

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: PUBLIC WORKS (PARKS, RECREATION & RAILROAD)

DATE: NOVEMBER 2, 2010

COMMITTEE MEMBERS PRESENT:		OTHERS PRESENT:
SUPERVISORS	BELDEN	JEFFERY TENNYSON, SUPERINTENDENT OF PUBLIC WORKS
	STEC	PAUL BUTLER, DIRECTOR OF PARKS, RECREATION & RAILROAD
	MERLINO	FREDERICK MONROE, CHAIRMAN
	CHAMPAGNE	PAUL DUSEK, COUNTY ATTORNEY/ADMINISTRATOR
	LOEB	JOAN SADY, CLERK OF THE BOARD
	MCCOY	KEVIN GERAGHTY, BUDGET OFFICER
	CONOVER	SUPERVISORS
		GOODSPEED
		TAYLOR
		THOMAS
COMMITTEE MEMBERS ABSENT:		WAYNE LAMOTHE, ASSISTANT DIRECTOR OF PLANNING & COMMUNITY
SUPERVISOR	BENTLEY	DEVELOPMENT
VACANT - TOWN OF THURMAN		JULIE PACYNA, PURCHASING AGENT
		GRETCHEN GREISLER, ATTORNEY, TOWN OF CORINTH
		FRANCIS SMITH, RESIDENT OF THE TOWN OF NORTH CREEK
		JOANNE SMITH, RESIDENT OF THE TOWN OF NORTH CREEK
		DON LEHMAN, <i>THE POST STAR</i>
		DAVID CEDERSTROM, <i>THE CHRONICLE</i>
		THOM RANDALL, <i>ADIRONDACK JOURNAL</i>
		CHARLENE DIRESTA, SR. LEGISLATIVE OFFICE SPECIALIST

Mr. Belden called the meeting of the Public Works Committee to order at 10:02 a.m.

Mr. Belden stated the purpose of the meeting was to review the proposals which were received as a result of the RFP (Request for Proposal) for a train operator and train service on the railway owned by Warren County and the Town of Corinth.

Privilege of the floor was extended to Paul Butler, Director of the Parks, Recreation & Railroad Department, who distributed copies of the agenda to the Committee members; *a copy of the agenda is on file with the minutes.*

Chairman Monroe suggested the proposals be discussed as much as possible in open session due to the interest of the public. Mr. Butler requested that Paul Dusek, County Attorney/Administrator, present a brief overview of each of the proposals to the Committee members.

Mr. Dusek apprised the Committee would undoubtedly want to interview one or more of the candidates. He pointed out that Gretchen Greisler, Attorney representing the Town of Corinth, was present and would be invited to additional interviews and to participate in any executive sessions that were held pertaining to selection of a railroad operator.

Pertaining to the proposal submitted by Upper Hudson River Railroad (UHRR), Mr. Dusek said they were the current operator of the railroad and their proposal appeared to be for a one year extension agreement. He explained the UHRR proposal clearly stated the following requests:

- ▶ for the County to suspend the \$1 per ticket fee;
- ▶ for the County and the Town of Corinth to subsidize tourist train operations, as follows:
 - for adult ticket sales, the sum of \$5 for the first 6,000 tickets sold and \$4 for each subsequent ticket sold;
 - for child ticket sales, the sum of \$3 for the first 6,000 tickets sold and \$2.50 for each subsequent ticket sold;
 - to enter into a force agreement to perform routine maintenance;
 - to reimburse costs associated with all FRA (Federal Railroad Administration) mandated inspection and maintenance of the signal crossings, including electric costs plus a 15% administration and handling fee; and
 - to be responsible for all utility costs;
- ▶ a retention payment of \$25,000 due upon the extension of the operating agreement; and
- ▶ an excursion incentive payment as listed in the contract.

Mr. Dusek said an alternate proposal was included which proposed the subsidy be for \$91,000 with a forgiveness of up to \$18,000 on ticket costs. He advised the UHRR proposal indicated that they wanted the County and the Town of Corinth to enter into a partnership with them and share all operational costs.

Concerning the proposal from Iowa Pacific Holdings, LLC (IPH), Mr. Dusek apprised the proposal arranged for all track and bridge inspections and maintenance. He said IPH would contract for maintenance on the line, be responsible for all inspections and maintain infrastructure. One caveat of the IPH proposal, Mr. Dusek advised, was a request for an arrangement with the County and the Town of Corinth to cover the \$50,000 insurance deductible in the event of a washout or other catastrophic event. He reported the proposal from IPH indicated they would meet the insurance requirements and would pay, to the County and the Town of Corinth, a track usage fee of \$10 per freight car, \$2 per passenger for the first 125,000 passengers and \$5 per passenger for each subsequent passenger. Mr. Dusek opined the proposal from IPH was closest to the intentions of the RFP and was in stark contrast to the proposal from UHRR. He explained IPH planned to offer six distinct passenger operations for a total of 501 trains per year, including: a ski train, an excursion train, a feeder train, a 'Polar Express' train, a 'Day Out with Thomas' train and a dinner train. IPH, he continued, was interested in developing freight operations on the rail line, as well.

