



**PRESERVING
RAIL FREIGHT
SERVICE**

SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, May 12, 2021
Union County Government Center, Lewisburg, PA
12:30 p.m.

AUTHORITY MEMBERS

Frank Dombroski, Montour County
Russ Graham, Centre County (via teleconference)
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
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
John Showers, Union County
John Spychalski, Centre County
Jennifer Wakeman, Montour County (via teleconference)
Eric Winslow, Union County

JRA OPERATOR

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

GUESTS

Erik Bergenthal, Esq., Houston Harbaugh (for Carload Express) (via teleconference)
Alex Lang, Carload Express (via teleconference)
Mark Rosner, Carload Express

LEGAL COUNSEL

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

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant
Jason Shura, P.E., Stiffler McGraw

Affiliated with
SEDA Council of Governments



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 12:39 p.m. Mr. Stover provided roll of those in attendance.

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.

Public Forum

The Chairman asked if there is any public comment to come before the Board. Mr. Rosner was recognized by the Chairman.

Mr. Rosner stated that this July it will be six years since Carload Express was named the winner of the RFP to operate the SEDA-COG railroads. It will also be four years since Carload Express should have begun operating the JRA rail lines. Carload Express estimates that the JRA has already missed out on over \$3.25 million of additional operating fees that would have been paid to the JRA had Carload Express begun operation of the lines on the date envisioned in the RFP – enough money to pay off all of the JRA’s debt and still increase its bank balances by over 25 percent. Today, it has been almost 7.5 months since the PA Supreme Court ruled that the 7-3 vote in July six years ago was effective, and that the motion to award the Operating Agreement to Carload Express passed at that time. Carload Express has been patient, but let’s not squander an opportunity to ensure a seamless transition that will benefit the JRA, its customers, the community, railroad employees and their families, and the entire region. Mr. Rosner stated to have a seamless transition requires planning, communication, and expertise.

Mr. Rosner stated that Carload Express has done this before and seamlessly transitioned in 2016 when Carload Express took over 160 miles of track from Norfolk Southern in Delaware and Maryland and will be successful again when Carload Express begins operation on the JRA lines. Mr. Rosner stated that Carload Express needs continued cooperation from the JRA regarding many outstanding transition items. Mr. Rosner stated that most transitions occur on an extremely tight timeline, and 7.5 months of precious time has already slipped away. Mr. Rosner stated that Carload Express needs to get moving. Mr. Rosner stated that Carload Express will provide safe, professional, reliable, and efficient rail service to Central Pennsylvania. Mr. Rosner stated that Carload Express will work hand-in-hand as partners with the JRA, revitalizing rail infrastructure, growing rail volumes, and fostering economic development in the region. Mr. Rosner stated as evidenced by Carload's regular attention at these meetings, Carload Express is committed to the public-private partnership required to operate the JRA lines. Mr. Rosner stated that Carload Express has invested millions of dollars in locomotives, and a significant time investment from its leadership team. Mr. Rosner stated that Carload Express believes that this partnership is worth it. Mr. Rosner stated that Carload Express hopes that the JRA agrees and that the JRA begins serious collaboration with Carload Express on a transition.

ADMINISTRATIVE ITEMS

Approval of the April 14, 2021 JRA Meeting Minutes

Dr. Spsychalski made a motion for the Board to approve the April 14, 2021 JRA Meeting Minutes; Mr. Winslow seconded the motion; motion carried.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of April 2021, as well as the JRA's loan summary, the JRA Money Market Account Financial Statement, the PIB Loan 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 April 2021 and file for audit; Mr. Jones seconded the motion; motion carried.

RFP for Audit Services

Mr. Stover stated that after the JRA's audit was presented, staff received an engagement letter from Herring, Roll & Solomon to do the JRA's audit for 2020 in the amount of \$9,500. The engagement letter was presented to the Chair for his signature under the recommendation of staff. Mr. Stover stated that this engagement letter needs to be ratified by the Board.

Dr. Spsychalski made a motion for the full Board to ratify the engagement letter with Herring, Roll & Solomon and to set up an audit schedule with Herring, Roll & Solomon for the JRA's audit; Mr. Dombroski seconded the motion; motion carried.

Staff Report and Events Calendar

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

Mr. Postupack shared the following slides:

- Talleyrand Park Pedestrian Bridge (NBER – Bellefonte)

Mr. Shura stated that the cost of this project construction was approximately \$260,000 and completed by Lycoming Supply. The project was funded by a CDBG grant.

Mr. Postupack showed a photo of a new line of business having hay delivered in a box car on the LVRR at the Faxon Street Dock.

