



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, September 11, 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
Bob Hormell, Northumberland County
Rick Jenkins Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
David Schultz, Lycoming County
John Showers, Union County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

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

GUESTS

Allen Bubb, West Shore Railroad
Ron Johnson, National Railway Historical Society
Alex Lang, Carload Express
Mark Rosner, Carload express

LEGAL COUNSEL

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

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

JRA STAFF

Kay Aikey, Program Assistant
George Fury, Property & Maintenance of Way Manager
Kyle Postupack, Program Analyst
Jeff Stover, Executive Director

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.

The Chairman asked for a moment of silence in remembrance of 9/11/2001.

Welcome – Chairman’s Statements

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. No one expressed any comments.

ADMINISTRATIVE ITEMS

Approval of the August 14, 2019 Meeting Minutes

Mr. Harvey made a motion for the Board to approve the August 14, 2019 JRA Meeting Minutes as distributed; Mr. Graham seconded the motion; motion carried.

Approval of the August 27, 2019 Special Meeting Minutes

Ms. Wakeman noted a correction to the motion in the discussion of the “lease of former rest area”. She noted that the motion carried **unanimously**.

Ms. Wakeman made a motion for the Board to approve the August 27, 2019 JRA Special Meeting Minutes with the above noted correction as expressed; Mr. Jenkins seconded the motion; motion carried.

Treasurer’s Reports

Mr. Harvey presented the Treasurer’s Report for the month of August 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. Harvey stated that the interest deposit of \$847.48 is about 2-3 times the JRA’s typical monthly interest. At a previous meeting Mr. Hormell inquired about in the interest rate. Based on that, Mr. Stover discussed the interest rate with Jersey Shore State Bank, and the bank was able to make a significant increase in the JRA’s interest rate. Part of that increase is reflected in the Treasurer’s Report.

Mr. Dombroski made a motion for the Board to accept the Treasurer’s Report for the month of August 2019 and file for audit; Mr. Postal seconded the motion; motion carried.

Events Calendars

Mr. Stover presented the events calendars for September and October as well as the staff report.

Mr. Fury shared some slides from the 2019 National Highway Rail Grade Crossing Safety Conference.

Request for Quotes

Mr. Stover stated that at a previous meeting, the Board directed him to put together a Request for Quotes for refinancing the JRA’s two loans with Jersey Shore State Bank and the Authority’s bank accounts and revenues. The Request for Quotes will be going out in September with responses to be received in October. This will be an item for discussion at the November Board meeting as the JRA loans need to be refinanced in December.

Subdivision Plan – City of Lock Haven

Mr. Stover referred to the subdivision plan for the First Quality Tissue road delineating a portion of the Rail Authority's right-of-way that will be deeded to the City of Lock Haven as a City street. The street will be called First Quality Boulevard.

Mr. Krentzman made a motion for the full Board to authorize the Chairman to sign the subdivision plan which will be part of the deed of dedication for the First Quality Tissue road; Mr. Jones seconded the motion; motion carried.

Castanea Runaround

Mr. Stover stated that previously the Board had reassigned to NBER a RTAP, funded last year using a line item from the Authority. NBER, as the grantee, has started design work through Mr. Jannotti, to construct a runaround track. Staff is proposing that the Authority pay for the engineering costs of approximately \$19,400. The operator is paying for the balance of that runaround which will be at the end of the Mill Hall Industrial Track. Mr. Jannotti will be billing the JRA for this project.

Ms. Wakeman made a motion for the full Board to approve engineering work on the Castanea Runaround to be done by Mr. Jannotti; Mr. Jones seconded the motion; motion carried.

Operator's Status Report

Ms. Williams stated that operating revenue is up 14% for July compared to the same month last year, and year-to-date is trending up about 2.6%. The operator is on schedule with the maintenance of way program for the first seven months.

Mr. Stotter stated that the operator is in the first week of the major tie replacement on the NBER Main where over 5,000 ties will be replaced.

Mr. Fury shared some slides from the Chestnut Street Running Track repairs on the JVRR.

OLD BUSINESS

Bridge Engineer's Report

A copy of the Bridge Engineer's Report was provided in the meeting packet. Mr. Fury stated that the work on the NSHR Bridge 194.07 replacement in Catawissa is almost completed except for installation of live stakes and removal of the access roadway. Mr. Fury stated that staff is waiting on PennDOT's reply for the SVRR Bridge 14.93 in Shamokin. Work will be done on the west pier including replacement of the back wall.

