



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**  
**Southern Tier Extension Railroad Authority**  
 Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779  
 TEL (716) 945-5301 FAX (716) 945-5550 TDD (716) 945-5301

"This institution is an equal opportunity organization"

Terry Everetts, Chairman  
 Richard Zink, Chief Executive Officer

**Minutes of Board of Directors Meeting**

**October 3, 2016**

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on October 3, 2016 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

**Board Members In Attendance**

Seth Corwin  
 Rich Dixon  
 Adam Gorczyca  
 Jay Gould  
 James Griffin  
 Steve Havey  
 Robert Keis  
 Earl McElfresh  
 Jerry Scott

**Representing**

Steuben County  
 Chautauqua County  
 Chautauqua County  
 Chautauqua County  
 Steuben County  
 Allegany County  
 Southern Tier West RPDB  
 Cattaraugus County  
 Allegany County

**Board Members Not In Attendance**

Michael Brisky  
 Terry Everetts  
 Randolph Weaver  
 Vacancy  
 Vacant

**Representing**

Cattaraugus County  
 Cattaraugus County  
 Steuben County  
 Allegany County  
 Seneca Nation of Indians

**Others Attending**

Thomas Barnes  
 Carl Belke  
 Jesse Coats  
 Kylie McLaughlin  
 Richard Zink

**Representing**

STERA Secretary  
 WNYP RR  
 WNYP RR  
 WNYP RR  
 STERA CEO

**1. Call to Order and Introduction of Those Present**

In the absence of Chairman Terry Everetts, and recognizing a quorum, Vice Chairman Jay Gould called the meeting to order at 9:30 AM. Introductions were made of those present. Mr. Gould welcomed Earl McElfresh, newly appointed to the STERA Board by Cattaraugus County, filling the expired term of Crystal Abers.

## **2. Reading and Approval of the Minutes of the June 6, 2016 Meeting**

The Board adopted a resolution approving the minutes of the June 6, 2016 Board Meeting (Corwin, Dixon, passing unanimously).

## **3. Communications**

STERA received a resolution from Cattaraugus County appointing Earl McElfresh as a member of STERA, with term 9//13/2016 - 9/12/2019.

## **4. Treasurer's Report**

The Treasurer's Report for September 30, 2016 was not available as bank statements for September 30, 2016 had not yet been received by the date of the meeting. Accordingly, the Board reviewed the Treasurer's Report for August 31, 2016, which Mr. Zink distributed. Mr. Zink noted that because of a lack of a quorum, the Audit Committee had not met to review the financial statements. Mr. Zink provided a summary of the Treasurer's Report. For the year to date ending August 31, 2016, STERA had a net income of \$43,430.82 on revenues of \$350,716.61. As of August 31, 2016, STERA had net assets of \$5,451,601.01 on assets of \$5,461,410.88, with a cash balance of \$123,502.43. Accounts payable as of August 31, 2016 were \$9,809.87 (representing amounts due to WNYP and Southern Tier West, for which checks were issued on the meeting date), and accounts receivable and grants receivable as of August 31, 2016 were \$24,760.59 and \$1,691,523.59, respectively. The Board adopted a resolution approving the Treasurer's Report for August 31, 2016, including approval of the checks issued to WNYP and Southern Tier West (Corwin, Dixon, passing unanimously).

### **Approval of Budget for 2017**

Mr. Zink presented the proposed budget for 2017. After discussion, the Board adopted a resolution approving the budget for 2017 (Scott, Keis, passing unanimously).

### **Approval of Four Year Financial Plan for 2017 to 2020**

Mr. Zink presented the proposed four year financial plan for 2017 to 2020. After discussion, the Board adopted a resolution approving the four year financial plan for 2017 to 2020 (Dixon, Corwin, passing unanimously).

## **5. Reports of Committees**

Neither the Audit Committee nor the Governance Committee has met since the last Board meeting on June 6, 2016.

### **A. Audit Committee Appointments**

Mr. Gould appointed Mr. Keis and Mr. McElfresh to membership on the Audit Committee, and removed Mr. Weaver from membership on the Audit Committee, in anticipation of his expressed intention to resign from the STERA Board, ratified by the Board (Griffin, Dixon, passing unanimously).

