



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, July 8, 2020
Union Township Fire Company Social Hall, Winfield, 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 (via teleconference)
Bob Hormell, Northumberland County (via teleconference)
Rick Jenkins, Columbia County (via teleconference)
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County (via teleconference)
David Schultz, Lycoming County (via teleconference)
John Showers, Union County
John Spsychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

Todd Hunter, Chief Marketing Officer
Zac Mahaffey, Director of Maintenance of Way
Jeb Stotter, President & CEO
Diana Williams, Treasurer/Controller

GUESTS

Lauren Bryson, Focus Central Pennsylvania
Allen Bubb, West Shore Railroad
Kelly O'Brien, Berwick Industrial Development Association (BIDA)
Mark Rosner, Carload Express
Ed Sigl, First National Bank

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko (via teleconference)
Tom Schrack, Esq., McQuaide Blasko (via teleconference)

JRA CONSULTING PROFESSIONALS

Paul Jannotti, Jannotti Rail Consulting
Dan Mazur, Operating Agreement Consultant
Jason Shura, P.E., Stiffler McGraw

**SEDA-COG JOINT
RAIL AUTHORITY**

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JRA STAFF

Kay Aikey, Program Assistant

Kyle Postupack, property & Maintenance of Way Manager

Jeff Stover, Executive Director

CALL TO ORDER

Call to Order

The Chairman called the meeting to order at 12:34 p.m.

Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

Welcome – Chairman’s Statements

The Chairman 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.

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

Public Forum

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

ADMINISTRATIVE ITEMS

Approval of the June 3, 2020 Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the June 3, 2020 JRA Meeting Minutes; Ms. Wakeman seconded the motion; motion carried.

Treasurer’s Reports

Mr. Harvey presented the Treasurer’s Report for the month of June 2020, 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 made a motion for the Board to accept the Treasurer's Report for the month of June 2020 and file for audit; Mr. Graham seconded the motion; motion carried.

New PIB Loan Approval

Mr. Stover stated that staff has been working with PennDOT's Pennsylvania Infrastructure Bank (PIB) staff to restructure the two PIB loans on the JRA's accounts. All PIB loans carry a 10-year term.

The two loans are 1) \$3,500,000 loan for the Conrad Bridge closed in 2012 with a \$32,889 monthly payment at 1.63% interest and 2) \$170,000 loan for purchase of the Route 11 Rest Area property closed in 2017 with a monthly payment of \$1,538.27 at 1.75% interest.

All documents from PennDOT for a new loan to consolidate the two existing PIB loans into one \$1,280,000 PIB loan at zero interest have been received. There will be a hiatus in any PIB loan payments until January 1, 2022. The term of the new loan is 10-years and calls for a \$128,000 annual payment.

PIB loan rules require the borrower to secure collateral in the form of a bank Letter of Credit for the principal. The JRA Board needs to authorize this process which annually costs 1% of the total loan amount, with a declining balance as the loan is paid off.

Mr. Graham asked if there is an annual fee for the Letter of Credit. Mr. Sigl replied that it is 1% of the Letter of Credit based on the loan value and that goes down every year as the principal is paid off. There is a beginning documentation fee of \$500.

Ms. Wakeman made a motion for the full Board to pass a resolution accepting the new \$1,280,000 PIB loan and authorize the JRA officers to execute all loan documents; Mr. Winslow seconded the motion; motion carried.

Dr. Spychalski made a motion for the full Board to secure a Letter of Credit with First National Bank as collateral for the PIB loan; Mr. Jones seconded the motion; motion carried.

Dr. Spychalski made a motion for the full Board to authorize the Executive Director and/or the JRA officers to sign any documents associated with the Letter of Credit; Mr. Krentzman seconded the motion; motion carried.

Events Calendars

Mr. Stover summarized the status of various construction projects and calendar highlights.

Mr. Postupack shared a slide showing the Section 130 railroad crossing project – Schoolhouse Road (LVRR).

Operator's Status Report

The Operator's report was provided as a handout to Board members.

Mr. Mahaffey stated that on June 9th two FRA geometry cars were brought in that traveled from Tyrone to Lock Haven. He stated that the track is in excellent condition.

Mr. Hunter stated that Covia, a tenant of the Authority on the LVRR, has declared Chapter 11 bankruptcy. Covia will survive; they just have too many rail cars. Covia is the merger of Fairmount and Unimin and when Covia merged, it had 20,000 rail cars. The lack of demand for frac sand forced Covia into Chapter 11 bankruptcy.

