



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, MAY 14, 2014
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

Stephen Bridy, Northumberland County
Frank Dombroski, Montour County
Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Tom Herman, Montour County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Don Purcell, Northumberland County
John Showers, Union County
John Spychalski, Centre County
Jerry Walls, Lycoming County

JRA OPERATOR

Russ Nicodemus
Gary Shields
Jeb Stotter
Diana Williams

GUESTS

Al Bubbs, NRHS
Tyler Glass, Reading & Northern Railroad
Mark Murawski, Lycoming County Planning Commission
David Rangel, Modoc Railroad
Andrew Richards, Bellefonte Historical Railroad Society

LEGAL COUNSEL

Tom Schrack, Esq., McQuaide Blasko Law Offices

JRA CONSULTING PROFESSIONALS

John Conrad, P.E., Bridge Engineer
Dan Mazur, Operating Agreement Consultant

JRA STAFF

Kay Aikey, Program Assistant
George Fury, Property & Maintenance of Way Manager
Jeff Stover, Executive Director

**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 STAFF

Steve Kusheloff, Public Information

CALL TO ORDER

Call to Order

Chairman Walls called the meeting to order at 12:35 p.m.

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Richards expressed his appreciation to the operator and in particular to Messrs. Jim Mackey and Todd Hunter for their participation in the NARCOA excursions on the NBER recently.

Chairman Walls asked that the Chairman or the Executive Director be notified if any Board member, staff or visitor intended to record any part of the meeting.

Approval of the April 9, 2014 Meeting Minutes

Mr. Bridy made a motion to approve the April 9, 2014 meeting minutes; Mr. Showers seconded the motion; motion carried unanimously.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of April 2014 as well as the JRA's loan summary.

Dr. Spsychalski made a motion to approve the Treasurer's Report for the month of April 2014 and file for audit; Mr. Gummo seconded the motion; motion carried.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for May/June and Staff Report.

Operator's Status Report and Business Forecast

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

Ms. Williams stated that March 2014 saw a 12.7% decrease in operating fee revenue compared to last year and an 8.1% decrease in carloads compared to last year. The numbers, however, are

now showing a slow recovery. The operator is in the process of working with Herring & Roll regarding the JRA audit.

OLD BUSINESS

Mr. Stover stated that the Property Management Committee set a site tour for June 9 to go to Lewistown and Bellefonte to look at the North Yards, the West Park track condition, and the Bellefonte bridge work. Board members will meet at SEDA-COG at 8 a.m. and then will proceed to Mr. Postal's office in Mifflin County by 9:30 a.m. Board members are asked to let staff know if they are interested in attending.

Staff met with the monitors for FRA on May 12 and 13. The meeting went very well.

TIGER II Status and Action Items

Mr. Stover reviewed the updated TIGER II budget that was distributed at the meeting.

Bridge Engineer's Report

Board members were provided with the Bridge Engineer's Report and recommended action items. Mr. Conrad was in attendance at the meeting and updated Board members on projects he is working on, including the Loyalsock Creek Bridge, the Talleyrand Bridge Rehabilitation, LVRR Washout Repairs and the RTAP bridges.

Loyalsock Creek Bridge Change Orders:

Change Order 1: Staff requested the ditch line north and south of the track to Canfield Lane be cleaned out and grade be established to existing pipes: Change Order Cost: \$20,926.00

Change Order 2: The final track alignment for the east and west approaches to the new bridge require an additional 125 ties to be installed and an additional 33 lineal feet of track reconstruction: Change Order Cost: \$18,740.30

Change Order 3: The pressure cleaning of the found cross pipes and the added deep ditching to the then opened pipe inlets and outlets require an additional change order: Change Order Estimated Cost: \$25,000.00

Change Order 4: The found cracks in the two span overflow bridge spans at the bearings require repairs before painting. Change Order Cost: \$4,800.00

Change Order 5: Additional pumping and delay costs were anticipated to reach \$385,000. The actual costs were received and are under review. The maximum total will not exceed \$314,594.12. The revised total project budget includes this total. Final negotiations are considering additional reduction in approved costs below the \$314,594.12.

