



**SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, APRIL 11, 2012
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 PRESENT

John Gummo, Clinton County (via speaker phone)
Scott Harvey, Lycoming County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
John Showers, Union County
John Spychalski, Centre County
Jerry Walls, Lycoming County

JRA RAILROAD OPERATOR

Nate Blanchard
Todd Hunter
Russ Nicodemus
Mimi Robey
Richard Robey
Gary Shields
Jeb Stotter
Diana Williams

GUESTS PRESENT

Allen Bubb, NRHS
Tyler Glass, Reading & Northern Railroad
Mark Murawski, Lycoming County Planning Commission
Don Purcell, Penn Valley Railroad
Andrew Richards, Bellefonte Historical Railroad Society

LEGAL COUNSEL PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices

JRA STAFF PRESENT

Kay Aikey, Program Assistant
George Fury, Property Manager
Jeff Stover, Executive Director

**SEDA-COG JOINT
RAIL AUTHORITY**

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**Affiliated with
SEDA Council of Governments**

JRA CONSULTING PROFESSIONALS PRESENT

John Conrad, P.E., Bridge Engineer
Dan Mazur, JRA Consultant
Troy Truax, AICP, Delta Development Group

SEDA-COG STAFF

Steve Kusheloff, Public Information
Betsy Lockwood, Economic Development

CALL TO ORDER

Call to Order

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

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

Chairman Walls offered supporting thoughts to two JRA Board Members – Mr. John Gummo who recently had knee surgery and Mr. Frank Dombroski whose wife fell recently and needs a hip replacement.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Bubb provided JRA Board members with a short history of the Central Pennsylvania Chapter National Railway Historical Society, White Deer.

Approval of the March 14, 2012 Meeting Minutes

Dr. Spsychalski made a motion to approve the March 14, 2012 meeting minutes; Mr. Jenkins seconded the motion; motion carried.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of March 2012 as well as the JRA's loan summary.

Dr. Spychalski made a motion to approve the Treasurer's Report for the month of March 2012; Mr. Herman seconded the motion; motion carried.

Legal Issues

Update on Blair County Request to Join JRA

Attorney Schrack reported that six counties have approved the "Consent and Joinder" document to date. Counties remaining to act are Centre and Lycoming.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for April/May 2012 and Projects Status and Staff Report.

Operator's Status Report and Business Forecast

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

Ms. Williams reported that the operating revenue for February 2011 is \$630,000 more than February 2012. This is attributed to the fact that in January 2011 the Surface Transportation Board approved the request by the Operator to use Susquehanna Union Railroad Company as its holding company to acquire the stocks. In order to do that, the IRS stated there needed to be a precise tax cutoff. At the end of February 2011, the Operator had to do a year end accrual process which makes the revenues and expenses go back into the month in which they occurred. Thus, this is comparing February 2011, an accrual month, with a non-accrual month. There will be an opposite effect next month. This was done in order to comply with IRS requirements.

Ms. Williams also reported that there will be eight of their management attending the PA Rail Freight Seminar along with two guests.

Mr. Hunter stated that Operator will be hosting a Lycoming County Chamber of Commerce PA Exchange event on the LVRR in May. More information will be given at the May meeting.

Mr. Hunter shared a book entitled "A Year On The Lycoming Valley Railroad" that was published by one of the employees, Mike Zollitsch. This book illustrates the activities of the LVRR from 2009 to 2010. Mr. Krentzman stated he would like to have information on how to get a copy of the book.

South Avis Realty Access Road

Mr. Stover stated that at the November 2011 JRA meeting, the Board agreed to be an applicant for the South Avis Access Road in partnership with Jersey Shore Steel and South Avis Realty.

The application will be submitted Friday but the Board needs to pass a formal resolution authorizing the submission.

