

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
September 15, 2011**

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Bradley at 11:07 a.m. on Thursday, September 15, 2011.

MEMBERS PRESENT

Members present included: Chairman James Bradley, Executive Director Matt Dietrich, Commissioners Barbara Bennett, Rob Greenlese, Solomon Jackson, Tom McOwen, Ronald Rasmus, Larry Sowers, Herk Wolfe, and Greg Murphy. Commissioner Bill Lozier arrived at 11:09 a.m., after the approval of the July 21, 2011 meeting minutes. Commissioner Christiane Schmenk was unable to attend. There were 10 voting members present, therefore a quorum was obtained.

APPROVAL OF THE MINUTES OF THE JULY MEETING

Chairman Bradley asked for a motion to approve the minutes of the July 21, 2011 meeting. Commissioner Greenlese moved to approve the minutes and Commissioner Wolfe seconded the motion. Roll Call was taken and the minutes were approved as presented with nine votes in the affirmative.

EXECUTIVE DIRECTOR'S REPORT

Director Dietrich presented the Executive Director's Report, which can be found on page 8 of the commission packet. Director Dietrich reviewed the accomplishments and highlights of the ORDC since the July Commission Meeting.

He said the National Gateway Project is going well; one interlocking is completed and one is underway. Director Dietrich said the only change to the plan came from the removal of the 5th Street Bridge as a result of a derailment. Since this event, the project has been modified in scope and is progressing. Up until the TIGER Grant, ORDC's involvement on the federal level was limited and our experience thus far has been beneficial and a learning experience. Director Dietrich used the Heartland Corridor as an example of how the Commission and everyone involved in that project now has a better awareness and understanding of the use and application of the National Gateway funds on the Federal level. He said there have been positive conversations and feedback to make the process easier and the biggest challenge we face is meeting the NEPA rules on multi-modal projects. The USDOT Inspector General is expected to review the project and give feedback and updates towards our progress. USDOT is open to feedback from us on how to improve their process. The Federal Highway Administration (FHWA) has reviewed some of our ARRA projects and would like us to update some safety agreements with the railroads and we are going through that process now. Director Dietrich said the project is moving along as expected, partly due to the fact that we did not create a process and then implement it; we took existing projects and mashed them into the process.

Director Dietrich explained that it is time to produce a new State Rail Map and Stu Nicholson recommended that it be created by an outside vendor who can solicit sponsorship from other

companies to have the map funded. If the RFP vendor is given the files to create the map, the staff is then removed from requesting the sponsorship that could create a conflict of interest. ORDC has an internal draft RFP at this moment. The Commission will be kept updated as this progresses.

The Grade Crossing Section of the Highway Safety Improvement Program (HSIP) was submitted to ODOT, which in turn submitted the information to the FHWA. Director Dietrich explained that the biggest challenges we face with this new, online format is matching our data to the federal level performance measures due to drop down menus replacing the narrative explanations we used to provide. Director Dietrich stressed the importance of establishing and maintaining a transparent decision making process to fit the federal requirements. The report can be found on page 10 of the commission packet.

Director Dietrich told the Commission that the ORDC staff is in the process of writing down all programs and processes so that the Commission has an “auditing trail”. Nine of the 16 staff members will be eligible to retire within the next five years and there is the need to remain efficient and transparent. The Commission started documentation in Safety and is now working on the Freight programs. Given the budget, the Director said this is the best way to do succession planning. The quality of people cannot be replaced, but we can standardize their decision-making process.

Director Dietrich told the Commission about the letter he wrote to the City of Jackson, which can be found on page 27 of the commission packet, and that we have received a response from them. Staff is set to meet with the City and there will be more information to come.

Director Dietrich thanked Commissioner Rasmus for taking time out of his schedule to meet with him and give a tour of his facility. It reaffirmed the Director’s thought that there is a lot in common between the needs of the maritime industry and the rail industry and the role of government to support those industries in Ohio.

Lastly, Director Dietrich introduced and welcomed the new administrative assistant for the Commission, Julie Kaercher, as well as the Safety intern, J.M. Rayburn, who is a Graduate Student at The Ohio State University in Urban and City Regional Planning. Director Dietrich also congratulated Senator Tom Patton who just took a leadership role within his caucus.

Commissioner Greenlese complimented Director Dietrich on his letter to the City of Jackson since it is a very important issue. The Director thanked him and complimented the Commission staff for their efforts in writing it.

