



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, OCTOBER 12, 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

AUTHORITY MEMBERS PRESENT

Scott Harvey, Lycoming County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
John Spsychalski, Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Nate Blanchard, Railroad Operating Companies
Allen Bubb, NRHS
Rebecca Burke, Lycoming County Commissioner
Steve Campbell, Roaring Creek & Catawissa Historical Study Group
Tyler Glass, Reading & Northern Railroad
Don Purcell, Penn Valley Railroad
Andrew Richards, Bellefonte Historical Railroad Society
Gary Shields, Railroad Operating Companies
Robert Smith, Penn Valley Railroad
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.

**SEDA-COG JOINT
RAIL AUTHORITY**

201 Furnace Rd
Lewisburg
PA 17837

(570) 524-4491
fax 524-9190

jra@seda-cog.org
<http://jra.seda-cog.org>



Affiliated with
SEDA Council of Governments

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

There were no comments from the general public.

Approval of the September 14, 2011 Meeting Minutes

Mr. Herman made a motion to approve the September 14, 2011 meeting minutes; Mr. Sawicki seconded the motion.

Dr. Spychalski referred to page 11 of the meeting packet (page 6 of the meeting minutes) and stated that it was worded in the minutes that "Chairman Walls asked Mr. Stover to put this item back on next month's agenda for ratification". This was in reference to the 'Acquisition of Portion of Bellefonte Branch Near Lemont for the Bellefonte Historical Railroad Society' item. Dr. Spychalski stated that he was unable to find this item on the October 12 agenda. Mr. Stover replied that no final document has been received so there is nothing to be approved. Attorney Schrack stated there are a few items that need to be discussed with the Bellefonte Historical Railroad Society. Chairman Walls stated this matter will be put on the agenda when everything is resolved.

Dr. Spychalski also referred to page 13 of the meeting package (page 8 of the meeting minutes) and stated in the section "TIGER II DBE Plan" the minutes read that "Mr. Shaffer stated that the motion should include that the Solicitor review the plan in draft form". This was in reference to the motion made regarding engaging Delta Development Group to prepare the JRA's DBE plan. Dr. Spychalski asked if Mr. Shaffer's comment was incorporated into the motion. Chairman Walls stated no, he interpreted that it was a point that stood on its own merits and did not need to be put into the motion to take effect. Attorney Schrack indicated he will review the plan in draft form.

Motion carried.

Approval of the September 30, 2011 Special Meeting Minutes

Chairman Walls stated that a special meeting was conducted on September 30 with a few Board members in attendance and some Board members participating via speaker phone. The purpose of the special meeting was to award the bid for the demolition of the Loyalsock Creek railroad bridge.

Dr. Spychalski made a motion to approve the September 30, 2011 special meeting minutes; Mr. Harvey seconded the motion; motion carried.

OLD BUSINESS

Loyalsock Creek Bridge

Mr. Stover stated the Board awarded the bid for the demolition of the Loyalsock Creek railroad bridge at the September 30 special meeting to Lycoming Supply in the amount of \$116,214.

He said the PIB loan has been approved, but there are a few minor changes sought by the Lycoming County Solicitor.

The Authority has also provided the necessary damage assessment forms to the Lycoming County Department of Public Safety and Emergency Management. Staff does not know, however, if any disaster assistance will be forthcoming from FEMA or PEMA. Mr. Stover stated that Delta Development Group (Delta) has been looking for other possible funding possibilities to help close the shortfall of \$3.5 Million. Delta has put together a Scope of Services to prepare an application on behalf of the JRA to secure additional funding for the LVRR bridge. The program is the Federal Railroad Administration's (FRA) "Capital Grants for Rail Line Relocation and Improvement Projects" program. The application is proposed to be done in partnership with Lycoming County. Mr. Truax of Delta stated any costs incurred by the Rail Authority or other entities with respect to the bridge any time after April 15, 2011 are eligible. Those costs could be captured as part of the overall budget; there is a 20% local match. The demolition cost or any other costs, such as engineering and design can be part of the application.

Mr. Stover referred to Project #8 on the TIGER II/PA Capital Budget/PIB Budget form in the meeting packet that shows the project cost of \$8.5 Million and the shortfall of \$3,337,388 (SEDA JRA PIB Loan). This FRA program has \$11 Million available nationally. Our FRA contact said the Loyalsock Creek bridge is an eligible project for this new program.

