



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, MAY 13, 2009  
SEDA-COG, LEWISBURG, PENNSYLVANIA  
12:30 P.M.

**PRESERVING  
RAIL FREIGHT  
SERVICE**

*serving the counties of*

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

**SEDA-COG JOINT  
RAIL AUTHORITY**

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**AUTHORITY MEMBERS PRESENT**

Frank Dombroski, Montour County  
John Gummo, Clinton County  
Scott Harvey, Lycoming County  
Bud Henry, Columbia County  
Tom Herman, Montour County  
Rick Jenkins, Columbia County  
Don Kramer, Clinton County  
Michael Krentzman, Mifflin County  
Frank Sawicki, Northumberland County  
John Showers, Union County  
Dennis Shaffer, Union County  
Jim Spendiff, Mifflin County  
Jerry Walls, Lycoming County

**GUESTS PRESENT**

Al Bubb, NRHS  
Mark Murawski, Lycoming County  
Russ Nicodemus, Railroad Operating Companies  
Jeff Pontius, Railroad Operating Companies  
Dick Robey, Railroad Operating Companies  
Mimi Robey, Railroad Operating Companies  
Gary Shields, Railroad Operating Companies  
Diana Williams, Railroad Operating Companies

**STAFF PRESENT**

Steve Hurvitz, Esq., McQuaide Blasko  
Amy Davis  
George Fury  
Steve Kusheloff  
Jeff Stover

**ADMINISTRATIVE ITEMS**

**Call to Order**

Mr. Walls called the meeting to order at 12:30 p.m.

**Pledge of Allegiance**

Mr. Walls led the Pledge of Allegiance.



Affiliated with  
SEDA Council of Governments

**Approval of the April 8, 2009, Meeting Minutes of the SEDA-COG Joint Rail Authority**

*Mr. Spendiff made a motion to approve the April 8, 2009 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Kramer seconded the motion; motion carried.*

**Treasurer's Report**

Mr. Harvey presented the Treasurer's Report for the month of April 2009.

*Mr. Herman made a motion to approve the Treasurer's Report for the month of April 2009; Mr. Henry seconded the motion; motion carried.*

**Capital Budget Committee Report**

Mr. Shaffer reported that the Capital Budget Committee has a proposal they would like to recommend that the full board approve to acquire 24 bow tie switch stand lever mechanisms.

Mr. Fury stated the operator has made a request for the Authority to purchase 36 bow handle switches in keeping with the previous update to the railroad several years ago. The Capital Budget Committee met and agreed to purchase 24 switch stands at a cost of \$530 per unit for a total of \$12,720. Mr. Shaffer stated that one of the reasons for doing this is it saves railroad personnel from having to bend over to pull switch levels and it also upgrades the property.

*Mr. Henry made a motion that the full board authorize the purchase of 24 bow handle switch stands at a cost of \$12,720; Mr. Kramer seconded the motion; motion carried.*

**Events Calendar/Projects Map/Staff Report**

Mr. Stover presented the events calendar for May and June, the projects map, and staff report.

Mr. Stover reported that the June 10, 2009 meeting would be hosted by Mr. Gummo in Beech Creek. Further information and directions will be sent to board members.

**Operator's Status Report and Business Forecast**

Mr. Robey referred to the Operator's Report included in the packet. Mr. Shields presented a business forecast.

Mr. Walls stated that the Authority's Operator has been invited to be part of Norfolk Southern's Empire Link. Mr. Robey stated it is a commercial agreement to link several short lines in north central Pennsylvania with about a half dozen in central New York State to facilitate traffic between all these.

Mr. Walls asked the operator to keep the Authority abreast of this.

**PROPERTY MANAGEMENT COMMITTEE**

Mr. Kramer stated the Property Management Committee met and there are a number of items requiring action from the full board.

### **Land Sale to Danville Borough (NSHR)**

Mr. Kramer reported that Danville Borough has requested the purchase of 916 square feet of JRA property between Pine and Ferry Streets in Danville to accommodate the construction of a parking lot.

