



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, August 14, 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

Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
Bob Hormell, Northumberland County
Rick Jenkins Columbia County
Brent Jones, Clinton County
Dave Park, Columbia County
Rob Postal, Mifflin County
David Schultz, Lycoming County
John Showers, Union County
John Spychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

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

GUESTS

Cliff Grunstra, Carload Express
Howard Hobbs, Roaring Creek & Catawissa Valley Historical Study Group
Catherin Reuther, Peters Consultants, Inc.
Gary Roberts, Roaring Creek & Catawissa Valley Historical Study Group

LEGAL COUNSEL

Tom Schrack, Esq., McQuaide Blasko

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

**SEDA-COG JOINT
RAIL AUTHORITY**

201 Furnace Rd
Lewisburg
PA 17837

(570) 524-4491
fax 524-9190

jra@seda-cog.org
<http://jra.seda-cog.org>



Affiliated with
SEDA Council of Governments

SEDA-COG Joint Rail Authority Meeting

August 14, 2019

Page: 2

JRA STAFF

Kay Aikey, Program Assistant

George Fury, Property & Maintenance of Way Manager

Kyle Postupack, Program Analyst

Jeff Stover, Executive Director

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 asked for introductions of guests present.

Mr. Park commented that the video of the John P. Conrad bridge dedication was a very nice presentation and acknowledged the excellent job of Mr. Fury for being the Master of Ceremony. Chairman Showers stated that it was a good event.

Public Forum

Chairman Showers asked if there is any public comment to come before the Board. No one expressed any comments.

ADMINISTRATIVE ITEMS

Approval of the June 12, 2019 Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the June 12, 2019 JRA Meeting Minutes as distributed; Mr. Winslow seconded the motion; motion carried.

Treasurer's Reports

Mr. Harvey presented the Treasurer's Report for the month of June 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. Harvey provided an overview for the first six months of the JRA's finances. A copy of his review is attached to the minutes.

Mr. Hormell asked what interest rate the JRA receives and stated there are some good interest rates being offered currently. Mr. Stover stated that he will check with Jersey Shore State Bank to see what the current interest rate is.

Mr. Harvey presented the Treasurer's Report for the month of July 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. Park commended Mr. Harvey for the mid-year review and excellent work on the financial reports for the JRA.

Mr. Park made a motion for the Board to accept the Treasurer's Reports for the months of June 2019 and July 2019 and file for audit; Mr. Hormell seconded the motion; motion carried.

Events Calendars

Mr. Stover presented the events calendars for August and September as well as the staff report.

Mr. Fury showed some slides from the John P. Conrad Bridge Ceremony. Approximately 165 were in attendance which included 78 family members.

Mr. Stover stated that the Williamsport Chamber of Commerce will be hosting a FAM Tour, which stands for "familiarization tour", and staff has been approached, as was done in the

past, to partner with Lycoming Valley Railroad to be a dinner sponsor in the amount of \$4,000. The operator has agreed to cost share this amount with the Authority. Staff recommends this approach and seeks the Board's approval. The dinner will be held on Saturday, August 24th.

Dr. Spychalski made a motion for the JRA to cost share with the LVRR in the amount of \$2,000 toward the \$4,000 contribution to the Williamsport Chamber of Commerce for the FAM tour dinner sponsorship; Mr. Harvey seconded the motion; motion carried.

Operator's Status Report

Ms. Williams stated that the operator has seen a slight decline in revenue for the month of June compared to last year at the same time. YTD totals are still trending up. Car storage decline made a dent in the revenue, but new customers increased traffic, new product lines and acquiring railcars for our customers have limited the impact.

The operator has contributed approximately \$142,000 in additional funds to the JRA for JRA projects.

Mr. Stotter stated that Norfolk Southern is currently altering its operation in Northumberland and the interchange times. It appears that Northumberland's interchange time will be in the evenings instead of 3 a.m. in the morning. The operator will alter their operations to accommodate Norfolk Southern's schedule.

