



SEDA-COG JOINT RAIL AUTHORITY MEETING

Wednesday, May 8, 2019

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

Russ Graham, Centre County

Scott Harvey, Lycoming County

Lisa Hoover, Northumberland County

Bob Hormell, Northumberland County

Rick Jenkins, Columbia County

Brent Jones, Clinton County

Dave Park, Columbia County

David Schultz, Lycoming County

John Showers, Union County

John Spychalski, Centre County

Jennifer Wakeman, Montour County

Eric Winslow, Union County

JRA OPERATOR

Loni Briner, NSHR Public Relations & Media Manager

Todd Hunter, NSHR Chief Marketing Officer

Joe Kantz, NSHR Business & Development Manager

Jeb Stotter, President & CEO

Diana Williams, Treasurer/Controller

GUESTS

Lauren Bryson, Focus Central Pennsylvania

Allen Bubb, West Shore Railroad

Ron Johnson, National Railway Historical Society

John Lavelle, Lycoming County Planning & Community Development

Alex Lang, Carload Express

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko

Michael Crotty, Esq., Siana, Bellwoar & McAndrew (via teleconference during executive session)

Thomas Schrack, Esq., McQuaide Blasko

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

SEDA-COG JOINT
RAIL AUTHORITY

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Affiliated with
SEDA Council of Governments

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JRA STAFF

George Fury, Property & Maintenance of Way Manager

Kyle Postupack, GIS/Transportation

Jeff Stover, Executive Director

Ruth Wiest, JRA Temp

CALL TO ORDER

Call to Order

The Chairman called the meeting to order at 12:30 p.m.

Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

Welcome – Chairman’s Statements

Chairman Showers 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.

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

Public Forum

Chairman Showers asked if there is any public comment to come before the Board.

Chairman Showers was asked to recognize the passing of Donald Kramer. Mr. Kramer served 27 years on the JRA board as a Clinton County representative. Chairman Showers asked for a moment of silence to recognize the contributions made by Mr. Kramer.

ADMINISTRATIVE ITEMS

Approval of the April 10, 2019 Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the April 10, 2019 JRA Meeting Minutes as distributed; Mr. Graham seconded the motion; motion carried.

Mr. Winslow asked the board to amend the minutes on page 16 to include that he had abstained from the motion on April 10 to pass a resolution to authorize the Vice-Chairman to sign the Great Stream Commons deed covenants amendment.

Mr. Park would like the board to amend the minutes on page 11 to refer to Abhijit Nagaraj, J. M. Smucker's Plant Engineer to read Abhijit Nagaraj, J. M. Smucker's Environmental Engineer.

Dr. Spsychalski concurred with the correction.

Treasurer's Reports

Mr. Harvey presented the Treasurer's Report for the month of April 2019, which shows all JRA's accounts and loans summary. Also included is the Operator's breakdown of operating fees paid to the JRA.

Mr. Harvey noted the first loan shown on the summary, "Commonwealth of PA – PIB Loan", has a maturity of July 2019. Mr. Harvey noted that the JRA is required by the state to have a letter of credit for the PIB loans. That letter of credit is going to be required very soon, so to avoid carrying this loan on the letter of credit, the JRA will pay this off with a check this month. The amount will be \$18,962.99.

Mr. Park made a motion for the Board to accept the Treasurer's Report for the month of April 2019; Mr. Winslow seconded the motion; motion carried.

Events Calendar

Mr. Stover noted the Kay Aikey had knee replacement surgery and she is doing very well. She is home but looking forward to getting back to SEDA-COG.

Mr. Stover presented the events calendars for May and June as well as the staff report.

Mr. Stover welcomed Lauren Bryson, Executive Director of Focus Central Pennsylvania. The JRA is a member of Focus Central Pennsylvania, where Stover sits on the board. The JRA is additionally represented on the Focus board: Chairman Showers and Ms. Wakeman are current board members; and Mr. Winslow is a former board member.

Mr. Stover explained that one of the tools available through their website is Zoom Prospector. Ms. Bryson thanked the JRA for their continued support of Focus Central Pennsylvania. She explained that Focus is a regional effort to pool our resources to promote the Central Pennsylvania region to attract good quality company to our area. Ms. Bryson demonstrated the Focus Central Pennsylvania Zoom Prospector.

