



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, JANUARY 12, 2011
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

Frank Dombroski, Montour County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Mike Hawbaker, Centre County (via speaker phone)
Tom Herman, Montour County
Rick Jenkins, Columbia County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
John Spychalski, Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Tom Avery, Railroad Operating Companies
Allen Bubbs, NRHS
Todd Hunter, Railroad Operating Companies
Mark Murawski, Lycoming County Planning
Jeff Pontius, Penn Valley Railroad
Don Purcell, Norfolk Southern – Retired
Andrew Richards, Bellefonte Historical Railroad Society
Bradley Sands, Bergmann Associates
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Jeb Stotter, Railroad Operating Companies
Diana Williams, Railroad Operating Companies
Fran Zartman, Fort Discovery

STAFF PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover

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Affiliated with
SEDA Council of Governments

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.

ADMINISTRATIVE ITEMS

Nominating Committee Report and Recommendations

Mr. Showers presented the slate of officers for 2011 recommended by the Nominating Committee:

Chair – Jerry Walls
Vice-Chair – Michael Krentzman
Secretary – Don Kramer
Assistant Secretary – Bud Henry
Treasurer – Dennis Reitz
Assistant Treasurer – Scott Harvey

Mr. Walls asked if there are any nominations from the floor. None were offered.

Mr. Showers made a motion to accept the slate of officers as presented; Mr. Gummo seconded the motion; motion carried.

Public Forum

Mr. Richards from the Bellefonte Historical Railroad Society shared a letter on behalf of the Society which expressed appreciation and thanks to the SEDA-COG Joint Rail Authority, North Shore Railroad, and Mr. Pontius of Penn Valley Railroad for working together to bring the Santa Express back to Bellefonte. He also shared some comments received from some of the riders. Mr. Richards provided the Joint Rail Authority, North Shore Railroad and Penn Valley Railroad with a copy of the letter as well as the comment sheets

Appointment of 2011 Committees

Chairman Walls reviewed the following committees for 2011 and invited Board members if they wished to change the committee they serve on to let him know.

Mr. Krentzman will chair the Operating Agreement Committee. Members include John Gummo, Scott Harvey, Mike Hawbaker, Dennis Reitz and John Spychalski. All agreed to continue to serve on this committee.

Mr. Kramer will chair the Property Management Committee. Members include Frank Dombroski, Scott Harvey, Bud Henry, Tom Herman and Rob Postal. All agreed to continue to serve on this committee.

Mr. Shaffer will chair the Capital Budget Committee. Members include Mike Hawbaker, Tom Herman, Rick Jenkins, Frank Sawicki and John Showers. All agreed to continue to serve on this committee

Mr. Gummo will chair the Passenger Excursion Committee. Members include Bud Henry, Tom Herman, Mike Hawbaker and John Spsychalski.

Approval of the December 8, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

Dr. Spsychalski made a motion to approve the December 8, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Hawbaker seconded the motion; motion carried.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of December 2010.

Mr. Herman made a motion to approve the Treasurer's Report for the month of December 2010; Mr. Hawbaker seconded the motion; motion carried.

Mr. Harvey asked if the loan at Jersey Shore State Bank for the Reach Road property could be added to the loan summary page. Mr. Stover replied that this will be included next month.

Legal Issues

Attorney Schrack stated that on January 6, 2011, the Surface Transportation Board issued a decision permitting Susquehanna Union Railroad Company, the holding company owned by Mr. Robey, to own all of the stock of the six Class 3 railroads and also be under control of Mr. Robey. This decision is in alignment with the agreement reached by the parties.

Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for January-February 2011 and Projects Status Report.

Operator's Status Report and Business Forecast

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

- For 2010, four of five JRA railroad properties exceeded the carload volumes of 2009.
- JVRR completed the year with 3,018 carloads or 16% greater than 2009. Since the start up of the JVRR in 1996, the annual carload volume has tripled.
- LVRR completed 2010 with 16,977 carloads, a 41% increase in business over 2009. Of the total carload volume for the LVRR, Marcellus Shale related commodities were 5,419 carloads representing 32% of the total LVRR carloads and 16.9% of the total carloads for the five JRA railroad properties.
- NBER completed the year with 10,614 carloads, a 16% increase over the previous year.
- NSHR carload business declined 9.5% when compared to 2009 with 1,226 carloads.
- SVRR finished the year with 206 carloads, a 1% increase over 2009.
- For the five JRA railroad properties there were 32,041 carloads, a record year.