Dr. Spychalski made a motion for the Board to approve change orders 1-4 as recommended by the bridge engineer; Mr. Herman seconded the motion; motion carried.

Dr. Spychalski made a motion for the Board to approve the revised budget with a maximum total for negotiating the final pumping and delay costs not to exceed \$314,594.12; Mr. Jones seconded the motion; motion carried.

Mr. Stover stated that a dedication of the Loyalsock Creek Bridge will be held on August 13 in conjunction with our JRA Board Meeting in Lycoming County. Board members will be kept informed as details are finalized.

Hepburn Street Agreement for Inspection

Mr. Stover stated that Larson Design Group needs to be engaged to do inspections at the Hepburn Street parking site. This firm has proposed to do so for \$7,400. Staff discussed this proposal with the Chairman who recognized the need to proceed to ensure proper inspection of work by Mid-State Paving.

Mr. Harvey made a motion for the Board to ratify the inspection services agreement with Larson Design Group for \$7,400 to inspect the Hepburn Street parking area construction; Mr. Graham seconded the motion; motion carried.

NEW BUSINESS

JVRR North Yard Brush Cutting

Mr. Fury stated that staff seeks Board approval to secure bids to brush cut the entire 19.6 acre North Yard site.

Mr. Postal made a motion for the Board to approve a bid solicitation for the brush cutting of the JVRR North Yards parcel; Mr. Park seconded the motion; motion carried with Mr. Krentzman abstaining.

JVRR North Yards Survey

Mr. Fury stated that during the acquisition of the North Yards, staff found a boundary survey done by a firm in Harrisburg. Staff has successfully secured the AutoCAD files of the survey from the consultant. There is a need for a survey to locate other landmarks on the site and provide the basis for a complete site plan. The Authority has been using Vassallo Engineering and Surveying out of Williamsport for much of the Authority's project survey needs.

Mr. Herman made a motion for the Board to approve seeking a proposal from Vassallo Engineering and Surveying to provide a more detailed survey of the JVRR North Yards; Mr. Purcell seconded the motion; motion carried.

JVRR Reconstruction of West Park Track

Mr. Fury stated this item is being tabled until the June meeting.

JVRR SR 322 Crossing

Mr. Fury stated that PennDOT is working on a series of bridges on SR322 in the Lewistown area. The entire project extends over the next two construction seasons. Because of the lane shifting being done as part of this project, it would be a perfect time to reconstruct the SR322 grade crossing. Mr. Fury further stated that \$92,000 in Section 130 grant funds can be applied to this crossing project. Mr. Jannotti prepared the bid specifications and five bids were received. The results of the bids are listed below:

Bidder	Total Base Bid
G.W. Peoples	\$175,564.00
K.W. Reese	\$176,777.55
Railworks	\$182,992.00
Chesapeake Thermite Welders	\$223,042.00
Amtrac of Maryland	\$284,575.00

The bid specs were written that the award would be based on the total base bid. The bid alternate is to add two concrete panel sections to the west end of 322 and pave the area and to facilitate the signal maintainer getting off of 322.

After Section 130 funds are deducted, the balance of the project cost is \$91,964 (\$45,982/year).

Mr. Graham made a motion for the Board to award the Route 322 Grade Crossing Renewal Project to G.W. Peoples in the amount of \$175,564.00 and authorize the Chair to execute all contract documents; Mr. Bridy seconded the motion; motion carried.

Mr. Gummo made a motion for the Board to authorize the execution of a change order to be ratified at the June meeting to address the bid alternate in an amount not to exceed the total contract of \$183,964.00; Mr. Postal seconded the motion; motion carried.

COMMITTEE REPORTS**Property Management/Capital Budget Committee**

Acting Committee Chair Dave Park reported on the work of his committee.

James Wood Site Phase II Approval

Mr. Fury stated that Girio Real Estate is the JRA's listing broker for the sale of the former James Wood building. Brian Girio has advised that interested parties are particularly keen on seeing a complete Phase II for the building and surrounding land. When the JRA purchased the property an environmental assessment was commissioned, but not a full Phase II. To that end, staff contacted Barry Isett and Associates for a proposal. They have responded with a proposal to do geotechnical investigations at a cost of \$11,750.

