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SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, October 12, 2022
Union County Government Center, Lewisburg, PA
12:30 p.m.

AUTHORITY MEMBERS

Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Rick Jenkins, Columbia County (via teleconference)
Brent Jones, Clinton County
Michael Krentzman, Mifflin County (via teleconference)
Rick Maloyed, Snyder County
Dave Park, Snyder County
Rob Postal, Mifflin County
David Schultz, Lycoming County (via teleconference)
John Showers, Union County
John Spychalski, Centre County
Jennifer Wakeman, Montour County
Matt Weigle, Columbia County (via teleconference)
Eric Winslow, Union County (via teleconference)

JRA OPERATOR

Jeb Stotter, President & CEO
Diana Williams, Treasurer/Controller

GUESTS

Adam Hartzel, CPA, Baker Tilly
Kelly O'Brien, BIDA
Mark Rosner, Carload Express
Ed Sigl, First National Bank (via teleconference)

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko (via teleconference)
Tom Schrack, Esq. McQuaide Blasko (via teleconference)

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant
Jason Shura, P.E., Stiffler McGraw (via teleconference)

JRA STAFF

Kay Aikey, Program Assistant

Kyle Postupack, Property & Maintenance of Way Manager

Jeff Stover, Executive Director

CALL TO ORDER

Call to Order

The Chairman called the meeting to order at 12:34 p.m.

Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

Welcome – Chairman’s Statements

The Chairman 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.

Public Forum

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

Mr. Gummo congratulated Mr. Stover on being recognized for his service to the Board since 1984. Mr. Stover was presented with the Frank D. O’Reilly Award at the Clinton County Economic Partnership Annual Dinner on October 5, 2022.

Introduction of board members, staff and guests present.

ADMINISTRATIVE ITEMS

Approval of the September 14, 2022, JRA Meeting Minutes

Mr. Gummo made a motion for the Board to approve the September 14, 2022, JRA Meeting Minutes; Dr. Spychalski seconded the motion; motion carried.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of September 2022, as well as the JRA's Loan Summary, Money Market Account Financial Statement, the PIB Loan Financial Statement, and the JRA's detailed accounting associated with the operating fees paid by the Operator.

Ms. Wakeman made a motion for the Board to accept the Treasurer's Report for the month of September 2022 and file for audit; Dr. Spychalski seconded the motion; motion carried.

2021 Audit Presentation

Adam Hartzel, CPA of Baker & Tilly presented the JRA's 2021 draft audit. A copy of the audit was emailed to board members before the meeting and copies were available at the meeting.

Budget Status for 2022

Mr. Stover presented information to summarize JRA 2022 expenses and revenues, to date. These data will be an excellent starting point for the 2023 JRA budget. A copy of the budget was emailed to board members before the meeting and copies were available at the meeting.

Dr. Spychalski pointed out an item on the term "Pass-Through Expenses" and stated that technically they are "Pass-Through Payments," not pass-through expenses as identified on the budget sheet. Technically, there are not expenses incurred by the JRA. They record an action that was required because of an agreement in place to pass through funds received from one entity to another. Mr. Stover stated he will make this change on the budget spreadsheet.

Staff Report and Events Calendar

Mr. Stover summarized the status of various construction projects and calendar highlights.

Mr. Postupack shared the following pictures:

- Button Oil Site Progress
- LVRR 179.44 "Iron Bridge" Before & After
- Frank D. O'Reilly Award - Clinton County Economic Partnership Annual Dinner – October 5, 2022

Operator Status Report

A copy of the Operator's Report was provided to Board members via email and copies were provided to Board members at the meeting.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was provided in the meeting packet.

NEW BUSINESS

PennDOT Rail Grant Applications/Assignment of Capital Budget Line Item to Pine Creek Seed Farm

Mr. Stover stated that Pine Creek Seed Farm in Avis is one of three companies that received PennDOT Rail application assistance from the JRA and SURC. Mr. Paul Jannotti was also instrumental in providing project scoping and budgets under his charges to the JRA. If a project is funded, Mr. Jannotti will work for the rail customer at its expense.

Mr. Stover stated that besides Pine Creek Seed Farm, significant help was provided to Double S in Lewistown and Penn Recycling in Newberry. JRA staff participated on the PennDOT presentation calls for all customers assisted in the RFAP/RTAP process.

Pine Creek Seed Farm is already a LVRR customer having received a rail car of malted barley (at an offsite siding) for the craft breweries in the region. Pine Creek Seed Farm wants to expand that and other businesses and need a siding into their facility just east of Jersey Shore Steet.

