



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, FEBRUARY 23, 2007  
SEDA-COG  
LEWISBURG, PENNSYLVANIA  
12:30 P.M.

**PRESERVING  
RAIL FREIGHT  
SERVICE**

*servicing the counties of*

Centre  
Clinton  
Columbia  
Lycoming  
Mifflin  
Montour  
Northumberland  
Union

**SEDA-COG JOINT  
RAIL AUTHORITY**

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**AUTHORITY MEMBERS PRESENT**

Barry Ashenfelder, Montour County  
John Fernsler, Union County  
Bud Henry, Columbia County  
Tom Herman, Montour County  
David Hoopengardner, Northumberland County  
Don Kramer, Clinton County  
Mike Redin, Centre County  
Dennis Reitz, Northumberland County  
Jack Schultz, Lycoming County  
Dennis Shaffer, Union County  
Jim Spendiff, Mifflin County  
Jerry Walls, Lycoming County  
Bud Webb, Clinton County

**GUESTS PRESENT**

John Conrad, Bridge Engineer  
Steve Hurvitz, Esq., McQuaide Blasko  
Paul Jannotti, Jannotti Rail Consulting  
Steve Kusheloff, SEDA-COG  
Jaime North, Daily Item  
Jeff Pontius, Railroad Operating Companies  
Gary Shields, Railroad Operating Companies  
Pete Simcox, Railroad Operating Companies

**STAFF PRESENT**

Denise Pyers  
Jamie Shrawder  
Jeff Stover

**ADMINISTRATIVE ITEMS**

**Call to Order**

Mr. Walls called the meeting to order at 12:31 p.m.

**Pledge of Allegiance**

Mr. Walls led the Pledge of Allegiance.



Affiliated with  
SEDA Council of Governments

**Approval of the January 10, 2007 Meeting Minutes of the SEDA-COG Joint Rail Authority**

***Mr. Henry made a motion to approve the January 10, 2007 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Spendiff seconded the motion; motion carried.***

**Treasurer's Report**

Mr. Ashenfelder presented the Treasurer's Report for the month of January 2007.

***Mr. Herman made a motion to approve the Treasurer's Report for the month of January 2007; Mr. Reitz seconded the motion; motion carried.***

Mr. Ashenfelder reported that the new procedure for using the treasurer's stamp is working, M&T Bank collateralizes the JRA deposits, and the JRA's long standing CD can be transferred, without penalty, to a Money Market fund currently earning 5%. The Authority accepted the treasurer's report on these follow up items.

***Mr. Spendiff made a motion to ratify the treasurer's authorization to transfer the CD to a Money Market fund; Mr. Kramer seconded the motion; motion carried.***

**Operating Agreement Committee Report**

Mr. Spendiff reviewed a list of compliance items distributed at the meeting related to the new operating agreement. Mr. Jannotti reported he is working with the operator to solidify the annual maintenance plan due March 1. The three issues that need to be dealt with are the Rail Scavengers lease, the waiver of the \$25,000 reserve deposit, and the reduction in gross freight revenue. Mr. Stover stated that he had Mr. Carl Belke and Mr. Bob Bielski review the Rail Scavengers lease. They both reported it is commercially viable. The committee accepted the Rail Scavengers lease as viable and the board concurred.

Mr. Spendiff stated his committee recommended approval of the waiver of the \$25,000 deposit. This item was included in the agreement to cover concerns with a new, untried operator.

***Mr. Spendiff made a motion to waive the \$25,000 reserve deposit;***

Mr. Shaffer asked if this issue could be reviewed annually.

***Mr. Spendiff amended his motion to state that this be reviewed annually; Mr. Kramer seconded the motion; motion carried.***

Mr. Stover reported that the operator sent a letter requesting the board consider deducting the trackage rights his companies pay to NS from the gross freight revenue monthly total used to calculate the monthly operating fees paid to the JRA. He suggests the JRA should not get operating fees based on freight hauled on NS track. In 2006, this would have resulted in a reduction of approximately \$27,500 in Authority revenue. The committee recommends the JRA deny this request.

***Mr. Spendiff made a motion to deny the request to reduce the gross freight revenue as related to the trackage payments to NS; Mr. Redin seconded the motion; motion carried.***

### Capital Budget Committee Report

Mr. Shaffer reported that his committee is preparing a four-year plan.

The committee suggests that the Authority switch its fiscal year to match the calendar year instead of July-June because many of the JRA projects are over the summer and are split between fiscal years. The only cost is a one time additional audit for July-December.

***Mr. Shaffer made a motion to change the fiscal year to be concurrent with the calendar year.***

Mr. Fernsler asked if the by-laws need to be amended. Attorney Hurvitz confirmed that the by-laws need to be amended to change the fiscal year. Mr. Shaffer withdrew his motion.