Ms. Lockwood of SEDA-COG's Economic Development program presented an update to the JRA Board regarding the South Avis Realty Access Road. She stated that SEDA-COG was hired by South Avis Realty to help assemble the application for \$1 million from the Infrastructure Development Program (IDP). The SEDA-COG Joint Rail Authority is the actual applicant for these funds. The purpose of the grant is to construct an extension of Woodward Avenue from the State Route 220 interchange in Pine Creek Township, Clinton County. If built, it will relocate heavy truck traffic from a South Avis residential neighborhood to a direct access off SR220 at the Avis exit. South Avis Realty and its nine tenants are committing to create 40 new jobs over a five year period. The private beneficiaries are making a \$2 million investment as a result of this proposed project.

Ms. Lockwood further stated that the DCED Infrastructure Development Program will be ending June 30, 2012; there is an application deadline of April 13, 2012.

Mr. Harvey asked what the obligation of the JRA would be as a sponsor. Ms. Lockwood replied that there needed to be a public sponsor, and the obligation is that the Joint Rail Authority will be responsible for administering the IDP grant as well as owning and maintaining the road after completion. At a later time, assuming the road is built to township standards, then Pine Creek Township would take over the road.

Mr. Stover stated there is no guarantee that the township will take the road, but the supervisors are supportive. The design specifications were sent to Larson Design Group to get their review to see if it was a suitable road for heavy duty truck traffic and it is.

Ms. Lockwood said it meets the PennDOT local standards and the design of the road exceeds the township standards.

Mr. Hunter added that every customer on the LVRR at Avis is located on South Avis Realty property. South Avis Realty went from one tenant, Jersey Shore Steel, to approximately nine tenants and from several hundred cars to several thousand cars a year.

Ms. Lockwood added that a signed letter has been received from Pine Creek Township indicating their awareness of and support of the project.

Mr. Postal asked if the Authority has an agreement with South Avis Realty that they would maintain the road. Mr. Stover replied this is the understanding.

Ms. Lockwood stated there is an agreement in principle between the owner of the property needed to build the road and South Avis Realty. An agreement and acquisition will need to take place before any dispensing of IDP funds.

Chairman Walls stated another justification for this road is that during the flood of Agnes the only way that the workers at Jersey Shore Steel could get out was to walk the railroad grade and this road could provide a safe means of escape from the flooded area if there is a repeat of an Agnes level flood.

Mr. Stover stated the resolution states that the Authority requests a grant of \$1 million from DCED for construction of a 2,500 foot long access road and enhancement of rail infrastructure at South Avis Rail Yard. It further authorizes Mr. Stover to sign the documents on behalf of the Authority and also the Assistant Secretary in absence of the Secretary.

Mr. Harvey made a motion for the full Board to approve the resolution for the South Avis Access Road; Mr. Herman seconded the motion; motion carried.

OLD BUSINESS

TIGER II Status and Action Items

Mr. Stover reviewed the status of TIGER II tasks that were listed on the agenda grid and overall budget which was included as a separate handout.

Jubelirer Business Park Environmental Work

Mr. Stover stated that the additional grant from the FRA adds one project – the Jubelirer Business Park runaround. In order to move this project ahead, FRA has asked for the Categorical Exclusion Worksheet to be completed. These were done by Barry Isett and Associates for the other funded TIGER II projects. Staff contacted Dave Bell of Isett for a quote to complete that work. A proposal in the amount of \$2,750 has been received from Barry Isett & Associates to complete that work.

Mr. Postal made a motion for the full Board to engage Barry Isett & Associates in the amount not to exceed \$2,750 to do the Categorical Exclusion work for the FRA TIGER II project Mr. Jenkins seconded the motion; motion carried.

Reach Road Terminal Closeout Items

Mr. Stover stated that Unimin approached staff in late November regarding a claim for additional costs it incurred during the Reach Road Terminal Project totaling \$263,020.47.

Part of Unimin's claim is for additional labor costs accrued due to a 60 hour work week being instituted because of multiple delays surrounding the construction of the rail pit. Amount requested was \$146,222.00.

Upon Attorney Schrack's review of the lease agreement with Unimin, he found that Unimin could not make claims against the Authority for any delays. Thus, that claim was not pursued. This same lease also spelled out that the Authority was responsible to do all site work prior to Unimin construction.

Unimin proceeded with some of their own site preparation in order to stay on schedule. JRA's bid for site work was not awarded until fall due to the delays caused by a belated PennDOT approval. This portion of the claim was \$116,798.47.

