



Ohio Rail Development Commission

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MEMORANDUM

TO: Jim Seney, Director

FROM: Lou Jannazo, Chief, Project Development

SUBJECT: Report on Meeting with Tuscarawas County Officials Concerning Possible Sale of Panhandle Rail Line

DATE: October 24, 2002

On October 17, 2002, I traveled to the County Commissioners' office in Tuscarawas County to obtain local input about the proposed sale of the Panhandle rail line. A list of those in attendance is attached.

I presented a brief overview of the Panhandle line and how the State of Ohio came to acquire it through the complicated Certificates of Participation funding mechanism. I provided those attending with a copy of ORDC resolution 02-11 which authorizes staff to investigate a sale. I stated that no decisions about how to sell the line have been made but that a sale to the current operator, the Columbus & Ohio River Railroad (C&OR) would be a serious consideration because the C&OR had been selected as the best operator for the line in a competitive selection process in 1997.

All in attendance indicated a formal public meeting would be beneficial. They stated that shippers, county commissioners, and mayors should be invited.

Senator Greg DiDonato questioned whether it was possible that the State could sell an asset without a competitive bid. I replied that our in house attorney believed it would be legal to do so. He added that a competitive bid would get the best price.

County Commissioner Bill Ress asked what would happen if the buyer goes bankrupt and offered that the County has a Port Authority to take over the line if that would be helpful. He stated that control of the asset was important.

Gene Tolloty, a former Twin Cities Chamber of Commerce representative, and one of the most active local people who worked to save the Panhandle while Conrail owned it, stated that it was the locals who asked the State to buy the line in the first place. He added that the local counties

(Muskingum, Tuscarawas, Harrison, and Jefferson) supported the State's acquisition by providing ten years of property tax forgiveness.

Commissioner Darrel Pancher and Mr. Tolloty stated that they were very concerned about the line being torn up and stated that the government should preserve rights to keep the track in place. They indicated that they did not want to have to fight to save the line again like they did in the 1980's and 1990's. Senator DiDonato added that we definitely would need conditions for first right of refusal to get the line back, and conditions for shared use.

Several people at the meeting stated that the Panhandle is still the best passenger route from Columbus to Pittsburgh and that some sort of passenger rights should be preserved if the line is sold.

Representatives from the Village of Dennison brought up the issue of dealing with various rail matters if the State did not own the line. They mentioned crossing issues. Several made statements about little towns and villages having more input regarding local issues if there is public ownership.

Jim Ong of the Brotherhood of Locomotive Engineers raised an issue about fiber optics. He asked how the C&OR could be selling fiber optics rights on the Panhandle. Dan VanEpps, a West Virginia University doctoral candidate studying rail issues, passed out copies of fiber optics agreements which had been filed at county offices through which the C&OR had apparently sold some fiber optic rights. Mr. VanEpps stated that the State should retain ownership of fiber optic rights.

Bob Riley of the Village of Dennison stated that the C&OR purchasing the Panhandle could put a significant debt load onto the railroad adversely affecting its ability to operate effectively.

Gene McCluskey of Dennison stated that he believed public ownership was an advantage because private businesses can shut down hurting a local economy just like what happened in Youngstown.

Senator DiDonato expressed that no matter how ORDC might sell the Panhandle there needs to be a return on investment for the State. The Senator, and others such as Commissioner Ress, expressed that they would rather see the State continue ownership but that if ORDC did sell the Panhandle there needed to be conditions to keep some manner of State or public control. Mr. Ong expressed that the State is not selling I -70 so should not sell the Panhandle either. Senator DiDonato expressed this thought by saying "If it is working, why screw with it."

Commissioners Ress and Pancher said that the county would be passing a formal resolution expressing Tuscarawas County's views on the Panhandle issue.

C: Matt Dietrich, Alan Klodell, Lou Jannazo

lj27/TuscarawasPanhandleInput