



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, NOVEMBER 9, 2011  
SEDA-COG, LEWISBURG, PA  
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**

201 Furnace Rd  
Lewisburg  
PA 17837

(570) 524-4491  
fax 524-9190

[jra@seda-cog.org](mailto:jra@seda-cog.org)  
<http://jra.seda-cog.org>

**AUTHORITY MEMBERS PRESENT**

Tom Herman, Montour County  
Rick Jenkins, Columbia County  
Don Kramer, Clinton County  
Michael Krentzman, Mifflin County (via speaker phone)  
Dave Park, Columbia County  
Rob Postal, Mifflin County  
Dennis Reitz, Northumberland County  
John Showers, Union County  
John Spsychalski, Centre County  
Jerry Walls, Lycoming County

**GUESTS PRESENT**

Nate Blanchard, Railroad Operating Companies  
Allen Bubb, NRHS  
Keith Buckley, Risk Solutions (via speaker phone)  
Steve Campbell, Roaring Creek & Catawissa Historical Study Group  
Tyler Glass, Reading & Northern Railroad  
Jim Mackey, Railroad Operating Companies  
Don Purcell, Penn Valley Railroad  
Andrew Richards, Bellefonte Historical Railroad Society  
Gary Shields, Railroad Operating Companies  
Jeb Stotter, Railroad Operating Companies  
Troy Truax, Delta Development Group  
Diana Williams, Railroad Operating Companies

**STAFF PRESENT**

Tom Schrack, Esq., McQuaide Blasko Law Offices  
Kay Aikey  
George Fury  
Steve Kusheloff  
Jeff Stover  
John Conrad, P.E., Railroad Bridge Engineer

**CALL TO ORDER**

**Call to Order**

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



Affiliated with  
SEDA Council of Governments

### Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

### Recognition of Veteran's Day

Chairman Walls recognized all veteran's in honor of Veteran's Day, November 11, 2011.

## ADMINISTRATIVE ITEMS

### Public Forum

Mr. Richards from the Bellefonte Historical Railroad Society expressed appreciation from the BHRS to the Operator and Joint Rail Authority for very successful fall foliage trips. All three runs were sold out and everything went smoothly with over 1,000 people being able to ride the train.

Mr. Shields thanked the BHRS for their attention to safety, especially in Tyrone.

Mr. Bubb commented that he saw a train come into the Northumberland yard with two locomotives and approximately 149 cars. Mr. Shields stated that about 80% of that was North Shore traffic.

### Approval of the October 12, 2011 Meeting Minutes

*Dr. Spychalski made a motion to approve the October 12, 2011 meeting minutes; Mr. Kramer seconded the motion; motion carried.*

### Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of October 2011. Mr. Reitz also presented the summary of the passenger excursions accounting which was provided in the meeting packet.

*Mr. Herman made a motion to approve the Treasurer's Report for the month of October 2011; Mr. Jenkins seconded the motion; motion carried.*

### Legal Issues

Attorney Schrack referred to the handout prepared by Delta Development Group (Delta) regarding the SEDA-COG JRA TIGER II Disadvantaged Business Enterprise (DBE) plan. Attorney Schrack stated that Delta has prepared a draft letter to FRA which states that in order to comply with the DBE compliance requirements, the Board needs to adopt a policy. Certain language is included in the handout which reads:

"This contract is subject to the requirements of Title 49, Code of Federal Regulations, Part 26, Participation by Disadvantaged Business Enterprises in Department of Transportation Financial Assistance Program. JRA encourages participation of disadvantaged business enterprises. The successful bidder/offerer may be required to report its DBE participation obtained through race-neutral means throughout the period of performance.

The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of Department of Transportation-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate.”

Delta prepared the DBE plan and asks the Board to formally adopt this language to then be included in all contracts.

Mr. Truax from Delta stated having a DBE plan is a requirement of the TIGER grant agreement.

Mr. Stover stated two other items were sent to the FRA as part of this process: the SEDA-COG Affirmation Action Plan and Exhibit D of the Operating Agreement which deals with anti-discrimination.

Attorney Schrack stated the proposed action for the Board to consider is the adoption of the DBE language and also the ratification of the letter sent to FRA.

***Dr. Spsychalski made a motion for the full Board to adopt the policy recommended by the Solicitor and Executive Director for the FRA and ratification of the letter which the Executive Director sent to FRA; Mr. Kramer seconded the motion.***

Mr. Postal asked if this is for the TIGER II projects only. Chairman Walls stated this is standing policy and would be applicable on any grant in the future that the JRA might secure.

