

ROWLAND SHARP

Kingsley, PA 18826

2 February, 2009

Ms. Denise L. Pyers, Director
Pennsylvania Department of Transportation
Bureau of Rail Freight, Ports and Waterways
PO Box 2777
Harrisburg, PA 17105-2777

Re: Annual Carloading Report for TAP Grant Agreement 820533

Dear Ms. Pyers,

I am in receipt of your correspondence dated 1 January, 2009 regarding the captioned matter. Although I am not currently a member of the Susquehanna County Railroad Authority (SCRA) to which you addressed this correspondence, I would like to offer some insight that would be helpful to both you and your staff. To set the record straight, I was not reappointed to the Authority by the current commissioners, but served as a member until I was replaced at the April, 2008 meeting.

It is of course correct that I executed, as Chairman of the SCRA, the above referenced agreement. However, the project never took place, the funds were never released. This was primarily due to an absolute lack of support from our county commissioners, then and now. Because of that fact, local match funding could not be obtained as will be further detailed below.

At the time (the active window of the grant agreement), the SCRA's attorney, Patrick Lavelle, Esq. had successfully negotiated an agreement of sale for the necessary real property, drafted an agreement of sale, participated in meetings with the members of the SCRA, their P.E. of record, Michael Loehr as well as the Susquehanna County Commissioners, Craig Shuey, Executive Director, PA Senate Transportation Committee, various members of Rail Freight including and as directed by Robert McNary, the director of Rail Freight at the time.

Members of the SCRA and I as Chairman, visited three financial institutions in this area, all indicating they would fund the project if the county would guarantee the loan. I understood at the time that the guarantee was a normal requirement for a start-up Authority.

As the time for the project drew short, the Bureau of Rail Freight split the project into two components. The first was construction of a 10,000 foot passing siding on the existing Canadian Pacific (CP) mainline. The second was the construction of a transload facility.

The passing siding was constructed. It is my understanding that CP used Capital Budget money they were previously awarded for a different project, but never released until that time. It is also my understanding CP used their own funds and labor to create the match. Since CP did that portion of the project (and are currently receiving 100% of the benefits), it would stand to reason that they would be the ones responsible for completing the annual carloading report.

It is interesting to note that to the best of my knowledge, the Bureau never issued a modification to the grant agreement, although we asked for one.

The second part of the project got bogged down in negotiations. The landowner died in the process leaving representatives of the estate to negotiate with Attorney Lavelle. There was significant delay due to family disputes and further, there was an extremely long delay in getting a service agreement with CP. The matters were resolved and as noted before, an agreement of sale was drafted. Attorney Lavelle strongly advised the SCRA not to sign the agreement until we had funding in place. All three banks we visited indicated they would be willing to lend the SCRA the local match, providing there was a county guarantee.

The commissioners (at the time) declined to guarantee funding, although they were all on record supporting the project.

Two years after the agreement was executed, the SCRA received a letter from Sharon Daboin, previous Deputy Director of transportation, indicating the funding was to be reallocated to other rail projects in the Commonwealth.

At no time did the SCRA have access to, nor did they use any portion of the \$2.5 million of the \$4 million Capital Budget item the SCRA was awarded. Thus, it is my understanding the funding is still in place for this project – if there is support from future county commissioners, a successful appeal is made to get these funds released again and the land is still available.

The project was, is and still will be worthwhile and viable for the foreseeable future, even in these lean economic times.

Neither the present county commissioners, nor the contracted economic development arm of the county, Central Bradford Progress Authority, have offered any support whatsoever.

In November, 2008, the acting vice-chairman, Kenneth Bondurant of the SCRA sent correspondence to the county commissioners requesting help with the annual audit and payment to Attorney Lavelle for services rendered in the attempt to get the project to a successful conclusion.

Since the contract was terminated, events in Susquehanna County, most notably the beginning of the exploitation of the Marcellus Shale, the need for a transload facility such as the one the SCRA being discussed here, is much greater. All who were members of the SCRA at the time as well as the current members, realize the need for this facility. The development of the Marcellus Shale will increase truck traffic greatly over our roads here. Quite frankly, these roads were never built to withstand the projected increase in quantity and weight. At least, using the transload facility to bring in pipe and drilling equipment, fracing water in and wastewater out would remove numerous trucks as well as obvious hazards from the road.

One final thought. When you get the required report from Canadian Pacific, the members of the Authority and I as a private citizen would be interested in reviewing it. This successful portion of the project would never have taken place but for the vision of the members of the Authority.

If you have any questions or thoughts on these matters, I will be happy to discuss them with you. I may be reached at 570-xxx-xxxx or via email.

Sincerely,

Rowland Sharp
Former Chairman,
Susquehanna Co. Railroad Authority