OLD BUSINESS

Bridge Engineer's Report

Mr. Fury referred to the Monthly Bridge Engineer's Report from Jason Shura, P.E. that was provided as a handout to Board members. Mr. Fury stated that inspections of the railroad bridges are almost complete and that annual reports are being compiled. The reports will be filed with the FRA as part of the Bridge Management Program.

Work at the bridge at Catawissa is almost complete.

Mr. Fury showed slides of the final ditching work for NSHR Bridge 194.07 in Catawissa.

Lock Haven Wye Area – Henderson Street Driveway (NBER)

Mr. Stover stated that the First Quality Tissue Access Road and Rail project made significant changes to the Walnut Street grade crossing in Lock Haven. For crossing safety, related to the new protection installed there, access was lost to what is referred to as the "wye area".

Previously, a wide gravel entrance off Walnut Street had been used. The new project called for erection of guard rail at that location, thus access to Lee's Alternators and the wye was lost.

To replace the lost access, staff has proposed a new driveway off Henderson Street.

The new proposed access would be improved with a 30 feet long paved landing area which would flow onto a new gravel road with solid subgrade and rolled aggregate. This would be a better and more substantial driveway than the previous one.

Three quotes were received to do this work:

Harger Utility Company	\$15,710
Wolyniec Construction, Inc.	\$15,936
Charles Construction, Inc.	\$18,142

Jason Shura, P.E. has reviewed the quotes and said they are comparable.

Because the lost access is due to the FQT project, staff sought cost sharing from FQT for all but the cost of the paving. The breakdown for the low quote of \$15,710 would be: \$9,710 from FQT with the JRA picking up the \$6,000 balance. FQT is agreeable to that arrangement.

Mr. Harvey made a motion for the full Board to award the Henderson Street driveway construction contract to Harger Utility Company for \$15,710; Mr. Graham seconded the motion; motion carried.

Bloomsburg to Lime Ridge Hydrology Study (NSHR)

Mr. Stover stated that the JRA Board had previously approved being the local sponsor and contributor to the Bloomsburg to Lime Ridge Hydrology Study.

A summary of the project budget and partner shares is listed below.

ARC	State (via county)	Local	JRA	Ind.	Total
\$25,000	\$25,000	\$37,500	\$5,000	\$12,500	\$105,000

Breakdown of Local Shares	
	Amount
Town of Bloomsburg	\$12,500
Scott Township	\$12,500
SEDA-Council of Governments	\$12,500
SEDA-COG JRA	\$5,000
Sekisui	\$5,000
The J.M. Smucker Company	\$5,000
84 Lumber	\$2,500

The JRA has received grant approval from the Appalachian Regional Commission (ARC) for \$25,000.

The state share shown above is a grant from Columbia County. The Commonwealth gave a larger grant to the county for flood-related projects. The county, in turn, is allocating portions of the larger state grant to various grantees, the JRA being one of them.

Dr. Spychalski made a motion for the full Board to authorize the Executive Director to sign all grant documents with the Appalachian Regional Commission and to authorize the Chairman to sign the Columbia County grant offer for the Bloomsburg to Lime Ridge Hydrology Study; Ms. Wakeman seconded the motion; motion carried.

NEW BUSINESS

DRIVE Project in Danville (NSHR)

Mr. Stover stated that the Board previously approved a \$25,000 contribution to DRIVE supporting its efforts to redevelop a portion of the former Metso site. DRIVE has been successful in bringing in a new company that will be the first NSHR rail customer in Montour County since the late 1980s.

DRIVE's application to the Commonwealth Financing Authority Multimodal Program was originally for \$2,000,000. Its application was approved, but for only \$1,000,000. As a result, the project has been sliced to make it fit into a much smaller budget. That has been done and the rail portion of the project is in the bidding process.

