

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: PUBLIC WORKS - PARKS, RECREATION & RAILROAD

DATE: FEBRUARY 12, 2010

COMMITTEE MEMBERS PRESENT:

SUPERVISORS BENTLEY
STEC
MERLINO
CHAMPAGNE
PITKIN
LOEB
MCCOY

OTHERS PRESENT:

WILLIAM LAMY, SUPERINTENDENT OF PUBLIC WORKS
JEFFERY TENNYSON, DEPUTY SUPERINTENDENT OF ENGINEERING
PAUL BUTLER, DIRECTOR OF PARKS, RECREATION & RAILROAD
STEVE WILDERMUTH, OF STEVE WILDERMUTH & ASSOCIATES
ED ELLIS, PRESIDENT, IOWA PACIFIC HOLDINGS, LLC
GORDON PAGE, VICE PRESIDENT/DIRECTOR OF PASSENGER OPERATIONS,
MAINE EASTERN RAILROAD
GORDON FULLER, EXECUTIVE VICE PRESIDENT & CHIEF OPERATING
OFFICER, MAINE EASTERN RAILROAD
WARREN RICCITELLI, JR., OF NORTHEAST RAIL CAR ASSOCIATION
PAUL DUSEK, COUNTY ATTORNEY
JOAN SADY, CLERK
KEVIN GERAGHTY, BUDGET OFFICER
SUPERVISORS GOODSPEED
TAYLOR
THOMAS
WAYNE LAMOTHE, ASSISTANT DIRECTOR OF PLANNING & COMMUNITY
DEVELOPMENT
JULIE PACYNA, PURCHASING AGENT
DON LEHMAN, *THE POST STAR*
CHARLENE DiRESTA, SR. LEGISLATIVE OFFICE SPECIALIST
See sign-in sheet for additional meeting attendees.

COMMITTEE MEMBERS ABSENT:

SUPERVISORS BELDEN
CONOVER

In the absence of Committee Chairman Belden, Committee Vice-Chairman Bentley called the meeting of the Public Works Committee to order at 9:00 a.m.

Motion was made by Mr. Stec, seconded by Mr. Merlino and carried unanimously to approve the minutes from the January 26, 2010 Committee meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Paul Butler, Director of Parks, Recreation & Railroad, who announced the purpose of the meeting was to meet with parties potentially interested in operating the railroad in 2011 when the current operator contract expired. He advised that these parties had not responded to the initial RFP (request for proposal) for the 2011 Railroad Operator Contract, but had contacted the County subsequent to the bid opening date to state their interest. Mr. Butler said it was his understanding that the Public Works Committee was seeking ideas from individuals and companies working in the railroad industry who may be able to provide some insight as to the content of a revised RFP to be released in the future. He noted that there were three groups scheduled to make presentations and it was understood by all that this was in no way a negotiation, but rather the potential to discuss ideas for a future RFP. Mr. Butler then introduced the first presenter, Steve Wildermuth, of Wildermuth and Associates, located in Hadley, NY.

Mr. Wildermuth began by thanking the Committee for the opportunity to address them and proceeded to read a prepared statement followed by a powerpoint presentation, copies of which are on file with the minutes. Included in the prepared statement were several suggestions for information to be included in the next RFP which were as follows:

1. The RFP should contain information which entices an operator to bid;
2. The operator should have freight rights on the Adirondack Branch. Canadian Pacific Rail (CPR) has indicated the intention to release the freight rights on the south end but has not yet done so legally;
3. The operator should know if the Saratoga Amtrak Station is available for their use or not;
4. What are the owners willing to offer the operator? Examples are: equipment to borrow in emergencies; assistance with grant sponsorship; providing picnic tables at pavilions and stations, etc.;
5. What comes in each building as part of the RFP, i.e. Engine House - what are the dimensions, how many tracks, length of tracks, availability of storage space and compressed air, whether the building had a pit, availability of hazardous material storage and whether the building was heated;
6. How many buildings included in the RFP are on the National Register of Historic Places;
7. Insurance seems to be set high for the railroad. Why? Most tourist operations require \$5,000,000 coverage; and
8. At each stop, what will entice the passengers to get off the train; are there attractions to see, places to shop, food to eat, restrooms or areas of scenic beauty for pictures or activities.