Attorney Schrack stated that Covia did not reject the lease. JRA's counsel has been monitoring this and planning to get in touch with Covia's bankruptcy's counsel. At this time, there is no reason to believe that Covia will reject the lease with the Authority.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was provided in the meeting packet. Mr. Shura provided the following updates:

- Focus has been on the 2015 RTAP projects.
- Bids have been received for the SVRR Bridge 14.93 in Shamokin.
- NBER Bridge 33.84 (Curtin Bridge) Design, plan and bidding documents were sent to the Bureau of Rail Freight on June 12th and approval is pending.
- LVRR Antlers IT Bridge 179.44 (Iron Bridge) – the plan preparation is approximately 80% complete. Anticipate submitting to Bureau of Rail Freight in July.
- NSHR Bridge 195.10 (Bear Camp Bridge – design in 2020 for construction in 2021. Survey is planned for the summer of 2020.
- Two occupancy plan reviews were completed in June.
- The 2020 bridge safety inspections are complete. All field work has been completed. Reports are approximately 75% complete.

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- The NBER Port Matilda drainage features were submitted to Mr. Jannotti. Additional coordination with the Borough and utilities is underway.
- SMA survey of the Newberry Yard was completed, performed field work on May 26th. Making recommendations for drainage improvements.
- Working on a Talleyrand Park pedestrian walkway in the Borough of Bellefonte. This is not a JRA project. Construction started the week of June 22nd. Completion is scheduled for mid-October.
- Little Shamokin Creek Stream Mitigation Project (Upper Augusta Township) – a revised proposal was presented to the township on July 6th. (This is not a JRA project).

There are some projects on hold/pending that are awaiting further direction and grant decision.

SVRR Bridge 14.93 Bid Award

Mr. Stover stated that on June 9th, bids were opened for the second of five bridges under the RTAP15 Regional Bridge program.

Bid results are shown below.

Lycoming Supply	\$1,289,824.41
G. O. Hawbaker	\$1,486,282.00
Jay Fulkroad, Inc.	\$1,898,561.80
Gregori Construction	\$1,994,280.00

Mr. Stover stated that the original estimate from Mr. Conrad in 2015 for SVRR Bridge 14.93 was \$960,000. There are five bridges in this package and one of the bridges which is identified as the Iron Bridge, LVR 179.44 was estimated to be \$2.1 million in the application, but is currently a two track bridge and a number of years ago, it was decided to merge the two tracks and combine to a one track bridge. There will be a savings on the Iron Bridge which will be more than enough to compensate for the additional costs on the SVRR Bridge.

Mr. Park made a motion for the full Board to award SVRR Bridge 14.93 rehabilitation project to Lycoming Supply, Inc. in the amount of \$1,289,824.41; Mr. Krentzman seconded the motion; motion carried.

Mr. Postupack shared a slide of the SVRR Bridge 14.93.

FQT Multimodal Grant Closeout (NBER-Lock Haven)

Mr. Stover stated that the closeout of the PennDOT Multimodal Transportation Fund project for First Quality Tissue is finally upon us.

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To complete payments to Rhinehart Railroad Construction (\$50,000) and Larson Design Group (\$6,464), the JRA needs to consider a contribution of a total of \$56,464.

Related to this, the JRA already paid some \$6,900 to the NBER for the completion of the wingwalls for the new siding over the existing mill race. That payment is not included in the \$56,464 and was previously approved by the Board. The wingwall work is done and the NBER has been paid.

Mr. Graham made a motion for the full Board to contribute a total of \$56,464 to close out the First Quality Multimodal Transportation Fund project; Mr. Jones seconded the motion; motion carried.

NEW BUSINESS

Focus Central PA – DCED Livability Opportunity

Lauren Bryson, Executive Director of Focus Central PA briefed the Board on an opportunity to participate in a DCED Livability digital and print initiative. The Commonwealth's economic development push is going to be "livability".

Some Focus partners (such as DRIVE) are contributing funds to participate in a special regional effort related to this new program.

The cost to the JRA would be approximately \$1,800.

Mr. Gummo made a motion for the full Board to contribute up to \$1,800 to Focus Central PA for the DCED Livability program; Dr. Spychalski seconded the motion; motion carried with Ms. Wakeman abstaining due to her being chair of the Focus Board.