In order to further assist DRIVE and its financial challenges, the JRA has an asset that can be relocated to lower the cost of this Danville rail project. In 2013, the TIGER II project included a

project in Vail, Blair County, called the Jubelirer Business Park. This is located on the south side of the NBER Main at the Smith Eagle rail-served warehouse. A runaround and turnout (with stub track) were built with the TIGER II funds. The turnout is a 115RE #10. The runaround is used on a regular basis, but the owners of the Jubelirer Business Park never developed its site, let alone extend the track from the new turnout. The unused turnout is an asset that could be useful elsewhere, specifically on the NSHR main as the new turnout to serve DRIVE's rail customer. The proposed relocation is to the NSHR main line, and therefore on JRA property. DRIVE's contractor would be required to straight-rail the turnout location on the Vail runaround. There have been no objections from the FRA to relocate this turnout.

Mr. Postal made a motion for the full Board to approve DRIVE's contractor to relocate the new 115RE #10 turnout from the Vail runaround to the NSHR Main in Danville to serve the DRIVE complex; Mr. Park seconded the motion; motion carried with Ms. Wakeman abstaining.

REPORTS FROM COMMITTEES

Property Management/Capital Budget Committee Meeting

Committee Chair Rick Jenkins reported on the work of the Property Management/Capital Budget Committee which met at 10:30 a.m.

Croda Easement (NBER)

Mr. Jenkins stated that Croda has approached staff requesting a transverse occupation for construction of a 1 ¼" low pressure sanitary sewer lateral encased within a 4" steel casing pipe no less than 7' below bottom of rail, under the Mill Hall Industrial Track. Location: MP 13.27 within the Croda compound.

All plans were reviewed and approved by Mr. Shura. Minimum annual easement fee of \$300 is assessed and is subject to CPI increase. Application fee of \$750 is assessed.

Mr. Jenkins made a motion for the Board to approve the Croda easement and authorize the Chairman to execute all documents; Mr. Gummo seconded the motion; motion carried.

Zito Media Communications, LLC (NBER)

Mr. Jenkins stated that Zito Media has approached staff requesting a transverse aerial easement, wholly within the public right-of-way, over the NBER Bellefonte Branch at the Willowbank at-grade crossing. Location: MP 33.95. The purpose is for construction and maintenance of a 48-ct. fiber optic cable housed within a 1 ¼" duct suspended no less than 33' above top of rail. All plans were reviewed and approved. No annual fee will be assessed.

Application fee of \$750 was assessed and has been received. Mr. Fury stated this is under PUC Secretarial letter mandated and is a courtesy agreement to memorialize the occupation.

Mr. Jenkins made a motion for the full Board to approve the easement with Zito Media Communications, LLC, and authorize the Chairman to execute all documents; Mr. Park seconded the motion; motion carried.

Comcast of Colorado, PA, and West Virginia, LLC (NBER)

Mr. Jenkins stated that Comcast of Colorado, Pennsylvania, and West Virginia, LLC, has requested a transverse aerial easement over the NBER Main \pm 190' west of Aquapenn Drive, for the purposes of construction and maintenance of a .715 coaxial line attached to a single strand suspended no less than 32' above top of rail. All plans were reviewed and approved. Annual fee assessed is \$350 subject to CPI adjustment. Application fee of \$750 is assessed.

Mr. Jenkins made a motion for the full Board to approve the license agreement with Comcast of Colorado, PA, and West Virginia, LLC and authorize the Chairman to execute all documents; Mr. Graham seconded the motion; motion carried.

Comcast Cable Communications Management, LLC (JVRR)

Mr. Fury stated that Comcast Cable Communications Management, LLC, has approached staff requesting a license agreement for a transverse aerial occupation over the Juniata Valley Railroad in the Lewistown Yard, for the purpose of construction and maintenance of a cable to service Growmark, a customer of the Juniata Valley Railroad. The cable shall be suspended no less than 23'5" above top of rail between two wooden utility poles of JRA property.

All plans were received and approved. Annual fee assessed is \$350 subject to CPI adjustment. Application fee of \$750 is assessed.

Mr. Jenkins made a motion for the full Board to approve the license agreement with Comcast Cable Communications Management, LLC and authorize the Chairman to execute all documents; Mr. Harvey seconded the motion; motion carried.