Mr. Stover stated the cost for Delta to submit the FRA application is \$30,000 which is proposed to be split between the Authority and Lycoming County. Commissioner Burke stated that the Lycoming Commissioners will make a commitment of \$15,000 to offset the administration of the grant opportunity.

Mr. Harvey made a motion for the Board to approve the Scope of Services and proposed contract with Delta Development Group in the amount of \$30,000 to submit the FRA grant application and follow-up work and partnership arrangement with Lycoming County for the cost of \$30,000 to be split by the Authority and Lycoming County; Mr. Herman seconded the motion

Mr. Conrad discussed the demolition work of the Loyalsock Creek bridge with Board members and recommendations regarding the type of construction for the new bridge.

ADMINISTRATIVE ITEMS

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of September 2011. Mr. Reitz asked what the status is for paying off the two M&T Bank loans. Mr. Stover replied that the two loans with M&T Bank have been paid.

Mr. Kramer made a motion to approve the Treasurer's Report for the month of September 2011 and file for audit; Mr. Jenkins seconded the motion; motion carried.

Legal Issues

Attorney Schrack stated a memo was circulated to Board members regarding the analysis of the railroad legislation that was referenced at the September meeting regarding the MacNamara property matter and the legislative Act of 1857.

Events Calendar/Staff Report

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

Operator's Status Report and Business Forecast

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

Ms. Williams stated operating fee revenue for August 2011 compared to August 2010 saw a 7.5% increase for a total of approximately \$86,000. Year-to-date August 2011 versus August 2010 saw a 3.2% increase for a total of approximately \$272,000. Car counts for August 2011 have decreased 147 from August 2010 and are down YTD 1,200. Operating fees for August 2011 compared to August 2010 saw a 14.8% increase for a total of approximately \$17,000.

Mr. Simcox stated there was limited maintenance of way work completed due to the flood damage restoration work that was needed after Tropical Storm Lee.

Mr. Herman commended the Operator and maintenance of way staff for getting the railroads back up and running so quickly.

OLD BUSINESS

Tropical Storm Lee Flood Damage

Mr. Stover stated that an invoice was received from the Operator for flood restoration work done through September 22, 2011. This emergency work was necessary to restore rail service to customers on the NSHR and SVRR. The invoice was broken down by county. Total due is \$114,742.09 which reflects a reduction of \$25,000 since the Operator is required to pay the first \$25,000 of flood damage per Sections 13 and 27 of the Operating Agreement. Some additional billing is expected for work done or invoiced after September 22.

Mr. Park stated from his company's standpoint and being a shipper on the line, he appreciated what the North Shore Railroad Company did to get his operation back up and running.

Mr. Park made a motion for the Rail Authority to offer their commendation to Mr. Simcox and his maintenance of way crew and all other North Shore employees for their quickness in responding in getting the railroads back up and running after the flood damage; Mr. Jenkins seconded the motion; motion carried.

Mr. Shaffer stated that he has a question on the contract that warrants further legal analysis before any action is taken on paying the invoice for the flood damage. The contract states \$25,000 per occurrence and that raises a question as to what is an occurrence. It was stated there were two different storms that were dealt with, several different counties and locations and certainly this is an area that is not clearly defined in the contract and it would be appropriate to have the lawyers review this.

Attorney Schrack referred to Section 13 (c) of the Operating Agreement which states "It is expressly agreed that Operators shall be financially responsible for the repair of damage to any portion of the Railroad Premises caused by a landslide, geological disturbance, flood or significant natural catastrophe in an amount not to exceed \$25,000 per occurrence".

Attorney Schrack stated the question is what does “per occurrence” mean? Does it apply to this one catastrophic event or does it apply to different expenditures that need to be made to repair the particular damaged property? He further stated when situations like this arise between two parties that have an ongoing working relationship they will sit down and try to develop their understanding and work together to find a mutually acceptable resolution to whatever that conflicting provision is. This is a call for the Board of the Authority as to whether this is in fact necessary in this case. It is appropriate for the Board to look at this and see if this is a concern as a collective Board and then talk to the Operator about trying to agree upon the interpretation.

Mr. Sawicki stated his interpretation of an occurrence would be a storm. If Tropical Storm Lee comes through and it is a large storm and there is multiple damage that is one occurrence from one storm. If you have Tropical Storm Lee following Hurricane Irene, that would be two occurrences from two storms.

Mr. Shields stated the invoice submitted covers damage from Tropical Storm Lee. Ms. Williams stated the invoice only goes to the date of September 22, 2011 and subsequent costs are forthcoming.

