



**SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, SEPTEMBER 8, 2010
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

John Gummo, Clinton County
Bud Henry, Columbia County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Rob Postal Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Spsychalski, Ph.D., Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Allen Bubb, NRHS
Steve Campbell, Roaring Creek & Catawissa Valley Historical Study Group
Jason Fink, Lycoming County Visitors Bureau
Josh Fonk, Senator Gordner's Office
Randy Herring, CPA, Herring & Roll, PC
Todd Hunter, Railroad Operating Companies
Mark Murawski, Lycoming County
Jeff Pontius
Don Purcell, Norfolk Southern – Retired
Andrews Richards, Bellefonte Historical Railroad Society
Dick Robey, Railroad Operating Companies
Mimi Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Jeb Stotter, Railroad Operating Companies
Diana Williams, Railroad Operating Companies
Robert Yannaccone, M.D., West Shore Railroad

STAFF PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

CALL TO ORDER

Call to Order

Chairman Walls called the meeting to order at 12:35 p.m.

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

Comments from the general public were heard related to passenger excursion matter.

Approval of the July 14, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the July 14, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Dr. Spychalski seconded the motion; motion carried.

Mr. Robey stated he wanted it to be added to the record that the statement made by Mr. Shaffer in reference to the tax credits is both incorrect and improper.

Approval of the August 11, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

Dr. Spychalski made a motion to approve the August 11, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Henry seconded the motion.

Mr. Shields commented that there is a typo on page 17 under Operator's Status Report and Business Forecast. The street running track is in Lewistown, not Lewisburg.

Motion carried with noted change to be made.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of August 2010.

Mr. Herman made a motion to approve the Treasurer's Report for the month of August 2010; Mr. Gummo seconded the motion; motion carried.

Passenger Excursion Committee

Mr. Gummo reported that two meetings of his committee were held in August: August 2 and August 31. A summary report of the meetings was provided to Board members and reviewed by Mr. Gummo. Mr. Gummo stated it is the committee's recommendation that the JRA Board enter into a preliminary agreement with Penn Valley Lines (PVL) for operation of the passenger excursion service beginning this fall and continuing for an 18 month period.

Chairman Walls asked that the Executive Director explain the elements of the proposal from PVL principal, Mr. Jeff Pontius, which was provided in the agenda grid. The purpose of the Board's discussion is to determine if the Board is comfortable with each element of the proposal and to give direction to the Executive Director in developing an appropriate contract with the appropriate parties. Chairman Walls stated at the conclusion of the discussion he will entertain a motion from the Board to authorize the Executive Director to negotiate an appropriate agreement building in the components of the proposal. Chairman Walls invited comments from the other parties involved that were present at the meeting. He also noted that the Board was provided just before the meeting with a communication dated September 8, 2010 from Mr. Robey regarding a Joint Rail Authority Rail Passenger Excursion Proposal.

Mr. Stover reviewed the tenets of Mr. Pontius' proposal which were included in the agenda grid.

The length of term of the contract was discussed. PVL seeks a contract that would run to July 2017. Discussion followed as to whether the term should be 2017 or a shorter term as well as to include an escape clause of 180 days in the contract and with an option to renew. This will be worked out and discussed with PVL.

Mr. Herman stated it would be nice to have an excursion to raise money for the disabled veterans. Chairman Walls asked if Board members were in agreement with this request assuming that a bonafide entity or organization comes forward to handle the excursion. Board members agreed that it needs to be done by an organized and bonafide legal entity.

Mr. Shaffer asked if it is the intent to have the Passenger Excursion Committee become a permanent committee of the Board; he stated that one of the functions with a committee is to delegate a certain amount of autonomy and flexibility with dealing with specific issues. Chairman Walls stated at some point this decision will be made.

Regarding the point that PVL would cooperate with NSHR for dispatch and operations in accordance with the 2006 Operating Agreement, Chairman Walls asked that the operator indicate whether he is willing to cooperate in regard to dispatching of operations for the entity to be created to conduct the excursions. Mr. Shields replied, "of course".

In terms of administration and operations, Chairman Walls asked if Mr. Pontius if he was comfortable with the following:

- Give periodic reports to the JRA – Mr. Pontius agreed.
- Engage a 3rd party to hold rules classes and qualify crews – Mr. Pontius agreed.
- Pay NSHR for the necessary track inspections incremented to those required for freight operations – Mr. Pontius agreed.
- Comply with FRA regulations relative to car inspections, drug testing, and crew reporting – Mr. Pontius agreed.
- Man the crews with retired NS personnel and some active NSHR crew members – Mr. Pontius agreed.