Mr. Hormell asked what Focus is doing regarding the impending completion of the first leg of the Susquehanna Valley Throughway. He asked whether any strategies are being developed with regard to the Throughway. Ms. Bryson said they are doing so indirectly.

Ms. Bryson brought a large facsimile check which depicts the JRA's contribution to Focus as a board member supporter. This was used to stage a photo with Lauren and JRA board members for a future media release

Mr. Fury noted that FHWA has been pushing the states to spend the Section 130 funds that have been appropriated. Pennsylvania has been slow to spend its allocations. Only 50-55% of the allocated funds have been expended. The problem is that if the money is not spent, the next funding cycle could see a reduction in funding amounts. Next year, Pennsylvania could be in trouble because they are about \$10 million behind in funding projects. Steve Betts, PennDOT Grade Crossing Administrator for Engineering District 3-0, recently acquired an additional \$3 million for installation of automatic warning devices at public crossings on the LVRR and NSHR.

Mr. Jenkins made a motion to authorize the Chairman to execute any documents from PennDOT associated with the FHWA Section 130 projects; Mr. Harvey seconded the motion; motion carried.

Mr. Fury also noted that in Pennsylvania, up to 20% of the value of the total project cost can be put towards high-type (concrete or rubber) surface work. With the \$3 million corridor project, \$500,000 will be allocated to surface work.

Mr. Fury also stated that in the Little Shamokin Creek corridor project area on the SVRR, there have been issues with trees lodging beneath the railroad bridge at MP 1.95 just east of Sunbury. This has caused repeated flooding of several homes between the railroad and Route 61 on the east bank of Little Shamokin Creek, in a low-lying area. State Representative Linda Culver has led the charge to get funding to stabilize the creek bed for about 1.5 miles upstream. SEDA-COG's Linda Sterling is putting together a flood mitigation grant for \$500,000. The local match for the grant is 15% or \$75,000. There are four identified sponsors:

1. JRA
2. Upper Augusta Township
3. Sunbury Water Authority
4. Shamokin Valley Railroad

Splitting the \$75,000 four ways would result in a cost share of \$18,750 for each partner. Any funds expended since last May can be counted as in-kind toward the \$18,750.

A motion was made by Mr. Hormell to write a letter of support for the application to DCNR for the stream improvements on the Little Shamokin Creek by May 31; Mr. Jones seconded the motion; motion carried.

A motion was made by Mr. Harvey to commit up to \$20,000 in-kind or expanded engineering work; Mr. Park seconded the motion; motion carried.

Mr. Fury noted the project at First Quality is pretty well done. The road is paved and lined. Mr. Stover noted there is additional railroad work that Rhinehart will finish in June, including the siding up to the new Boston 3 plant.

Mr. Stover noted the JRA is thinking of having a meeting at Lock Haven, Mr. Gummo invited the JRA for June or July. The JRA would like to tie in a tour of the FQT project. The logistics will be confirmed shortly.

Mr. Fury noted that last winter, the JRA Board authorized new fencing around the Newberry Compound. It is now completed (a photograph of the improvements was shown on the screen)

Operator's Status Report

Ms. Williams stated that they were outpacing 2018 and as they try to be conservative when it comes to revenue and directing our budget. Marketing has done an amazing job in developing new business opportunities. Between Mr. Mazur and our Marketing team, they will go into more detail later on in the meeting.

Mr. Fury showed slides from the lower end of the Carbon Run Branch, showing the cross drain that takes water into the creek. Mr. Fury stated when the basin is cleaned out it is deep enough to put a front-end loader in and the top of the loader is even with the top of the rail. With one heavy rain, it is filled in totally with sediment. That shows how much material comes down the hill into the ditch line. The railroad has created ditch lines about ¾ of a mile to the Shamokin Filler plant.

OLD BUSINESS

Bridge Engineers Report

Mr. Fury referred to the Monthly Bridge Engineer's Report from Jason Shura, P.E., that was provided as a handout to Board members. Mr. Fury stated the biggest update is that Bridge 194.07 at Catawissa on the NSHR should be completed by the end of the month.