FINANCE REPORT

Megan McClory, ORDC’s Secretary-Treasurer, presented the Finance Report to the Commissioners, which can be found on page 29 of the commission packet. She elaborated on a few of the ARRA Projects that are underway, explaining that the Heartland Corridor Extension to Cincinnati is progressing well and only two bridges need modified. The Medina project is near a construction contract and the ORDC will be encumbering funds of \$900,000 shortly, and she thanked Commissioner Greenlese for helping with the Airline Intermodal Facility meeting in

Toledo last week at the University of Toledo. The meeting focused on marketing that facility once it is completed. She also said that the V&M Steel rail project is moving into onsite work.

Secretary-Treasurer McClory went into detail about the National Gateway Bridge Project Right-of-Way Acquisition, explaining ORDC has entered an agreement with the Ohio Department of Transportation (ODOT) and CSX to acquire property related to the River Corners/Pawnee Road bridge replacement project. ORDC will be helping ODOT acquire the property by providing the final \$5,000 for the last land parcel and then ORDC will invoice CSX for the final total cost, previously estimated at \$89,090, now around \$94,000. Director Dietrich commented that ODOT District 3 has taken the ball and has really assisted with this project.

Ms. McClory pointed out the proposed schedule for the 2012 meetings and requests that any conflicts be made aware to her as soon as possible. Commissioner Tom McOwen asked if there would be any meetings held outside Columbus, like the July meeting. Chairman Bradley commented on that, saying the meeting in Cincinnati was a good day, but there was low attendance and the Commission barely had quorum. The Commission will discuss off-site meetings at a later time.

RESOLUTION 11-09 - VILLAGE OF LEIPSIC RAILROAD

Commissioner Jackson recused himself. Ms. McClory gave a short overview of the project. This information can be found on page 36 of the commission packet. She explained it would be the best use of the TRAC state funds to build some of the infrastructure and then let the Village decide who will use the track. This project will proceed as a normal grant. Commissioner Lozier asked where the funds were from- is it Blue Sign money? Ms. McClory said it was non-federal, non-state gas tax funds. Commissioner Murphy stated that the blue sign/logo program funds are ODOT's largest source of non-federal and non-state gas tax funds. Commissioner Lozier said the funds are good for flexibility, and thanked TRAC for securing these funds. Commissioner Murphy agreed, and explained there are increased fees with Logos money and that will increase the money available for projects, in part due to Dave Holstein's work.

Chairman Bradley asked for a motion to approve Resolution 11-09. Commissioner Greenlese made the motion to approve and Commissioner McOwen seconded it. Roll Call was taken and the resolution was approved as presented with nine votes in the affirmative and one recusal.

RESOLUTION 11-11 – WHEELING & LAKE ERIE SANDY LINE SAFETY TIE

Commissioner Jackson returned. Lou Jannazo from ORDC presented the project found on page 39 of the commission packet. He explained ORDC staff recommends that the Commissioners approve a \$200,000 grant for the immediate installation of 5,000 safety ties along the line to ensure safe operations this winter. The line has a very good service load, especially with oil, but the ties are not in a condition to keep the oil freights on the rail. Mr. Jannazo said the last thing ORDC wants is to have cars leave the line. The safety tie installation would also increase potential for the development of transloading related to shale. The Wheeling & Lake Erie Railway (W&LE) would be responsible to install the rest of the safety ties that would ensure the line could run at 25mph. Mr. Jannazo said this project would allow for considerable savings across the board. ORDC ran the project through the benefits calculator and it shows the possibility of great economic, safety and environmental savings and benefits.

Kasey O'Connor from W&LE was present to answer any questions the Commission had. Commissioner Jackson asked if when the briefing says this project will "support" 25 jobs that means it will retain 25 jobs. Mr. O'Connor answered yes. Mr. Jackson also asked if the lack of ORDC future funding would affect the long-term viability of the line. Mr. O'Connor replied that ORDC funds were only pertinent to the short-term, to ensure immediate line safety. There are no foreseeable long-term needs. Commissioner Jackson asked Mr. O'Connor if W&LE sees a scenario where ORDC gives the grant and in the future it is determined that phasing was not a good idea due to market conditions. He asked if the \$200,000 investment could be at-risk because ORDC doesn't have more funds to put into the project. Mr. O'Connor said no, in short. He believes this is a great investment and W&LE has always ensured that all state-invested jobs are successful.