Mr. Herman made a motion for the Board to approval Barry Isett and Associates' proposal to perform a Phase II environmental study of the former James Wood building and adjacent land area at a cost of \$11,750; Mr. Park seconded the motion; motion carried with Mr. Harvey abstaining.

James Wood Landscaping Maintenance Contract

Mr. Fury stated that staff solicited bids from 8 contractors through direct mail. A pre-bid was held on Monday, April 28, 2014. One bidder attended, Knep's Landscaping from Williamsport. Work includes ongoing mowing for the year, tree/bush maintenance, shrub replacement (5), edging and mulching of beds, and removal of a badly deteriorated pergola at the main entrance of the building. Knep's Landscaping was the only submitting bidder with a bid of \$7,225.00.

Mr. Showers made a motion for the Board to award the contract for landscaping services at the James Wood Building to Knep's Landscaping in the amount of \$7,225.00; Mr. Bridy seconded the motion; motion carried with Mr. Harvey abstaining.

James Wood Building Inspection

Mr. Fury stated that staff has completed a cursory inspection of the James Wood Building and has noticed signs of water staining on the interior walls at several locations. Larson Design Group has been contacted for a quote to inspect the roof and walls. Larson Design Group declined the work as they do not have anyone certified to inspect industrial roofing systems. A list of qualified inspectors will be submitted to staff by Larson Design Group for consideration. The Property Management Committee authorized staff to solicit proposals for this inspection. This is an informational item only for the Board and no action is needed.

PMC Sites Tour

The Property Management Committee set a date of June 9 for a PMC sites tour. Board members interested should be at SEDA-COG at 8:00 a.m. and will then meet at Mr. Postal's office in Mifflin County at 9:30 a.m.

Hi-Crush Lease

Mr. Fury stated that staff has been negotiating a lease with Hi-Crush (D&I Silica) for the Newberry North Yard site for transloading of sand. The base rent amount is \$50,000. Term is an initial 10 years with one 5 year extension. Additional terms may be granted as required. Hi-Crush plans to make significant "permanent" site improvements that the JRA would retain should the lease be terminated. Improvements include the installation of a truck scale, scale house, equipment for scale data collection, and electrical service. Permanent improvements total \$96,145.00 to be amortized over 10 years in the amount of \$9,614.50 off of the base rent annually. The net lease payment will be \$40,385.50 a year and is subject to CPI adjustments.

Mr. Bridy made a motion for the Board to approve this lease with Hi-Crush (D&I Silica) in the amount of \$50,000 annually, with amortization of \$96,145.00 in permanent site improvements over the initial 10 year term and authorize the Chairman and Secretary to execute all documents; Mr. Purcell seconded the motion; motion carried.

PTC Agreement

Attorney Schrack reminded the Board of the presentation by Cambridge Communications about a year ago on the Positive Train Control system (PTC) which the operator is undertaking. Under the Operating Agreement between the JRA and the operator, the operator has the right to install capital improvements with the written consent of the Authority. The attorney for Cambridge Communications prepared a joint license agreement. Under this agreement, the Authority and the operator are jointly licensing to Cambridge certain spots along the LVRR for the installation of this system. Attorney Schrack stated that the appropriate indemnification language was included in the agreement through negotiations. Also, the JRA will not incur any costs or time involvement from staff in connection with this undertaking, other than attending some meetings. The agreement will continue until terminated by any party upon the breach of another party, but the agreement may also be terminated by Cambridge in the event that there is a new operator from the RFP process. The Property Management Committee recommends approval of this license agreement subject to a few minor revisions to be addressed with Attorney Wilson and the attorney for Cambridge.

Mr. Graham made a motion for the Board to approve the Positive Train Control Systems License Agreement subject to revisions deemed acceptable by solicitor and staff for the test installation on the LVRR; Mr. Park seconded the motion; motion carried.

Operating Agreement Committee

Committee Chairman Krentzman stated that the Operating Agreement Committee met and discussed the trade names that the operator has put on the lines. Committee members agreed that as a point of clarification the word "line" would be added to the geographic based name. The customer and county briefing meetings were successful and the feedback received was positive. A press release will be released regarding the RFP process.

