



**SEDA-COG JOINT RAIL AUTHORITY MEETING**  
**WEDNESDAY, NOVEMBER 12, 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
- Russ Graham, Centre County
- John Gummo, Clinton County
- Scott Harvey, Lycoming County
- Tom Herman, Montour County
- Rick Jenkins, Columbia 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
- Eric Winslow, Union County

**JRA OPERATOR**

- Todd Hunter, Director of Marketing
- Gary Shields, President
- Jeb Stotter, Vice-President
- Diana Williams, Treasurer/Controller

**GUESTS**

- Darren Asper, Delta Development Group
- Steve Campbell, Roaring Creek & Catawissa Valley Historical Study Group
- Mark Rosner, Stonepeak Infrastructure Partners
- Dennis Shaffer, Reading & Northern Railroad
- Debbie Tollett, Delta Development Group

**LEGAL COUNSEL**

- Tom Schrack, Esq., McQuaide Blasko Law Offices

**JRA CONSULTING PROFESSIONALS PRESENT**

- Dan Mazur, Operating Agreement Consultant

**JRA STAFF**

- Kay Aikey, Program Assistant
- Jeff Stover, Executive Director

**SEDA-COG STAFF**

- Steve Kusheloff, Public Information

**SEDA-COG JOINT  
RAIL AUTHORITY**

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SEDA Council of Governments

## **CALL TO ORDER**

### **Call to Order**

Chairman Walls called the meeting to order at 12:31 p.m.

### **Pledge of Allegiance**

Chairman Walls led the Pledge of Allegiance.

### **Welcome – Chairman’s Statements**

Chairman Walls 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.

## **ADMINISTRATIVE ITEMS**

### **Public Forum**

No comments from the public.

### **Approval of the October 8, 2014 Meeting Minutes**

*Dr. Spychalski made a motion to approve the October 8, 2014 meeting minutes; Mr. Gummo seconded the motion; motion carried.*

### **Treasurer’s Report**

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

*Mr. Herman made a motion to accept the Treasurer’s Report for the month of October 2014 and file for audit; Mr. Jenkins seconded the motion; motion carried.*

### **Events Calendar/Staff Report**

Mr. Stover presented the events calendar for November and December, and Staff Report.

Mr. Stover reported on the meeting held on November 6, 2014 with Messrs. Purcell, Spychalski, Bridy, and Herman as well as Mr. Larry Maynard and Shane Smith, Superintendent of North Shore Railroad to review how the NARCOA speeders have been operating on the railroad and crossing over the grade crossings.

Chairman Walls stated it would be a good idea for the JRA to have in writing what the expectations are and have it co-signed by the operator; documentation is a major element in risk reduction.

Attorney Schrack will be asked to review the liability coverage and the signed waiver.

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

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

Ms. Williams reported that the operating fee revenue took an upswing for September 2014 versus September 2013. The overall year to date operating fee revenue has made small strides to recovery and should continue on that path for the remainder of the year. Chairman Walls asked what the reason is for the increase in operating fee revenue; Ms. Williams replied the increase is due to increased traffic on the Nittany.

### **OLD BUSINESS**

#### **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. Mr. Stover provided an update on the Loyalsock Creek Bridge, Talleyrand Bridge Rehabilitation, the LVRR Washout Repairs and the RTAP Bridges since Mr. Conrad was not in attendance.

Dr. Spychalski commented that it is important that the bridge ratings are for 315,000 pound car loadings. This will enable full connectivity for movements to and from Class I railroads where car weight limits are now at that level.

### **NEW BUSINESS**

#### **Award of Bid for Track and Crossing Changes at Market Street (SVRR)**

Mr. Stover stated that this item is being tabled until a late winter or early spring bidding.

Mr. Stover stated that Attorney Schrack has drafted a private crossing license agreement for the crossing at Market Street in Shamokin. This agreement will allow use of Authority property between Market Street and 8<sup>th</sup> Street, creek side, indefinitely by the City, as a parking lot and use of a private crossing for egress onto Market Street. The annual cost of the license agreement is \$1.00. The City assumes all costs for maintenance of the crossing as is standard in all JRA private crossing agreements.