***Motion carried.***

Attorney Schrack referred to the Agreement with the JRA and the Bellefonte Historical Railroad Society which referred to the conveyance of about 2000 feet of track of the Bellefonte Secondary line in College Township. The Board asked at a previous meeting that the Solicitor prepare documents for the Board's review relating to the conveyance. An agreement and proposed Quit Claim Deed have been prepared. For \$1.00, the Authority would convey to the BHRS the track from M.P. 42.5 to M.P. 42.13. This would be an extension of track conveyed to BHRS by the Authority in 1990. All costs relating to the transaction including transfer tax cost and recording fees would be borne by the BHRS; the Authority would not have any cost obligation with this. The Quit Claim Deed is a standard Authority Quit Claim Deed and the Authority does not make any representations or warranty regarding the condition or the title of the property. The documents were provided to BHRS' counsel for review. The Board needs to approve these documents in their current form subject to any minor changes that the BHRS might have.

***Dr. Spsychalski made a motion for the full Board to approve the documents for BHRS subject to any minor changes made by the BHRS; Mr. Herman seconded the motion.***

Mr. Richards stated there was a question as to where the actual break point would be. There is a private crossing and the actual M.P. 42.13 marker point would be a little short of that crossing. In discussion with Mr. Stover, the BHRS would like to get that crossing to be included in the BHRS side which is an excellent area for the BHRS to load and unload equipment.

*Dr. Spychalski stated that his motion will encompass that adjustment; Mr. Herman concurred; motion carried.*

### Right-to-Know Requests

Attorney Schrack stated that staff received a Right-to-Know request from a Ms. Barbara Rucinski of Williamsport relative to Lundy Industrial Real Estate. Mr. Stover stated the Rail Authority was not involved in this private development and responded this to Ms. Rucinski that she contact the Lundys. No further communication has been received from Ms. Rucinski.

The Authority received a request from the Northumberland County Planning Director seeking the current and past Operating Agreement and the Audit Reports of the Operator. The Operator raised a concern with the disclosure of the Audit Reports in that they are confidential proprietary information. The Solicitor and staff are still working with the Operator to determine how that disclosure should/if it should take place. There is also a question of whether the state Right-To-Know law would actually be preempted by federal law as the operator's counsel's has raised that as a possibility. Staff is working with the Operator on this issue. Mr. Stover notified Mr. Mack that an extension of time was needed to work through that issue. Mr. Stover stated the Operating Agreements have been sent to Mr. Mack.

### Events Calendar/Staff Report

Mr. Stover presented the events calendar for November-December 2011 and Projects Status Report.

Mr. Herman was excused from the meeting at 1:11 p.m.

### Operator's Status Report and Business Forecast

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

### **OLD BUSINESS**

#### Insurance RFP Review

Mr. Buckley of Risk Solutions joined the JRA Board meeting via speaker phone from his office in Massachusetts. He reviewed the Executive Summary/Key Recommendations listed in the handout distributed to Board members entitled "Insurance Analysis Report November 8, 2011".

Risk Solutions is recommending that the JRA purchase Option #3 through Great American which was shown on the handout to the Board. The following are the key highlights of that option:

- Increase per occurrence limits from \$5MM to \$10MM.
- Increase annual aggregate limit from \$10MM to \$20 MM.
- Defense costs apply outside the coverage and do not reduce the limit of liability.
- No change in the per occurrence retention (\$5K).
- Claims made coverage form.

Mr. Stover stated that both Arch Specialty Insurance Company and Great American Fidelity Insurance Company are proposals from McRail; Liberty is proposed by Wells Fargo and Steadfast is the current policy through McRail which is backed by Zurich.

Chairman Walls asked the Operator if he was comfortable with Option 3. Mr. Shields replied he would like to review this. Ms. Williams stated the Operator has great respect for McRail Insurance as they use this as their carrier, and will ask Mr. McCarthy for his interpretation on this.

Attorney Schrack stated he concurred with Option 3.

***Mr. Reitz made a motion for the Board to approve the recommendation from Risk Solutions for Option 3 Claims Made form coverage through Great American Fidelity Insurance Company in the amount of \$32,140.12; Dr. Spsychalski seconded the motion.***

Chairman Walls asked the Operator to do whatever due diligence is needed regarding this and give any comments to the Executive. The JRA Authority will proceed with Option 3 so there is no lapsed coverage.

***Motion carried.***

### **TIGER II Status Synopsis**

Mr. Stover reviewed the summary of the status of the ongoing TIGER II projects.

Chairman Walls referred to the Operating Agreement Committee the assignment to work with Mr. Stover to negotiate a proposed lease with the West Shore Railroad (WTSE). Mr. Stover stated that this was not something that needs to be done immediately as there are other issues related to the West Shore lease and the TIGER funds.

Rail service to the Great Stream Commons does not depend whatsoever on executing a West Shore Railroad lease. The TIGER II project can start north of New Columbia (the northern terminus of the WTSE ownership). The TIGER II funds would then be used to rebuild the track to Allenwood. Staff is recommending allocating TIGER II grant funds between the northern cut point of the WTSE and Allenwood. After all projects are bid and the JRA has left over TIGER II funds, then this matter could be reconsidered.

