



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, November 13, 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

Frank Dombroski, Montour County
Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
Bob Hormell, Northumberland County
Rick Jenkins Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County (via teleconference)
David Schultz, Lycoming County (via teleconference)
John Showers, Union County
John Spsychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

Tom Avery, Director of Operations
Jeb Stotter, President & CEO
Diana Williams, Treasurer/Controller

GUESTS

Norm Barrett, Lackawanna & Wyoming Valley Railway Historical Society
Alex Lang, Carload Express
Howard Hobbs, Roaring Creek & Catawissa Valley Historical Study Group
Ed Philbin, Lackawanna & Wyoming Valley Railway Historical Society
Jeff Pontius, Penn Valley Railroad
Gary Roberts, Roaring Creek & Catawissa Valley Historical Study Group
Christine Witmer, CPA, Herring, Roll & Solomon

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko
Tom Schrack, Esq., McQuaide Blasko

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

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JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

JRA STAFF

Kay Aikey, Program Assistant

George Fury, Property & Maintenance of Way Manager

Kyle Postupack, Principal Program Analyst

Jeff Stover, Executive Director

SEDA-COG Staff

Liz Herman, Communications Manager

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

Veterans were recognized for their service by Board members, staff and guests present.

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.

Chairman Showers asked for introductions of guests present.

Public Forum

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

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Chairman Showers acknowledged Mr. Roberts who stated that the Roaring Creek & Catawissa Valley Historical Study Group held a very successful fall passenger excursion in October. Mr. Roberts thanked everyone who helped with the excursion. The second train ride was completely sold out.

Recognition of George Fury, Property & Maintenance of Way Manager

Mr. Stover recognized George Fury for his service to the SEDA-COG Joint Rail Authority. Mr. Fury was presented with a framed print of the John P. Conrad Bridge (formerly named the Loyalsock Creek Bridge) with the following inscription "Presented to George Fury by the SEDA-COG Joint Rail Authority on November 13, 2019 in recognition of over 11 years of dedicated service. During his tenure, George demonstrated Consummate Expertise, Innovation and Vision in Furthering the Authority's Goals of preserving and Expanding Rail Freight in Central Pennsylvania."

ADMINISTRATIVE ITEMS

Approval of the October 9, 2019 Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the October 9, 2019 JRA Meeting Minutes as distributed; Mr. Gummo seconded the motion; motion carried.

2018 Audit (draft) Presentation by Christine Witmer

Ms. Christine Witmer, CPA from Herring, Roll & Solomon presented the draft 2018 audit of the JRA's accounts

Mr. Jenkins made a motion for the Board to approve the 2018 audit as presented; Mr. Graham seconded the motion; motion carried.

Treasurer's Reports

Mr. Harvey presented the Treasurer's Report for the month of October 2019, as well as the JRA's PIB Loan Account, JRA's loan summary, DCED Grant – "Milesburg 3 Pipes" financial statement, and the JRA's detailed accounting associated with the operating fees paid by the Operator.

Mr. Gummo made a motion for the Board to accept the Treasurer's Report for the month of October 2019 and file for audit; Mr. Jones seconded the motion; motion carried.

Bank RFP – Review of Proposals and Bank Selection

Mr. Stover stated that fourteen banks in the region responded to the RFP issued by the JRA for banking services.

At the suggestion of Mr. Harvey, he focused on those banks that offered a 10-year fixed rate loan. Mr. Stover stated that another focus was the amount the Authority would get on its deposits. First National Bank (FNB) was the lowest on interest rates at 2.95% for a fixed 10 year and Jersey Shore State Bank was 3.43%, which is slightly less than what the Authority is now paying. FNB would currently offer the JRA a 1.85% yield on deposits.

Mr. Harvey stated that the lowest interest rate and cost of debt was from First National Bank, as well as the highest return on savings.

Mr. Harvey made a motion for the full Board to consolidate the two loans currently with Jersey Shore State Bank with FNB with a 10-year fixed rate loan and to move the JRA deposits from Jersey Shore State Bank to FNB with the starting rate of 1.85%; Ms. Wakeman seconded the motion.

Mr. Harvey stated a meeting will be held with FNB to begin the transition process.

Mr. Stover stated that the debt service in 2020, as a result of the award to FNB, will net \$158,000 in savings.

Motion carried with Messrs. Hormell, Jones, Krentzman, and Showers abstaining.

Events Calendars

Mr. Stover presented the events calendars for November and December as well as the staff report.

Check Presentation by Penn Valley Railroad to the Lackawanna & Wyoming Valley Railway Historical Society

Mr. Pontius presented a check in the amount of \$9,140.14 to Mr. Norm Barrett for the October 5 excursion for railroad interest groups to help in the restoration of steam locomotive 3713 for operation at Steamtown National Park and recognized the Operator's efforts in furtherance of the passenger excursions. Mr. Barrett then shared a PowerPoint presentation on the excursion as well as information on the Lackawanna & Wyoming Valley Railway Historical Society.