***Mr. Shaffer made a motion to amend By-Laws Article 5.4 to make the fiscal year concurrent with the calendar year; Mr. Fernsler seconded the motion; motion carried.***

Mr. Shaffer reported that staff has prepared matrices showing items that should be considered capital vs. maintenance. He would like the board members to review this list and get comments to him prior to the March 12<sup>th</sup> committee meeting. The operator can comment on this after the board reviews it. The board discussed at length the purpose of this document. Mr. Shaffer stated the committee was trying to create some guidelines for staff to work with the operator when items are in the gray area. Mr. Redin asked if consideration was given to the tax accounts view of what is allowable as capital. Mr. Shields stated that Exhibit B in the new agreement clearly states the operator's track maintenance obligation. Mr. Shaffer and Mr. Stover emphasized that this document is to help define the categories for situations where it is unclear if the item is capital or maintenance and to help the JRA decide where to spend their money. Mr. Walls suggested a preamble of intent be added to the document.

Mr. Shaffer reported that the CWR installed on the Nittany Main needs grinding. The committee is suggesting a 50/50 split of the cost with the operator. Mr. Redin stated that the new agreement states that if it is a capital item the JRA should pay the full cost. Mr. Shaffer stated the committee felt there were elements of both capital and maintenance in this item. The board discussed if this project is capital or maintenance.

***Mr. Shaffer made a motion to accept the operator's agreement to split the cost for the CWR grinding on the NBER Main 50/50; Mr. Fernsler seconded the motion.***

Mr. Shields asked if this would be the case the next time the rail needs ground. The board decided this should not set any precedent. Mr. Shields agreed on behalf of the operator.

***Mr. Shaffer amended his motion to include that this would not set any precedent for future projects; Mr. Fernsler agreed; Mr. Ashenfelder, Mr. Fernsler, Mr. Henry, Mr. Herman, Mr. Hoopengardner, Mr. Kramer, Mr. Reitz, Mr. Shaffer, Mr. Spendiff, Mr. Walls, and Mr. Webb voted for the motion; Mr. Redin and Mr. Schultz voted against the motion; motion carried.***

### Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for February and March, the project map, and the staff report. He asked the board's opinion on approaching Blair County to join the Authority. Attorney Hurvitz stated each member county would have to approve. The board discussed the advantages and disadvantages of adding another county to the board and agreed that we should not approach them.

### **Ratification of 2006 Actions**

Mr. Stover reported that the 2006 JRA meeting dates were not advertised at the beginning of the year, as is required by state law. Therefore, the board needs to ratify those actions taken at the five Authority meetings that were not advertised last year. A list of those actions was distributed to the board. All committee and full board meetings will be advertised each month, and the meeting date and time will be posted on the door at SEDA-COG. A Public Forum item will be added to the end of each month's agenda.

*Mr. Fernsler made a motion to pass a resolution that all actions taken at the regular meetings of the Authority held during the 2006 calendar year, as set forth in the minutes of the Authority, are hereby ratified and approved; Mr. Spendiff seconded the motion; motion carried.*

### **Operator's Status Report**

Mr. Shields presented the marketing report.

Mr. Pontius presented the operations report.

Mr. Redin updated the board and operator on the new occupants of the Corning facilities.

## **PROPERTY MANAGEMENT COMMITTEE**

### **Spring Benner Walker Joint Authority Sewer Line Easement**

Mr. Redin stated that the Spring Benner Walker Joint Authority is requesting an easement for 1.5" sewer line to serve 2 residences in Bellefonte near sunny yard. It will cross under Buffalo Run and then under the railroad 7' below grade.

*Mr. Redin made a motion grant the sewer line easement for the Spring Benner Walker Joint Authority for \$750.00; Mr. Kramer seconded the motion; motion carried.*

### **Vintage Signals and Turntable**

Mr. Redin stated that Will Sanders would like to convey the vintage Pennsylvania Railroad signals on the Nittany Main back the Authority for \$1.00. The committee feels the disposition of the signals would best be handled by the Authority. Therefore we should take repossession of the signals and pursue museum and private collector interest.

*Mr. Redin made a motion to send a letter to Mr. Will Sanders to buy back the signals for \$1.00; Mr. Webb seconded the motion; motion carried.*

### UGI Lease

Mr. Redin reported the lease with UGI is a 20 year term at a rental rate of \$1,500/month with standard annual CPI adjustments. There is also a maintenance provision where the JRA will prepare the existing structures for occupancy by UGI, which will cost approximately \$1,200, and UGI will handle maintenance costs from that point on. The lease prohibits UGI from using the facility for any other purpose.