Referring to the proposal from the Codorus Creek Railway Management Company (CCR), Mr. Dusek stated the proposal was difficult to interpret. He said CCR had identified a number of locomotives and passenger cars that they proposed to operate and had set forth their operational plans. He advised CCR was interested in the rail line connection to Saratoga Springs and they would include a 'Polar Express' train and a 'Day Out with Thomas' train in their operations. He said the proposal outlined the marketing and listed the maintenance equipment, which they would maintain; however, he added, it was unclear who would be responsible for track maintenance.

In summary, Mr. Dusek stated the proposal from IPH was extensive and covered all of the points set forth in the RFP and provided details on anticipated revenue. He reiterated that it was important that the Committee interview one or more of the companies before making a selection. He advised the UHRR proposal was basically the same as the current contract with the exception of the additional costs that they wanted the County and the Town of Corinth to

absorb. The CCR proposal, he continued, was unclear if they would cover any costs of the railroad maintenance and it was unclear what they would pay the County. Ms. Greisler pointed out that CCR had made reference to their desire to upgrade the line to a Class 3.

Mr. Champagne said the proposal from CCR outlined plans to enter into long term bonding for the lease of rolling stock as they did not currently own any. Mr. Conover noted it was important to point out that IPH had stated there was a deadline of December 1, 2010 to enter into a contract if a ski train was desired for this winter. Mr. Loeb opined that the proposal from UHRR was offering the same service but was requesting additional payment for the service. He advised that at the February 12, 2010 Committee meeting the representative from Maine Eastern Railroad (MER) had stated it would not require a large investment to upgrade the track to a Class 3. He reported that the Canadian Pacific Rail Line was not a Class 3 track and was therefore slower. He stated the CCR proposal placed a lot of emphasis on passenger trains from North Creek to Saratoga. Mr. Loeb reviewed the IPH proposal in detail and stated the company had many years of experience. He noted that although costs to the County were not specifically outlined, there were items listed which could potentially become expenses to the County.

Discussion ensued.

Mr. Dusek advised there were three options available as a result of the RFP's, which he outlined as follows:

- ▶ option one was to reject the proposals and refrain from taking action at this time;
- ▶ option two was to release the RFP a second time if it was decided that they were dissatisfied with the responses from the first RFP; and
- ▶ option three was to interview one or more of the companies to determine details which were not outlined in the proposals.

Mr. Taylor stated that MER had seemed very interested in operating on the Warren County rail line and he questioned why they had lost interest. Mr. Loeb suggested there was value in determining why MER had decided not to submit an RFP. Mr. Dusek suggested the Purchasing Agent contact MER to determine if there was a specific reason for their loss of interest. Mr. Goodspeed advised he had been in contact with MER and as of a couple weeks ago they had been undecided in their intention to submit a proposal. He stated if the Committee made a decision to interview one or all of the companies, the interviews should be completed in a timely manner.

Mr. Goodspeed appraised it was paramount to the success of the railroad to negotiate a successful surrender of the freight rights which were titled with Canadian Pacific Rail Line. He added it was also important to require and obtain technical assurances that the respondents to the RFP were able to operate on a live line. Mr. Dusek responded the freight rights for the Warren County rail line were owned by Warren County and Ms. Greisler reported that Canadian Pacific Rail Line would transfer the freight rights to the Town of Corinth; however, she continued, in order to do so they would require the approval of the Service Transportation Board, who required a railroad operator be in place prior to approving the transfer of freight rights. Mr. Goodspeed inquired as to licensing capacity to operate on a live line and Ms. Greisler responded that Canadian Pacific Rail Line wanted an experienced operator. She opined that of

the three proposals there were two operators who were experienced and wanted to take advantage of the full rail line.

Wayne LaMothe, Assistant Director of Planning & Community Development, pointed out that two of the three proposals discussed freight rights and the possibility of a ski train and he said the use of the trail bed by snowmobile clubs and alternative routes for them would be an issue. Mr. Merlino stated a ski train would be welcomed; however, he added, he felt it was inadvisable to initiate a ski train this winter as the tracks had been used for many years by snowmobilers and he was concerned with the time constraints as far as notifying the snowmobile clubs about alternate routes. Mr. Butler noted he was in the process of working with the County Attorney's Office on language for postings on the railway for right-of-way.

Mr. Goodspeed stated it was important to obtain further information as to the Federal government's position on rural railway growth. He said there was the possibility of Federally funded programs pertaining to rural railways and Mr. Dusek responded he would complete some research.

Mr. Champagne suggested the Committee enter into an executive session in order to discuss the financial information of the railroad operator candidates.

Motion was made by Mr. Champagne, seconded by Mr. Conover and carried unanimously that executive session be declared pursuant to Section 105 (f) of the Public Officers Law.

Executive session was declared from 10:43 a.m. to 11:35 a.m.

The Committee reconvened.

Pursuant to the executive session, motion was made by Mr. Champagne, seconded by Mr. Loeb and carried unanimously to schedule an interview with Iowa Pacific Holdings, LLC as a potential operator of the Warren County Railroad.

As there was no further business to come before the Public Works Committee, on motion made by Mr. McCoy and seconded by Mr. Conover, Mr. Belden adjourned the meeting at 11:36 a.m.

Respectfully submitted,
Charlene DiResta, Sr. Legislative Office Specialist