

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: PUBLIC WORKS

DATE: OCTOBER 13, 2017

COMMITTEE MEMBERS PRESENT:

SUPERVISORS SIMPSON
MACDONALD
DICKINSON
MERLINO
SOKOL
GIRARD
HYDE

OTHERS PRESENT:

JEFFERY TENNYSON, SUPERINTENDENT OF PUBLIC WORKS
REPRESENTING SARATOGA & NORTH CREEK RAILWAY:
ED ELLIS, PRESIDENT & CEO
JUSTIN GONYO, GENERAL SUPERINTENDENT, SARATOGA & NORTH CREEK
RAILWAY
RONALD CONOVER, CHAIRMAN OF THE BOARD
MARY ELIZABETH KISSANE, ACTING COUNTY ATTORNEY
AMANDA ALLEN, CLERK OF THE BOARD
FRANK THOMAS, BUDGET OFFICER
SUPERVISORS BEATY
BRAYMER
LEGETT
MCDEVITT
MONTESI
SEEBER
STROUGH
THOM RANDALL, *ADIRONDACK JOURNAL*
DON LEHMAN, *THE POST STAR*
SARAH MCLENITHAN, DEPUTY CLERK OF THE BOARD
PLEASE SEE SIGN-IN SHEET FOR ADDITIONAL MEETING ATTENDEES

COMMITTEE MEMBERS ABSENT:

SUPERVISORS FRASIER
VANSELOW

Please note, the following contains a summarization of the October 13, 2017 meeting of the Public Works Committee; the meeting in its entirety can be viewed on the Warren County website using the following link: <http://warrencountyny.gov/gov/comm/Archive/2017/works/>

Mr. Simpson called the meeting of the Public Works Committee to order at 10:03 a.m.

Motion was made by Mr. Girard, seconded by Mr. Merlino and carried unanimously to approve the minutes of the last Committee meeting, subject to correction by the Clerk of the Board.

Copies of the Public Works Agenda were distributed to the Committee members, copies of same are on file with the meeting minutes.

Privilege of the floor was extended to Justin Gonyo, *Saratoga & North Creek Railway (SNCR) General Superintendent*, who requested conceptual approval of the proposal from Saratoga & North Creek Railway to pave an at-grade platform at the Stony Creek Rail Station at no cost to the County. He explained the platform would be constructed along the east side of the tracks at Stony Creek Ranch within the right-of-way using various types of aggregates such as crushed stone to get up to the level and then it would be paved from there with a railing on the slope side for safety. He apprised he had spoken with Jeffery Tennyson, *Superintendent of Public Works*, who relayed to him some of the information he required to ensure the design met the County expectations. He noted this would be an enhancement to the County property.

Motion was made by Mr. Girard and seconded by Mr. Merlino to approve the request as outlined above.

Mr. McDevitt inquired whether Mr. Thomas, who was the Supervisor for the Town where the Project would take place, was in favor of the work and Mr. Thomas replied in the affirmative.

Ms. Braymer asked Mr. Tennyson to speak about the Project. Mr. Tennyson advised the construction of the platform would require a significant amount of fill material adjacent to the tracks in the area that was located near the Stony Creek Ranch. He explained the track was elevated about five feet above the adjacent grade near the southern end of where the platform would be located. He provided an overview of the information he required from Mr. Gonyo in order to meet the County expectations. He added he did not have any concerns with the proposal as long as it was contingent upon his final approval.

Ms. Braymer questioned whether it would be feasible to construct a wooden platform rather than a paved structure. Mr. Tennyson replied in the affirmative, but apprised it would be rather costly for them to construct since the proposal was for a platform 750 feet long and 12 feet wide to allow them to load passengers along the length of the train rather than into a single car.