## Old or Unfinished Business

### **6. WNYP RR Operating Status Report**

Carl Belke, President and Chief Operating Officer of the WNYP RR, provided a Management Report to the STERA Board. The Management Report covered the areas of Safety and Security, Grant Activities, Real Property, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, and Engineering and Maintenance of Way.

Highlights of his report are:

- **Operations, Service Levels, and Freight:**
  - The **national rail system** is running smoothly, but nationally reduced traffic levels are causing WNYP's connecting railroads to reduce train service and connection frequency at interchanges.
  - **Service levels:** Falconer to Meadville service has been restored to biweekly service (currently running weekly). Olean to Hornell service is operated less than once per week. Olean to Falconer is operated regularly once per week. Olean to Machias service has been restored for ballast trains.
  - **Freight levels:** Aggregates traffic in 2016 has been down from 2015 levels. The delivery of sand for fracking gas wells continues at Emporium PA, with projections for this traffic to continue into 2017. WNYP has acquired a 12-acre parcel in Turtle Point PA and has constructed a double ended siding for public delivery service there. A scale, small office building, and lighting have been installed. The facility will open in October 2016 and the first use will be for the delivery of frack sand. In mid-August one of the widest loads shipped (13 feet) from Dresser Rand Olean was delivered to the B&P Railroad in Salamanca for transfer to CSXT at Buffalo.
  - **Car Storage:** WNYP is currently storing close to 500 tank cars and 250 to 300 other cars.
- **Safety and Security:**
  - WNYP has scheduled a professional assessment this autumn of its **security and emergency response plans, practices, and procedures**.
  - WNYP held a **First Responders training session** on June 30 in Port Allegany, PA, for McKean Potter and Cameron County authorities. WNYP plans to follow up with similar session in Oil City/Franklin PA. Possible additional session would be held in Jamestown and Olean (joint session with B&P RR and Seneca Nation of Indians).
- **STERA Construction Projects:**
  - Although these STERA projects were discussed during Mr. Belke's report, they are reported on separately under item #7 in these minutes.
- **WNYP Construction Projects:**
  - **Emporium PA sand unloading terminal project:** WNYP has received a \$100,000 "PA First" grant for blacktop and drainage improvements to the Emporium PA sand unloading terminal. WNYP will provide a \$25,000 match. The project currently is in the design and permitting phase.
  - **PennDOT 2015 RTAP Project:** WNYP has been awarded a \$500,000 grant (\$215,000 WNYP match) for the installation of 7,500 ties on the Buffalo Line between Larabee Road, Eldred PA and North Kean in Port Allegany PA. WNYP will undertake this project in 2017.

- **PennDOT 2016 RTFAP Project:** WNYP currently is in the application phase for this proposed \$1,010,000 project (\$700,000 PennDOT, \$310,000 WNYP match) for the installation of 7,500 ties on the Buffalo Line between North Eldred and Larabee Road, Eldred PA and North Kean and Kean in Port Allegany PA. The project will include re-timbering two turnouts and rebuilding a two-track public grade crossing in Port Allegany. If funded, WNYP will undertake this project in 2017. These last two PennDOT projects will be combined into a single project.
- **Grade Crossing Projects:** WNYP has underway or planned track and highway surface replacements at 20 grade crossings and highway warning signal upgrades at 6 crossings, in both NY and PA, using \$130,000 of US DOT funds. Work is proceeding ahead of schedule and 3 additional surface upgrades have been added for repair this fall.
- **Storm damage:** A heavy rainfall in September 2016 caused considerable washout and wash-over damage to the Southern Tier Extension Line between Hinsdale and Belmont. WNYP forces have been restoring ditches and opening culverts throughout that area.
- **Real Property and Municipal Projects:**
  - **Olean Trail Project** – This “rails with trails” project has been terminated due to Norfolk Southern objections. Olean still would like a trail crossing the Olean Creek, but will have to re-route its trail as a consequence of Norfolk Southern’s objections. Trespass on the rail bridge over the Olean Creek is an ongoing problem, for which there is no immediate solution.
  - **Lucy-Desi / National Comedy Center Park Project** – Construction work on the at-grade pedestrian crossing has been completed. WNYP is discussing the lease of additional adjacent property.
  - **Jamestown Engine House** – A local group would lease this facility and make improvements thereto. Environmental cleanup has been completed; lease negotiations continue.
  - **East Branch Trail** – This is a trail project in Corry PA, involving the transfer of an unused rail bridge overpassing the active rail line to a trail group. The group is seeking funding for the project. Negotiations continue.
- **Salamanca Main Street Bridge Replacement and Track Realignment:** WNYP has had discussions with Seneca Nation of Indians with respect to the potential replacement of the Main Street (Salamanca) rail bridge (replacing the 6 lane rail bridge with a two lane bridge, with higher clearance for Main Street underpass traffic) and the re-routing of the main line in this area to remove the curvature of the line (which is a safety issue and which keeps train speeds down). Such a project would be eligible for NYS DOT funding. This is still an active project, and ongoing discussions with the Seneca Nation of Indians on other issues could lead to the project moving forward. Previously, WNYP had met with the City engineer and other City representatives to discuss the project, and had made some temporary repairs (welding) to the walkway framing underneath the bridge. Mr. Barnes noted that Ms. Abers had suggested that the Salamanca Main Street Redevelopment Committee might be an entrée to the Seneca Nation on this topic. Mr. Belke noted that WNYP’s relationship with the SNI is good at the current time.
- **Litigation status report:** This involves the collision of a FedEx truck with a WNYP train in a prior year. The litigation is still in the deposition and interrogatory phase. From STERA’s perspective, there has been no change in STERA’s position: STERA has been sued (one of several defendants), but the 1998 MOU requires Norfolk Southern to indemnify STERA. STERA’s attorney Harris Beach has been in contact with Norfolk Southern’s and WNYP’s attorneys.