NEW BUSINESS

Consideration of Sponsorship of 2020 Industrial Development Forum

Mr. Stover stated that Focus Central PA is hosting an Industrial Development Forum in June 2020 at Susquehanna University. This is the 2nd edition of a similar Focus event held in 2017 at Bucknell which was extremely well organized, attended and received.

Focus is offering three levels of sponsorship (\$1,500; \$500 and \$300). Staff is recommending that the Board approve a host sponsor level of \$1,500.

Mr. Harvey made a motion for the full Board to approve a resolution to participate in the 2020 Industrial Development Forum at the Host Sponsor level of \$1,500; Mr. Park 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.

Private Crossing License (NSHR)

Mr. Fury stated that there is a property access dispute in Chulasky along the NSHR main, about 2 miles west of Danville. There are some private crossings and some river lots. The Authority sold some land approximately twenty years ago to a family and they have been using a dirt lane on the edge of the Authority's property, to enter from the west, through the campground, to access their home. The family is trying to sell their home and recently started to use the private at-grade crossing that was paid for by the residents, east of the subject property. Until the neighbor to the west put up his home for sale, access over the private crossing was not utilized.

To access the property, after crossing the track, vehicles need to travel very close to the Main track along the tie ends, creating a safety hazard. Access from the west over a dirt lane continues to be the safest route to the home and should continue to be utilized.

Staff proposes entering into agreements with all parties involved for legal use of the private crossing, limited to the two existing residents, and a license for use of the JRA private dirt lane for the other property owner.

A rock wall will be constructed with existing materials to block off the right-of-way.

Attorney Schrack stated that the biggest concern is safety and agrees with the approach being taken. Attorney Schrack will draft the two agreements.

Mr. Graham made a motion for the full Board to authorize staff to approach the landowners to negotiate the agreements for use of the private crossing, and then come back to the full Board when the agreements and terms are in place and seek approval; Mr. Jenkins seconded the motion; motion carried.

Land lease (LVRR)

Mr. Fury stated that the Operator has approached staff with a potential client that wishes to lease the North Yard in Newberry. The North Yard has been sitting vacant for approximately three years since D&I Silica bought out their lease from the Authority. The potential client is Trans-Z, which would be unloading approximately 450 cars of fracking sand. The initial lease term would be six months at \$2,000/month for approximately 2 acres of ground. This will give Trans-Z enough spots for about 40 cars, bottom unloading/top of rail, with no pits. Trans-Z will utilize the existing piers from a previous track scale and will be putting in a new truck scale.

Mr. Park made a motion for the full Board to authorize staff to negotiate an agreement with Trans-Z for the North Yard; Mr. Postal seconded the motion; motion carried.

Mr. Graham asked if the Authority is protected if a truck leaves the site overloaded. Mr. Fury replied that the site will have a certified scale. The Authority is indemnified from any actions. Attorney Schrack stated that the lease is written to have as broad of an indemnification clause as possible.

Fee Schedule

Mr. Fury recommends the PMC revisit the Fee Schedule and consider some modifications. It has been about six years since the last major restructuring of fees. A copy of the fee schedule comparing the current with the proposed rate increases was provided to Board members. Mr. Fury stated that some of the increases are based off the University Land "Rate and Damage Schedule" of the University of Texas System. The percentage of increase varies from 15-20%. A copy of the fee schedule for the Pennsylvania Northeast Regional Railroad Authority was also provided to Board members. Board members were asked to review the document and address any comments/concerns to staff. Action will be deferred to the October Board meeting.

LEGAL

Attorney Schrack recommended that the Board recess into Executive Session due to discussion of personnel matters and the Staff Services Agreement Budget.

Chairman Showers recessed the regular meeting at 1:13 to convene into executive session.

Chairman Showers reconvened the regular meeting at 2:05 p.m.

Attorney Schrack stated that the Authority Board and a member of the staff had an executive session to discuss a personnel matter which will be discussed in public session; and then the Authority Board and counsel also discussed a potential real estate transaction; and finally, the Authority Board and solicitor discussed litigation matters. No actions were taken.

