has not been delivered yet, from Oldcastle.

NEW BUSINESS

King Street Grade Crossing Bid Award (NSHR)

Mr. Stover stated that the 2019 JRA budget includes the reconstruction of the King Street grade crossing of the NSHR in Northumberland. This project is being cost-shared 50/50 with the Operator.

A key partner in this project is PennDOT District 3-0 (Steve Betts) which is providing the detour for the project. Northumberland Borough is in the midst of many construction activities and detours in place for the CSVT and other significant highway and bridge work, so timing for our grade crossing renewal will be tricky. The project will likely be done in late July or August, but before school restarts.

A separate Request for Quotation is being issued by Mr. Jannotti for a Startrack Heavy Duty precast concrete tub. The acquisition of the crossing material is being done to insure the correct, specified materials are being used and that delivery of the material will be in time for the installation. Further, the JRA will likely save approximately \$3,000 by buying the material direct to avoid the typical contractor markup of 10% or so.

Mr. Stover stated that bids for this project were opened on April 9, 2019.

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The following six bids were received:

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|---|--------------|
| Chesapeake Thermite Welding, LLC, d/b/a CTW | \$ 48,783.00 |
| Rhinehart Railroad Construction, Inc. | \$ 58,596.39 |
| Railroad Constructors, Inc. | \$ 66,057.50 |
| K. W. Reese, Inc. | \$ 92,610.00 |
| Amtrac of Maryland | \$122,130.00 |
| Acme Construction Co., Inc. | \$123,050.00 |

A copy of Mr. Jannotti's letter stating that he reviewed the above referenced project and his recommendation to the JRA Board to award Chesapeake Thermite Welding, LLC, d/b/a CTW, with the low bid price of \$48,783.00, was provided to Board members.

Dr. Spychalski made a motion for the Board to award the bid to Chesapeake Thermite Welding, LLC, d/b/a CTW, in the amount of \$48,783.00 and authorize the Chair to execute all contract documents; Mr. Park seconded the motion; motion carried.

Hydrology Study – Bloomsburg to Lime Ridge (NSHR)

Mr. Stover stated that this proposed project involves a plan for a hydrology, hydraulic, and hydrogeology study to be conducted in the Bloomsburg to Lime Ridge corridor to measure and analyze storm water runoff.

If funded, the study will identify drainage and structure improvements to mitigate flooding to industries, businesses and homes. Rail customers, such as Smuckers and SEKISUI SPI, have seen local flood events inundate and disrupt parts of their operations. Nearby 84 Lumber has experienced damaging floods as well.

The cost to do the study in the 5.5-mile corridor is about \$105,000. Sources of funding, mostly committed are:

| | |
|--|------------------|
| Commonwealth of PA (Senator Gordner) | \$ 25,000 |
| Town of Bloomsburg | \$ 12,500 |
| Scott Township | \$ 12,500 |
| South Centre Township | \$ 12,500 |
| Appalachian Regional Commission | \$ 25,000 |
| SEKISUI SPI | \$ 5,000 |
| Smuckers | \$ 5,000 |
| 84 Lumber | \$ 2,500 |
| SEDA-COG Joint Rail Authority | \$ 5,000 |
| TOTAL | \$105,000 |

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At press time, firm donations are in place from the Commonwealth of PA, the Town of Bloomsburg and Scott Township. South Centre is expected to join as well. SEKISUI SPI has agreed to contribute \$5,000. JRA staff expects to hear from Smuckers on April 10.

Although 84 Lumber has been one of the loudest voices relative to the flooding, it was not represented at the latest meeting of all parties, led by Senator Gordner. Nevertheless, JRA staff will push 84 Lumber to contribute to this effort.

There are a lot of interested partners in this effort. The one thread, literally and figuratively, is the North Shore Railroad that both connects and bisects the corridor. Because of that, it seems the JRA would be the best candidate to serve as the applicant for the funds, and staff agrees.

Abhijit Nagaraj, J. M. Smucker's environmental engineer, presented an overview of the flooding problem to the Board. Mr. Fury showed slides which reflected the flooding at Smuckers, its distribution center, Sekisui SPI and 84 Lumber. He discussed the nearby sandpit, which overflowed and made the flooding worse.

Mr. Harvey stated that what he understands is that this project is to do the engineering study and to define the root cause of this flooding and the solution once the root cause is identified which will be a separate project yet to be defined.

Mr. Postal wanted to know who owns the sandpit; Mr. Nagaraj replied he believes it is the township.

Mr. Stover stated that South Centre Township did some work near the sandpit last November, but he doesn't know if it will be effective. Mr. Park stated the sandpit has always been there and was used in the construction of Interstate 80. A concrete plant was set up there for the interchange at Lime Ridge and there are hills there, so all the water has been channeled to flow into the expired sandpit, but over the years it has gotten filled up with dirt and debris. The township opened the stream channel after the flood which may mitigate the local flooding problem.