Director Dietrich said this is a great opportunity to get ahead of the need. The fiscal reality that we might not give enough and therefore should not give any assistance at all should not be considered. Providing this gap funding is just as beneficial because it allows W&LE to make the investment ahead of when they will reap the benefits of the investments. This project will protect the investment for rail and shippers. Chairman Bradley confirmed that safety ties are not needed everywhere and this grant allows the line to be safe while the W&LE can prepare to get the rest of the line fixed for the 25mph speed rather than have it shut down. The Chairman wanted to make sure Mr. O'Connor and W&LE were committed to finishing the line to max capacity at a later time. Mr. O'Connor confirmed this and stated W&LE is committed to the long term with this line. Commissioner Greenlese stated he appreciates the objectivity lent to these projects through the work of Commissioner Bennett's Committee's evaluation tool.

Chairman Bradley asked for a motion to approve Resolution 11-11. Commissioner Bennett made the motion to approve and Commissioner McOwen seconded it. Roll Call was taken and the resolution was approved as presented with ten votes in the affirmative.

RESOLUTION 11-12 – GLASS ROCK BRANCH LEASE EXTENSION

Director Dietrich presented the proposal to the Commission. The Zanesville & Western Scenic Railway (Z&WSR) asked for an extension of their lease through the end of the fiscal year in June 2012. The State of Ohio owns the railway and it has been inactive for some years. The Z&WSR asked to use the track to store their cars and create a scenic railway tour. The current lease is expiring this month. The ORDC is considering this extension and will favorably consider an extension of the lease after June 2012 if certain measures are completed.

Bill Ratz from the Z&WSR spoke on behalf of his organization, stating that the Z&WSR confidently believe they can meet the ORDC's measures on time, and they appreciate the low-cost of the lease terms with the ORDC. Commissioner Lozier remarked that the measures come with an aggressive schedule. Does the Railway have the supplies and workers to meet this timeline? Mr. Ratz said yes.

Director Dietrich explained the Z&WSR have the support of Perry County local businesses and officials.

Chairman Bradley asked if there are any alternative uses for the track by ORDC. Director Dietrich replied ORDC would probably pull up the track. There is a sand plant at the end of the line, but there would need to be a significant amount of work to the line to allow freight traffic. There is no other realistic use for the line other than for the Z&WSR.

Commissioner Rasmus asked if the organization is 501(c)(3) classified and if the employees would be paid. Mr. Ratz said yes, they are a 501(c)(3) and the workers are volunteers.

Commissioner Jackson asked what the rent on the lease is and why only a one year extension. Secretary-Treasurer McClory indicated the rent is \$250 a year. Director Dietrich explained the ORDC only agreed to the extension to June 2012 even though Z&WSR asked for a longer extension. He said it is a fair amount of time without stringing the project along.

Chairman Bradley asked for a motion to approve Resolution 11-12. Commissioner Lozier made the motion to approve and Commissioner Bennett seconded it. Roll Call was taken and the resolution was approved as presented with ten votes in the affirmative.

APPROVED PROJECT BRIEFING: RJ CORMAN CLEVELAND LINE – WOOSTER BRANCH REHABILITATION

Mr. Tom Burns from the ORDC presented the briefing found on page 51 of the commission packet. ORDC recommends granting the RJC \$105,000 to assist this project at 50/50 to ensure reduced track related delays and improved service. The line averages 400-500 carloads a year and 6 rail users employ 300 people on the Wooster Branch.

APPROVED PROJECT BRIEFING: MARNE CULVERT REPLACEMENT

Secretary-Treasurer McClory presented the briefing found on page 57 of the commission packet. Ms. McClory recapped the project, explaining the flooding that took place that left the culvert in need of replacement. ORDC staff recommended approval of a grant of \$85,000 to assist in the replacement of the Marne Culvert on the Panhandle Rail Line. The project should mitigate a long-term flooding problem inherited by the state in 1990 that was never remedied. The entire project costs \$215,000.

CSX BUCKEYE YARD EXPANSION UPDATE

Director Dietrich gave a brief overview since Scott Movshin of CSX was called away and sent his apologies. The Buckeye Yard Expansion is a \$59 million expansion that will double the Yard's capacity to solve an efficiency issue. They will install smaller versions of electric cranes in the Yard to increase efficiency. This expansion project is paired with ODOT's Roberts Road interchange project. ORDC will work with both CSX and ODOT on this project.