Mr. Merlino questioned whether regular service would be provided to all of the communities with railroad stations along the tracks and Mr. Wildermuth replied that if chosen to provide services under the 2011 Railroad Operator Contract, his firm intended to develop a full schedule including all stations for the summer season, hopefully to be extended through the winter season, as well.

Mr. Taylor noted that during his presentation, Mr. Wildermuth had said his firm intended to develop a not-for-profit 501c3 corporation for the railroad operation and he questioned how the associated railroad operation expenses would be funded since this would be a newly formed corporation. Mr. Wildermuth replied that he did not wish to discuss funding at that time, a funding plan had been developed and would be disclosed in their bid response to the revised RFP. When Mr. Pitkin asked how they intended to address railroad maintenance issues, Mr. Wildermuth apprised that this was another issue that would be addressed in their bid response.

Mr. Goodspeed questioned Mr. Wildermuth's familiarity with the operations of the Upper Hudson River Railroad (UHRR) in the current Railroad Operator Contract and Mr. Wildermuth replied that he was very familiar with their practices and operations as he had been employed by UHRR for five years. Mr. Goodspeed noted that the information provided indicated that the services proposed were similar to those currently offered by UHRR and he asked Mr. Wildermuth to highlight the differences between the two, as well as provide further information on the marketing efforts they intended to employ. In response, Mr. Wildermuth advised these were other issues that would be addressed in the RFP response which he preferred not to discuss at the current meeting.

Referring to the listing of items Mr. Wildermuth had suggested for inclusion in the revised RFP, Paul Dusek, County Attorney, stated the prior RFP clearly defined that all maintenance and operation costs were expected to be funded by the operator. He noted that the revised RFP would likely include the same provisions unless some indication was given by the presenters that they were not amenable to this arrangement. Mr. Wildermuth replied that the County had a vested interest in the tracks due to ownership and anything the County did to help the railroad become a success would also be positive for the surrounding communities. He added that he did not have any specific recommendations for increased financial support on the County's part at that time.

Mr. Wildermuth proceeded to poll the members of the public present for their feelings on the railroad operation. Jack Arehart, owner of 1,000 Acres Ranch Resort, noted that his business property was located next to the location of the proposed Stony Creek station platform and advised that they were willing to work in connection with the

operator to offer special meal and amenity packages to attract patronage. He said that the current operator did not allow for travel to the Stony Creek station location which eliminated the potential for any associated tourism benefits. Additionally, Mr. Arehart noted that the lack of willingness by the current operator to travel to the more southerly station locations, as well as the lack of support by the City of Glens Falls supervisors for the operation of the railroad altogether, had yielded a considerable amount of bad press in local newspapers which had served to sour taxpayer dispositions against the continuation of the railroad operation. He stated that he hoped a new operator would change the outlook for the railroad to increase the benefits to the surrounding communities and business owners.

Discussion ensued.

Mr. Champagne questioned whether it was known when a connection could be made with the Saratoga Springs Rail Station and Mr. Butler replied that the upgrades for the tracks owned by the Town of Corinth, which extended to the Saratoga Station, were scheduled to be completed by July 1, 2010, but noted that this did not mean that a connection with the Saratoga Station was guaranteed. Mr. Dusek stated his opinion that a determination as to the accessibility of the Saratoga Station should be made before the next RFP was released for the 2011 Railroad Operators Contract. He noted that the purpose of the current meeting was to discuss the prior RFP with the prospective bidders to determine what issues had prevented them from submitting bids and how those issues could be revised in a manner acceptable to all parties.

Mr. Dusek said based on Mr. Wildermuth's observations, he had deduced that there were a number of items that could have been included in the RFP which would have enticed more bidders to respond and these issues should be considered. He noted that from the County's standpoint, the RFP had been well advertised and allowed an appropriate time frame for response, yet only one bid had been received from the current operator. Mr. Dusek then asked what specific points of the RFP had kept Mr. Wildermuth and his group from responding to the previous RFP. Mr. Wildermuth replied that at the time the RFP was released, he had been working outside of New York State and was not able to prepare a timely bid response within the confines of the RFP deadlines. Mr. Dusek questioned whether changes in the publication of the RFP or its associated deadlines would have allowed for a response and Mr. Wildermuth replied in the negative.