Jannotti Report – 2019 Inspections and 2020 Maintenance of Way Plan

Mr. Jannotti, the JRA's track consultant, presented the 2019 Track Inspection Report and his approved 2020 Maintenance of Way Plan. A copy of Mr. Jannotti's Report was mailed to Board members prior to the Board meeting.

Mr. Jannotti stated that everything is relatively good on the railroad.

Dr. Spychalski made a motion for the Board to approve the track consultant's 2020 Maintenance of Way Plan of Work; Ms. Wakeman seconded the motion; motion carried.

REPORTS FROM COMMITTEES

Property Management/Capital Budget Committee Meeting

Committee Chair Rick Jenkins reported on the work of the Property Management/Capital Budget Committee

Bald Top Road PennDOT Drainage Release (NSHR – Danville)

Mr. Postupack stated that staff was approach by LIVIC Civil about an ongoing project on Bald Top Road in Mahoning Township (Montour County) which is across Rt. 11 from the NSHR.

Bald Top Road experienced erosion and a partial collapse which forced the road to close in 2019.

In order to rectify the erosion concerns, the drainage system will be upgraded along Bald Top Road and the water will drain from inlets along Bald Top Road, to culverts that run under Rt. 11 and empty into an existing culvert at milepost 202.93 on the NSHR. The railroad culvert will not experience an increase of water with the new drainage system; however, the water will now drain more efficiently from the pipe under Rt. 11 to the culvert at milepost 202.93.

Jason Shura, P.E. and JRA staff have reviewed LIVIC's plan and have approved the project.

For the drainage system to be installed, PennDOT requires a drainage release be signed and submitted. The drainage release is required for the Township to apply for a Highway Occupancy Permit. The document is necessary since the work is being done on a PennDOT road by a non-PennDOT contractor.

Mahoning Township is funding this project with general funds.

Mr. Graham made a motion for the full Board to approve execution of the PennDOT Drainage Release form to allow LIVIC Civil to continue work on the Bald Top Road Project in Mahoning Township; Mr. Park seconded the motion.

Ms. Wakeman wanted to know if LIVIC Civil is asking to put anything under the railroad. Mr. Postupack replied that there is an existing culvert under the railroad, but it will not be modified. Their final design is still being reviewed and staff has been working with them throughout the process.

Mr. Jones asked if the Authority has any policies concerning a non-PennDOT contractor doing the work. Mr. Postupack replied the contractor will not be doing work on JRA property.

Mr. Shura stated that PennDOT is giving Mahoning Township permission to install a new facility on PennDOT property. PennDOT is asking Mahoning Township and their engineer to take full responsibility for the proposed work. PennDOT is not agreeing to take liability for the proposed work. PennDOT is not designing the work, nor is it performing the installation. This is relieving PennDOT of liability because they are not the entity doing the proposed work.

Motion carried.

DEP Consent Order for Monitoring Wells (NSHR-Berwick)

Mr. Postupack stated that the PA Department of Environmental Protection (DEP) is monitoring a seep of petroleum products in the North Branch of the Susquehanna at Berwick. The presumed source is an old fuel tank in the BIDA complex, and not on any land owned by the JRA.

DEP has approached staff to drill a new monitoring well along the NSHR tracks (at a safe distance). Mr. Stover stated that the contamination is not coming from JRA property.

Attorney Schrack stated that DEP does not like the JRA's standard form access agreement and have problems with the indemnification requirements, insurance, and some other language in the agreement. The alternative proposal from DEP is a form that basically states that the JRA consented to DEP coming on to install the wells and releases DEP and their contractors from anything that may arise. Attorney Schrack stated there needs to be some middle ground where the JRA has some protection in place when granting access.

The compromise that was proposed by DEP's counsel was a consent order; an agreement that is basically a DEP form order that will grant them access to do this, but there is very little in the proposed consent order that the JRA received. Attorney Schrack stated he proposed modifications to the order to try to reach a middle ground. These proposed modifications are now being reviewed by DEP's counsel. Attorney Schrack stated he received a response from DEP's counsel that they don't have the review completed so there is no final form to present to the Board for approval at this time.

Attorney Schrack stated that DEP would like to get moving on this so this item was put on the agenda for possible approval subject to further review. If a response is received from DEP that the JRA's revised version that contains the JRA's standard form, indemnification, insurance language, restoration requirements, flagging requirements, etc. is all in the agreement.