Mr. Fury added that the sale price is \$900. A quit claim deed has been prepared and a check in the amount of \$900 has been received for the pending purchase.

***Mr. Henry made a motion for the full board to accept the request for land sale to Danville Borough and execution of the deed by the Chairman and Secretary; Mr. Herman seconded the motion; motion carried.***

### **Easement Sale to Milesburg Borough (NBER)**

Mr. Kramer reported the Milesburg Borough Water Authority has requested a transverse easement for the construction of a 10-inch water line east of High Street in Milesburg.

Mr. Fury added the sale of the easement would be \$4,600 for the crossing and bore pits. The Borough has also paid the \$200 application fee.

***Mr. Harvey made a motion for the full board to accept the request for an easement for Milesburg Borough and execution by the Chairman and Secretary, contingent upon receipt of the easement fee in the amount of \$4,600; Mr. Sawicki seconded the motion; motion carried.***

### **PPL Right-of-Way Agreement**

Mr. Fury reported that PPL has submitted a right-of-way agreement for the installation of three service poles to extend electric service to the Newberry South site for the Bulkmatic facility. The agreement gives PPL the right to install poles and to maintain them. There is no easement charge since it is for JRA premises.

***Mr. Herman made a motion for the full board to approve the PPL right-of-way agreement and authorize the Chairman and Secretary to execute the agreement; Mr. Spendiff seconded the motion; motion carried.***

### **Rumberger Engine House (NBER)**

Mr. Stover stated a pre-bid meeting for repairs to the foundation walls of the engine house is set for May 29, but action is needed to authorize staff to bid the repairs to the engine house.

***Mr. Shaffer made a motion for the full board to authorize staff to bid the repair work at the Rumberger Engine House; Mr. Kramer seconded the motion; motion carried.***

### **Lewistown Turntable (JBRR)**

Mr. Walls reported the PMC had good discussion on the Lewistown turntable and called members' attention to the report done by Wasatch Railroad Contractors.

Mr. Fury stated that Wasatch Railroad Contractors inspected the turntable in Lewistown and prepared a detailed report on the turntable. Total repairs are estimated at \$150,000-\$185,000. The minimum amount of work would cost \$75,000 to \$90,000 to bring the turntable to a serviceable condition with repairs to the ring rail and the electrical system.

#### **Newberry Yard Master Plan (LVRR)**

Mr. Fury reported that staff met with the operator to refine some of the improvements the railroad staff needed. We will wait for the operator to provide a list of "must have" items.

#### **JRA Rental Schedule for Utility Occupations**

Mr. Fury stated this item is being tabled until the June 2009 meeting.

### **ADMINISTRATIVE ITEMS**

#### **Operating Agreement Committee**

Mr. Spendiff reported that the Operating Agreement Committee met to address two issues 1) the operator's request for approval of proposed change of control; 2) the annual report submitted by the operator.

#### **Change of Control**

Mr. Spendiff stated that the committee has identified some additional questions and advised the operator that the committee would like to get additional legal advice before making a recommendation to the full board.

Mr. Walls stated that several board members have continued to question the tax credit issue. This matter has been discussed with Attorney Hurvitz who indicated it is desirable and appropriate for the Rail Authority to secure some specialized legal counsel opinion on the matter of the tax credits and how to deal with it and how it has relationship to the operating agreement.

Mr. Spendiff stated in addition to the tax credit issue there are some additional questions that are subject to legal review.

Mr. Walls stated brief discussion was held on how to proceed to find and engage some legal consultant. Staff has been asked to initiate a search for special counsel. Staff will prepare a list of questions for the legal consultant and will email those to board members. Comments from the Operating Agreement Committee are most welcome to make sure the right questions are posed. The Authority needs to look at this in conjunction with the operating agreement and how it ties in with the change of control.

Mr. Walls stated there might be a letter of engagement ready for the June 2009 meeting.

