

MINUTES: PROPERTY COMMITTEE MEETING OF NOVEMBER 10, 2011

Ohio Rail Development Commission (ORDC) Property Committee Chair Tom McOwen convened the November 10, 2011 meeting of that Committee shortly after 10 AM at the Ohio Department of Transportation building. Other Commissioners attending were Chair James Bradley, Rob Greenlese, Ron Rasmus, and Bill Lozier. ORDC Staff members present included ORDC Executive Director Matt Dietrich, Tom Burns, and Lou Jannazo. Also attending the meeting were Alan Klodell, Ohio A.G.'s office and ORDC counsel, Jeff Luttermoser, General Manager of Transportation for US Rail, William Fitzgibbon representing the Ohio Central Railroad, Rick Platt, Newark-Heath-Licking County Port Authority, and Frank Reed, a railroad attorney.

Committee Chair McOwen opened the meeting by asking Director Dietrich to summarize the status of the proposed, draft 25 year lease agreement between ORDC and the Columbus & Ohio River Railroad (an Ohio Central Railroad affiliate). Director Dietrich noted that the proposed lease is far enough along that the draft is available for public comment. He advised that ORDC would be conducting public meetings in Dennison (10:30 AM, Dennison Depot, November 16) and Newark (2 PM, the Works Museum, December 14) to gather more public input about the lease. He opined that Staff believes that the draft lease is a good document because "nobody completely got their way...including us". He concluded his overview noting that the issues that have generated recent comments and may need more discussion are third party railroad access for serving new businesses and for overhead trains.

Committee Chair McOwen then steered the Committee to the issue of the proposal that ORDC take ownership of the 70 mile long line in Ross, Jackson, and Vinton Counties currently owned by the City of Jackson. Director Dietrich gave an overview as to how it came about that ORDC offered to investigate taking over ownership of the Jackson Line, how the City accepted the offer, and how there is now a "Letter of Intent" among ORDC, the City, and the current operator, US Rail, that spells out a process to follow which may result in the change of ownership. He noted that, US Rail now has a long term lease for the line with the City but that ORDC would definitely not be stepping into the City of Jackson's shoes and into that lease. Director Dietrich stressed that the current lease has too many grey areas and that any ORDC – US Rail lease would be much tighter. He also noted that the only condition US Rail has put on the table so far is that the lease be of comparable length to its existing lease with the City, i.e. about 40 years. Director Dietrich explained that the Staff has already begun its due diligence with an inspection of a part of the Jackson Line and a request that US Rail prioritize rail repair needs in terms of: 1) safety; 2) short term operations; and 3) long term goals, e.g. getting the track speeds raised to 25 MPH.

Commission Chair Bradley inquired how the City now manages the railroad. Director Dietrich explained that the City Council has a Railroad Committee but that the City administration handles general administration.

Commissioner Lozier asked if the ORDC plan was for short term ownership or if ORDC would own it for the long haul. Director Dietrich explained that ORDC would most likely be the long term owner.

Commissioner Greenlese asked if ORDC would have a greater responsibility to provide US Rail grants if ORDC owned the line. Mr. Jannazo explained that ORDC would indeed have a residual common carrier responsibility if ORDC owned the line just like ORDC has now with the lines it now owns. Director Dietrich stated that US Rail would have to apply for loans and grants just like the Ohio Central and Ashtabula, Carson, Jefferson, and Ohi-Rail now do for rail projects on ORDC owned lines.

Commissioner Greenlese asked what US Rail's plans for the line were. Mr. Luttermoser responded that US Rail wanted 25 MPH track speeds so that the operations could be better for shippers and more cost effective for the railroad.

Commissioner Rasmus stressed that it was vital for ORDC to ascertain where the Jackson Line shippers were on the issue of the transfer of ownership. He asked Staff to make sure that there is a vital public need for ORDC to become involved. He noted that shippers might need to pay more for rail services if that is what it takes to make the rail operations viable. Commissioner Lozier concurred with Commissioner Rasmus' statements about the need for shipper input into the matter. Director Dietrich added that it might be wise for ORDC to encourage the Jackson Line shippers to form some manner of shippers' organization.

Commissioner Rasmus and Commissioner Lozier also noted that ORDC should not subsidize US Rail operations. Director Dietrich answered that ORDC has never provided funds for operations.

Committee Chair McOwen noted that the full Commission Meeting would be starting soon so that the conversation needed to wrap up. Director Dietrich noted that there would be many more opportunities for Commissioner input into the Jackson Line situation. Commission Chair Bradley noted that the purpose of the Property Committee was to spend more time on critical issues like the Jackson Line than is allowed in the full Commission meetings. Committee Chair McOwen closed the meeting at about 11 AM.

Minutes Reported by Lou Jannazo, November 10, 2011.