

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
JULY 10, 2008**

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 10:05 a.m. on Thursday, July 10, 2008.

MEMBERS PRESENT

Chairwoman Molitoris asked Megan McClory to call the roll. Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Solomon Jackson, Herk Wolfe, Larry Sowers, Howard Wood for Director James Beasley, William Murdock, Barbara Bennett, Emily McBane for Representative Robert Hagan; and Senator Larry Mumper. Members absent included Senator Capri Cafaro and Representative Larry Flowers. There were eight voting members present.

**ACKNOWLEDGEMENT OF DANIEL J. ROBERTS, ORDC COMMISSIONER, AND
READING OF RESOLUTION 08-14; DANIEL J. ROBERTS MEMORIAL
RESOLUTION**

Chairwoman Molitoris spoke about the untimely passing of our friend and colleague Daniel J. Roberts. She announced Dan's wife, Kimberly, and sister, Jana, were both present at the meeting. Chairwoman Molitoris expressed her sympathies to the Roberts family and thanked both women for being present. She asked Mrs. Roberts if she would like to make any comments. Mrs. Roberts expressed Dan's love for the work of the commission and his passion for railroading. She thanked everyone for their support during this difficult time and reiterated how much Dan valued his colleagues.

Each commissioner then took a moment to read aloud a section from Resolution 08-14; Daniel J. Roberts Memorial Resolution. Chairwoman Molitoris asked for a motion to approve Resolution 08-14. Commissioner Sowers moved to approve the resolution and Commissioner Jackson seconded the motion. Roll call was taken with eight votes in the affirmative. Chairwoman Molitoris presented Mrs. Roberts with a copy of the resolution and thanked her again for coming to the meeting to allow us an opportunity to show her how much the staff and commissioners cared for Dan.

INTRODUCTION OF WILLIAM MURDOCK, NEW ORDC COMMISSIONER

Chairwoman Molitoris introduced William Murdock, ODOD's Director of the Urban Development Division and commission designee for Lt. Governor Lee Fisher. Chairwoman Molitoris welcomed him to the commission. She asked Commissioner Murdock to speak a bit on his background. Commissioner Murdock expressed his passion for rail/economic development and stated he is looking forward to working with each commissioner.

APPROVAL OF THE MINUTES OF THE MAY MEETING

Chairwoman Molitoris asked for a motion to approve the minutes of the May 8, 2008 meeting. Commissioner Wolfe moved to approve the minutes and Commissioner Sowers seconded the motion. Roll call was taken. The minutes were approved as presented with seven votes in the affirmative, one abstention.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Matthew Dietrich presented his Executive Director's report to the commissioners. His report can be found on page 3 of the commission packet. Director Dietrich spoke first on the 21st Century Task Force and ORDC's recent activities with the task force.

He reported ORDC has provided multiple presentations to the committees as well as has participated in several regional meetings. Chairwoman Molitoris took the opportunity to personally thank Art Arnold who has attended every meeting and has been extremely active with his organization's support of the task force.

Director Dietrich highlighted the Governor's Economic Stimulus Package and reported on June 12, 2008 the Governor signed HB 554 into effect. This bill is an economic stimulus package that includes \$100 million for logistics and distribution. Director Dietrich reported the Ohio Department of Development will administer the funds with consultation from the Ohio Department of Transportation and ORDC.

Director Dietrich then commented on the Corrections Bill and indicated that ORDC will now be authorized to leverage its loan funds for Enterprise Bond Fund financing through the Ohio Department of Development. Director Dietrich thanked Senators Mumper and Cafaro as well as Senator Joy Padgett and State Treasurer Richard Cordray for their efforts in securing approval for this change.

Amtrak 3-C Service is still an on-going effort as staff continues to work with Amtrak to narrow down the list of alternative routes. Director Dietrich reported staff has been meeting with community representatives from the major cities involved to obtain their input in regards to station locations.

Director Dietrich spoke about two grant applications to the Federal Railroad Administration ORDC is participating in: a \$594,000 grant to resolve routing issues associated with corridors that are part of the MWRRRI initiative, and a separate application for \$125,000 to assist with short-term and long-term station location issues in the 3-C corridor.

Director Dietrich reported staff sent out letters to all the railroads soliciting rehabilitation projects for fiscal year 2009. He indicated staff hopes to bring approximately \$1 to \$1.5 million in projects to the next commission meeting scheduled in September. He reported staff is also working on scheduling a commission retreat for sometime in October. The dates and location will follow soon.