Returning to the issue of when a connection could be made with the Saratoga Station, Mr. Goodspeed stated his opinion that it was unfair to expect any organization to bid their services to the County until this information was known. Mr. Wildermuth agreed and noted that before the connection could be made, upgrades to the tracks owned by the Town of Corinth had to be completed and permissions had to be secured from both the Town of Corinth and CPR to travel the sections of track owned respectively by each organization in order to reach the Saratoga Station. Steve Fisk, of CPR, commented that CPR incorporated strict guidelines for use of their railroad tracks to ensure that only qualified persons were operating on them and they would require that the chosen operator adhere to these standards before allowing access to their tracks. In addition, Mr. Fisk noted that equipment, engineers and schedules would have to be reviewed and approved in advance to operate in a cohesive manner with the high flow of passenger train traffic currently traveling to the Saratoga Station. He added that CPR would require at least \$20 million liability coverage to access their tracks, which was a low rate negotiated with the Town of Corinth as they would otherwise require \$100 million liability coverage.

Mr. Loeb stated his opinion that before spending any more time or money on railroad issues, the County should wait to see if the Town of Corinth was successful in making a connection with the Saratoga Station as the railroad was no longer a viable venture if such connection could not be made.

Discussion ensued.

As there were no further questions for Mr. Wildermuth, Mr. Butler introduced the second presenter, Ed Ellis, President of Iowa Pacific Holdings, LLC (IPH). Mr. Ellis began by advising that IPH was based in Chicago, IL, but operated railroads in a variety of locations. He then proceeded to make a powerpoint presentation, a copy of which is on file with the minutes. During his presentation, Mr. Ellis apprised that IPH was only interested in entering into agreements that allowed for both freight and passenger operations; in addition he noted that although IPH was involved in some waste transfer in Texas, they would not demand the same privileges in this area.

In response to Mr. Champagne's inquiry regarding waste transfer, Mr. Ellis apprised that waste was being hauled in a safely contained manner by incorporating new technology which allowed for transport of municipal solid waste, as well as construction and demolition debris, in closed railroad cars. Mr. Ellis noted that although this type of debris could be moved safely, there were a number of communities that did not want the transfer to take place in their area, especially those with waterways, because there was always the possibility of spillage. He stated that IPH was perfectly willing to move trash and felt that it made more sense to move waste materials by rail in a closed environment than it was to haul them by truck over heavily populated highways where there was an increased chance for accidents to occur. Mr. Champagne said that the safe transport of trash had sparked his interest and he felt that others involved in solid waste removal would be similarly interested because this might serve as an opportunity to lower the cost of trash transport. Mr. Ellis said that IPH would be willing to consider waste transport services, but had added the point that the allowance for such services were not required due to past issues with the public outcry against a company seeking to purchase the former International Paper plant in Corinth for a waste transfer facility.

Mr. Goodspeed asked Mr. Ellis to describe the efforts and goals of IPH relating to community presence in connection with their other tourist train ventures which would be similar to operations in Warren County. Mr. Ellis said that IPH would not have been able to begin their excursion train operation in Colorado without the support of the local communities. He explained that there were six counties in the valley, Alamosa being in the center; he added that when they had first introduced the idea, representatives of Alamosa County had convened a meeting of the six counties that would be affected by the operation to determine what efforts could be made to further encourage the introduction of the excursion line to promote tourism in the area. Mr. Ellis said that Alamosa County had contributed some matching funds for advertising in connection with the tourist train and had continued this contribution to date. He noted that the additional advertising funding had allowed for increased publications to promote the train and draw tourism to the area. Mr. Ellis advised that from IPH's prospective, it was better to establish partnerships with everyone interested in area tourism as every outlet had the potential to increase ridership figures; he added that the most effective form of advertising for their venture had been word of mouth.

Mr. Champagne questioned whether IPH would be willing to respond to an RFP developed by the County if they were unable to guarantee the potential for freight operations or a connection with the Saratoga Springs Station and Mr. Ellis replied in the negative, noting that due to the considerable investment required to begin the operation they would require both provisions to make the venture worthwhile.

Discussion ensued.