The Board adopted a resolution approving Mr. Belke's report (Corwin, Dixon, passing unanimously).

As noted above, status reports on individual STERA projects, which were discussed during Mr. Belke's report, are provided immediately below under item #7.

## **7. Status Reports on Current and Proposed Rehabilitation Projects**

### **FEMA Project (Southern Tier Extension Line)**

This STERA project, funded by FEMA, WNYP, and NYS DHSES, involved repairs to 47 locations on the Southern Tier Extension that were damaged in a storm occurring May 13 – 22, 2014. FEMA had declared a disaster in Allegany, Cattaraugus, Chautauqua, and Steuben Counties, relating to this storm. All work on the project has been completed and financial closeout of the project is underway.

### **NYS DOT 2005 Bond Act Bridge Rehab and Track Realignment (Falconer) Project (Southern Tier Extension Line)**

This STERA project is funded by NYS DOT and WNYP. This project consisted of the realignment of track from a bridge located in the Falconer area in Chautauqua County that in recent years had been in service to an adjacent bridge that in recent years had not been in service. The project's primary objectives have been completed; the realigned route and bridge crossing were placed back in service in November 2013. The project replaced a bridge in need of major repair that had only a 273,000 pound per carload weight capacity with a bridge (the bridge placed back into service) that has a 315,000 pound per carload weight capacity (above the industry standard of 286,000 pounds); it was the last remaining 273,000 pound-per-carload bridge in the line.

The project had come in under budget and NYS DOT had approved the installation of additional welded rail, the installation of 1,200 ties, and the improvement of a switch serving the RHI Monofrax siding in Falconer. STERA had received (from NYS DOT) and executed a no-cost time extension for the project through December 31, 2015. All project work was completed, but approximately \$482,000 of funds (\$240,839 NYS DOT, \$241,621 WNYP) still remained in the budget.

On 12/31/15, the last day of the NYS DOT contract, STERA received an extension to accommodate additional work under the project, utilizing the underrun. STERA will use the extension and unspent funds to install an additional 5,000 ties in the Southern Tier Extension east of the Falconer bridge, between Steamburg and Poland Center. All matching funds and overruns for the additional work would be WNYP's responsibility. STERA and WNYP executed an amendment of the existing agreement on the project on March 7, 2016.

In late September, STERA was informed by NYS DOT that it could not approve this additional project work because it was outside the geographic bounds of the original project. However, STERA will be able to install approximately \$25,000 of ties within the geographic bounds of the project. Accordingly, as WNYP does not have sufficient necessary work to be done within the original project bounds to utilize the balance of the remaining project funds, STERA must terminate the project and turn back the \$240,839 of funds remaining in the DOT grant award (less the approximate \$12,500 of funds for the additional tie work) to NYS DOT.