Ms. Williams reported that November numbers were steady and strong. The accounting numbers for December have been completed. As for operating fees paid, December is the fourth highest month for fees paid of over \$127,000 for a total of \$1.4 Million for the year. Ms. Williams provided Mr. Reitz with a bank statement for the LVRR Engine House.

Mr. Avery reported on some personnel changes: James Mackey has been promoted to general manager of the JVRR and Robert Davidson has been promoted to assistant general manager of the NBER. Randall Ulrich has been promoted to a newly created position of supervisor of operations.

Mr. Simcox stated that no date has been set for an inspector to come out and do the rail grinding. The railroad will pay for the inspection which will cost between \$3-\$5,000. He also gave an update on what has been done with the maintenance of way program and stated that 34% more ties have been installed, eight more miles of surfacing has been completed, 15% more switch timber were installed, almost all of the road crossings were done, and 155% more ditching was done.

Mr. Gummo asked that this information be put in a report form for board members.

Mr. Hunter reported that a fourth supplier of utility poles, Stella-Jones, Inc., is transloading in Newberry.

OLD BUSINESS

TIGER II Status and Environmental Consulting

Mr. Stover reported that on December 21, 2010 he, George Fury and John Mizerak met with FRA staff in Washington, DC. The trip's purpose was to learn of the federal administrative procedures that need to be followed in order to bid the JRA's projects. They were told this was the first TIGER II grantee meeting with FRA staff. The FRA staff has asked that the 14 projects be lumped together or broken up into different, more manageable tasks. Mr. Stover reviewed the TIGER II Budget Funding Sources and Uses as provided in the meeting packet which showed the projects grouped together for bidding resulting in six tasks.

On January 3, 2011, Messrs. Walls, Fury, Mizerak, Kline and Stover met with PennDOT Deputy Secretaries Ritzman and Madden. They were there to discuss a possible PIB loan for the LVRR Loyalsock Creek Bridge and Airport Access Road. There is a \$12.6 million shortfall in funding; some \$3.4 million related to the railroad bridge. PennDOT is agreeable to offering Lycoming County and the JRA essentially a PIB line of credit from the Highway PIB fund. PennDOT would commit PIB loan funds to the project but not require disbursement until the funds are needed.

A RFP for Environmental Consulting Services was issued in December. A pre-proposal meeting was held on December 22nd and the proposals were due on January 7th. A list of the nine respondents to the RFP was provided to Board members with the lowest cost being \$9,960 from Barry Isett & Associates. Mr. Stover reported that he had checked four references on the firm and recommended that the JRA select Barry Isett and Associates.

Dr. Spychalski made a motion to engage Barry Isett & Associates to do the environmental work necessary for the TIGER II projects in the amount of \$9,960; Mr. Reitz seconded the motion; motion carried.

James Wood Site Land Development Engineering (LVRR)

Mr. Stover stated that the JRA needs to secure approval of the City of Williamsport for the site work at the former James Wood property, now referred to as the "Reach Road Terminal". Some engineering and consulting work needs to be done to complete the Land Development Plan approval process. A proposal was received from Larson Design Group in the amount of \$22,090 of which \$19,000 was for engineering and additional costs for permit fees and a backhoe needed for testing.

Mr. Herman made a motion to accept Larson Design Group's proposal of \$22,090 to achieve necessary approvals for land development for the City of Williamsport; Mr. Harvey seconded the motion; motion carried.

Strategic Planning Process

Mr. Stover stated that the Board needs to reexamine its Strategic Planning process that was deferred from 2010. Staff supports moving ahead provided the JRA engages a consultant to facilitate and document the process. If this course is acceptable, a RFP needs to be issued for these services.

Chairman Walls stated even though the JRA would engage a facilitator, it is important for every Board member to get involved in the discussions.

Mr. Harvey made a motion to authorize staff to issue an RFP for a consultant to undertake its Strategic Planning effort; Mr. Postal seconded the motion.

Mr. Shaffer stated the JRA went through this a few years ago and a lot of time was spent on it. This would be a considerable amount of time and expense on the part of the Board members. He wanted to know what would be accomplished from doing this and why this would need to be done. He also wanted to know what the objective is and what would the outcome be.