***Dr. Spsychalski made a motion for the full Board to approve allocating TIGER II grant funds between the northern cut point of the West Shore Railroad and Allenwood pending FRA approval; Mr. Reitz seconded the motion; motion carried.***

### **Consideration of Bids for Task D – DMS/Yellow Hill Runaround**

Mr. Stover stated that bids were received on November 8<sup>th</sup> for TIGER II related work on the SVRR – Task D. The bid results were provided to JRA Board members. Fox Railroad Services had the lowest of seven bids in the amount of \$1,137,218.00.

Mr. Stover stated capital budget funding can only be applied to certain projects. The state grant allocation for this Task went from a budgeted \$700,000 to \$796,000. As a result, only \$41,000 additional allocation from the TIGER budget is needed.

Mr. Krentzman had to leave the conference call at 2:20 p.m.

***Mr. Postal made a motion for the Board to award the bid for TIGER II Task D – DMS/Yellow Hill Runaround in the amount of \$1,137,218.00 to Fox Railroad Services; Mr. Park seconded the motion; motion carried.***

### **Task C – GOH Montoursville**

Mr. Stover stated that for this TIGER II project, Attorney Coploff suggests that an easement document would be the best instrument. His draft has been forwarded to GOH and its attorney. No action is needed for this item, but this will be a two-stage process – the easement document and the bid award.

### **LVRR Loyalsock Creek Bridge Update: Demolition, Design and FRA Grant Submission**

Mr. Stover stated Delta's team submitted an application for \$2.4 million for the FRA Rail Line Relocation Program on October 16<sup>th</sup>. Because of the wording in the federal legislation, Lycoming County is the official applicant. If the grant is funded, the existing intergovernmental agreement between the JRA and County will have to be amended to apply the County's grant to the Loyalsock Creek Bridge. If successful, the JRA loan for the bridge alone would be reduced from \$3.4 million to \$1.0 million. Any new grant funding, such as this one, will reduce the overall cost of the Loyalsock Creek Bridge and Airport Access Road. Thus, it will reduce the JRA's future costs as spelled out in the agreement with Lycoming County.

### **Strategic Planning Update**

Mr. Stover stated the JRA Board SWOT session is set for Monday, November 14<sup>th</sup> at 9:00 a.m. at the SEDA-COG offices. Mr. Truax provided JRA Board members with a handout regarding the SWOT session.

A shipper survey has been set up on [www.surveymonkey.com](http://www.surveymonkey.com) and an email with the link to the survey will be sent out to the JRA's shipper distribution list.

The SWOT session for the Operator and team is scheduled for Wednesday, November 16, 2011 at the Lycoming Valley Railroad.

Mr. Stover showed the 1929 Pennsylvania railroad maps that were donated by the Russell Christie family. One of these will be proudly hung in the JRA office in Lewisburg and the other will be hung at the Lycoming Valley Railroad office, but remain the property of the JRA.

***Mr. Park made a motion for the full JRA Board to express their appreciation to the Scott and Russell Christi family for the donation of the 1929 railroad maps; Mr. Reitz seconded the motion; motion carried.***

### **Proposed Reopening of RJ Corman Line in Centre County**

This item was tabled to when Mr. Hawbaker can be present.

## **COMMITTEE REPORTS**

### **Passenger Excursions Committee**

Committee Chair Spsychalski asked Mr. Richards and Mr. Campbell to report on their passenger excursions.

Mr. Richard reported that to date 1,000 tickets have been sold for their upcoming passenger excursion.

Mr. Campbell shared that on October 15<sup>th</sup> the Roaring Creek & Catawissa Historical Study Group had a passenger excursion which was sold out for both rides and there were a lot of positive comments received.

Committee Chair Spychalski stated that an inquiry was received for a proposed July 28, 2012 passenger excursion sponsored by the Conrail Historical Society. He stated that it appears that this excursion will not go forward.

Mr. Reitz raised the issue of inspection of the equipment that is used for the passenger excursions run by the Operator. He questioned why Strasburg Rail Road had not inspected the equipment as had been done for the other passenger equipment being used on railroad property. The operator has recently gotten a coach that has been restored/refurbished and the Phoebe Snow has been running for various events. He stated it would be prudent from a public safety standpoint as well as an Authority liability standpoint to have the same level of inspections and standards for all passenger equipment that operates on JRA tracks to be the same as the public excursions.

Under the agreement the operator is allowed to have special runs for dignitaries and for shippers. Mr. Stover asked if the JRA should engage Steve Weaver to look at the car.