Operator's Status Report

The Operator's report was included in the meeting packet.

Ms. Williams stated that Mr. Mazur will be presenting the Operator's third quarter financials. Mr. Avery stated that coal trains were down. Mr. Stotter stated that the maintenance of way had another substantial month.

A slide showcasing the Toys for Tots (NARCOA runs) was shared. These runs will take place on the NSHR (11/23) and on the UCIR (11/24).

OLD BUSINESS

Bridge Engineer's Report

A copy of the Bridge Engineer's Report was provided in the meeting packet.

Mr. Postupack showed a slide of the completed project at Talleyrand Park in Bellefonte and the speed hump installed in the Borough of Bellefonte.

Consultant Selection for Lime Ridge Hydrology Study

Mr. Stover stated that three proposals for engineering consulting were received for the hydrology, hydraulics and stormwater study of the Rt. 11 corridor from Bloomsburg to Lime Ridge. The rail customers affected adversely by localized flooding are Smuckers and Sekisui on the east of the corridor. The Bloomsburg area of the study consists of many homes and businesses affected by flooding. The North Shore Railroad bisects this whole area and is the link from one end to the other; the Authority is the grantee of the \$25,000 ARC grant. There is also a state grant made to Columbia County. The county approved a sub grant to the Authority for \$25,000.

The three proposals received from engineering firms were:

- Peters Consulting (Berwick) \$39,600
- McTish Kunkel (Montoursville) \$50,000
- GAI (Pittsburgh) \$84,450

The original estimate to do this work was \$105,000.

McTish Kunkel is especially knowledgeable of the corridor area from prior work. They also offered stormwater modeling which was absent from the Peters consulting proposal.

Because of the saving in this engineering study the project budget may allow for the engineer to pursue the necessary permits for implementation of work.

Dr. Spychalski made a motion for the Board to engage McTish Kunkel to complete the Bloomsburg-Lime Ridge corridor stormwater study at a cost of \$50,000; Mr. Hormell seconded the motion; motion carried.

REPORTS FROM COMMITTEES

Property Management/Capital Budget Committee Meeting

Committee Chair Rick Jenkins reported on the work of the Property Management/Capital Budget Committee, which met at 11:00 a.m.

Level 3 Communications, LLC (NBER)

Mr. Jenkins stated that Level 3 Communications has approached staff requesting an aerial easement for construction of a fiber optic line over the Willowbank at-grade crossing on the Bellefonte Branch, in Bellefonte. The new occupation would be on the south side of crossing and will serve the county office buildings.

The occupation is totally within the public right-of-way and no annual fees are assessed except for an application fee of \$750. All plans are approved.

Mr. Jenkins made a motion for the Board to approve this easement and authorize its execution by the Chair; Mr. Winslow seconded the motion; motion carried.

Quit Claim – Berwick (NSHR)

Mr. Jenkins stated that construction of new signals at Susquehanna Avenue at the top of the HillTrack leading to BIDA requires the acquisition of two parcels of land for construction of the signal mast and house.

Staff has met with one of the landowners, Mr. Bisanti, and worked out a deal for purchase of 466 square feet of land at the rear of his property. Agreed upon price for the land is \$500, and Mr. Bisanti retains an easement, if so needed, to construct a drainfield in unoccupied portions of the parcel being purchased, should his current drainfield fail.

Staff is currently in discussions via email with the other property owner, Mrs. Dement.

Mr. Jenkins stated this is PUC-mandated.

Mr. Jenkins made a motion for the Board to approve this land purchase to the landowner, Mr. Bisanti, in the amount of \$500; however, the landowner has a drainfield in his backyard and he

wants to also retain the right to expand the drainfield underground, if necessary; Dr. Spychalski seconded the motion.

Attorney Schrack added that what will be done is an agreement to acquire the property will be executed by the Chair. A title search has been ordered to make sure there are no problems from a title standpoint if the JRA acquires this small purchase of land. Assuming that the title search clears then there will be a closing transfer of money for the deed at a later date.

The motion would be to authorize the Chair to execute the agreement of sale to acquire the property. Motion carried.

Paris Cleaners Boundary Agreement (LVRR)

Mr. Postupack stated that staff has been approached by Rettew Associates, Inc., an engineering/survey company, regarding the boundary line between the Paris property at the southwest quadrant and Newberry Yard.

Rettew had been surveying the common boundary and picked up on a discrepancy of 0.061 acres (2,651 square feet) between its work and an existing survey completed by Vassallo several years ago. Mr. Postupack stated that there seems to be a rounding error.

Attorney Schrack has drafted a boundary agreement to reflect resolution of this issue.

Attorney Schrack stated this agreement is a consentable line agreement, which is an effective way to compromise a disputed boundary under Pennsylvania law. The stipulated boundary will be shown on the attached plan, which will be recorded in the recorder of deeds. This legally accomplishes certainty of the boundary, short of an actual transfer by deed.