*Mr. Bridy made a motion for the Board to approve this agreement with the City of Shamokin and authorize the Chairman and Secretary to execute; Mr. Purcell seconded the motion; motion carried.*

#### **Section 130 Agreement (SVRR)**

Mr. Stover stated that PennDOT has provided their standard agreement for use of Section 130 monies in the City of Shamokin. Funding for the agreement totals \$2,000,000 and will allow signals to be installed at eight crossings and will pay for the installation of a concrete crossing at Independence Street. There is no JRA match as this is 100% FHWA funding. The JRA has authorized this type of agreement three times in the past.

*Mr. Postal made a motion for the Board to approve this Section 130 agreement with PennDOT and authorize the Chair and Secretary to execute; Mr. Showers seconded the motion; motion carried.*

#### **COMMITTEE REPORTS**

##### **Passenger Excursions Committee**

Committee Chair Dr. Spychalski referred to the upcoming passenger excursions scheduled for November and December. He stated that a meeting of the Passenger Excursions Committee will be held at 10:30 a.m. on December 10. Dr. Spychalski referred to the updated passenger accounting report provided as a handout to Board members.

##### **Property Management/Capital Budget Committee Meeting**

Committee Chair Rick Jenkins reported on the work of the committee.

Mr. Stover referred to the Final Performance Report for the Rail Line Relocation Program for Lycoming County. Copies of the report were provided to Board members.

##### **PPL Easement (LVRR)**

Mr. Stover stated that PPL approached staff during construction of the Loyalsock Creek Bridge for an easement to place 2-Phase 12,470 volt service on the south side of the bridge. The necessary design changes were made to attach brackets to the superstructure from which two (2) 6" PVC conduits will hang. Total longitudinal occupation will total  $\pm 564'$ . Two (2) vaults were also installed, one at each end of the bridge, south side.

All plans have been received and approved. The annual cost of the easement totals \$383.63 for this longitudinal occupation. The vault fee is \$250/year each, totaling \$500. PPL opted for a 10 year easement term. Total easement fee due is \$8,836.30. The application fee of \$700 is also assessed. Requested alterations to the bridge design, materials, and other associated costs will be invoiced under separate cover.

***Mr. Herman made a motion for the Board to approve the PPL easement and authorize execution by the Chair and Secretary; Mr. Harvey seconded the motion; motion carried.***

#### UGI Land Sale (NSHR)

Mr. Stover stated that UGI approached staff several months ago to inquire if they could purchase some land adjacent to its 7<sup>th</sup> Street terminal in Bloomsburg. The site is located between Market and Iron Streets, south side of the railroad and totals 4,171 square feet. The area is not necessary for rail operations. The new property line is 15' from centerline of track. Linda Woodward has appraised the site and valued it at \$9,500. UGI has agreed to the value. UGI has prepared a land development plan for submission to the appropriate body. Attorney Schrack will prepare the necessary Quit Claim Deed.

Members entered in discussion regarding zoning setbacks. Chairman Walls asked Mr. Stover to check the zoning setbacks for this land sale.

***Mr. Jenkins made a motion for the Board to approve this UGI land sale and authorize execution by the Chair and Secretary; Mr. Jones seconded the motion; motion carried.***

#### Legal Issues

##### RFP Update

Attorney Schrack stated that there are now three Phase 2 proposers, as Genesee & Wyoming has formally withdrawn from the RFP process. Track inspections for the three proposers were held over a two and a half-day period in early November. A pre-proposal meeting was conducted with the three proposers at the conclusion of the inspections on November 5<sup>th</sup>.

Mr. Stover reported that Messrs. Jannotti, Conrad and Fury are currently visiting the Northern Plains Railroad (Stonepeak) for a track and bridge review.

##### Approval of Schedule

Attorney Schrack stated that a proposed RFP Phase 2 schedule has been prepared by staff in consultation with Mr. Mazur and solicitor. The suggested RFP due date is April 3, 2015 with Board action to select the operator to be held at the June 10, 2015 meeting. A copy of the proposed RFP Phase 2 schedule was provided in the meeting packet.

Mr. Mazur stated that everything is on schedule with the RFP process.

***Mr. Bridy made a motion for the Board to approve the Phase 2 RFP schedule; Mr. Purcell seconded the motion; motion carried.***

##### Delta Agreement

Mr. Stover stated that the recent JRA Strategic Plan included a survey of the JRA's railroad customers. This work was conducted by Delta Development. Staff has asked Delta

Development to prepare a proposal to conduct a rail customer survey of the three proposers in the Phase 2 RFP process. A copy of the proposal from Delta Development was provided as a handout to the Board.