Chairman Walls stated there is room for debate on this question of what constitutes an occurrence and thinks that in the spirit of trying to work out a good solution it would be a good idea to refer this to the Operating Agreement Committee with the assistance of the Solicitor and Executive Director if the Operator and Board are in agreement.

Mr. Sawicki commented that Delta be involved too as they are working with FEMA reimbursement.

Chairman Walls referred this issue to the Operating Agreement Committee, staff, Solicitor, Delta and the Operator and to come back with a recommendation to the Board at the November meeting.

Chairman Walls stated that the Board needs to designate Mr. Stover as the agent for FEMA paperwork purposes.

Mr. Herman made a motion for the full Board to designate Mr. Stover as the agent for FEMA purposes; Mr. Reitz seconded the motion; motion carried.

Mr. Fury added that in addition to the restoration of the tracks, the signal cabinet at SR 42 (Catawissa crossing) has to be replaced as this is a safety issue. The Operator solicited quotes for replacement of the flood damaged signal cabinet and three quotes were received with Progress Rail Services having the lowest cost of \$38,255.00.

Dr. Spsychalski made a motion for the full Board to approve purchase of a new 4’11”, pre-wired aluminum relay case wired for a Type “C” track logic system with batteries and relay for flashers from Progress Rail Services in the amount of \$38,255.00; Mr. Park seconded the motion; motion carried.

TIGER II Status

Mr. Stover stated that Armond Cassil is working on the TIGER II work for Task A - LVRR. Staff submitted the first reimbursement request to the FRA on October 10th. We were told it should only take 7-10 days for reimbursement to be received.

Balfour Beatty will soon be starting work on Task B - NBER. The pre-bid meeting was held on September 28 for Task D - DMS/Yellow Hill/SEEDCO area. Results of the bids will be given at the November meeting. For Task G5 - Reach Road Terminal – Bower has started site work including the pit. Rhinehart Railroad will soon be on the scene to build tracks. Unimin’s contractor, Alpine, is erecting the silos. For Task G9 - Point Township Sidings – there may be some track redesign. The work for Task E - White Deer will be scoped this fall; Mr. Conrad has the White Deer Creek bridge in design.

JRA Strategic Planning

Mr. Truax stated that Delta has been doing a lot of data collection efforts and will be holding stakeholder interviews.

Chairman Walls polled Board members for their availability for the first SWOT session with Delta. The first SWOT session will be held on Monday, November 14 from 9 am -12 noon at SEDA-COG.

Jersey Shore Junction “Motel Site”

Mr. Stover stated that Chairman Walls and staff had two meetings with Jersey Shore Borough and a developer seeking to build a motel near the terminus of the Pine Creek Rail Trail. The JRA owns a 2 acre strip that would be needed for the motel. The balance of the “motel site” is owned by the Borough. The JRA and Borough officials need to further discuss a joint Request for Proposals to market the site for motel development.

Review of RJ Corman Line Proposal

This item was tabled to the November 9, 2011 JRA meeting.

Chairman Walls informed the Authority that Mr. Stover has received the resignation of Mr. Hawbaker from the Board because he doesn’t want to disadvantage his company from not being able to bid on Authority work.

NEW BUSINESS

Northumberland County Request for Information

Chairman Walls stated he received a request for information from Northumberland County Director of Planning and Industrial Development Pat Mack. Copies of the letter of request and JRA response were provided in the meeting packet.

Chairman Sawicki stated that he spoke with Mr. Mack as to why the letter was written without authorization from the commissioners. Mr. Mack stated that it was requested by Commissioners Phillips and Clausi.

COMMITTEE REPORTS

Passenger Excursions Committee

Committee Chair Spychalski said his committee has been actively involved with a number of managerial issues. He also stated there are a set of fall excursions soon to start with the first one being scheduled for the weekend of October 15 in Catawissa.

Executive Session

Chairman Walls called for an Executive Session at 2:41 p.m. as this was a request from a Board member at the September meeting.


Attorney Schrack stated the request for the Executive Session is to discuss the ongoing litigation involving Union County Industrial Railroad and Board member Dennis Shaffer.

Chairman Walls reconvened the regular meeting at 3.00 p.m.

Attorney Schrack reported that the purpose of the Executive Session was to discuss the ongoing litigation proceeding in Union County that was filed by Union County Industrial Railroad and the Robeys against Board member Dennis Shaffer as it relates to his role as a JRA Board member and to address matters involving the resignation and appointment of a Board member.

Chairman Walls adjourned the meeting at 3:02 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, 2011.



Secretary/Assistant Secretary