### **NYS DOT PFRAP Tie Replacement and Grade Crossing Repair Project (Buffalo Line)**

The project involves the replacement of 8,000 cross ties and the rehabilitation of four highway-railroad grade crossings on the section of the Buffalo Railroad Line between Olean and the Pennsylvania State Line. The grade crossing construction has been completed, including a track realignment in Olean. Cross tie shortages and delayed delivery had caused the postponement of the tie installation and surfacing work until 2015, but tie installation work and first surfacing work was completed in June 2015. Additional ballast is being applied and regulated, and final removal of the replaced ties will be completed shortly. All project work was completed, but approximately \$214,000 of funds (\$188,794 NYS DOT, \$25,741 WNYP) still remained in the budget.

On 12/31/15, the last day of the NYS DOT contract, STERA received an extension to accommodate additional work under the project, utilizing the underrun. STERA will use the extension and unspent funds to rehab four additional grade crossings on the Buffalo line north in the Olean area (Back Hinsdale Road, Oregon road, Haskell Road, and Promised Land Road), and install (approximately \$25,000 of) additional ties. All matching funds and overruns for the additional work would be WNYP's responsibility. STERA and WNYP executed an amendment of the existing agreement on the project on March 7, 2016. This project work has been completed.

### **NYS DOT PFRAP Cattaraugus Rail Rehabilitation Project (Southern Tier Extension Line)**

The project involves the installation of 10,000 rail ties between Olean and Killbuck (Cattaraugus County), the repair of 11 rail switches, the installation of 12,000 tons of ballast, surfacing and alignment of track and turnouts, the rehabilitation of three at-grade crossings, and the rehabilitation of 11 turnouts. This project started in 2015. The tie installation, ballast installation, surfacing and alignment of track and turnouts, the rehabilitation of three at-grade crossings, and the rehabilitation of 11 turnouts all have been completed. The Olean yard work switch work began on September 27. Frank Tartaglia, Inc. of Syracuse is the subcontractor for the switch work. The project should be completed in 2016

### **Proposed STERA Track and Bridge Rehabilitation Project (Southern Tier Extension Line and Buffalo Line)**

Mr. Barnes reported that STERA had submitted an application to NYS DOT for \$1,600,000 of PFRAP grant funds, to be matched by \$400,000 of WNYP funds. The project would involve replacing 8,000 linear feet of welded rail in Carrolton in Cattaraugus County, and repairing three bridges in Jamestown, one bridge in Salamanca, and one bridge in Olean. The three cities will contribute traffic control. All work except the Olean bridge is to be done on the Southern Tier Extension; the Olean bridge is on the Buffalo line.

Subsequent to the June 6, 2016 Board meeting, NYS DOT had announced that STERA was approved for this grant. STERA received the contract from NYS DOT in late September, and is undertaking the process of getting under contract with NYS DOT, after which STERA will get under contract with WNYP, and then project will commence. Unfortunately, due to the lateness of season, the actual construction work will not commence until the spring of 2017.

### **Revision of Proposed NYS DOT PFRAP Rehabilitation Project**

Subsequent to the June 6, 2016 Board meeting, NYS DOT had announced the anticipated 2016 PFRAP funding cycle. At the June 6 meeting, anticipating this funding cycle, STERA had authorized submission of a specific project funding application, and had undertaken SEQRA review. With the passage of time, WNYP has revised its project scope, and accordingly, is requesting that STERA

revisit the authorization for the application, re-authorizing the application and revising the SEQRA review.

### **Revised Project Description**

The project, STERA Olean Enginehouse and Yard Improvement Project, would involve improvements to the enginehouse in the Olean yard, the installation of 6,000 6x8 ties in the Olean yard, and the replacement of 8 switches in the Olean yard.

The work would be done on the Southern Tier Extension Line. Some or all of the work would be bid by WNYP to subcontractors.

The revised total project cost would be \$1,900,000. The revised application would be for \$1,520,000 of NYS DOT PFRAP grant funds, to be matched by \$380,000 of WNYP funds (20% match). In addition to eligibility for NYS DOT PFRAP grant funds, the project may be eligible for NYS DOT Bond Act funds via the same grant application submission, if the proposed project also conforms to Bond Act program requirements.