Ms. Debbie Tollett and Mr. Darren Asper from Delta Development briefed the Board on the process for the customer surveys and interviews for the RFP process.

Delta's Scope of Work:

1. Meeting with JRA team to discuss the objectives of the surveys and interviews and to gather the information needed to develop survey and interview questions.
2. Develop surveys and interview questions
3. Deploy and monitor surveys
4. Summarize and analyze survey responses
5. Conduct interviews with selected customers
6. Summary report of interview responses
7. Final presentation to JRA Board

The proposed scope of work will take approximately 15 weeks to complete. Work is expected to commence on November 12, 2014 and be completed by February 28, 2015. Delta Development Group's proposed fees for this service is \$19,425.00.

Mr. Stover stated that staff's recommendation is to engage Delta Development Group on behalf of the Authority. Mr. Mazur stated that the survey includes all three proposers and includes the current operator.

Chairman Walls asked if the results from the study would be usable for the existing JRA operation irrespective of the procurement process being done within. The results from the last customer survey done were of value to the JRA in some of the discussions held with various parties. Mr. Stover stated that a copy of the results would be available.

***Mr. Graham made a motion for the Board to accept Delta Development Group's proposal dated November 10, 2014 for a base cost of \$19,425 and to authorize the Executive Director to approve follow up costs consistent with the Estimated Variable Costs and Interview Alternatives as listed on Table 2 of the proposal with all services to be ratified by the JRA Board; Mr. Gummo seconded the motion; motion carried with Messrs. Harvey, Jenkins, Jones, Krentzman, Park, and Winslow abstaining.***

#### Approval to Release Comments to Proposers

Mr. Stover stated that a representative of Genesee & Wyoming asked if G&W could get a sense of the scoring board members' comments made in the scoring sheets. This request was made before the G&W withdrew its proposal from the RFP process. The JRA Board of Directors may wish to consider providing the individual proposers comments relating to their submission; none would receive the comments given to their competitors.

Attorney Schrack stated that the idea would be that there would be a separate record of comments for each proposer. Attorney Schrack stated his preference is to hold off and not give

out any comments at least until after the contract has been awarded. Board members were in agreement not to give out any comments. Mr. Stover withdrew his recommendation to the Board regarding providing comments to the individual proposers relating to their submission of their proposal.

### **Operating Agreement Consultant Report**

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

#### **3 Q 2014 Transportation Expense Ratio**

- Target: About 43%
- Results for 3 Q 2014
  - Below Target
  - Below 3 Q 2013
  - Below 3 Q 2014 Budget
- Results for 2014 YTD
  - Well above Target and 2013
  - Slightly below 2014 Budget

#### **3Q 2014 Maintenance of Way Ratio**

- Target: About 21%
- Results for 3 Q 2014
  - Well above Target
  - Below 3 Q 2013
  - Below 3 Q 2014 Budget
- Results for 2014 YTD
  - Above Target, 2013, and 2014 Budget
- Despite lower revenues, Operator continue to spend money on track maintenance

Mr. Mazur stated that he has additional detailed information, but the recommendation is that it would be discussed in Executive Session, to be held in the continued Legal section of the agenda.

### **Legal Issues (continued)**

#### **PIRMA Intergovernmental Contract**

Attorney Schrack stated that staff received an updated Intergovernmental Contract from PIRMA. The requested changes are basically updating a 1996 agreement with PIRMA. Attorney Schrack stated he has reviewed the contract and his recommendation is to approve the Intergovernmental Contract with PIRMA.

*Mr. Postal made a motion for the Board to authorize the Chair to execute the updated PIRMA Intergovernmental Contract Agreement submitted to the JRA for execution; Mr. Harvey seconded the motion; motion carried.*

Attorney Schrack recommended that the Board recess to Executive Session to discuss the remainder of Mr. Mazur's report which includes confidential and proprietary information of the operator and to discuss legal advice to be given to the Board concerning certain litigation items

as set forth on the agenda. Mr. Hunter will also provide a marketing report in executive session that would pertain to particular customers and involve confidential information of the operator.

Chairman Walls recessed the JRA regular meeting at 2:14 p.m.

Chairman Walls reconvened the JRA regular meeting at 3:35 p.m.

Chairman Walls adjourned the JRA meeting at 3:36 p.m.

Respectfully submitted,

  
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Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on December 10, 2014.

  
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~~Secretary/Assistant Secretary~~ Vice Chair