#### **Operator's Annual Report**

Mr. Spendiff stated a letter had been sent to the operator on April 9, 2009, asking for additional information regarding the 2008 Annual Report. The committee had asked for a supplemental schedule describing the flow of cash between the JRA railroads. The committee sought a combined statement of cash flows for the JRA railroads.

Ms. Williams stated they are still preparing the Management Discussion and Analysis.

The following handouts were provided to board members:

- General and administrative breakdown
- Other revenue breakdown
- Supplemental transfers between the JRA railroads
- Income tax breakdown provided by Mr. Bowers
- Cash flow breakdown provided by Bowers

Mr. Bowers will be in attendance at the June 10, 2009 meeting and any questions can be answered at that time.

### Legal Issues

Attorney Hurvitz stated there are no legal issues other than the closing with Jersey Shore State Bank has been concluded successfully.

Mr. Walls stated Attorney Schrack demonstrated good work with the closing at Jersey Shore State Bank. Attorney Hurvitz stated he would pass that compliment to Attorney Schrack.

Mr. Stover thanked Mr. Kramer for the time he spent at the closing.

Mr. Jenkins asked if the Decker issue has been resolved. Mr. Fury stated Mr. Decker has been moving his materials back. Mr. Walls recommended that as soon as word is received that Mr. Decker has moved things, it should be photographically documented so there is a basis for documenting any other reversal.

### **OLD BUSINESS**

#### Newberry South Bid Award for Trackwork Phase 2 (LVRR)

Mr. Stover stated that bids on the trackwork for Newberry South were much lower than anticipated that the additional work from desired scope was restored. Staff sought PennDOT approval for a change order. The State allowed only \$100,000 of additional work under the phase 1 track work. The second round of bidding resulted in Ohio Track being the low bidder at \$595,400 which is \$44,600 less than the estimate.

***Mr. Herman made a motion for the full board to award Phase 2 trackwork to Ohio Track, Inc. in the amount of \$595,400; Mr. Harvey seconded the motion; motion carried.***

#### Newberry South – Special Inspection Services

Mr. Stover stated that Larson Design Group has advised that the firm of Hillis-Carnes Engineering from State College needs to be engaged for special inspection services. Their fee is \$21,180 for the inspection of soils and foundation; concrete; structural steel and steel framing.

Mr. Shaffer asked if there is a specific budget item for this. Mr. Stover replied that this is part of the contingency.

*Mr. Shaffer made a motion for the full board to approve the special inspection services by Hillis-Carnes Engineering in the amount of \$21,180; Mr. Kramer seconded the motion; motion carried.*

#### **Newberry South – Approval of PA Infrastructure Bank Loan Documents**

Mr. Stover stated at the April 2009 meeting it was discussed that the PA Infrastructure Bank (PIB) loan had been approved in the amount of \$700,000. Formal action was not taken at that time. A motion needs to be passed to have the Chairman and Secretary execute all documents related to the PIB loan in the amount of \$700,000.

*Mr. Spendiff made a motion for the full board to authorize the Chairman and Secretary to execute all documents related to the \$700,000 loan from the Commonwealth through its Pennsylvania Infrastructure Bank Loan; Mr. Showers seconded the motion; motion carried.*

#### **Newberry South – Demolition of Former Sechler Storage Building**

Mr. Stover stated access to the Newberry South site will be from Catawissa Avenue through the former Sechler property. There are two remaining structures on this lot, a 2-car garage and a concrete block storage building. The storage building needs to be demolished. Four bids ranging from \$935-\$1,800 were received with Steinbacher Enterprises being the low bid. This will also cover removal of the materials off site.

*Mr. Shaffer made a motion for the full board to award the demolition of the former Sechler Storage Building to Steinbacher Enterprises in the amount of \$935; Mr. Henry seconded the motion; motion carried.*

#### **Retaining Walls Bid Award (NBER and SVRR)**

Mr. Fury stated there are three locations on our system that require a capital upgrade to embankments that stabilize the track roadbed. – NBER Main, Tyrone; NBER Bellefonte Branch – Bellefonte near High School; and SVRR – Sunbury just east of Haas Avenue.