Mr. Harvey asked who owns the wells once they are drilled as his experience has been that these monitoring wells will have a certain useful lifetime and then eventually need sealed and capped. He also asked if DEP retains that responsibility in the agreement. Attorney Schrack replied yes that that is what is being put in the agreement. Mr. Jones stated his experience has been similar to Mr. Harvey's where that has not been the case and that whoever is the property owner is responsible.

Attorney Schrack stated that there is already an existing well on the property and no one can locate an agreement for it.

After some discussion, Attorney Schrack recommended that this item be tabled until the August meeting.

Mervis Industries, Inc. License Agreement for Mobile Scrap Car Operation (LVRR – Newberry Yard)

Mr. Postupack stated that Todd Hunter, Chief Marketing Officer for NSHR, approached JRA staff about an opportunity to bring in additional revenue via a 30-day license agreement for a car cutting operation in an area of Newberry yard that was previously leased by D&I Silica. The site will be licensed to Mervis for 30 days for a fee of \$750 with the option of renewing the license for another 30 days for an additional \$750.

Sumitomo Mitsui Banking Corporation (SMBC) currently owns over one hundred clean tank cars that are being stored in Tyrone. SMBC required Mervis, a scrap recycling company, to be the contractor for the operation in which Mervis will break down 5 cars per day, 7 days per week for 30 days.

The operation can be hard on the track structure so the cars will be removed from the track before the crew breaks down the tankers. The track will be inspected prior to and after the operation is complete.

The agreement is a three-party agreement between Mervis, LVRR, and the JRA.

In addition to the revenue split between the Operator and JRA, the scrapping of the clean and empty tank cars will generate 30 outbound carloads of scrap steel for the LVRR. Also, heavy castings (wheels, axles, etc.) will most likely be sold to JVRR customer Standard Steel in Burnham.

The tank cars have been moved to the site in the Newberry Yard and Mervis crews will commence work in mid-July.

Mr. Winslow made a motion for the full Board to approve the three-party License Agreement for Mervis to conduct a short-term mobile tank car scrapping operation at the former D&I Silica site in the Newberry Yard and authorize the JRA officers to execute all documents; Mr. Gummo seconded the motion; motion carried.

Mr. Postupack shared a slide of the SMBC-Mervis project location in the Newberry Yard.

Aqua Pennsylvania, Inc. Easement for Water Main Replacement (SVRR – Shamokin)

Mr. Postupack stated that staff was approached by Aqua Pennsylvania, Inc. about replacing old, existing cast-iron pipe with approximately 1,025 linear feet of 8-inch diameter ductile water main within a new 16" casing pipe.

The water main will cross under the track of West Walnut Street in Shamokin. The crossing is wholly within the public right-of-way. The proposed occupation has been reviewed and approved by the JRA Engineer, Jason Shura, P.E., and JRA staff.

The term for the easement agreement will begin on the effective date and continue until terminated by Aqua by written notice to the Authority at any time or by the Authority.

There will be no easement fee since the occupation is within the public right-of-way. However, an \$800 application fee will be assessed.

Mr. Graham made a motion for the full Board to approve the easement agreement with Aqua Pennsylvania, Inc. for the replacement of a water main under the Shamokin Valley Railroad at West Walnut Street in Shamokin, PA; Mr. Park seconded the motion; motion carried.

Mr. Postupack shared a slide of the Aqua Water Main Replacement on the SVRR in Shamokin.

Dement Easement for parcel for Signal Mast Installation (NSHR – Berwick)

Mr. Postupack stated that staff has been working with two different property owners who own land near the Susquehanna Avenue railroad crossing along the BIDA Industrial Track in Berwick. The track is owned by the Berwick Industrial Development Association and is leased by the Authority.

Susquehanna Avenue is part of a Section 130 corridor in which a new signal mast and signal house will be installed to improve safety at that crossing. The Authority reached an agreement in October 2019 with the property owner of the parcel in which the signal house is to be located.

The owner of the 672 square foot parcel where the signal mast will be located has agreed to a perpetual easement between herself (Mrs. Tammy Dement), BIDA, and the Authority in which the easement will stay with the property if the owner were to sell it.

The easement fee is for \$1,000; all land acquisitions are reimbursable with Section 130 funds.