Finally, Director Dietrich welcomed two new members to the ORDC staff: Cathy Stout who has joined the Safety Section as an Assistant Manager under Susan Kirkland and Tom Burns who has joined us as our intern and will be conducting grade crossing research as well as other research during his time with us.

FINANCE REPORT

Megan McClory, ORDC's Secretary Treasurer, presented the Finance Report to the Commissioners. She indicated the report can be found on page 17 of the commission packet. Ms. McClory spoke about the City of Jackson's rehabilitation request that was approved at the last meeting (May). She reported the grant allowed "up to \$350,000" and announced that ORDC

was able to provide \$324,000 for the project.

Ms. McClory reported ORDC has agreed to participate in two grants: one to Operation Lifesaver to assist with costs associated with the display booth at the State Fair and the other for TMACOG's 2008 Ohio Conference on Freight scheduled for September 15-17 in Toledo.

Ms. McClory reported the 2010-2011 budget request is due on September 15. She reported ORDC staff met with ODOT officials and other Central Office deputy directors to discuss the budget and ORDC's programs. Ms. McClory distributed a handout to the commissioners that provides background on the programs where the requests are being made.

PROJECTS

Resolution 08-11 – Trumbull County/Warren & Trumbull RR/Warren Steel Holdings

Lou Jannazo, ORDC's Chief of Project Development, presented Resolution 08-11 to the commissioners. Mr. Jannazo reported the ORDC request is for a \$300,000 grant to assist in offsetting the costs associated with reinstating a 2.5 mile segment of the Warren & Trumbull Railroad in the City of Warren, estimated to cost \$1.4 million. Mr. Jannazo stated Warren Steel needs this rail service and is in the process of investing more than \$22 million into its plant to produce steel in Warren. The company currently employs 100 people and could potentially add as many as 40 new jobs as production increases.

Staff recommends the commission empower Executive Director Dietrich to grant up to \$300,000 toward this project and report back to the commission the provisions of the Warren & Trumbull RR track rehabilitation project due to the fact that work may need to commence prior to the time in which approvals could be obtained (i.e., September Commission Meeting).

Commissioner Bennett asked whether the other project funds had been committed and how long it would take to secure a required easement. Mr. Jannazo stated that the Ohio Department of Development funds have been committed. He said that the mayor is personally involved with the project and obtaining the easement and is confident it will be obtained. William Strawn of the Ohio Central stated that he appreciates Mr. Jannazo's efforts in putting this project together. He said he is confident the easement will be granted but that they can use the existing line if necessary. Commissioner Bennett said she did not like the last minute feel of this request. Mr. Strawn mentioned that there was \$750,000 invested on-site before the prior operator's bankruptcy.

Chairwoman Molitoris asked for a motion to approve Resolution 08-11. Commissioner McOwen moved to approve the resolution and Commissioner Sowers seconded the motion. Roll call was taken with eight votes in the affirmative.

Resolution 08-12 – Lancaster Port Authority/US Corrugated

Mr. Jannazo reported this project was previously presented at the May meeting and that this request is to finance the remainder of the project. He indicated the project briefing can be found on page 30 of the commission packet.

Mr. Jannazo stated this request is for a loan of up to \$170,000 for the US Corrugated project to the Lancaster Port Authority to assist with the costs of construction of a turnout and 1600 feet of new track off of an existing spur serving Anchor Hocking. US Corrugated is expected to be in

operation by September. Mr. Jannazo indicated rail is a part of the incentive package as the company needs the rail to bring in large rolls of paper. This project will create 110 new positions with an average hourly wage of \$16 plus \$6 per hour in benefits.

Michael Pettit of the Lancaster Port Authority stated that full operation of the plant is expected by October 15, that service to the US Corrugated facility is being planned so as to not conflict with service to Anchor Hocking, and that land acquisition is already complete for the project.

Chairwoman Molitoris asked for a motion to approve Resolution 08-12. Commissioner McOwen moved to approve the motion and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative.