A discussion ensued following which Mr. Simpson called the question and the motion was carried unanimously to authorize the conceptual approval of the proposal from Saratoga & North Creek Railway to pave an at-grade platform at the Stony Creek Rail Station contingent upon final plan review and approval by the Superintendent of Public Works, and the necessary resolution was authorized for the October 20th Board Meeting. *A copy of the resolution request form is on file with the minutes.*

Moving along with the Agenda, privilege of the floor was extended to Ed Ellis, *President, CEO, SNCR*, to discuss the storage of rail cars. Prior to commencing discussing, Mr. Ellis advised tickets for the “The Train to Christmas Town” were available at www.sncrr.com, and he said, he hoped everyone in attendance would purchase them for their friends and family. He said this was the first time the Christmas Train had been operated out of Warren County since they started their operation here. He added he looked forward to working with the new owners of Stony Creek Ranch to develop tourism in Warren County. He apprised “The Train to Christmas Town” has previously been offered in some of their other locations over the last five years, but this would be the first time it would be offered in six of their locations. He informed the book “The Train to Christmas Time” was written by his wife.

With regards to the storage of rail cars, Mr. Ellis stated he would like to provide a brief overview of the historical highlights pertaining to their tenure as the train operator in Warren County. He informed in the Fall of 2010 SNCR was selected over two bidders to operate the rail line following which they commenced operations in July of 2011. He said they took on the substantial burden of maintaining the railroad tracks, bridges, culverts, station platforms and parking lots that the County did not own. He mentioned throughout their tenure SNCR had worked not only as the County’s partner, but also a partner to the Town of Corinth, during which they brought one of the finest trains in North America to the region which served hundreds of thousands of people. He apprised they had dealt with some difficult years, most notably 2017 because of a late start which he attributed partly due to the contract renewal process. He remarked they anticipated an improved outlook going forward, as they planned on operating a Winter Train which was previously referred to as the Snow Train. He added they also had plans for an improved Dinner Train Service next year.

In 2015, Mr. Ellis advised, it had become obvious to him a significant amount of rail cars would be going into storage which was why he went before the Committee in June of 2015 to do a presentation regarding the storage of hazardous tank cars in the sense that there was residue leftover in them. He mentioned during this presentation he had notified the Committee SNCR was in need of another revenue source in order to fund the continued maintenance of the railroad tracks, which car storage could be. He said the Committee appointed individuals to discuss the contract with SNCR which resulted in no changes to the contract. He said the contract was brought before the full Board at their March 18, 2016 Meeting for approval, at which time the matter was tabled, then removed from the table, at which point he was afforded the opportunity to answer questions about car storage for about an hour. He continued, as part of that discussion he made a personal commitment not to store hazardous rail cars on the rail line up to Tahawus. He informed at the same time he had stated that it

was his goal to continue working on getting rail cars to store there. He remarked the contract had been approved at the meeting with the Board being fully aware that it was SNCR's intent to continue to seek car storage opportunities.

Mr. Ellis informed he had fifty-seven car storage customers who ranged in size from the largest owner of rail cars in North America, which was Wells Fargo, to small customers such as Coors Brewing, who owned twenty cars in storage. He apprised each time his Car Storage Business Manager would call him to say he had someone who was interested in storing cars, his question to them was were they interested in storing their cars in Tahawus. He explained it was easy for them to store cars at their locations in the States of Mississippi and Colorado because they were located on the main route of all the coal and oil trains in the World; however, he noted, on the east coast it was more difficult to locate a customer willing to store cars there due to its proximity to loading locations that would be used to load them for their next use, as they were all located west of Chicago, Illinois. He apprised Mr. Gonyo reported at the September 20th meeting of the Public Works Committee that they had achieved success in attracting a customer, Berkshire Hathaway, owned by Warren Buffett, to store some rail cars in Tahawus. He advised not only was Berkshire Hathaway one of the largest owners of rail cars, but they also had one of the best reputations within the railcar industry in the World. He stated what this meant for the County was that SNCR had begun to achieve a modicum of support for the money they expended on the railroad tracks. He stated the Town of Corinth owned about half of the railroad tracks and Warren County owned the other half. He apprised SNCR purchased the tracks beyond what was owned by the Town of Corinth and Warren County up to Tahawus with tax assistance provided by Essex County since they indicated they had no interest in purchasing the rail line for themselves. He remarked he had worked diligently to try and move stone out of Tahawus but out of the one million tons they had hoped to transport they had only been able to move about 30,000 tons. He said they had not given up on moving the stone, as they truly believed there was a market for the recycled stone there that had been mined or quarried; however, he noted, due to the iron content it was heavier thereby resulting in the need for more stone than if regular lime stone was used. He added they were doing the best they could to ensure SNCR continued to operate so they could transport the stone there at some point to benefit all parties involved.