Commissioner Murphy stated ODOT's Jobs and Commerce Office is working with CSX to have the necessary infrastructure in place at the time the expansion is finished. Commissioner Greenlese asked if there were any ODOT concerns about the redesign of Roberts Road being affected by the construction in Hilliard on Hilliard-Rome Road. Commissioner Murphy is unaware of any implications at this time.

COMMITTEE REPORTS

Commissioner Bennett announced the Economic Development/Long-Term Strategy Committee has completed their final report of the project benefit evaluations tool. This is the third part (1, State Rail Plan, 2, Mission and Goals). They will be able to present quantifiable savings, values and costs regarding safety, congestion, environmental, etc. issues. She thanked everyone on the committee for their hard work. She thinks this tool will be a good resource for the General Assembly and ODOT in decisions of funding and the future of ORDC. This evaluation will promote the flexibility of the Commission as a whole and will communicate with other departments ORDC's capabilities and goals. We would like to be able to be a part of the State Freight Plan process. Commissioner Bennett also said the evaluation tool will let us benchmark with other State Departments and track our progress through the year-end reports.

Commissioner Lozier left the meeting at 12:10 p.m.

Commissioner Jackson announced the Human Resource Committee is just beginning their work and are looking to apply a fee when ORDC's budget is not being utilized for projects, but are unsure of where would that money go if collected. ORDC would have the discretion of when to apply a fee or not. Commissioner Bennett mentioned looking to other agencies that have systems like this set up for help in directing their goals.

Commissioner McOwen announced the Contract and Property Advisory Committee has developed guidelines of state-owned property divestiture to use in determining how ORDC will sell what property to whom. The Committee will be meeting in the next week to review the Panhandle Line and the draft 25-year lease. The Committee is also reviewing the City of Jackson situation before recommending action. Commissioner McOwen also said the operators of the Piney Fork Line expressed interest in ownership of part of that line.

Commissioner Bennett asked if there is a policy for when ORDC acquires a property. Director Dietrich responded that there is not and there has not been an issue in this current railroad environment. ORDC considers the property at the staff level and proceeds from there. Commissioner Bennett mentioned this is another benefit of the flexibility of the Commission.

OLD BUSINESS

There was no old business to come before the Commission.

NEW BUSINESS

Commissioner Bennett asked if the issue of mineral rights along the rail lines we own has even been brought up. Director Dietrich said it has at both staff and Committee levels. Typically the original owners kept the rights. For example, with Utica Shale, there is a small corridor of ownership, but ORDC is unaware of what is there or if there is a value to it. Commissioner Murphy said ORDC should reach out to Mike Flynn who is the head of this for ODOT. Commissioner Greenlese said ORDC's guidelines do take into account the existence of mineral rights, but do not consider what to do with those rights.

Director Dietrich announced that the Commissioners are required to have ethics training per the Governor. ORDC will arrange to have a 30 minute session at the November meeting to qualify everyone so please attend.

Director Dietrich explained the evaluation survey that was given out prior to the meeting. The survey was developed at the Chairman's request so that the Commission could evaluate itself to make sure everyone is satisfied with its progress and actions. The survey results will be discussed at the October retreat and used to format that agenda accordingly. They are due back to ORDC by September 26th so that staff can compile the results. Chairman Bradley said the expertise and backgrounds of the Commissioners provide a good opportunity for feedback and to solicit comments on the Commission's functions.

Commissioner Murphy said several regional freight studies are now being combined into one freight study at ODOT. The ODOT evaluation team will attend an ORDC meeting to discuss.

Commissioner Murphy also reported that ODOT took over the improvement of roads at the Rickenbacker East-West Connection. A P3 Consultant, Halcrow, is to look at a financing package for the project. Commissioner Murphy hopes a shovel will be in the ground by next year.

PUBLIC COMMENT

There was no public comment to come before the Commission.

EXECUTIVE SESSION

Chairman Bradley asked for a motion to go into Executive Session to consider matters related to the employment of the Executive Director (performance evaluation). Commissioner Greenlese made the motion to approve and Commissioner McOwen seconded it. Roll Call was taken and the motion was approved as presented with nine votes in the affirmative.

Chairman Bradley reconvened the meeting at 12:53 p.m.

ADJOURNMENT

Chairman Bradley adjourned the meeting at 12:54 p.m.