LEGAL

Operating Agreement Consultant's Report

Mr. Dan Mazur presented the Operator's Second Quarter 2019 Financial Analyses via PowerPoint.

2 Q 2019 Transportation Expense Ratio

- Target: About 43%
- Results for 2Q 2019
 - Lower than Target
 - Higher than 2 Q 2018
 - Higher than 2 Q 2019 Budget

2 Q 2019 Maintenance of Way Ratio

- Target: About 21%
- Results for 2 Q 2019
 - Much higher than Target
 - Much higher than 2 Q 2018
 - Lower than 2 Q 2019 Budget

Mr. Mazur stated that he has additional and detailed information, but the recommendation is that it would be discussed in executive session.

Chairman Showers recessed the regular meeting at 1:20 p.m. to convene into executive session for the remainder of Mr. Mazur's report containing confidential and proprietary information for the Operator and for discussion with the solicitor concerning legal matters.

Chairman Showers reconvened the regular meeting at 2:42 p.m.

Attorney Schrack stated that the JRA Board held an executive session to continue its discussion of the operating agreement consultant's report involving confidential and proprietary information of the operator, and the solicitor and the Authority discussed litigation and other matters qualifying as bases for executive session. No action was taken, and no action is recommended to be taken at this time concerning the matters discussed.

Attorney Schrack stated there is an excursion request by the operator for the 35th Anniversary Celebration of the North Shore Railroad Company & Affiliates, which requires Board approval.

SEDA-COG Joint Rail Authority Meeting

August 14, 2019

Page: 10

Mr. Stover stated that this excursion will be held on September 12, 2019. North Shore is proposing two runs – 10 a.m. and 2 p.m. out of Northumberland to Danville and return. This excursion is not a public excursion and is by invitation only.

Dr. Spychalski made a motion for the full Board to approve the September 12, 2019 35th Anniversary Celebration excursion of the North Shore Railroad Company & Affiliates; Ms. Wakeman seconded the motion; motion carried.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 2:44 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 September 11, 2019.



Secretary/Assistant Secretary

8/14/2019 - 2019 Half year Budget Review from Treasurer Scott Harvey

This review is a Cash Flow basis; data drawn from the monthly Treasurer's reports. Have not considered accrued revenue or expenses, only what has been realized and has been reported in the monthly Treasurer's report.

Discussion:

- 50% thru the year the JRA has Cash Receipts totaling 74% of the full year's budget.
 - The JRA has received \$3.380 M versus a full year budget of \$4.542 M
 - Operating fee Revenue is 55% of full year budget. Both Freight and Trackage rights revenue are above budget. Car storage is below.
 - Property Revenue (Rents, on-going Leases, new easements/leases) is 66% of full year's budget – note: many of these come due in 1st quarter.
 - Project Reimbursement totaled approx. \$2.1 M
 - First Quality project is majority, \$1.5 M
 - Grade Crossing projects
 - PEMA/FEMA reimbursement for 2016 NBER flood totaled \$106 k
 - JRA has received \$105 K of Passenger excursions funds in 2019, all excursion funds are fully distributed back to Sponsor and Penn Valley
- Half year Cash Disbursements are at 60% of full year's Budget
 - Basic Operating expenses are on budget – Staff Services, Debt Service, Insurance, audit service, advertising, Board expenses, Property Tax
 - Legal expenses are slightly ABOVE budget, no concerns
 - Engineering is ON budget
 - One of the JRA's loans was retired in May, reducing monthly debt service by \$6.3k.
 - Major projects & Maintenance of Way projects in various states of execution, no red flags
- Result:
 - JRA Cash Receipts have exceeded Cash disbursements thru 1st half of 2019 by \$273K.
 - JRA's account balance is at \$2.47M at end of June 2019
 - JRA has reduced its total Debt principal by \$370K thru the first half of 2019. Total principal debt of \$2.87M as of June 2019.

Conclusion: The JRA remains in a strong financial position. JRA continues to use this position to maintain and improve the rail infrastructure while executing projects for economic development in the Central Pa region.