Mr. Park made a motion for the full Board to approve the perpetual easement between Mrs. Tammy Dement, the Berwick Industrial Development Association, and the Authority for the 672 square foot parcel along the BIDA Industrial Track in Berwick for \$1,000.00 in which the easement fee will be reimbursed with Section 130 funds; Ms. Wakeman seconded the motion; motion carried.

Mr. Postupack shared a slide of the Dement Parcel.

LEGAL

Legal Issues

DRIVE Boundary Line Agreement (NSHR – Danville)

Mr. Stover stated that DRIVE is in the process of selling a building with some surrounding land (0.92 acres total) to a company in the former Metso complex in Danville. A portion of the sale includes a very small “bump out” of the building that extends slightly into the edge of the JRA’s property. Last year, DRIVE and the JRA executed a boundary line agreement to resolve the minor encroachment.

Attorney Schrack stated that in order for the sale to the third party buyer to proceed, DRIVE requests that the JRA approve (i) an assignment of the existing Boundary Line Agreement to the buyer and (ii) an amendment of the agreement to provide that the agreement will be automatically transferred to any future buyers of the property (i.e., that no future assignments will be required).

The assignment has been prepared by the attorney for DRIVE and has been reviewed by Solicitor Schrack.

Mr. Park made a motion for the full Board to approve the assignment and amendment of the Boundary Line Agreement with DRIVE and authorize the Chair to execute the assignment and amendment agreement; Mr. Krentzman seconded the motion; motion carried with Ms. Wakeman abstaining.

NARCOA (speeder) Runs

Attorney Schrack stated that Board approval is needed for the following NARCOA “speeder” runs. All of these are acceptable to the Operator.

The proposed railcar excursions are:

- Saturday, August 1, 2020 (LVRR)
- Sunday, August 2, 2020 (NBER)
- Saturday, August 15, 2020 (NSHR)
- Sunday, August 16, 2020 (SVRR)

Dr. Spychalski made a motion for the full Board to accept the proposed August 2020 NARCOA railcar excursions as listed; Mr. Winslow seconded the motion; motion carried.

LVRR South Avis Construction Easement Sale for Clinton County Rail Trail

Mr. Stover stated that JRA staff received a Notice of Acquisition from the PennDOT District 2-0 Right-of-Way Administrator that Clinton County is requesting to temporarily acquire a 1.59-acre section of JRA property on the South Avis Access Road in Pine Creek Township to complete a trail project at the old NY Central Railroad bridge across the Susquehanna River.

PennDOT requires a temporary construction easement be obtained for the project since this is a PennDOT funded project.

A fee of \$1,300 for the temporary construction easement will be paid by Clinton County to the JRA for use of the 1.59-acre parcel on the South Avis Access Road. The JRA has had some out of pocket expenses for engineering costs.

Mr. Graham asked if there will be a pre and post inspection before and after the work is done. Mr. Shura replied that standard language in the easement would typically state that there would be a pre and post inspection and requiring that the property be returned to its original condition. PennDOT is handling that document and Mr. Shura stated he has not seen the document. It is reasonable to confirm that this language is in the document and if not, to request that it be added.

Mr. Graham made a motion for the full Board to approve the Notice of Acquisition of a temporary construction easement for a 1.59-acre parcel of JRA property, the South Avis Access Road, contingent that the easement include the language that a pre and post construction inspection be done; and payment of \$1,300 from Clinton County for the construction of a trail project at the former NY Central Railroad bridge in Pine Creek Township.

Mr. Schultz asked what the term of the agreement is. Mr. Shura replied it would be for the duration of the construction contract and once construction is complete, final inspection is done, and the contract is closed out, the easement would be terminated.

Mr. Stover stated that staff will inform the PennDOT right-of-way person that the easement is being approved contingent that a pre and post inspection of the roadway be done.

Mr. Jones seconded the motion; motion carried.

Chairman Showers stated that the Board will be going into executive session to discuss the litigation developments after a brief report on confidential information from the operator.

Chairman Showers recessed the regular meeting at 2:30 p.m. to convene into executive session. Chairman Showers reconvened the regular meeting at 3:47 p.m.

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Attorney Schrack stated that the Authority Board held an executive session. The Operator was initially in the session to report on confidential and proprietary financial matters of the Operator. The Operator then left and the Authority Board then held with the Executive Director and the Attorneys discussion concerning the ongoing litigation. No action was taken and no action is recommended to be taken.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 3:48 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 at the JRA special meeting on August 20, 2020.



Secretary/Assistant Secretary