As a point of clarification, Mr. Goodspeed stated that it seemed there was only one impediment to securing a profitable operator contract, that being a guaranteed connection with the Saratoga Station. He added that IPH was not looking for Warren County to promise the availability of freight traffic, but simply permissions for them to move forward in developing freight traffic opportunities and to use the tracks for such, in addition to operating an

excursion line. Mr. Pitkin questioned if there were any other areas of the RFP that had discouraged IPH from submitting a bid for the 2011 Railroad Operator Contract, aside from the lack of a connection with Saratoga Springs and allowances for freight traffic and Mr. Ellis replied in the negative. Mr. Ellis expounded that IPH sought to ensure that they were able to develop a profitable business opportunity through a combination of passenger and freight traffic; however, he said, this would not happen until all of the necessary elements were available. He added that IPH was willing to assume the responsibilities for track maintenance and business development, they simply required the appropriate resources to develop. Mr. Ellis closed by thanking the Committee for the opportunity to address them.

Mr. Butler introduced Gordon Page, Vice President/Director of Passenger Operations for Maine Eastern Railroad (MER), and Gordon Fuller, Executive Vice President/Chief Operating Officer for MER. Mr. Page thanked the Committee for extending the invitation to make a presentation and distributed some of the promotional materials used by MER for advertising purposes, copies of which are on file with the minutes. He noted that MER contracted with the State of Maine to provide excursion and freight transportation services along the 57-mile stretch of Class 3 railroad tracks extending between Brunswick and Rockland, ME, which the State owned. Mr. Page advised that MER operated primarily as a freight transportation business and provided passenger services on a seasonal basis, but would soon become a connecting service for Amtrak who had recently received a \$38 million grant which would allow them to connect their existing line running from Boston, MA to Brunswick, ME where the MER line began. He stated that MER had learned about the RFP for the 2011 Railroad Operator Contract about two weeks ago through the railroad network and had not had a lot of time to research the status of the railroad owned by Warren County, but were willing to advise of the services provided and answer any questions the Committee might have.

Mr. Fuller apprised that because of their relationship with Amtrak due to integrations in the State of Maine, they had taken the liberty of speaking with them respective to the possibility of Amtrak integrations at the Schenectady, NY and Saratoga Springs Stations, noting that they felt service should be provided to the Schenectady Station as there were many more trains available for transfers at that location. He said Amtrak had indicated that they would likely agree to such integrations, which would be highly beneficial for passenger operations. Mr. Fuller further noted that the MER railroad equipment was qualified for operation on Amtrak tracks which allowed for 110 m.p.h. traffic. Mr. Page reiterated MER's interest in freight operations and asked the Committee members to keep in mind that the railroad most successful in passenger operation would be one based on freight operations and that was why access to freight rights was important to them.

Mr. Page proceeded with a powerpoint presentation which he noted was initially developed as a retail promotion for presentation to community groups and service clubs with interest in railroad operations; *a copy of the powerpoint presentation is on file with the minutes.*

At the close of the powerpoint presentation, Mr. Pitkin questioned whether MER assumed the responsibility for maintenance of the tracks they operated on and Mr. Fuller replied affirmatively. Mr. Loeb asked who would assume responsibility for issues such as washout repairs or bridge and overpass maintenance and repair and Mr. Fuller replied that MER would fund these costs. He advised that MER carried insurance coverage which provided for repair costs in washout situations and bridge and track maintenance costs were funded by MER independently. Mr. McCoy questioned whether MER was seeking to attain existing freight business or if they were willing to develop the business themselves and Mr. Fuller replied that they were willing to develop the business, but required the County's agreement that freight service would be allowed in addition to excursion operations. Mr. Pitkin noted that it appeared that MER was concerned with obtaining the same allowances as IPH sought, in having the ability to provide freight services in addition to passenger operations, as well as being guaranteed a connection with the Saratoga Springs Station and Mr. Fuller advised this was the case.

Respective to passenger safety issues, Mr. Fuller apprised that MER received safety awards each year and had received unsolicited assurances from Amtrak that their staff would provide maintenance assistance if MER came to be the County's chosen railroad operator and integrations with Amtrak were made for the Saratoga Springs and Schenectady Stations.

Discussion ensued.