*Mr. Redin made a motion to approve the lease with UGI; Mr. Henry seconded the motion; motion carried.*

### Rumberger Engine House Foundation Wall

Mr. Redin reported the foundation wall is crumbling in place and threatening the integrity of the engine house. SSM submitted a proposal which includes the permitting, design, bid, and construction phases for \$12,100.

*Mr. Redin made a motion to approve the SSM proposal; Mr. Reitz seconded the motion; motion carried.*

### **OLD BUSINESS**

#### Track Inspections Report and 2007 M/W Program

Mr. Jannotti reviewed the executive summary distributed at the meeting.

*Mr. Herman made a motion to accept Mr. Jannotti's fall 2006 track inspection report; Mr. Redin seconded the motion; motion carried.*

#### White Deer Bridge Pier Removal

Mr. Stover referred to the information contained in the agenda grid and distributed a letter from DEP. The old pier in the middle of the stream is an impediment and is not the type of pier you would want to have in this location or configuration to accommodate a new bridge. It is not certain if rail service will be needed to serve Great Stream Commons or Lycoming County's Timber Run Industrial Park. He reported that the cost to remove the pier would be split between "the Club" (\$4,000) the Union County Conservation District (\$15,000), and the JRA (\$11,000). The final total for the JRA would be \$26,000. Mr. Conrad approached contractors to get an accurate price to remove the pier. Mr. Shaffer stated he would like to table this item so he and Mr. Fernsler can discuss this with the Union County IDC. Mr. Shaffer asked if the pier was useable for a new bridge. Mr. Conrad reported that there is nothing structurally wrong with the pier, but it is misaligned for the stream flow because the stream has realigned itself. To effectively put a bridge in today, he would recommend realigning the pier.

### **NEW BUSINESS**

#### Bridge Inspection Report

Mr. Stover introduced John Conrad, the JRA Bridge Engineer. He also stated that last fall the board approved the multi-year bridge inspection program with Mr. Conrad. Mr. Conrad presented his proposal for

the bridge inspection program. He also reported that he does not recommend painting bridges unless it is necessary due to steel corrosion.

#### **Rail Freight Seminar Donation**

Mr. Stover reported that the JRA would like to be a coffee break sponsor of this year's Rail Freight Seminar.

*Mr. Kramer made a motion to contribute \$1,000 to the PA Rail Freight Seminar as sponsorship of a coffee break; Mr. Ashenfelder seconded the motion; motion carried.*

#### **Whiterock Capital Budget Agreement**

Mr. Stover reported the bids came in \$270,000 less than the estimate. We received the PennDOT grant agreement for \$1.6 million, which is being matched by Hawbaker.

*Mr. Ashenfelder made a motion to approve the PennDOT grant agreement for the Whiterock Quarry Track; Mr. Kramer seconded the motion; motion carried.*

*Mr. Herman made a motion to award the track construction to Balfour Beatty; Mr. Reitz seconded the motion; motion carried.*

#### **Standard Steel RFAP Grant Agreement**

Mr. Stover reported that this has already been bid out and is subject to the lease agreement. The low bid was Armond Cassil. This required additional local share paid for by Standard Steel. The JRA has no cash outlay on this project.

*Mr. Shaffer made a motion to approve PennDOT grant agreement for the Standard Steel Rail Freight Assistance Program; Mr. Kramer seconded the motion; motion carried.*

#### **Savoy Furniture Loading Dock RFAP Grant Agreement**

Mr. Stover reported that we received only one bid for this project. As the cost was too high, the new plan is to make enhancements to the Commerce Park Drive dock for under \$40,000. PennDOT is agreeable to this change in the agreement.

*Mr. Fernsler made motion to reject the bid from M & M Paving; Mr. Herman seconded the motion; motion carried. Mr. Shaffer abstained from the vote.*

*Mr. Kramer made a motion to approve the PennDOT RFAP grant agreement for Savoy Furniture; Mr. Ashenfelder seconded the motion; motion carried. Mr. Shaffer abstained from the vote.*

#### **Sale of Rail in Berwick Yard**

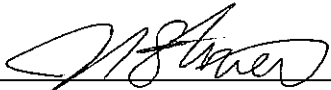
Mr. Stover report we received two bids for the scrap rail, OTM, and ties in Berwick yard. The highest bidder was Cresson Steel for \$105/GT. Unitrac bid \$4.64/GT.

*Mr. Redin made a motion to approve the bid from Cresson Steel for \$105/GT; Mr. Henry seconded the motion; motion carried.*

**ADJOURNMENT**

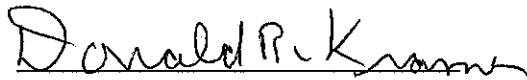
Mr. Walls adjourned the meeting at 3:10 p.m.

Respectfully submitted,



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Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on March 14, 2007.



\_\_\_\_\_  
Secretary/Assistant Secretary