Mr. Bridy made a motion for the Board to approve the Request for Proposals for railroad operations and release the document to the public; Mr. Harvey seconded the motion; motion carried.

Mr. Stover stated that a mandatory pre-proposal meeting will be held on June 5 at the Union County Government Center in Lewisburg beginning at 10:00 a.m. A link has been added to the Authority's website which will include the RFP as well as the new Operating Agreement.

A copy of the news release regarding the release of the RFP was provided to Board members.

LEGAL

Operating Agreement Consultant Report

Mr. Mazur presented the Operator's first quarter 2014 Budget Performance Review.

1 Q 2014 Transportation Expense Ratio

- Target: About 43%
- Results for 1 Q 2014
 - Higher than Target
 - Higher than 1 Q 2013
 - Higher than 1 Q 2014 Budget
- Transportation Ratio was very high in 1 Q 2014 due to lower revenues caused by severe winter weather.
- Operator expects revenues to return to Budget levels as weather improves.

1 Q 2014 Maintenance of Way Ratio

- Target: About 21%
- Results for 1 Q 2014
 - Lower than Target
 - Higher than 1 Q 2013
 - Higher than 1 Q 2014 Budget
- Total Maintenance of Way expenses in 1 Q 2014 close to Budget.
- Maintenance of Way ratio distorted by lower revenue caused by severe winter weather.

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

Legal Issues

Attorney Schrack updated the Board on the pending legal issues:

- Munro Eminent Domain (LVRR South Avis Access Road) – no update.
- North Branch Canal Trail – Fike Land Issue: No action of the JRA is required to be taken on this issue. The Montour Area Recreation Commission will resolve this with Mr. and Mrs. Fike.
- Landlord's Waiver – Bridgewell Resources: Power and Construction Group, Inc. is a tenant of the JRA. From time to time, companies that deal with the Authority's tenants may be storing property and materials at the tenant's location, and will want the Authority to sign a Landlord's Waiver in connection with financing that companies are doing so that the lenders are assured that the Authority is not going to take any action to possess or sell off any property stored at the site. Bridgewell Resources has requested that the Authority sign such a waiver.

Dr. Spsychalski made a motion for the Board to approve the Landlord Waiver and authorize the Chairman to execute the Landlord Waiver in favor of Bridgewell Resources; Mr. Bridy seconded the motion; motion carried.

- The Authority has received some requests for VIP non-public passenger excursions that need to be reviewed and, if acceptable, approved:
 - July 4: LVRR Met Fab Siding to Main Track east of Market Street Bridge. NSHR employees and immediate family travel to and from Williamsport July 4th fireworks event in the vicinity of Market Street Bridge in Williamsport, PA.
 - August 7: NSHR Main East of NSHR Office to east of Danville. A 30th Anniversary "Shippers Special" for all customers, JRA Board Members and JRA staff – two trips 10 a.m. and 2 p.m.
 - August 9: NSHR Main East of NSHR Office to east of Danville. NSHR employees and immediate family for a 30th Anniversary train trip on the NSHR.
 - September 18: NSHR Main East of NSHR Office to east of Danville. A Greater Susquehanna Valley Chamber of Commerce Business After Hours Event for local business professionals to highlight the NSHR services.
 - September 27: NBER Bellefonte Station west to NBER Main west of Julian. NSHR employees and immediate family for a 30th Anniversary train trip on the NBER.

Mr. Gummo made a motion for the Board to approve the five VIP non-public passenger excursions; Mr. Dombroski seconded the motion; motion carried.

Chairman Walls called for an executive session at 2:20 p.m.

Chairman Walls reconvened the regular meeting at 2:49 p.m.

The executive session was held to discuss the Operating Agreement Consultant's report.

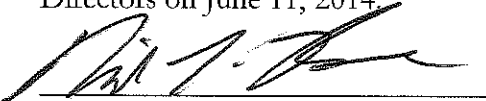
Chairman Walls adjourned the meeting at 2:53 p.m.

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 11, 2014.



Secretary/Assistant Secretary