Of the original \$263,020.47 requested, staff negotiated a settlement down to \$71,954.10. This amount covers the initial clearing and grubbing and additional fill to be brought in.

Mr. Reitz made a motion for the full Board to authorize settlement of \$71,954.10 to Unimin for additional work at the Reach Road Terminal; Mr. Park seconded the motion; motion carried.

FEMA Report

Mr. Fury updated JRA Board members on his ongoing meetings and site visits with the FEMA and PEMA staffs; he will be meeting with the project manager of FEMA on Friday, April 13, 2012. It appears the Authority will be recovering some costs for the demolition and engineering of the Loyalsock Creek Bridge.

Chairman Walls stated that staff needs to draft a formal thank you to FEMA when appropriate and bring it before the JRA board so it can be officially transmitted to FEMA.

Loyalsock Creek Bridge

Mr. John Conrad, P.E. gave an update on the work being done on the Loyalsock Creek Bridge as well as the new bridge design. He stated that the emergency permit with DEP expired on April 9, but it was extended for 30 days.

Mr. Conrad distributed a handout which showed a project he is designing coordinated with the Airport Access Road project. One shows the three span bridge costed at \$10.1 million. The second view shows a truss structure alternative that has an \$11.48 million budget.

Mr. Conrad stated he will be meeting with all the utilities to discuss any and all utility impacts to build the three span bridge.

Mr. Conrad asked Mr. Murawski if the airport access road is going to be built. Mr. Murawski replied the airport access road as originally envisioned is no longer going to proceed on that particular scope. The justification for the project started unraveling after the flood hit when the railroad bridge became a separate project free standing of the road project. This was a major negative for building a \$20 million access road. Another major thing was PA DEP would build a Montoursville levee system whether or not there was going to be a road project. Unless the county started absorbing a lot of additional costs on the road project, the \$20 million road would not be passable in a Lee type flood. Mr. Murawski

stated he has been directed to issue a stop work order to URS who is the consultant PennDOT is using on the road project; that action has no effect on the railroad bridge. Lycoming County completely and fully supports continuing the railroad bridge as an independent design project. There will be a meeting on April 25 to re-scope the road access issue as the county has a sizable amount of federal and state funds that are committed to the road project and there may be other ways to commit the access issue for the airport.

Mr. Conrad discussed a comparison of the structures: three span, four span and a hybrid. All design approaches would retain the necessary hydraulic capacity.

Chairman Walls stated that Mr. Conrad has asked the Authority if he should do the hydraulics or stay with PennDOT's consultant URS. Mr. Stover replied that he would like Mr. Conrad to do it, but the way the budget is structured, there is one earmark that URS can only be used because they are the PennDOT consultant and the Authority cannot use grant money for Mr. Conrad's time or his sub's time.

Chairman Walls asked that Mr. Conrad be involved and specific in directing how to approach the hydraulics with URS so that the Authority gets the kind of definitive information that is needed. Mr. Conrad stated that the hydraulics is the focus of the April 25 meeting.

Chairman Walls thanked Mr. Conrad for trying to identify other options that have additional value and/or cost savings.

Strategic Planning Update

Mr. Truax from Delta stated that the summary from the March 19 meeting has been drafted but he is awaiting feedback from Chairman Walls.

Mr. Truax reviewed the handout provided to Board members that listed the table of contents for the five year strategic plan.

Mr. Truax stated he would like to have another sit down session with staff and with the Operator to do a gap analysis. Tentative date for this session is May 8 and June would be the timeframe to have a draft plan to review and discuss.

COMMITTEE REPORT

Property Management Committee

Committee Chair Jenkins stated the Committee met at 9:30 a.m. and the following was discussed.

PennDOT Land Acquisition (NBER)

Mr. Fury stated that PennDOT has approached staff with an offer for land acquisition near the Rumberger Engine House. PennDOT is replacing the Upper Coleville Road bridge over Buffalo Run, adjacent to the Authority's property.

PennDOT will take 2,114 square feet and pay the Authority \$1,050.00.

