



# Ohio Rail Development Commission

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## MEMORANDUM

**TO:** Jim Seney, Director

**FROM:** Lou Jannazo, Chief, Project Development

**SUBJECT:** Meeting with Muskingum County Officials Concerning Possible Sale of Panhandle

**DATE:** December 12, 2002

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I met today with two Muskingum County Commissioners, Don Madden and Dorothy Montgomery, and the Director of the local port authority, Larry Merry, who was a Muskingum County Commissioner in 1992 when Muskingum County helped the State with the Panhandle transaction by granting property tax forgiveness. County Engineer Loren Camp was scheduled to attend but had to attend to other business.

I gave a brief introduction about the circumstances in 1992 when the State acquired the Panhandle, the Competitive Selection Process ORDC conducted in 1997, and the status of the line today.

Mr. Merry questioned whether ORDC should even consider a competitive bid for the sale of the line because the Ohio Central would become a much less viable rail operation in other places if it did not have handle the Panhandle traffic.

Mr. Madden and Mr. Merry stated that they did not believe formal public hearings would be needed if not required by law.

Mr. Madden expressed the general belief that the private sector runs things better than the public sector. He stated that the public sector should step in to keep parts of the Panhandle from being abandoned though. Mr. Merry agreed and suggested that any sale contain a covenant which would allow the State to take back for no cost any part of the line which would be abandoned

Mr. Merry expressed that the line needs to be well maintained, not just kept in place. He suggested that the State consider some sort of covenants in this regard also, stating that if the railroad did not maintain all of, or parts of, the line to a certain standard, the State should be able to take back the appropriate parts of the line.

Mr. Merry suggested that he would be satisfied with a lower selling price if the State retained sufficient covenants to protect the public interests. Commissioners Madden and Montgomery agreed.

Mr. Merry brought up another area which he thought deserved a covenant. He stated that he knew of cases where the Ohio Central charged too much for crossings by public utilities. He cited a case on the Ohio Southern line in Maysville where the Ohio Central wanted to charge thousands of dollars for a small water pipe to go under the tracks there. He added that the Ohio Central eventually settled for \$300 a year but that the water pipe only served about 10 houses so that these residents had to put up with train whistles and coal trains and still pay about \$30 each a year more for their water. Mr. Merry strongly expressed that the State should covenant that public crossings over and under the railroad (not street crossings) which did not at all impact the railroad maintenance costs should be allowed at no cost.

Mr. Madden inquired where the money from a sale would go. I answered that it would go either to the General Fund or ORDC. He stated that if the money went to ORDC, ORDC should spend a certain amount in the counties which granted tax forgiveness, or repay the counties for the taxes forgiven.

I advised the Commissioners and Mr. Merry that ORDC would be happy to take further input from them or others in the community.

lj27/PanhandleMuskingumCty