In regards to what it cost to operate a railroad, Mr. Ellis stated as displayed on a number of websites, the estimated cost was about \$10,000 a mile a year which meant it cost them \$600,000 to maintain the 60 miles of tracks between the Saratoga and North Creek Stations; however, he noted, they had expended more than that, as the figure was closer to \$6.6 million over the past six years. He mentioned a significant portion of the \$6.6 million was allocated from the parent company, Iowa Pacific, because they had been unable to develop freight and the passenger operation had not developed as well as they had anticipated, thereby placing a financial strain on Iowa Pacific, as well. He advised this strain resulted in them having challenges coming up with the funds to pay their vendors and purchasing equipment; however, he said, storing cars along the rail line would provide them with a base level of revenue to allow them to maintain the railroad tracks, pay their vendors, as well, all while continuing to operate the passenger trains along the railroad in the Town of Corinth and Warren County. He commented he was surprised to learn of the action taken by the Finance Committee at their September 28th meeting which resulted in a resolution stating the County's opposition to SNCR moving tanker cars through Warren County on County-owned railroad tracks into the Adirondacks for storage. He said due to this action he had requested a meeting which was granted with Chairman Conover, Messrs., Simpson and Geraghty and Mary Elizabeth Kissane, *Acting County Attorney*, to discuss the matter further. He commented he did not anticipate receiving such a negative reaction regarding the proposal to store rail cars because he made it very clear during the March 18, 2016 Board Meeting that he was not only unable to change the contract to remove the movement of railcars but also that he personally committed to not storing any hazardous cars; however, he planned to continue to try and attract customers to store their cars in Tahawus. He stated his point of view regarding the matter was that this was a positive development which would benefit all parties involved. He indicated presently they had

a commitment from their customer to store 100 railcars, but there was room in Tahawus to store up to 2,000. He apprised if they were able to secure the storage of 2,000 railcars it would fund the entire maintenance budget of SNCR for one year. He reiterated he was thrilled to be afforded the opportunity to store railcars owned by a reputable company on SNCR which was in dire need of the revenue this would provide. He commented his hope today was to obtain the support of the Public Works Committee, who was the Committee responsible for providing oversight on the railroad on the storage of these railcars.

A lengthy discussion ensued during which members of the Committee, other Supervisors present and members of the public stated their opinions regarding the storage of railcars in Tahawus.

Mr. Girard exited the meeting at 11:50 a.m.

During the discussion Mr. Ellis apprised while he did not require permission from the County to store the railcars in Tahawus, he felt the County, as one of SNCR's partners in the Railroad, would be causing them potential financial harm by passing a resolution opposing the storage since it could possibly deter their customer from storing cars there. He added if the County was willing to provide SNCR with compensation for the loss of revenue, he would be more than willing to amend the contract to include language preventing the storage of cars in Tahawus.

Mr. Merlino exited the meeting at 11:53 a.m.

Mr. Simpson inquired whether an executive session was required to discuss the performance of a particular contractor and Ms. Kissane interjected another reason an executive session could be declared was to discuss proposed pending litigation, as well.

Motion was made by Mr. Dickinson and seconded by Mr. Sokol to enter into executive session pursuant to Section 105 (f) of the Public Officer's Law; however, the motion failed due to Mr. Dickinson voting in opposition. Mr. Simpson explained that in order to enter into an executive session, affirmative votes from a majority of the nine-member Committee must be achieved, which in this case would have required all five members present to vote in favor.

Motion was made by Mr. Dickinson to remain neutral on the issue and do nothing, but there was no second to the motion.

There being no further business to come before the Public Works Committee, on motion made by Mr. Dickinson and seconded by Mr. Sokol, Mr. Simpson adjourned the meeting at 11:57 a.m.

Respectfully submitted,
Sarah McLenithan, Deputy Clerk of the Board