Mr. Postal joined the meeting via teleconference at 1:46 p.m.

Mr. Jenkins made a motion for the Board to approve this boundary line agreement and authorize execution by the Chair; Mr. Park seconded the motion; motion carried.

Newberry Yard Power Poles (LVRR)

Mr. Jenkins stated that two (2) poles carrying energized wires that serve Newberry Yard have rotted at the base and are leaning severely. Williamsport Electric was contacted for a quote to replace the poles, cross arms, cross arm braces and Pin insulators. Williamsport Electric quoted \$6,520.00 to do the work.

This is considered emergency work. Williamsport Electric has done significant work in the yard in the past and is familiar with the layout and train operations.

Mr. Jenkins made a motion to award this work to Williamsport Electric in the amount of \$6,520.00; Mr. Harvey seconded the motion; motion carried.

Covia Lease Amendment (LVRR)

Mr. Jenkins stated that Covia's (formerly Unimin) lease for the Reach Road site expires at the end of 2019. Covia has requested a continuance of the lease through an amendment with an initial term of two (2) years, followed by three (3) one (1) year automatic renewals. There is a 90 day right by either party to get out of the agreement.

Mr. Jenkins stated that several years ago Covia had asked the Authority to lower their rent as their business was down; however they are now above the minimum numbers that they needed so therefore this lease is back to the original amount that was agreed upon before they had asked to have it reduced.

The lease would continue based on current annual rent of \$96,960, CPI cap of 1%.

Attorney Schrack has drafted the amendment with input from Covia. One minor point of clarification is that if Covia wishes to no longer extend the lease, they need to provide the Authority with at least a month notice prior to the end of the term rather than just a straight 90 day out before the end of the year renewal term.

Mr. Jenkins made a motion for the Board to approve this lease amendment with Covia; Mr. Harvey seconded the motion; motion carried.

Consideration of Amended Fee Schedule

Mr. Jenkins stated that an amended fee schedule had been provided previously to Board members and the PMC approved the rate schedule. The legal fees will be added to the fee schedule and the amended fee schedule will be brought to the December meeting for approval by the Board.

Bulkmatic Rail Extension

Mr. Stover stated that Bulkmatic would like to extend one of the tracks in the gravel area approximately 260 feet plus or minus as this will give them four additional spots for cars. Staff is proposing that the Authority donate the rail that is in a stockpile to Bulkmatic. Bulkmatic will then hire a contractor to build up the track. The PMC members discussed this and are in agreement to present this to the full Board for their approval. This is basically taking rail and relocating it on JRA property on the leased premises for additional traffic for Bulkmatic.

Dr. Spychalski made a motion for the full Board to authorize the offer to Bulkmatic that if they are willing to engage a railroad contractor to build track that the Authority will provide the rail and other track materials to build the track with a maximum of 500 track feet of donated materials; Mr. Krentzman seconded the motion; motion carried.

LEGAL

Operating Agreement Consultant's Report

Mr. Dan Mazur presented the Operator's Third Quarter 2019 financials via PowerPoint.

3 Q 2019 Transportation Expense Ratio

- Target: About 43%
- Results for 3Q 2019
 - Lower than Target
 - Significantly higher than 3 Q 2018
 - Higher than 3 Q 2019 Budget

3Q 2019 Maintenance of Way Ratio

- Target: About 21%
- Results for 3 Q 2019
 - Almost double the Target
 - More than double 3 Q 2018
 - Much higher than 3 Q 2019 Budget

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 1:57 p.m. to convene into executive session.

Chairman Showers reconvened the regular meeting at 2:58 p.m.

Attorney Schrack stated that the Authority Board continued its discussion on the Operating Agreement Report with its consultant and had subsequent discussion about the litigation matters with the Board only. There is an item that needs the Board to take action on in regular session.

Mr. Stover stated that the Board may recall that the Authority made application for a Rail Transportation Assistance Program (RTAP) grant for a line extension to Great Stream Commons. PennDOT requires all leases to be executed for all properties needed to build the rail spur. The Union County Commissioners and the Moran group were unable to reach a resolution from Lot 12 that was potentially going to be cut off by the railroad grade. As a result, the application needs to be withdrawn and formal action needs to be taken by the Board so a letter can be sent to the Bureau of Rail Freight to indicate the withdrawal.

Ms. Wakeman made a motion for the full Board to withdraw the RTAP application for Great Stream Commons; Mr. Park seconded the motion; motion carried with Messrs. Showers and Winslow abstaining.

Ratify Multimodal Transportation Fund Applications and Budgets

Mr. Stover reported that contrary to the agenda grid, it was determined that no action was needed on the grant applications already approved by the JRA Board.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 3:00 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 December 11, 2019.



Secretary/Assistant Secretary