Operator's Status Report

The Operator's Status Report was included in the meeting packet. Mr. Stotter stated that the Operator installed approximately 3,700 ties on the NBER, as well as 8 ½ miles of surfacing.

Mr. Harvey asked how many coal trains have gone over the NBER in the last year; Mr. Stotter replied there were none.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was included in the meeting packet.

Mr. Shura provided the following updates:

- The 2021 bridge inspections on NBER and LVRR have been completed and he anticipates finishing the bridge inspections on the NSHR later this month.
- Bids were opened on May 11th for NSHR bridge 195.88 (Bear Camp) and the low bid came in at \$336,796 which is under the engineer's estimate of \$485,000. Four bids were received for this project. Lycoming Supply was the low bidder for this project. Mr. Shura stated he is recommending the JRA award the bid to Lycoming Supply in the amount of \$336,796.

- Contract documents for SVRR Bridge 14.93 (Shamokin) and NBER Bridge 33.84 (Curtin Bridge) have been received and are almost ready to issue a notice to proceed. Lycoming Supply is the contractor for these bridges. A meeting has been scheduled for May 17th with Lycoming Supply to discuss the three projects. There will also be monthly status meetings with Lycoming Supply as well.
- Poppy Road Bridge over SVRR is currently on a three-month inspection cycle. The engineer is proposing a repair to the open joints of the curb. The repair is meant to stabilize what is happening there so it doesn't get worse.

Poppy Road Repair (SVRR)

Mr. Stover stated that the Poppy Road bridge deck replacement project did not receive Multimodal Transportation funding from either PennDOT or CFA. A near-term repair to the bridge is needed.

Mr. Harvey made a motion for the full Board to authorize bid solicitation for repair for Poppy Road bridge deck per Jason Shura's recommendation; Mr. Gummo seconded the motion; motion carried.

Mr. Postupack shared a slide of the Poppy Road Bridge in Shamokin Township.

Bid Award for NSHR 195.88 Bridge (Bear Camp)

Mr. Stover stated that bids for the RTAP15 bridge – NSHR 195.88 at Bear Camp were due on May 11th. This stone arch structure is on the Montour/Columbia County line.

Nine general contractors attended the pre-bid meeting on April 28th. Board members Park and Dombroski were also in attendance.

The following bids have been received:

NSHR Bridge 195.88 Bids (Bear Camp)		
Bridge	Cost (Actual or Estimate)	Rank
Lycoming Supply, Inc.	\$336,796	1
LTT Trucking, LLC	\$417,724	2
Charles J. Merlo, Inc.	\$545,000	3
Clearwater Construction, Inc.	\$546,670.73	4

Mr. Postupack shared a slide of the NSHR Bridge 195.88 (Bear Camp)

Mr. Dombroski made a motion for the full Board to award NSHR Bridge 195.88 to Lycoming Supply for \$336,796; Mr. Gummo seconded the motion; motion carried.

Castanea Runaround Track Local Share (NBER)

Mr. Stover stated that the 500+ feet runaround track in Castanea is complete and in service at the terminus of the Mill Hall Industrial Track. The new runaround allows for safer and more efficient movement of hazmat cars for WSP Chemical and PVS Chloralkali.

The entire project was done by the NBER using a PennDOT RFAP grant. Total cost was \$318,185 which requires a 30% local share of \$95,455.

Mr. Stover reminded the Board that approval was given to pay Mr. Jannotti for all engineering costs for this project. Mr. Stover stated that given the value of this new capital improvement, staff recommends the Board consider a 50/50 cost share for this project, of \$47,727. This is consistent with years long pattern of cost sharing in many other capital projects improving the JRA's rail properties.

Mr. Stover stated that a little more than a year, ago, the LVRR completed another RFAP on its own for the LVRR. This was segments of rail replacement between Muncy and Koppers. Total project was \$858,965 which required a LVRR share of \$342,325. Staff recommends the Board's cost sharing for this project.

Mr. Park made a motion for the full Board to approve cost sharing the local share for the Castanea Runaround Track in the amount of \$47,727; Mr. Winslow seconded the motion; motion carried.

PROPERTY MANAGEMENT COMMITTEE

Verizon Pennsylvania LLC – License Agreement (SVRR – Shamokin Twp.)

Mr. Postupack stated that Verizon Pennsylvania LLC approached staff about abandoning an existing underground fiber line and constructing a new overhead transverse crossing on the SVRR in Shamokin Township, Northumberland County.

The 4-inch underground concrete encased conduit will be left in place. The existing pole will be replaced, and an anchor will be added to the pole. The clearance of the new overhead facility will be 27' from top of rail and will serve one customer.