During the PennDOT virtual presentation for Pine Creek Seed Farm, the PennDOT Bureau of Rail Freight staff reminded owner Chris McCracken that unloading pits and related equipment to unload rail cars are eligible for possible funding. The current project budget, minus the unloading apparatus, is \$461,000. Since the project is to build a new siding into an existing building, it is considered new construction. Under RFAP rules the cap for new construction is \$250,000.

If the application could go in as a RTAP (Capital Budget), the \$250,000 new construction cap goes away. During the conversation with PennDOT, it became apparent doing this project as a RTAP with the unloading equipment added in would cost the applicant less (no \$250K cap on construction) and make for a better and more complete project.

Mr. Stover stated that PennDOT rail staff asked if a line item could cover Pine Creek Seed Farm. That would be SB651 from 2017 for the rail construction and capital upgrades along the Avis branch of the LVRR. It is capped at \$4.9 million state share. A more comprehensive Pine Creek Seed Farm project budget is being developed. It may come in at \$2.9 million, so a 70% RTAP grant could be \$2,030,000. The remainder (\$2.9 million) of the line item remains for future use by the JRA or other assignees.

Mr. Stover stated it is estimated that roughly \$2,000,000 of the line item is likely needed. If funded, a Memorandum of Understanding needs to be executed between Pine Creek Seed Farm and the JRA.

Mr. Postupack showed an aerial photo of Pine Creek Seed Farm which showed the siding into building, siding to unload box cars, loading/unloading equipment. Pine Creek Seed Farm is on the LVRR – Avis Branch.

Mr. Krentzman stated it all sounds wonderful and he is not critiquing this in any way, but he wonders if there is a better option for it; otherwise, he is not opposed to this. Chairman Graham stated that Mr. Stover was feeling there could be some rail improvements for the JRA and the operator, but no new traffic, and along with the local share it would mean roughly \$4 million on that relatively short piece of track. Other than line improvements there is nothing else.

Mr. Stover stated this piece of track is from Newberry to just east of Jersey Shore.

Mr. Postupack stated that approximately six jobs would be created for this project.

Ms. Wakeman made a motion for the JRA to approve assignment to Pine Creek Seed Farm of a portion of the JRA's Capital Budget line item in SB 651, page 131, line 27 for roughly \$2,030,000; Mr. Harvey seconded the motion.

Dr. Spychalski asked if the motion could include a not to exceed entry.

Mr. Stover stated that the \$2,030,000 for a \$2.9 million project is the current number. Chairman Graham agreed to having the \$2,030,000 as the cap.

Ms. Wakeman agreed to the addition as well as Mr. Harvey.

Mr. Stover asked to add without further approval.

The motion was changed to:

Ms. Wakeman made a motion for the JRA to approve assignment to Pine Creek Seed Farm of a portion of the JRA's Capital Budget line item in SB 651, page 131, line 27 not to exceed \$2,030,000 without further approval and subject to the MOU; Mr. Harvey seconded the motion; motion carried.

REPORTS FROM COMMITTEES

PROPERTY MANAGEMENT COMMITTEE

Committee Chairman Jenkins reported on the work of the Property Management Committee, which met at 11:00 a.m.

Tuscarora Grain Company Removal of Hazard Trees (NSHR – Berwick)

Mr. Postupack stated that Tuscarora Grain Company contacted JRA staff about a dead tree that was felled by a storm and landed close to their building along the NSHR.

Mr. Postupack stated that due to the proximity of the trees to the building and the necessity for a contractor to work from the tracks, KW Reese was contacted to look at the trees and provide an estimate. KW Reese agreed the trees are in poor condition and provided a quote of \$9,975 to remove 15 trees that have the potential to damage the granary should they fall. KW Reese agreed the trees should be removed promptly.

Mr. Postupack stated that JRA staff is proposing to split the \$9,975 cost with the operator to remove the trees, which the operator has agreed to.

Mr. Postupack showed a slide of the Tuscarora Grain Company Hazard Tree Removal on the NSHR – Briar Creek and the Hazard Trees at Granary.

Mr. Jones made a motion for the full board to approve hiring KW Reese to remove 15 trees at a cost of \$9,975 to be split 50/50 with the operator; Dr. Spsychalski seconded the motion; motion carried.

PASSENGER EXCURSIONS COMMITTEE

Committee Chair Spsychalski reported on the work of the Passenger Excursions Committee regarding the proposed amendments to the 2022 Public Passenger Train Excursions Time Table.

Amended Passenger Excursions Time Table Consideration

A copy of the amended 2022 Public Passenger Train Excursions Time Table was emailed to board members and a copy of the time table was provided at the meeting.