Resolution 08-13 – 2008 Polar Express Request/Panhandle Line

Executive Director Dietrich presented Dennison Depot's 2008 Polar Express Proposal to the commission. This proposal identifies specific dates on which the Polar Express Excursion Service would like to operate in the 2008 season. Director Dietrich reported Ohio Central Railroad Systems made the decision to begin phasing out its excursion operations on the lines the railroad owns as well as the Panhandle Line due to increasing liability concerns. The Panhandle Operating Agreement currently provides for third party operators on the line in pursuit of the excursion service. ORDC staff has been working with the Railroad and Dennison Depot to continue operations. Director Dietrich reported staff is recommending the commission approve the 2008 Polar Express Excursion Service request for specified dates in December (5,6,7,12,13 and 14) subject to ALL of the following conditions:

- The Depot will use its best efforts to reconfigure the route and operations (possibly slowing the speed and reducing the distance without negatively impacting the time of the trip) of its service to reduce the number of grade crossings traveled if feasible.
- Local law enforcement will provide additional safety at grade crossings as the train passes.
- The equipment (both locomotives and passenger cars) for the service will be inspected by the FRA. (The Ohio Central will only be involved in the portion of the inspection that is external and needed to interchange the cars to the Depot.) Dennison Depot will work with the railroad directly to get rates to move cars to the Depot.
- The Ohio Central, with concurrence from the FRA, will provide a procedure to qualify the locomotive engineers on the equipment and territory.
- Prior to the operation of each excursion run, the excursion operator must, at its own cost, provide for inspection of the track to be used by a certified track inspector and that inspector must certify that the track is adequate for the service recommended. If there are freight movements over the same track between excursion runs, the excursion operator must re-inspect and recertify the track prior to the next excursion run.
- Agreement by the Depot that any Excursion Service must not unduly interfere with the freight operations. In the event that there is a conflict between freight train movement and an Excursion Service movement, the freight train movement shall have priority. Additionally, the Depot agrees to pay any late fees or penalties that the freight operator incurs as result of excursion. Both the parties shall make best faith efforts to coordinate any Excursion Service with the freight movements so that the freight service is not unduly interrupted.

- If all of the conditions above are met then the liability insurance amount required will be \$30 million.
- Fees charged for the Dennison Depot to run the service will be \$2,016.67 per day of the operation plus any itemized expenses for actual costs incurred by the railroad for such items as inspection and training of crews.
- Further Polar Express Operations are not guaranteed and are subject to evaluation each year. This authorization only applies to December 2008.

Wendy Zucal, Director of the Dennison Depot Railroad Museum, thanked everyone for their support of this endeavor. Chairwoman Molitoris commented on the team effort this issue has taken to reach this agreement and commended Director Dietrich for his role in getting us to this point. Several entities were involved i.e., Ohio Central, ORDC, Governor's Office, the Depot, etc. to make the 2008 excursion service a reality.

Bill Strawn of the Ohio Central stated that they had submitted the agreement requirements to the Federal Railroad Administration to get more information on the qualification of engineers.

Commissioner McOwen commented on the "passenger-friendly" attitude of the Ohio Central and the determination of Wendy Zucal to make this happen. Liability is the reason why this service is even an issue. Additional discussion took place with Chairwoman Molitoris requesting a motion to approve Resolution 08-13. Commissioner Murdock moved to approve the resolution and Commissioner Wolfe seconded the motion. Roll call was taken with eight votes in the affirmative.

PANHANDLE LONG TERM LEASE COMMITTEE REPORT

Commissioner McOwen (Chairman of the Panhandle Long Term Lease Committee) reported the Panhandle Committee met recently on May 28 and June 25. The purpose of those meetings was to determine how to address the State's passenger rail rights within the long-term lease. Chairman McOwen indicated the committee is working to draft language for the lease that makes a distinction between passenger and excursion services. He reported the committee conducted a physical inspection of the Line on June 19. Chairman McOwen stated the tour went very well and thanked the railroads (Ohio Central and Wheeling & Lake Erie) for their time and efforts with organizing this tour. He reported on several areas of need with regard to rehabilitation (i.e., Gould Tunnel, Tyndal Bridge, etc.) and indicated the Ohio Central has identified approximately 7 miles of track replacement needs.

Chairman McOwen commented on the bike trail that runs through the City of Newark. This 15-mile trail is so close to the track you cannot see the trail from the rail car. This is a very dangerous situation should an accident ever occur.

Chairman McOwen stated his committee is currently down two members with the resignation of Jim Hartung and the departure of Kimberly Gibson from ODOD. He inquired if anyone on the commission has a desire to serve on this important committee and asked that they contact him.

Director Dietrich followed-up Chairman McOwen's report with another thank you to the railroads involved with this trip and a special thank you to Tom McOwen and his wife, Nancy, who provided the dome car in which to view the Line as well as the food for everyone who

participated.

REPORTS OF THE STANDING COMMITTEES

Economic Development/Long-Term Strategy Committee

Commissioner Barbara Bennett, Committee Chair, spoke about her efforts to try and get the committee together and indicated that due to the 21st Century Transportation Priorities Task Force meetings and summer activities it has been extremely difficult to get something scheduled.