PennDOT will also require use of 2,072 square feet of ground under a temporary easement. Compensation proposed for the temporary easement is \$150.00.

PennDOT is preparing the quit claim deed which will be reviewed by Attorney Schrack.

Dr. Spsychalski made a motion that the full Board approve this land sake pending Attorney Schrack's review and approval of the quit claim deed and execution by the Chairman and Secretary; Mr. Jenkins seconded the motion; motion carried.

Gates

Mr. Fury stated there are several areas along the NBER and LVRR which are getting ATV traffic. Gates need to be installed to keep the traffic out. There are six locations that need gates as well as a fence along the NBER where there are some trespassing issues. This is needed for right-of-way access in order to get the maintenance vehicles in and create a barrier to keep pickup trucks out.

Mr. Herman made a motion that the full Board give permission to staff to seek bids for construction of six gates and a fence along the NBER and LVRR; Mr. Reitz seconded the motion; motion carried.

"Towers" Along NBER Main

Mr. Fury stated there are several old dilapidated bungalows/towers in Vail, West Juniata, and Beech Creek that are deteriorated. These are metal sheds that lie along the NBER Main.

Staff is seeking permission to seek bids to raze these structures.

Mr. Park made a motion that the full Board give permission to staff to seek bids for removal of the bungalows/towers after local railroad historical groups have the opportunity to come and take one if they so want and the groups will be given a 90 day window to do this. Staff will do a proactive outreach to those known historical railroad groups to let them know of the opportunity; Mr. Gummo seconded the motion; motion carried.

Scale House Computer Tower

Mr. Fury stated that the scale house computer in Newberry Yard has run its life and has several failing components. The cost for SAI to replace the computer tower is \$2,060.00 of which \$525.00 is for software upgrades. The LVRR will pay for the software upgrades.

Dr. Spsychalski made a motion for the full Board to approve purchase of a new computer tower from SAI in the amount of \$1,535.00; Mr. Reitz seconded the motion; motion carried.

Rent Schedule

Mr. Jenkins stated that at a previous meeting a fact sheet on rent schedules was distributed to Board members. The Committee discussed these talking points at the meeting.

Mr. Fury stated the Committee gave him direction for developing those talking points further. The recommendation of the Committee was to:

1. Immediately change the rent schedule to reflect that the easement cost would be a factor of 50 years not 25 years.
2. Discourage use of the easement and go more toward annual license fees.
3. Record all easements and license agreements. The fee for recording the documents would be built into the application fee.
4. Installment plan for payment of easements.

Attorney Schrack stated the other parties would have to be in agreement to record the documents.

Mr. Fury stated the agreements will need to be amended to reflect the fact that the documents will be recorded.

Mr. Jenkins made a motion for the full Board to approve the adjustments to the rent schedule as recommended by the PMC; Mr. Herman seconded the motion; motion carried.

Mr. Jenkins stated there will be additional recommendations on the rent schedule at a future meeting.

JRA Capital Budget

Mr. Jenkins stated a Capital Budget Committee meeting was held as well.

Mr. Stover stated a working draft of the April Capital Budget was distributed to Board members. Any comments from Board members are welcome. The Capital Budget Committee will meet again the morning of May 9 and go over the budget. No action is needed on this. This document incorporates all of the information on the TIGER II budget sheet.

Passenger Excursions Committee

Committee Chair Spsychalski stated that the Committee received a request from a sponsor group in Berwick for service which was not included in the timetable previously issued. The request conflicted with a run schedule that has already been established in another area on December 8 so the Committee was not able to proceed further with this sponsor group.

A report has been received from Penn Valley Railroad, LLC that they are proceeding with equipment upgrades to insure that their equipment will be ready for service when the first trips

of the season begin. May 26 is the first trip of the year and it is scheduled for the Shamokin Anthracite Festival.

Operating Agreement Committee

Committee Chair Krentzman stated that the Committee had a meeting at 10:30 a.m. to take a look at the change of control issue. The Committee will meet again at 9:00 a.m. on May 9, 2012.

Chairman Walls adjourned the meeting at 2:30 p.m.

Respectfully submitted,



Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on May 9, 2012.



Secretary/Assistant Secretary