Consideration of 2019-2020 Staff Services Agreement Budget

Mr. Stover stated that in 2018, the JRA Board approved a three-year staff services agreement with SEDA-COG. Each year the JRA reviews the annual staff services budget within that three-year agreement. The agreement also allows the JRA to approve staff assigned to the JRA by SEDA-COG. A copy of the draft proposed staff services budget for October 1, 2019 to September 30, 2020 was provided to Board members. The budget showed some calculations for personnel different from what has been shown in the past. The budget shows a partial year for the Property Manager and a longer part of the year for a Property Manager at a lower rate which then changes the total of the budget. Mr. Stover stated that he is happy for Mr. Fury's career development, but reluctant to say that Mr. Fury was offered a very good opportunity within the private sector and will be leaving the Authority on December 1, 2019. Mr. Stover proposes replacing George with Mr. Kyle Postupack. Mr. Stover stated that the JRA shall have the right to approve the selection of employees of SEDA-COG assigned to the positions of Executive Director, Property Manager and Program Assistant of the Authority.

Mr. Krentzman made a motion for the full Board to approve SEDA-COG assigning Kyle Postupack to the position of Property Manager effective December 1, 2019; Mr. Jenkins seconded the motion; motion carried.

Mr. Graham made a motion for the full Board to approve the proposed 2019-2020 staff services budget with the cost to the Authority going from \$410,002 to \$415,543; Mr. Park seconded the motion; motion carried.

Lease with Great Stream Commons

Attorney Schrack stated that this item is a continuation of a matter discussed at the Authority's special meeting of August 27, 2019 regarding a project at the Great Stream Commons. One aspect of this project is that the adjacent property owner at the site of the project is Union County, and as part of the project, the Rail Authority needs to obtain a lease from Union County. The lease terms are a 10-year lease, \$1.00 rent. The Authority, consistent with the terms of the MOU with the developer, which was approved at the last meeting, will be responsible for materials to the extent of the grant funds provided. The Vice-Chair of the Authority will sign the lease if approved by the Board.

Mr. Harvey made a motion for the full Board to approve the lease with Union County, subject to final approval of the language from the solicitor; Mr. Krentzman seconded the motion; motion carried with Messrs. Showers and Winslow abstaining.

Attorney Schrack stated that at the last Board meeting, the Board approved a Memorandum of Understanding (MOU) with the developer of the site, but the JRA also needs a lease, with similar terms as the one the Board just approved with the county, for a term of 10 years, at \$1.00 rent annually.

Mr. Hormell made a motion for the full Board to approve the lease with the developer for a term of 10 years for \$1.00/year; Mr. Postal seconded the motion; motion carried with Messrs. Showers and Winslow abstaining.

Lease with Montour County for DRIVE Multi-Modal Project

Mr. Stover stated that the Commonwealth Financing Authority's Multimodal Program grant that is funding DRIVE's project in Danville requires execution of a lease among the parties for land on which state grant funds are expended.

In this case, it is the County of Montour, North Shore Railroad, Susquehanna Union Railroad Company, and the JRA.

Mr. Dombroski made a motion for the full Board to pass a resolution authorizing the JRA officers to sign a lease of JRA lands for the Commonwealth Financial Authority's multimodal program grant to the County of Montour; Mr. Postal seconded the motion; motion carried unanimously with Ms. Wakeman abstaining.

PennDOT Agreement for Use of Section 130 Monies on LVRR

Mr. Fury stated that PennDOT has provided its typical agreement for use of Section 130 monies for corridor upgrades on the LVRR, including 3 surface upgrades and 9 signal installation.

Section 130 monies invested in Lycoming County will total approximately \$1.8 million. All project costs are covered 100% by the project, with no JRA outlay of cash.

All work will be completed in 2020.

Mr. Harvey made a motion for the full Board to authorize the Chair to execute all PennDOT documents pertaining to the LVRR Corridor Project; Mr. Park seconded the motion; motion carried.

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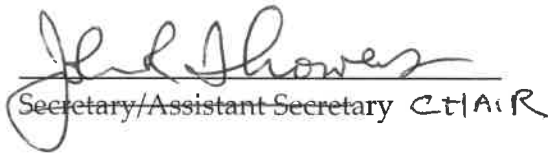
With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 2:17 p.m.

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 October 9, 2019.



Secretary/Assistant Secretary **CHAIR**