Mr. Postal stated he believes the owner of the sandpit should be involved in this project.

Dr. Spychalski made a motion for the Board to pass a resolution agreeing to be the project sponsor for the Hydrology Study grant application to the Appalachian Regional Commission; Mr. Postal seconded the motion; motion carried.

Ms. Wakeman made a motion for the Board to agree to join with the other partners in this project and contribute \$5,000 toward the local share and authorize the Executive Director to execute all project documents; Mr. Harvey seconded the motion; motion carried with Mr. Park abstaining.

REPORTS FROM COMMITTEES

Property Management/Capital Budget Committee Meeting

UGI Newberry Yard Track License Amendment (LVRR)

Mr. Fury stated that in November of 2015, the Board approved a track license agreement in Newberry Yard, for UGI at a \$1 per foot, per car, per month rate, potentially totaling 10 cars. UGI has approached staff requesting an amendment to the current license to accommodate an additional 20 cars of track space.

Staff has offered track #2 North in Newberry Yard at an annual rate of \$12,000 subject to CPI adjustment, regardless of how many cars are stored on the track. At this time, UGI has agreed to the terms of the amendment.

Mr. Jones asked if there are any regulatory compliance issues with holding 30 cars as there is a threshold for storage of propane of 400,000 gallons. There could be an issue if the cars are 20,000 gallons each. Mr. Jones stated that the Office of Labor and Industry has a whole different structure for certifications of storage cars. Mr. Fury replied that he will check with UGI on this issue.

Mr. Shultz stated he has an interest in this as well, as Jersey Shore Steel has a yard that is similar. A question asked in the past is the distance from population. This could be a question to add to the list.

Attorney Schrack stated that all the JRA's agreements require regulatory compliance by the tenant or licensee and includes indemnification for the JRA for any claims resulting from tenant's failure to comply.

Mr. Graham made a motion for the Board to amend the license agreement contingent upon final approval of minor clarification of the language by the JRA solicitor and authorize the Chair to execute all documents; Mr. Winslow seconded the motion; motion carried.

Mr. Fury will update the Board at the next meeting on the questions raised.

Covia Lease Amendment (LVRR)

Mr. Fury stated that Covia Corporation has been formed through the merger of Unimin Corporation and Fairmont Santrol, and as per the terms of the lease agreement for the Reach Road property, the lease must be amended to reflect the new “tenant” – Covia.

Section 8.1 of the lease requires written approval to assign the lease. Solicitor Schrack has drafted the amendment for consent to the assignment to Covia and submitted to Covia for review. The terms of the lease otherwise remain the same.

Mr. Fury indicated that traffic for the site is expected to exceed the 500-car threshold for the reduced fee rate and will revert to the suspended rate. The result will be an additional \$3,400 in annual rent to the JRA.

Attorney Schrack stated that the JRA’s lease requires that the Authority consent in writing to an assignment to a third party. This was a merger, and the law in Pennsylvania changed a few years ago with respect to mergers to enable the surviving companies to stand in the shoes of the company that is merged, in terms of any contractual rights that company had. Attorney Schrack stated he spoke with a representative of Covia, and that representative’s position was because Covia was making payments to the Authority and assumed the liabilities of Unimin by virtue of a separate merger arrangement, there was no need for an amendment. Attorney Schrack felt that the JRA should seek this amendment to update the tenant in writing. The amendment was drafted and sent to the representative at Covia, and we are waiting to hear back from Covia’s position on the amendment.

Dr. Spychalski made a motion for the Board to approve the amendment for the assignment of the lease to Covia and authorize execution by the Chair; Mr. Harvey seconded the motion; motion carried.

PPL Easement Amendment (LVRR)

Mr. Fury stated that PPL has approached staff to amend an easement for modification of a pole line along the Lycoming Valley Railroad in Muncy, between Pepper Street and Aqua Road, at old MP 187.25 south of Route 405.

PPL will be removing six poles and associated equipment installed in February of 1925, (6-open wires for power, 2-open wires for telephone, 1 ground wire) and modified in April of 1951, (three wires removed).

The narrative of the project request has been received. Attorney Schrack has drafted the amendment. There is no change in fee.

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Attorney Schrack stated the original agreement is dated February 25, 1925 between the Reading Company and Montgomery and Muncy Electric Light Heat and Power Company and PPL is the successor and interest to Montgomery and Muncy.

Mr. Hormell made a motion for the Board to approve the amendment contingent upon getting information from PPL and final approval from the JRA solicitor and authorize execution by the Chair; Mr. Gummo seconded the motion; motion carried with Dr. Spsychalski abstaining.