Mr. Robey stated that with the increase in business NSHR is short on crew members.

Chairman Walls asked if the operator would be willing to make the effort to make a commitment to have crew available since the trip sponsors need lead time. Mr. Shields replied they would work on that.

Mr. Shields raised a question about retired NS personnel and stated that is an unknown and secondly, when a railroad worker retired, they are not permitted to work on the railroad beyond a certain point. Mr. Robey stated you would lose your railroad retirement if you take any money from a railroad upon retirement.

Chairman Walls stated this point would need to be reworked in some way.

Mr. Robey stated if the retired person volunteers they won't be subject to anything.

Chairman Walls asked Mr. Pontius if it is his intent to have the retired NS personnel work as volunteers or get paid; Mr. Pontius replied it would be on a volunteer basis.

Chairman Walls asked the Executive Director to come up with some wording on this point.

Mr. Stover stated there is a proposal from Wasatch Railroad for 4,920 for an independent inspection of the passenger equipment. Strasburg Railroad has provided a quote of \$1,500 to do the inspection as well as provide a written report.

Chairman Walls stated discussion was held earlier to make sure that whoever does the inspection is prepared to give a fully qualified and written report that whatever they provide as a report has to be following professional standards in terms of certifying that inspection. This also needs to be added to this particular point in the contract.

Mr. Shields stated that NSHR would like to participate in inspection of the rail cars and NSHR would offer to pay for the inspection service from Wasatch Railroad for \$4,920.

Chairman Walls asked Board members if they were comfortable with having the Operator's personnel participate and observe the inspection of the equipment regardless of who does it; there was no objection. Chairman Walls asked Mr. Pontius if he was ok with allowing the Operator's personnel to be present during the inspection; Mr. Pontius had no objection.

On the question of the offer from the operator to pay for the inspection, Chairman Walls asked what the pleasure of the Board was in this matter. Chairman Walls asked if the Board should accept the offer from the operator to pay for the inspection from Wasatch.

Mr. Reitz asked why the operator was not interested in paying for the inspection by Strasburg Railroad. Mr. Shields replied they had no knowledge of them and their interest is in making sure the cars are safe for the public.

Mr. Postal made a motion that the Rail Authority engage Strasburg Railroad to do the inspection of the passenger equipment; Mr. Herman seconded the motion; motion carried.

Mr. Shaffer stated the JRA Board should pay for the inspection to the degree that it feels that the inspection needs to be done for satisfaction of the Board.

Mr. Gummo made a motion that the JRA accept the proposal from Strasburg Railroad for inspection of the passenger equipment with the restrictions outlined and the covenants outlined relative to approval process at the level of \$1,500 providing they can accomplish the inspection task within the next five working days; Mr. Jenkins seconded the motion; motion carried.

Mr. Postal asked if there is a one-time only inspection or does the proposal include a re-inspection if there are any repairs or deficiencies necessary. Chairman Walls asked that the Executive Director check on this with Strasburg Railroad.

JRA is asked to pay for the annual liability insurance (estimated to be up to \$20,000).

Mr. Richards stated that the Bellefonte Historical Railroad Society would be willing to pay a portion of the liability insurance on a prorated basis.

Chairman Walls asked that if the Rail Authority picks up the insurance cost then the sponsoring groups acknowledge that contribution by the Rail Authority in all materials put out regarding the excursion.

Mr. Herman made a motion that the JRA pay for the annual liability insurance; Mr. Henry seconded the motion; motion carried.

Chairman Walls suggested that a term sheet be done to incorporate all comments made relative to the Pontius proposal.

Mr. Kramer made a motion to authorize the Executive Director to go forward in negotiations with PVL and to prepare a contract agreement with Mr. Pontius to be reviewed and considered at the October 13, 2010 meeting; Mr. Sawicki seconded the motion; motion carried.

Audit Presentation

Mr. Stover provided Board members with a memo regarding the Auditor's Management Letter. In response to the recommendations by the auditor, the operator's treasurer has worked with the firm of Herring & Roll to create a spreadsheet that will be used quarterly to reconcile fees paid to their financial report. On the second point, staff will update all existing inventories of property, equipment and furnishings and update it annually. An Excel spreadsheet will be done and sent to Herring & Roll for review, comment and approval before implementing.