Chairwoman Bennett asked that all committee members allow for 2-4 hours for the initial meeting which she would like to take place in Columbus. She listed the committee members as herself, Director Beasley, Commissioner Jackson, Commissioner McOwen, Commissioner Murdock (should he accept her invitation) and ORDC Secretary-Treasurer Megan McClory. Chairwoman Bennett listed "homework" items she has forwarded to the committee members and asked that they review these items prior to the meeting: Memorandum from Chairwoman Molitoris/2008 ORDC Action Plan; ODOT's 2008-2009 Business Plan; the Ohio Freight Rail Choke Point Study and Transportation for Tomorrow Summary. All of these resources are available on-line but ORDC staff can forward any information to the committee members should they desire.

Chairwoman Bennett reported the first meeting of this committee will include brainstorming on the priorities list identified in the Action Plan as well as identifying goals and benchmarks. She indicated the committee will be ready to report their findings at the October retreat.

Chairwoman Molitoris spoke about the Governor's office in Washington and how supportive they are of our legislative efforts. She indicated it is a good time to discuss transportation options and asked the commissioners to be "ambassadors" of multi-modal options by participating in the 21st Century Task Force which has three sub-committees available for involvement.

Commissioner Jackson, Chair of the Human Resources Committee, reported the first meeting of the Committee took place on June 17th. He stated Commissioner Dan Roberts presented a quote that the committee will use as a framework for the committee. It is "We need to strive for more than what we are legally required to do as it relates to human resource issues." Chairman Jackson commented on Gloria Howard's (ORDC) participation on the committee and how happy he is to have staff involvement. The last meeting included the following commissioners/staff: Chairman Jackson, Commissioner Sowers, Commissioner Roberts, Megan McClory, Gloria Howard and Alan Klodell. He commented on Commissioner Sowers' use of an acronym that sums up the purpose of the committee: M-O-S-T. Management and Organized Labor Striving Together!

NEW BUSINESS

ORDC staff members Wende Jourdan and Stu Nicholson noted that a sympathy card was available for signature for Commissioner Roberts' family and that an education fund had been established for his daughter.

Commissioner McOwen announced that the Budget/Finance Committee will meet immediately following the Commission meeting in Room West A.

PUBLIC COMMENT

Ken Engstrom, district director for Congressman Zack Space, stated that the Congressman serves on the Transportation and Infrastructure Committee and that the resources of his office are available if they can help in any way. He stated that the Congressman is extremely pleased that Ohio Central and Dennison Depot could come to an agreement, he applauded the efforts of the Ohio Central, Dennison Depot, ORDC Director and staff, and said that Representatives Sayre and Okey and Senator Wilson feel the same. He offered his office's assistance in working with the FRA to certify the train crews.

Art Arnold from the Ohio Railroad Association commented, in relation to his role on the 21st Centray Transportation Priorities Task Force, that there is an awakening around the state that ODOT is not the same entity that it was two years ago. He specifically mentioned Director Beasley's personal efforts. The Task Force has been interesting and better attended as meetings moved around the state. The Task Force has heard a great deal of interest in rail, especially passenger rail. He suggested that the state keep in mind how to achieve a win-win situation between passenger and freight rail because service can't happen without both sides. The task force now has a different timetable, due to the volume of information and work involved. The deadline has been moved to mid-November, although a draft is expected in October. He stated that meetings are continuing and there is still an opportunity to contribute. The Task Force is charged with identifying not just what kind of transportation system the state wants, but how it can help generate jobs and provide a strong basis for the continuing economy, and how to pay for all these great ideas.

Bob Campbell, TransSystems Corporation, stated that he was previously at ODOT for 9 years and has attended several task force meetings. He said it has been a great experience but with the information overload, he understands the timeline extension. He agreed with Art Arnold's comments, that it is the first time he recalls ODOT being serious about multimodal transportation. A serious effort is obvious, and he applauds it.

Michael Gaynor of GO21, an organization headquartered in Washington D.C. that advocates for expanded freight rail nationwide, introduced himself. GO21 is trying to pass 2 tax credits that would be available to railroads and companies. Rep. Space is a co-sponsor and Go21 is trying to get 1,000 businesses to sign onto a letter of support, and asked that anyone in the audience who would like to participate see him after the meeting. Chairwoman Molitoris requested a copy of the letter.

ADJOURNMENT

Chairwoman Molitoris called the meeting adjourned at 12:03 p.m. in memory of Dan Roberts.