Chairman Walls stated the last time this was done was not ideal and it could be better than that. To anticipate all of what is needed and to decide whether it gets undertaken is difficult because strategic planning should be forward looking in a five year time frame or longer. The engagement of some of the economic development organizations is an area that he would like to see the JRA do a better job of in a proactive way in all of the counties the JRA serves.

Mr. Shaffer stated it is his understanding that the Board of Directors can have private work sessions and he would like to suggest having a work session with just the Board members and talk about some of these things, not to make policy decisions, not to vote on anything, just to air some things out.

Chairman Walls stated one of the ordinary components of the strategic planning process is a work session, a retreat or an information briefing session, but it is a standard part of the process. Someone would need to document the ideas coming out of the discussion.

Mr. Shaffer asked that the work sessions be considered before engaging a facilitator.

Dr. Spychalski stated there is some merit in this but it needs to be done at a different time other than Board meeting day.

Mr. Herman stated the strategic plan should follow the mission statement and to “sit down” as a Board is needed. He stated he supports having the Board members come together.

Mr. Gummo stated that another course of action would be to let the RFPs go forward and then go forward with a meeting of the Board and from the Board select a committee as the governing body to review the RFP responses.

Mr. Shaffer suggested having the meeting to discuss exactly what should be in the RFP.

Mr. Pontius raised a question if the JRA would help a shipper served by NS or CP as they would a shipper in the JRA region.

Mr. Stover stated the strategic plan would be focused on the properties the Authority already has or have the potential to acquire by purchase or lease.

Chairman Walls stated the fundamental question is if each board member is willing to commit the time to engage meaningfully in the process.

Attorney Schrack stated he would provide an outline as to what can be done and what can't be done in a work session.

Chairman Walls asked if each board member would be willing to commit to several hours for a retreat or work session with the appropriate advance list of things to consider from the Executive Director. All members agreed.

Mr. Sawicki stated that the work session should be advertised as a work session and executive session.

NEW BUSINESS

Bridge Engineer's Report

Mr. Conrad, P.E. gave an extensive overview of his systematic inspections of the bridges on the JRA's system.

Resolution for RACP Application

Chairman Walls stated that a motion needs to be made for the full Board to authorize staff to submit an application for the RACP funding for the Irontown Commerce Center rail facilities for \$750,000.

Mr. Herman made a motion for the full Board to authorize staff to submit an application for the Redevelopment Assistance Capital Program (RACP) funding in the amount of \$750,000 for the Irontown Commerce Center rail facilities and execution of resolution by the Chairman and Secretary ; Mr. Reitz seconded the motion; motion carried.

West Shore Railroad Lease

Mr. Stover stated that the Operating Agreement Committee discussed the terms of the West Shore Railroad lease at their meeting. The Committee is in agreement with the lease terms and is recommending it to the full Board with some additions.

COMMITTEE REPORTS

Operating Agreement Committee

Mr. Krentzman reported that the Operating Agreement Committee met at 10:00 a.m. and discussed the proposed West Shore Railroad lease and the Committee is recommending to the full Board to enter into a lease with the West Shore Railroad Corporation. The following additions need to be added to the lease and are that the JRA have right of first refusal and the ability for renewal options.

Dr. Spychalski made a motion for the full Board to enter into a lease with the West Shore Railroad Corporation based upon the terms outlined as well as the addition of the renewal option and right of first refusal for the JRA for purchase of the West Shore Railroad should that become an item of interest to the owners ; Mr. Showers seconded the motion; motion carried.

Passenger Excursion Committee

Mr. Gummo stated that there was a lot of cooperation between North Shore Railroad, Jeff Pontius/ Penn Valley Railroad and JRA administrative staff.

A 2010 financial report for Penn Valley Railroad was distributed to Board members.

Chairman Walls asked if there is a mechanism in place to continue to do inspections. Mr. Stover replied that Strasburg Railroad has been instructed to do whatever inspections are required under federal law.

Chairman Walls stated he would like to see an overall summary business plan done and reviewed by the committee to see what obligations are being undertaken financially.

Chairman Walls adjourned the meeting at 3:05 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 February 9, 2011.



Secretary/Assistant Secretary