NEW BUSINESS

SVRR Poppy Road Bridge at Reed (Shamokin Township)

At the SVRR Reed Connection, Poppy Road crosses over the top of the former Reading line. In 1988, the bridge was a steel and wood structure and was condemned. Conrail was spinning off the railroad and had agreed with the state and township to fill the railroad in and eliminate the bridge. In the meantime, the JRA sought to buy the railroad and had secured funding to do so; the new bridge was built in 1991.

The Township and the JRA entered into an agreement in 1988 establishing maintenance responsibilities and ownership of the structure. The township owns the structure and is responsible for maintaining the running surface. The JRA is responsible for maintenance of the superstructure – the beams. About three weeks ago, Mr. Fury received a call from Jon Clemens, township roadmaster, stating this bridge had been condemned by Larson Design Group on a recent inspection. Since then, staff has visited the bridge with Engineer Shura who stated that the flaw with this style bridge is in a seam cut in the curbing, creating a weak spot.

Photos of the bridge showed the good side and the stress-fractured side of the bridge. According to Larson, the bridge could, at any time, collapse under its own weight. No weight limit was placed on it, and it has not been closed. Mr. Shura said he has made repairs to this type structure in PennDOT Districts 2 and 10. Mr. Fury relayed Mr. Shura's approach to repair is to cut a patch out on either side of the crack and put reinforcing steel in, patch with concrete, chip off the curb at that line, take steel and build a girder above, form it and pour concrete. The next step is to mill out the concrete on top, insert hooks, then pour concrete, creating the new running surface. These repairs would create a much stronger bridge unit. Penn DOT would like to replace the beam. Mr. Shura stated cost to make repairs would be under \$20,000. Replacing the beam would be \$150,000. Any replacement of beams would require cutting of the tensioning system for the beams, something that is not good for the structure.

The Larson bridge inspection report was received earlier today and was forwarded to Mr. Shura for his review. The next step is meet with PennDOT to discuss Mr. Shura's approach to repairs to this type of structure, his past related experience, and discuss his approach to effect repairs to this bridge.

NBER Bridge Replacement in Milesburg ("Three Pipes")

The JRA has previously received a check from DCED for \$337,000 which is in a special account for the Milesburg ("Three Pipes") Bridge Replacement. Three bids were received on May 7, 2019 for this project.

Company	Bid	Bid Alternate	Bid Total	Bid Bond
Fulkroad & Son	\$334,902.64	\$ 1,463.51	\$336,366.15	Yes
Lycoming Supply, Inc.	\$339,601.00	\$21,800.00	\$361,401.00	Yes
Gregori Construction, Inc.	\$376,000.00	\$18,000.00	\$394,000.00	Yes

Mr. Fury stated that Fulkroad & Son’s Drug and Alcohol Plan is not approved by the FRA. All contractors working on railroad track structures must have an FRA approved plan that meets all aspects of Part 219. Fulkroad will submit their plan immediately. The FRA is turning around drug plans in about 3 weeks so this should not be an issue because work on this project will not start until October. Project start date is due to the breeding season for the trout, which gives us a 3-week window for the construction. Mr. Stover stated bid costs do not include the engineering cost. Mr. Shura estimates engineering costs to be \$44,500. That cost would be split 50/50 with the NBER.

Dr. Spychalski made a motion to award the Milesburg Bridge replacement and the alternate to Fulkroad & Son LLC, in the amount of \$336,366.15, contingent upon FRA approval, and authorize the Chair to execute all contract documents; Mr. Graham seconded the motion; motion carried.

Mr. Stover asked Dr. Spychalski if the engineering cost was included in that motion. Dr. Spychalski stated yes.

REPORTS FROM COMMITTEE

Property Management/Capital Budget Committee

CUDD Site License (LVRR)

Staff has been approached by Newpark Drilling Fluids to lease the CUDD site. Material to be unloaded is what is commonly referred to as downhole lubricants for drilling, or “mud”. The lease would be for the site covering ±2.2 acres, the building, the scale and scale-house, and track adjacent to the building for unloading of cars. Pits are not included in the lease. Lease is for \$30,000/year subject to CPI increase, with a deduct of cost of repairs to building to be considered.