LEGAL

Legal Issues

Passenger Excursions – Sponsor Agreement (NSHR)

Dr. Spsychalski stated that in 2019, a new excursion will run the full length of the NSHR. It will be on October 5, jointly sponsored by two railroad historical groups. They are the Lackawanna & Wyoming Valley Railway Historical Society and Ontario & Western Railway Historical Society.

As new sponsors, the JRA Board needs to approve the execution of a multi-party sponsor agreement. Penn Valley Railroad, LLC is party to all passenger excursion agreements, so in this case four entities will be signing.

Dr. Spsychalski made a motion for the Board to approve the sponsorship agreement with Lackawanna & Wyoming Valley Railway Historical Society and Ontario & Western Railway Historical Society and authorize the JRA Chairman and Secretary (or alternates) to sign; Mr. Jones seconded the motion; motion carried.

Danville Encroachment (NSHR)

Attorney Schrack stated that DRIVE is pursuing a minor subdivision of its property located adjacent to JRA property in Danville Borough. The subdivision plan prepared by Orangeville Surveying Consultants, Inc., identified a very small encroachment of an existing 14.256 sq. ft. store room building onto the JRA right-of-way.

Although the encroachment appears to be only inches onto JRA property, based on input DRIVE received from engineers involved in the project, the Danville Borough Planning Commission will require DRIVE to resolve the encroachment with the JRA. One option that has been presented is a boundary line agreement between the JRA and DRIVE that would acknowledge the encroachment and be filed in the public records, similar to an easement agreement.

Attorney Schrack stated that under the boundary line agreement, the encroachment would remain, and both parties would agree that no action would be taken to either enlarge or remove the encroachment. It would be filed in the public records, as it is a title issue. The project engineers recommended a letter from the JRA to the Borough stating that the JRA is aware of the encroachment and is not going to take any action about it. Because this is a title issue, however, Attorney Schrack stated it should be legally resolved for future owners by getting something in the public records to address the encroachment. Because it does not appear feasible to carve off the land issue and do a separate transaction, the next best approach would be to do a consentable line of agreement.

Attorney Schrack stated he would need to work with DRIVE's attorney on this agreement and then submit it to the Borough.

Ms. Wakeman noted that the encroachment issue did not appear on the survey that was done when DRIVE purchased the property in 2017. She further stated that DRIVE has a sales agreement on the building and wanted to know if another boundary line agreement would need to be done with the new owner. Attorney Schrack stated that the agreement should resolve the issue, but it could later be modified by future owners.

Mr. Park made a motion for the Board to authorize the preparation of a boundary line agreement and for the JRA solicitor to work with DRIVE's attorney on the agreement and submit it to the Borough of Danville; Mr. Graham seconded the motion; motion carried with Ms. Wakeman abstaining.

Great Stream Commons Deed Covenants Amendment (WD&R)

Attorney Schrack stated that were recent amendments to the covenants in the deed for the Great Stream Commons and there are several parties to that amendment including Union County.

Mr. Stover provided a summary of the background of the covenants of Great Stream Commons, noting certain constraints for the type of construction involved. The constraints were geared to modern day industrial development. These covenants are being amended after many years of discussion to make it easier for the County to sell properties in the Great Stream Commons.

Chairman Showers stated Great Stream Commons was first envisioned as a high-tech park by the commissioners, and that has not worked out.

Mr. Stover stated the JRA is included in this "sign off" because the JRA's track from White Deer to Allenwood was part of the original Great Stream Commons property.

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Mr. Stover stated the amendments to the covenants are a long-awaited loosening of what were unreasonable and constricting covenants. Those long-standing covenants constrained the County's ability to market and sell parcels in the industrial park.

Attorney Schrack stated that Chairman Showers has already signed the document representing the Union County Board of Commissioners, so it would be best for the Vice-Chairman (or other officer) to execute on behalf of the JRA.

Dr. Spychalski made a motion for the Board to pass a resolution to authorize the Vice-Chairman to sign the deed covenants amendment on behalf of the SEDA-COG Joint Rail Authority; Mr. Postal seconded the motion; motion carried with Chairman Showers and Mr. Winslow abstaining.

Attorney Schrack then recommended that JRA Board convene into executive session.

Chairman Showers recessed the regular meeting at 2:00 p.m. to convene into executive session.

Chairman Showers reconvened the regular meeting at 2:16 p.m.

Attorney Schrack stated that the JRA Board held discussion with its solicitor regarding the ongoing RFP litigation. No action was taken, and no action is recommended.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 2:17 p.m.

The above minutes were amended on page 6 to change:

Abhijit Nagaraj, J. M. Smucker's title from plant engineer to environmental engineer

The above minutes were also amended on page 11 to change:

Mr. Winslow had also abstained from the vote.

Respectfully submitted,



Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors with the above mentioned amendments on May 8, 2019.



Secretary/Assistant Secretary