Dr. Spsychalski made a motion to change the dates for operation of excursion trips for Fort Discovery Playground from December 10th and 11th to December 3rd and 4th and change the number of trips from five on December 10th to four on December 3rd (i.e., eliminate trip departing at 6:00 p.m.); and to add trips for Williamsport/Lycoming Chamber of Commerce on Saturday, December 10th, Sunday, December 11th, Saturday, December 17th and Sunday, December 18th.

Departure times from Maynard Street, Williamsport on each date will be 11:00 a.m.; 1:00 p.m.; 3:00 p.m.; 5:00 p.m.; and 7:00 p.m.

Committee Chairman Spsychalski stated that the excursion trips for the Williamsport/Lycoming Chamber of Commerce on December 10th, 11th, 17th and 18th were made possible because the Williamsport/Lycoming Chamber of Commerce committed itself to paying the Norfolk Southern Railway Company the amount of money agreed upon by NS to move the passenger equipment deadhead from the Northumberland Yard to an interchange point with the Lycoming Valley Railroad. Committee Chairman Spsychalski said the original quote to move the equipment was not affordable. However, the executive director of the Williamsport/Lycoming Chamber of Commerce took his own initiative to achieve the amount that is now applicable. He has obtained an agreement with the Norfolk Southern Railway Company for the movement of the passenger excursion cars in both directions for a total of \$25,000.

Chairman Graham asked to clarify that the JRA is not responsible financially at all for any of the charges for the movement of cars and that the Williamsport/Lycoming Chamber is dealing directly with Norfolk Southern. Committee Chairman Spsychalski responded that the JRA has no financial commitment in this; it is an agreement between the Williamsport/Lycoming Chamber of Commerce and Norfolk Southern Railway.

Chairman Graham asked if it is confirmed that Norfolk Southern can move the cars in a timely manner. Committee Chairman Spsychalski stated that he would not have put this forward unless Mr. Fink provided proof in writing of the agreement from Norfolk Southern and that information has been provided. There is a definite committed quote on the rate and specifications for what that rate will cover. There are some managerial issues that are related to it and those have to be worked out between representatives of Norfolk Southern, the JRA's freight operator and the owner of the passenger equipment. The JRA has no role to play in those technical matters.

Mr. Stotter stated that the operator is working with Mr. Fink, Mr. Pontius and with Norfolk Southern to give them a preliminary schedule as well as the logistic matters with Dr. Spsychalski and Norfolk Southern.

Mr. Harvey seconded the motion; motion carried.

Ms. Wakeman asked if there is a minimum requirement for ticket sales. Committee Chairman Spsychalski replied there is not. However, there is a desired target for ridership, but there is no contractual agreement between any party and the excursion sponsor for sale of a minimum number of tickets. There have been recommendations that have been put forward among others and the owner of Penn Valley Railroad LLC as to what is a desirable load. Obviously the higher the load factor, the better from the standpoint of ticket revenues and the utilization of the equipment and the service to the community. There is no contractual agreement in place. Ms.

Wakeman stated she is just wondering about the ticket sales because this is not normally their practice to run for two weekends. Ms. Wakeman stated her suggestion is that going forward it should be checked as to how many tickets were sold. Committee Chairman Spychalski stated there is a different element in this. The sponsor is paying \$25,000 to have the equipment moved and that has never happened before by any sponsor. The sponsor is putting their money out there for that and they have asked for those trips for that money. If the trips for Lycoming Chamber wouldn't be run, then the trips would have been run for Bellefonte Historical Railroad Society. Ms. Wakeman stated she is not objecting, but she said that going forward it should factor in how many tickets are being sold because it is still the operator's time, staff time and diesel fuel, and if they are not selling a certain percentage of tickets Ms. Wakeman said she would think it should be looked at if it makes good use of the sponsor's time and resources.

Committee Chairman Spychalski stated he agrees and that is why the sponsors were encouraged to do it. The problem is you never know how many tickets are going to be sold until it is put out on the market. There is a risk to this just as in most business actions. The trouble is if the schedule is not put out in time, then you don't have a definite time for selling the tickets.

Chairman Graham stated it would be good if Mr. Fink could provide the number of tickets per trip for this year.

LEGAL

Legal Issues

Attorney Schrack stated he has nothing to discuss in public session and recommended that the Board recess into executive session.

Chairman Graham recessed the regular meeting at 3:18 p.m. to convene into executive session at 3:23 p.m.

Chairman Graham reconvened the regular meeting at 4:19 p.m.

Attorney Schrack stated that the JRA Board held an executive session with legal counsel to discuss ongoing RFP litigation and to discuss a personnel matter. No action was taken, and no action is recommended to be taken at this time.

With there being no further business to come before the JRA Board, Chairman Graham adjourned the meeting at 4:20 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 November 9, 2022.



Secretary/Assistant Secretary