Ms. Wakeman moved the approval of the license of the CUDD site for \$2,500 a month or \$30,000 a year and authorize the Chair to execute all contract documents; Mr. Harvey seconded the motion; motion carried.

Covia Track License (LVRR)

Covia has approached staff looking for a track to unload a specialty product, needing about six car spots. Two sites were reviewed, and the preferred site would be the eastern most end of the CUDD track. This was discussed with prospective tenant Newpark and no conflict is anticipated. Lease fee would be \$12,000/year subject to CPI.

Chairman Showers asked Mr. Schrack to elaborate on the difference between lease and license. Mr. Schrack stated that the JRA uses lease when there is a land component. License is when it is referring to track.

Mr. Park moved the approval of the license of the Covia track for \$1,000 a month and authorize the Chair to execute all contract documents; second by Mr. Winslow; motioned carried.

Comcast of Colorado, Pennsylvania and West Virginia License

Comcast of Colorado has approached staff requesting a license for a transverse aerial crossing of the NBER Main, at +/- MP 33.0375, just west of Aquapenn Drive, in Boggs Township. Facility will be a single .715 coaxial cable lashed to a single strand no less than 32' 1" with sag, above top of rail, suspended between two wooden poles located outside the railroad R/W. All plans meet JRA specifications. License fee is \$400/annual subject to CPI increase. Application preparation fee of \$750 is assessed.

Mr. Jones made to approve the license with Comcast for \$400

Mr. Jones moved the approval of the license with Comcast for \$400 a year and authorize the Chair to execute all contract documents; second by Ms. Hoover; motioned carried.

UGI Licensed Track 2North (LVRR)

At its meeting of the Board on April 10, the Board approved licensing Track 2North in Newberry Yard to UGI for the storage of up to 30 propane cars. Director Jones questioned if all regulatory body requirements were fulfilled and asked staff to report back to the board with their findings. Shipper reports that the tariff addresses storage limitations, guidelines and restrictions. This JRA to UGI license meets FRA guidelines for storage as the track agreement is: a license for the exclusive use of the entire track; addresses track maintenance; addresses additional security via the extra safety devices installed on each car; and addresses other outside agency requirements.

LEGAL

Operating Agreement Consultant's Report

Mr. Dan Mazur presented the Operator's first quarter 2019 financial analyses via PowerPoint.

1 Q 2019 Transportation Expense Ratio

- Target: About 43%
- Results for 1 Q 2019
 - Significantly lower than Target
 - Significantly lower than 1 Q 2018
 - Lower than 1 Q 2019 Budget
- Total Transportation expenses significantly higher than Budget, but higher than expected revenues resulted in a lower ratio.

1 Q 2019 Maintenance of Way Ratio

- Target: About 21%
- Results for 1Q 2019
 - Higher than Target
 - Significantly higher than 1 Q 2018
 - Significantly lower than 1 Q 2019 Budget
- Total Maintenance of Way expenses slightly lower than Budget but Maintenance of Way Ratio significantly lower than Budget due to higher than expected revenues.

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

Attorney Schrack then recommended that JRA Board convene into executive session.

Chairman Showers recessed the regular meeting at 1:57 p.m. to convene into executive session.

Chairman Showers reconvened the regular meeting at 3:03 p.m.

Attorney Schrack stated that the Rail Authority Board held an executive session. First, the operator was present along with the operating agreement consultant, Dan Mazur, to conclude the portion of the operating agreement consultant's report regarding proprietary and confidential information of the operator. The Board only was then present with its solicitor to discuss litigation. No action was taken, and none is recommended to be taken in public session.

LEGAL ISSUES

Attorney Schack stated there is one legal item that needs approval by the Board in public session for a speeder run. Attorney Schrack stated that the Bellefonte Historical Railroad Society has requested the JRA Board's approval of the operation of a speeder excursion during the Bellefonte Cruise on Saturday, June 15, 2019.

Dr. Spychalski moved the approval of the motion to support the Bellefonte Historical Railroad Society speeder run on Saturday, June 15, 2019; Mr. Jones seconded the motion; motioned carried.

With there being no further business to come before the JRA Board, Chairman Showers 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 June 12, 2019.



Secretary/Assistant Secretary