Mr. Page asked who owned the rolling stock currently being used on the Warren County railroad and John Riegel, of UHRR, replied that UHRR owned about 70% of the railroad equipment currently being used, with the rest being leased. Mr. Page replied that this was an important issue as the next operator would need to know whether they would be able to lease equipment in the area or if they would be required to move their own stock and Mr. Fuller noted that it was a considerable cost to transport equipment. Mr. Pitkin asked if any equipment brought to the area would be comparable to that which was portrayed in the powerpoint presentation and Mr. Fuller replied affirmatively. Mr. Page advised that MER had the ability to move railroad equipment as they currently did so routinely between their Maine and New Jersey operation points, depending on the need for equipment and to sustain the fleet used.

Before providing a bid response to a future RFP, Mr. Page advised that MER representatives would request the opportunity to review the state of the tracks currently in place in order to assess their condition and Mr. Butler replied that the County would have no issue with this. Mr. Fuller noted that if there was grant funding available from the State of New York for railroad projects, MER would appreciate the County's assistance in seeking out such grant opportunities to fund bridge and track maintenance and Mr. Pitkin replied that the majority of the improvements made to the tracks had been done using grant funding. Mr. Page said it was his understanding that the entire railroad line from the Saratoga Springs Station to the Town of North Creek was currently rated for Class 2 transportation and Mr. Butler advised that the portion owned by Warren County was rated Class 2, while the portion owned by the Town of Corinth was currently being upgraded to meet Class 2 standards and it was estimated that the work would be completed by July 1, 2010.

Wayne LaMothe, Deputy Director of Planning & Community Development, asked what the appropriate time frame needed for response to the Railroad Operator RFP would be and Mr. Page replied that the weather and ability to view the state of the tracks would impact their response time. Mr. Fuller added that if the conditions were amendable and the RFP contained the appropriate information, he felt a response could be returned within two months; he added that a longer time period would be required if additional information was necessary. Secondly, Mr. LaMothe recalled a previous comment that MER had found out about the 2011 Railroad Operator Contract through another contact in the railroad industry and he questioned how the RFP could have been advertised or publicized differently to allow for better market saturation. Mr. Page suggested that the County consider contacting the Short-Line Railroad Association when advertising the RFP in order to notify railroad companies involved in this sort of business of the opportunity. Julie Pacyna, Purchasing Agent, inquired as to whether this and other appropriate contacts could be provided to her for the future RFP and Mr. Page replied affirmatively. Ms. Pacyna noted that the prior RFP had been advertised in both *Railfan Magazine* and in *The Pocket List of Railroaders* and Mr. Fuller replied that these publications were not appropriate for advertising the RFP as *Railfan Magazine* focused on persons interested in photographing trains, while *The Pocket List of Railroaders* was used for railroad groups to contact each other. He added that if the County desired to list the RFP in a railroad related publication, he would suggest *Railway Age* as they would be marketing to professional organization, rather than rail fans.

In light of the fact that the current operator contract was to expire on December 31, 2010, Mr. Pitkin questioned when the next RFP should be released in order to allow proper response time for the next operator to begin

operations on January 2, 2011 and Mr. Fuller replied that he felt the RFP should be released no later than March or April of 2010, allowing for a three month response time before the bids were reviewed and awarded. He added that the RFP should include a definitive date for the connection with the Saratoga Springs Station. Mr. Pitkin then asked Mr. Ellis if the same RFP time frame would be agreeable for IPH and Mr. Ellis replied affirmatively.

Discussion ensued.

As there were no further questions for Messrs. Page or Fuller, privilege of the floor was extended to Warren Riccitelli, Jr., of Northeast Rail Car Association (NERCA), who proceeded to read a prepared statement, *a copy of which is on file with the minutes*. Mr. Riccitelli stated his feeling that the railroad could allow room for both a smaller organization such as UHRR, who incorporated vintage equipment, or Mr. Wildermuth to operate a short range tourist based train line while simultaneously allowing for longer length passenger and freight operations to be commenced by a larger company similar to IPH or MER. He added that the two groups working together might generate increased revenues for the County and surrounding businesses.

As there was no further business to come before the Public Works Committee, on motion made by Mr. Pitkin and seconded by Mr. McCoy, Mr. Bentley adjourned the meeting at 11:44 a.m.

Respectfully submitted,
Amanda Allen, Sr. Legislative Office Specialist