The WNYP Board is scheduled to meet on October 11 to authorize the match funds for the project.

### **SEQRA Review**

After discussion, the STERA Board adopted a resolution declaring itself lead agent for SEQRA review on the project (Dixon, Corwin, passing unanimously, Griffin abstaining).

The Board reviewed and discussed a Short Form EAF, and noted that the project involves maintenance or repair of an existing railroad line, and no substantial exterior changes to any existing structure or facility. Accordingly, the project is a Type 2 action. Project construction activities will occur only on existing railroad right-of-way, and will not disturb any adjoining lands, effectively mitigating any negative impacts on these adjoining lands. The project is scheduled to be completed in a six month construction season, during the late spring to fall. The existing railroad right-of-way is already improved, and is not the locus of any significant habitat or species. Project construction activities will not impact the environment any more than do existing operation of trains on this currently operating railroad line. The construction activity itself is seen as a small impact. There will be no impacts on vegetation, animals, stormwater, wetlands, streams, natural resources, historical resources, archaeological resources, or the character or viewsheds of the adjoining lands. There will be no changes in use, intensity of use, or traffic as a consequence of the project. The project is not inconsistent with any approved comprehensive plan, land use plan, or zoning ordinance. STERA has evaluated the magnitude, duration, likelihood, scale and context of any potential adverse impacts. If anything, the project should have a positive impact on the environment, as the oil/water separator will reduce or eliminate any discharges of oil into the on-site septic system and hence groundwater.

As a result of this analysis, the STERA Board adopted a resolution making a finding that the project would not present any significant adverse environmental impacts on the environment, that the project does not need further analysis in an EIS, and therefore to issue a negative declaration on the project (Dixon, Corwin, passing unanimously, Griffin abstaining).

### **Procurement**

After discussion, the Board approved a resolution, consistent with the STERA procurement policy, making a determination that the public interest is best served by making a purchase of goods and services from WNYP related to the project without competitive procurement, finding:

- a) that WNYP is qualified to perform the work required or provide the commodities, equipment, goods or services required,
- b) that WNYP is responsible and reliable,
- c) that the price to be set for the procurement is likely to be either the lowest price if a competitive procurement were followed or a fair market price for the goods and services required, that is, the price is likely to be a Best Value, and
- d) that there is some valid public purpose for not undertaking a competitive procurement process, to include but not be limited to public safety, public health, and timeliness,

and therefore, authorizing entering into one or more contracts with WNYP for the provision of services and the procurement of materials, supplies, and leased equipment in support of the project (Corwin, Scott, passing unanimously, Griffin abstaining). It was noted that WNYP may subcontract portions of the project, and that any such subcontracts must be in compliance with the requirements of NYS DOT and STERA and must be approved in advance by NYS DOT and STERA.

**Authorizing Resolution**

After discussion, the STERA Board adopted a resolution authorizing submission of an application to NYS DOT for the project, authorizing acceptance of a NYS DOT award and WNYP match funds, authorizing implementing the project using the NYS DOT and WNYP funds, authorizing adherence to the NYS DOT contract, authorizing the Chairman and CEO to execute all legal documents pertaining to the project, and authorizing entering into a contract with WNYP for the match funds and for a subcontract for the implementation of the project work (Corwin, Scott, passing unanimously, Griffin abstaining).

**Proposed Multi-Modal Freight Transfer Facility and Manufacturing Center Project (Olean)**

Mr. Barnes indicated that there has been no change in this potential initiative. STERA has been unsuccessful to date in obtaining first phase construction funds, but continues to seek funding.

STERA has received communication from a potential developer’s agent indicating some interest in developing the project, but the developer has not made any progress toward moving the project forward.

**Site Development Project**

Mr. Barnes indicated that there has been no change in this potential initiative. Southern Tier West has not advanced this project at the current time.

**8. Seneca Nation of Indians Representation on STERA Board**

There has been no movement on the appointment of a representative to the STERA Board by the Seneca Nation of Indians.

**9. Compliance with NYS Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) and Other Statutory and Regulatory Requirements**

**Compliance Status – NYS ABO Training Requirements**

Mr. Barnes noted that with the exception of Mr. McElfresh, all STERA Board members and staff are in compliance with NYS ABO training requirements.