Mr. Henry made a motion that the JRA accept the Executive Director's response to the Management Letter; Mr. Reitz seconded the motion; motion carried.

Dr. Spsychalski made a motion that the JRA approve the 2009 Audit as prepared by Herring & Roll; Mr. Henry seconded the motion; motion carried.

Legal Issues

Attorney Schrack reviewed the Jersey Shore State Bank commitment letter regarding purchase of property in Williamsport. Attorney Schrack advised the Board relative to a resolution needed to accept the offer of financing of the James Wood property.

Dr. Spychalski made a motion that the JRA adopt the resolution dated September 8, 2010 and execution by the Secretary; Mr. Reitz seconded the motion; motion carried.

Dr. Spychalski made a motion that the JRA authorize the Chairman to execute the Jersey Shore State Bank commitment letter; Mr. Kramer seconded the motion; motion carried.

Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for September and October, and Projects Status.

Operator's Status Report and Business Forecast

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

NSHR will host the October 13, 2010 JRA meeting at its Northumberland headquarters.

OLD BUSINESS

Strategic Plan Schedule

Chairman Walls has asked staff to prepare for the start of the JRA Strategic Planning process. After some discussion, Board members agreed to wait until January/February 2011 to hold a strategic planning session.

Newberry Pocket Track Bids (LVRR)

Staff has been working with Marcellus Energy Services to construct a 1,000 feet siding with two new turnouts and two crossings. The funds for this would come from a portion of the \$307,500 in remaining state funds in the Newberry Bulk Transfer Capital Budget grant. The tenant will pay the 30% local share. Bids are due September 14, 2010. Staff is seeking approval to award contingent on positive reviews from Mr. Jannotti and Attorney Schrack. The low bid award to be ratified at the October JRA meeting.

Dr. Spychalski made a motion that the JRA Board authorize staff to award Pocket Track bid to lowest responsible bidder upon positive reviews from Mr. Jannotti and Attorney Schrack and to get commitment in writing before bid is awarded with bid award to be presented at the October Board meeting for ratification; Mr. Reitz seconded the motion; motion carried.

TIGER II Application

Mr. Stover reported that the TIGER II application was submitted on August 21 two days before the deadline.

Lewistown Street Running Track Grant Agreement (JVRR)

Mr. Stover reported that staff is waiting on the PennDOT grant agreement to arrive for signature. The JRA needs to authorize approval of the Lewistown Street Running Track grant agreement.

Mr. Postal made a motion that the full Board authorize the Chairman and Secretary to execute the PennDOT Capital Budget grant agreement and resolution for the JVRR Lewistown Street Running Track project; Dr. Spsychalski seconded the motion; motion carried.

NEW BUSINESS

Staff Services Budget

Mr. Stover reported that in September 2009 the JRA approved a three-year staff services agreement with SEDA-COG. Staff is seeking budget approval from the JRA for fiscal year 2010-2011 which runs from October 1, 2010 to September 30, 2011. The staff services budget was provided in the meeting packet.

Mr. Postal made a motion that the full Board approve the 2010-2011 staff services budget with SEDA-COG; Mr. Sawicki seconded the motion; motion carried.

Scrap Sale Bids (LVRR)

Mr. Stover reported that when Bulkmatic vacated their Maynard Street site the JRA sold to Wirerope the narrow parcel on which their serving tracks were located. In that sale, the JRA reserved the rights to remove the rail and OTM virtually all of which is scrap. Staff has advertised the scrap sale and one bid has been received from Staiman Recycling for \$100/ton.

Dr. Spsychalski made a motion that the full Board award scrap bid to Staiman Recycling in the amount of \$100/ton; Mr. Reitz seconded the motion; motion carried.

COMMITTEE REPORTS

Property Management Committee

Dock Demolition (LVRR)

Mr. Fury reported that the Newberry yard is out of additional transload sites. Mobley Brine is seeking a site, but we have not been able to accommodate that firm. A good potential site is along Trenton Avenue where currently a long dock is located. Steinbacher Enterprises estimates demolition costs at around \$10,000.

Mr. Kramer made a motion that the Rail Authority authorize staff to secure bids to demolish this structure and to authorize awarding of bid to lowest bidder with ratification at the October meeting; Mr. Jenkins seconded the motion; motion carried.

ADJOURNMENT

Mr. Walls adjourned the meeting at 3:15 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 13, 2010.



Secretary/Assistant Secretary