An \$800 application fee, an annual license fee of \$860 which is subject to CPI increases, and a one-time fee of \$100 will be assessed. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the aerial fiber cable 27' above top of rail on the SVRR – Shamokin Township. Mr. Postupack also shared a slide of the pole to be replaced with 40' wood pole and anchor and the pole to be removed.

Mr. Harvey made a motion for the full Board to approve this license and authorize its execution by the Authority's officers; Mr. Postal seconded the motion; motion carried.

Everstream License Agreement (NSHR – Catawissa)

Mr. Postupack stated that Everstream approached JRA staff about installing a new 48-count fiber optic cable over the NSHR at the SR-42 grade crossing Catawissa. The vertical clearance of the wire 27'-10" above top of rail with sag. The cable will serve multiple businesses.

An annual fee of \$2,300, subject to CPI increases, as well as an \$800 application fee will be assessed per the JRA's Fee Schedule. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the aerial fiber 27'-10" above top of rail on the NSHR in Catawissa.

Mr. Hormell made a motion for the full Board to approve this license agreement with Everstream and authorize its execution by the Authority's officers; Mr. Schultz seconded the motion; motion carried.

LVRR Building – Window Installation

Mr. Postupack stated that M&R Contractors based out of Lock Haven completed the installation of doors and windows in the LVRR officers. Four doors and 19 windows were replaced. All rooms have one sliding window for safety purposes. With the installation of the new doors, the building is now completely secured. Railroad staff has commented about how quiet their offices are now that the windows have been installed.

Mr. Postupack shared a slide of the LVRR Office – window and door replacement.

Mr. Postupack stated that the next repair will be made to the parking lot and a pre-bid meeting will be held in the near future.

PASSENGER EXCURSIONS COMMITTEE REPORT

Committee Chairman Spychalski reported on the restarting of the 2021 excursions season given COVID considerations. He stated that on Tuesday, April 20th he met with Mr. Gummo and Mr. Pontius to discuss the following subjects:

1. Outlook regarding COVID-19-related developments for resumption of excursion operation onward from September 1, 2021.
2. Availability/adequacy of volunteer PVRR personnel for trips to be run between September 1 and December 19, 2021.

3. Time/work required for preparation of PVRR equipment for return to service.
4. Requirements for sanitizing of equipment, on-board spacing of passengers and limit on tick number of passengers per trip.

The steps for going forward are listed below:

1. Restrict such trips as might be operated to the month of September and beyond.
2. On or before May 31, submit requests for trips set for operation in September, October, November and December. A tentative schedule based on the requests will then be constructed and reviewed in consultation with Mr. Pontius and representatives of the Freight Service Operator.
3. No later than July 1, 2021, Mr. Pontius will make a judgment about whether COVID-19 conditions have subsided to the point where they no longer pose an unacceptable level of health risk for his personnel and for excursion passengers. His judgment will determine whether what has been scheduled tentatively will in fact be operated. If Mr. Pontius judges it "health safe" to operate, the tentative schedule will be reviewed and acted upon by the JRA Passenger Excursions Committee and full Board on July 14, 2021.

LEGAL

Legal Issues

Attorney Schrack stated there are no legal issues for the public portion of the meeting.

Operating Agreement Consultant's Report

Mr. Dan Mazur presented the Operator's first quarter results via PowerPoint.

1Q 2021 Transportation Expense Ratio

- Target: About 43%
- Results for 1Q 2021
 - Lower than Target
 - Lower than 1Q 2020
 - Lower than 1Q 2021 Budget
- Total transportation expenses higher than budget, but higher than expected revenues resulted in a lower ratio.

1Q 2021 Maintenance of Way Ratio

- Target: About 21%
- Results for 1Q 2021
 - Lower than Target
 - Lower than 1Q 2020
 - Significantly lower than 1Q 2021 Budget
- Total Maintenance of Way expenses lower than budget due to late start of maintenance of way work due to weather.
- Higher than expected revenue resulted in lower ratio.

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 1:25 p.m. to convene into executive session at 1:35 p.m.

Chairman Showers reconvened the regular meeting at 2:23 p.m.

Attorney Schrack stated that the JRA Board held an executive session with representatives of the Operator and the Authority's consultant to continue its discussion of the consultant's report involving confidential and proprietary information of the operator. After representatives of the Operator left the executive session, the Authority Board and its solicitor held discussion regarding litigation matters. No action was taken, and no action is recommended at this time.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 2:24 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 June 9, 2021.



Secretary/Assistant Secretary