

207082

ORIGINAL

Before the
SURFACE TRANSPORTATION BOARD

STB Docket No. AB-556 (Sub-No. 2X)

RAILROAD VENTURES, INC.
- ABANDONMENT EXEMPTION -
BETWEEN YOUNGSTOWN, OH, AND DARLINGTON, PA,
IN MAHONING AND COLUMBIANA COUNTIES, OH,
AND BEAVER COUNTY PA



ENTERED
Office of Proceedings

JAN 22 2003

Part of
Public Record

VERIFIED STATEMENT OF WALTER J. GANE

1. My name is Walter J. Gane. I am employed by Central Columbiana & Pennsylvania Railway, Inc. ("CCPR") as the Superintendent. My business address is 148 E. Park Ave, Columbiana, Ohio 44408. I am duly authorized to present this Affidavit.
2. I have been employed continuously in the railroad industry since 1972, and have occupied the positions of brakeman, conductor, fireman, and engineer. I was originally hired by the Pittsburgh and Lake Erie Railroad ("PL&E"). In January 1976, I was transferred to the Youngstown & Southern Railway Company ("Y&S"), which was owned by PL&E. I remained with Y&S until 1993, when I was hired by PL&W to be its Superintendent. During the nineteen years that I worked for the Y&S and PL&W, I was working on the line of railroad between Darlington, Pennsylvania and Youngstown, Ohio ("the Line"). As a result, I am knowledgeable about the railroad transportation operations that were conducted by both Y&S and PL&W over the Line. I am also knowledgeable about general railroad industry practices with regard to track maintenance.
3. It is my understanding that the Columbiana County Port Authority ("CCPA") was authorized by the Surface Transportation Board ("Board") to acquire the line of railroad between

Youngstown, Ohio and Darlington, Pennsylvania ("the Line") from its former owner, Rail Ventures, Inc. ("RVI") in STB Docket No AB-556 (Sub-No. 2X), *Railroad Ventures, Inc. -- Abandonment Exemption -- Between Youngstown, OH, and Darlington, PA, in Mahoning and Columbiana Counties, OH, and Beaver County, PA*. By its Order served October 4, 2000, the STB authorized CCPA to acquire all "the property the selling/abandoning carrier (or its predecessor) assembled for, and dedicated to, rail service."

4. On January 24, 2001, RVI, pursuant to orders issued by the STB and the United States Court of Appeals for the Sixth Circuit, conveyed its interests in the Line to CCPA. On or about that same date, an escrow fund in the amount of \$375,000 was established pursuant to the Board's Orders. The escrowed funds were to be used to help fund the cost of repairs to the line and signaling equipment.

5. Shortly after the sales transaction was consummated, I personally inspected each of the signal crossing devices on the line. I was accompanied by Dan Stout, an inspector for the Federal Railroad Administration ("FRA"). The FRA has established a program in which its inspectors, including Mr. Stout, are encouraged to "adopt" a short line railroad in order to assist it in bringing its line and operations into compliance with FRA standards. Mr. Stout has adopted CCPR. During the tour, we identified the various signal crossing devices that had to be repaired and replaced.

6. As it turned out, it was not possible to simply turn on the power in order to reactivate the signals. Because of the length of time that had elapsed between the time that RVI had turned off the power and the date of our inspection, we discovered that the signals had been irreparably damaged. As a result of not being maintained, the batteries in the switches had become corroded and broken. The same was true of the relays. In many instances, birds and

other animals had built nests in the meter boxes. Others had been vandalized. In the final analysis, not one of the devices was in a workable condition.

7. Due to the deteriorated condition of the devices, the power company refused to allow us to reconnect the old signals. Instead, we were required to install new poles, meter boxes, conduit, breaker boxes and weatherheads. Only then could the signals pass post-repair inspections and be reactivated.

8. Although I originally estimated that it would cost between \$15,000 and \$20,000 to reconnect the existing signal equipment, the deteriorated condition of the connections caused my estimate to be too low.

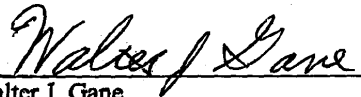
9. It is my understanding that escrowed funds were used to pay the basic costs of repairing the signals so that operations could be reinstated. We could not reconnect the signals and begun rail operations without first successfully passing a full inspection and all required tests. *See* 49 CFR § 234/247(b).

10. I was responsible for obtaining competitive bids for work that was performed by third-party contractors. During the early stages of the project, I obtained multiple bids for every major repair. This was done for at least two reasons. First, the Ohio Rail Development Commission ("ORDC") insisted that multiple bids be obtained for work that was performed when ORDC would be expected to provide reimbursement for the repairs. Second, CCPR was trying to get the line reopened at the lowest price possible. Because CCPR was responsible for payment of the bills, there was no incentive to let costs get out of control. Even though there was no requirement that competitive bids be obtained for work or for tools, materials and supplies, I carefully watched all expenditures. After the Board imposed the competitive bidding requirement in its November 2001 Decision, we obtained competitive bids as required.

11. In order to provide the Board with some idea as to the magnitude of the bidding process, copies of competitive bids, including both the low bids and the higher bids that were rejected, are attached to this statement. If further information is required regarding the bidding process, it will be provided.

FURTHER SAYETH THE AFFIANT NOT.

I, Walter J. Gane, hereby declare under penalty of perjury that the foregoing is true and correct. Executed on January 21, 2003


Walter J. Gane