Schlegal Excavating came in as the low bid for the two phases of the Tyrone retaining wall project and the Bellefonte Mill Race wall repairs. Mid-State Paving was the low bid for the Shamokin Valley Railroad Sunbury, Mile Pole 1.2 Wall Placement project.

The recommendations are as follows:

- Award the Tyrone Wall project to Schlegal Excavating, Inc., in the amount of \$28,923.00
- Award the Bellefonte Wall project to Schlegal Excavating, inc., in the amount of \$20,871 for the wall work and \$1,200/ton unit cost of sub-base material replacement.
- Award the Sunbury Wall project to Mid-State Paving in the amount of \$20,004.90.

The entire bid for all wall repair work will total \$69,798.90.

Mr. Walls asked if the \$20,871 is a fixed sum or could that grow by \$1,200/ton if additional tonnage is needed. Mr. Fury replied that \$20,871 is to do the project; the \$1,200/ton is in case the wall collapses. That number would be on top of the \$20,871.

Mr. Shaffer stated he seemed to remember something in the maintenance requirement under the operating agreement that if the total exceeds \$25,000, it would be the Authority's responsibility.

Mr. Shaffer stated it appears that some of this work is improvement, but on the other hand if these retaining walls are giving away, this is a maintenance issue. He stated in his opinion it is not appropriate for the Authority to pay for everything if it is a maintenance issue.

Mr. Stover stated in the case of Tyrone and Bellefonte there is a retaining wall; there is no retaining wall at the Shamokin Valley Railroad site.

Mr. Shaffer suggested negotiating with the operator.

Mr. Fury stated the Tyrone project is an upgrade – replacing a wall that is functional; it does not have to be replaced but the work around is going to do some destruction to the wall. In Bellefonte, the whole strip along the Mill Race has been bad for many years. There was never a wall in place along the Shamokin Valley Railroad. The concern there is to maintain the railroad road-bed.

Mr. Shaffer requested that action on these projects be tabled until the June 2009 meeting as long as the bidders will hold their prices.

***Mr. Shaffer made a motion to table action on awarding of the retaining wall bids until the June 2009 meeting and renegotiate this issue with the operator; Mr. Herman seconded the motion; motion carried.***

#### **Upper Coleville Road Grade Crossing Paving Bid Award (NBER)**

Mr. Fury stated that PennDOT District 2-0 approved the use of federal Section 130 funds to pay 100% of the cost of the asphalt paving. Since these funds are being used then prevailing wages need to be paid and thus required a separate bid solicitation. The lowest bid was received from Ameron. PennDOT has approved the bid from Ameron in the amount of \$11,050.

***Mr. Kramer made a motion for the full board to award the bid for the Upper Coleville Road Grade Crossing Paving to Ameron in the amount of \$11,050; Mr. Shaffer seconded the motion; motion carried.***

#### **NEW BUSINESS**

#### **Federal Transportation Reauthorization "Earmarks"**

Mr. Stover stated earmarks are still alive. Both Congressman Thompson and Carney have asked for projects to be included in the reauthorization of the Federal Highway Bill now known as "SAFETEA-LU." The two projects submitted are: the Lewistown Street Running Track and the SVRR SEEDCO rail facilities project.

Mr. Walls asked staff not to overlook the Loyalsock Creek railroad bridge for supplemental earmark if something else opens up because of the cost issues involved.

*Mr. Jenkins made a motion for the full board to endorse the JVRR Lewistown Street Running Track project and the SVRR SEEDCO rail facilities project for inclusion in pending new federal transportation legislation; Mr. Showers seconded the motion; motion carried.*

**Public Forum**

Mr. Bubb asked if the White Deer Bridge could be added to the earmark. Mr. Stover replied it probably could be, but it is probably too late. The problem is it is hard to advocate for a project that does not have a pressing need.

**ADJOURNMENT**

Mr. Walls adjourned the meeting at 1:57 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 10, 2009.

  
Secretary/Assistant Secretary