Mr. Reitz stated he is suggesting from a liability and safety standpoint the Authority should be consistent in terms of what is demanded for inspections for the safety of the passenger equipment on the tracks irrespective of who it is.

Mr. Shields stated as a normal operating practice, the Operator is regulated by the Federal Railroad Administration to be able to have the Operator's people schooled and trained in the inspection process. Mr. Shields stated by law, the Operator is required to do the inspections.

Mr. Stotter added that the Operator is federally mandated to test all equipment.

Dr. Spychalski stated that he understands Mr. Reitz' concern, but the freight operator is subject to all of the federally mandated rules concerning air brake systems and every other aspect of a piece of railroad rolling stock, either freight or passenger. If the Operator is complying with all the terms of the Operating Agreement, including safety dimensions, its staff is capable of performing air brake inspections or inspections of other equipment. If the freight operator were found to be negligent in assuring compliance then it would become the Authority's concern. Dr. Spychalski further added that he is not sure there is a need for the Authority to pay for an outside inspection of the rolling stock.

Mr. Shields added that the Operator is subject to random inspections by FRA officials from multiple disciplines and this has been done several times this year.

Dr. Spychalski stated that the next time the Operator has an inspection on the equipment to show a copy of it to the JRA. Mr. Reitz stated he is looking at this from a public safety standpoint and a liability limitation standpoint.

Chairman Walls stated part of risk management is documenting that you have the inspections and asked the Operator to provide the JRA with a sample of an inspection that would focus on the coach and the Phoebe Snow.

Mr. Stotter stated that the FRA randomly selects equipment to inspect. He asked if the FRA has written a report on any of the equipment of Mr. Pontius.

Mr. Shields stated Mr. Sanders owns the Phoebe Snow and is an Amtrak capable passenger car capable of going 90 miles an hour; the valves were changed last winter.

Mr. Reitz stated he would like to see consistency among all the passenger cars that travel on the JRA tracks that they are all subject to the same inspections and standards.

### Operating Agreement Committee

Committee Chair Krentzman joined the meeting again via speaker phone and updated the Board on the Operating Agreement Committee meeting held on November 7, 2011.

### Flood Damage Cost Issue

At the October JRA meeting, the Operating Agreement Committee was charged with taking up the handling of the flood restoration costs and apportionment of costs to restore the rails lines in the wake of the recent flooding. The Operating Agreement deals with this type of event laying the first \$25,000 of damage cost per occurrence on the Operator. The main issue is what is an "occurrence" and whether this was one incident, or two, as there was flooding and then rains later than caused more flooding. Mr. Krentzman stated that Mr. Stover had provided the committee with a memo outlining some information. McRail Insurance indicated that the common interpretation was that it was one occurrence. The JRA solicitor had indicated to Mr. Stover that it is reasonable to consider the recent flooding and resultant damage as one occurrence.

Attorney Schrack confirmed that he did look at the issue and did a survey of the law and he would be hard pressed to find a case to support that there was more than one occurrence.

***Mr. Krentzman made a motion for the full Board to consider the flood damage for Tropical Storm Lee and related excessive rain as one occurrence and as per the Operating Agreement; Mr. Park seconded the motion; motion carried.***

### Request by Operator to Complete Sale of Companies

Mr. Krentzman stated that the Operating Agreement Committee discussed the fact that Mr. Robey had indicated he would like to move forward with the sale of his company. The JRA had indicated previously that there was a checklist to be followed as to what information and data the Operator needs to provide. The checklist previously done was reviewed and updated and Mr. Robey indicated that he would be happy to comply, but did not want to go back and forth with this. A comprehensive list of what is needed will be given to Mr. Robey. Mr. Krentzman encouraged Board members to review the checklist and send any comments to Mr. Stover.

***Mr. Krentzman made a motion that the full Board review the checklist that was created by past Board member Mr. Spendiff and suggest any changes to Mr. Stover and that Mr. Stover within a reasonable period of time generate a final checklist to be presented to Mr. Robey.***

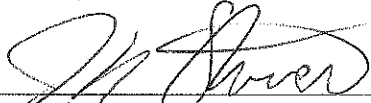
Mr. Stover stated that the JRA will use the consulting services of retired railroad executive, Dan Mazur, to assist in its review of the package.

*Mr. Jenkins seconded the motion; motion carried.*

*Dr. Spsychalski made a motion for the Board to approve issuance of the check to North Shore Railroad for payment of the invoice in the amount of \$114,742.09 for work done by North Shore Railroad to September 28, 2011, with final billing for that event relating to the flood damage which will be submitted to FEMA for reimbursement; Mr. Kramer seconded the motion; motion carried.*

Chairman Walls adjourned the meeting at 3:15 p.m.

Respectfully submitted,



Jeffrey K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on December 14, 2011.



Secretary/Assistant Secretary