

SECTION 305 FINANCE and ADMINISTRATIVE SUB COMMITTEE

MINUTES

APRIL 8, 2015

3:00PM EASTERN

CONFERENCE
CALL/WEBINAR

| | |
|--------------------|--|
| FACILITATOR | <i>Darrell Smith, Chair of the S305 Finance and Administrative Subcommittee (FASC)</i> |
| ATTENDEES | <i>Darrell Smith, Brent Thompson, Ray Hessinger, Eric Curtit, Tammy Nicholson, Tammy also as proxy for Arun Rao, Brian Beeler, Michael Lestingi, Jeff Gordon, Sal DeAngelo, Nico Lindenau. Strat Cavros, Shayne Gill, Steve Hewitt</i> |
| ABSENTEES | <i>Tim Hoeffner, Arun Rao, Martha Gebbie, Larry Salci, Jason Biggs, Vincent Brotski</i> |

DECISIONS MADE

1. Welcome and Open Meeting – Darrell Smith:

Subcommittee Chair Darrell Smith, Amtrak, opened the conference call meeting and asked Steve Hewitt to call the roll.

2. Roll Call – Steve Hewitt:

Steve Hewitt called the roll, and, confirmed the presence of a quorum.

3. Action Items Review – Steve Hewitt:

Darrell Smith will continue to reach out to WMATA about a possible presentation from a multi-state organizational perspective. Other Finance subcommittee members who may have a contact at WMATA are asked to reach out or provide that contact information to Darrell Smith. (Ongoing)

WMATA continues to undergo organizational changes which will make it difficult, in the near term, to find a contact for making a presentation.

It was agreed that this action item will be closed with no anticipation of getting a presentation arranged due to the ongoing organizational changes taking place.

Adopting a SOW for a no-cost Grant Extension through 9-30-17:

The Board approved the revised SOW at the Annual Meeting, February 20, 2015 and on March 31, 2015, Darrell Smith reported that the SOW had been submitted to the Amtrak Grants Office and he anticipated that it would be sent to FRA Grants within a few days.

Status update – Darrell Smith reported that the SOW was submitted to FRA on Monday (4-6-15). Michael Lestingi, FRA noted that there are no apparent issues with it, and that it is in the FRA grants office and he expects it to be signed soon.

Developing Funding Option recommendations for continuing the NGEC:

Status: A one page summary was submitted to the Board for discussion during the Annual Meeting. Ultimately it was agreed that two of the three categories identified should be explored further, and that the third (membership fees) would not be considered.

The summary and the excerpt of the Executive Board discussion were sent to FASC members in March with a request that these items be reviewed and members be prepared for a discussion on today's call.

Agenda item 6

The FASC remains tasked with developing funding options recommendations to present to the Board by October 2015.

New Action Item assigned by the Executive Board at the Annual Meeting: At the Annual Meeting, the Executive Board directed the Finance and Administrative Subcommittee to look into the question of the NGEC's ability to accept money and participate in the receipt of costs.

Agenda item 7/1.

**4.
Approval of the Minutes from 2-11-15 - Darrell Smith:**

On a motion by Eric Curtit, Missouri DOT, and a second by Tammy Nicholson, Iowa DOT, the minutes from the 2-11-15 FASC conference call were approved without exception.

**5.
Status: SOW for a no-cost GA Extension through 9-30-15 - Darrell Smith:**

See action item status update – above.

**6.
Review – Funding Options Discussion paper / review Annual Meeting discussion - Darrell Smith:**

Darrell Smith led a discussion/review of the funding options paper presented at the Annual Meeting, and distributed in early March to all FASC members:

With the FASC adopted Statement of Work revisions, the NGEC's grant funding continues through September 30, 2017. The current run rate is slightly over \$500,000 annually.

Potential Funding Source

New Federal Grant

*Is the original NGEC funding source
What is the likelihood?
Who spearheads the effort?*

Discussion ensued with regard to future federal funding grant support. It was noted that there remains a \$1million authorization for the NGEC (only \$4million of the initial authorization of \$5 million has been appropriated to date).

Michael Lestingi, FRA, commented that "if we are directed by Congress under an appropriation we will do it."

It will take congressional action to appropriate the \$1 million that remains authorized. Report language would be required.

Michael asked if other organizations are/have included NGEC funding as a part of their requests.

Shayne acknowledged that AASHTO has, and he believes so has SPRC, and possibly APTA.

Steve Hewitt added that CSG-ERC has supported the NGEC each year, and confirmed that it is on the SPRC list to go to the Senate. With the new House Majority not accepting outside testimony it's more difficult to submit a variety of requests. The House will accept only letters from organizations on a specific request.

Steve also mentioned that Anne Canby, OneRail has the NGEC Backgrounder and will use it for discussions on the Hill. She mentioned to Steve that some on the Hill believe the work of the NGEC is done and the message needs to get out with regard to its accomplishments and what it expects to do going forward.

Shayne Gill asked Michael Lestingi if the FRA has looked the possibility of charging back to the grantees, the NGEC associated costs for the two multi-state procurements (bi-level cars and D/E locomotives) currently underway.

Michael commented that "we looked at it in a general sense – hypothetically in a future program there would be no prohibition...these costs (current procurements) are not included in the original budget. We can't do a modification at this point (to an active HSIPR grant)."

Michael continued, "For the future, it would be something to be entertained...such costs could be reimbursable for future activities if they were included in the original deal."

Darrell Smith noted that "the only way any of this happens is if congress appropriates money for a new equipment grant including acquisition and specification management costs."

Shayne Gill asked if FRA had looked into potential pots of money like the use of funds for developing standards as are included in other programs.

Michael Lestingi said to date they have looked under a lot of rocks and not found any available funds. The one place they have not looked is in R&D. "There is a safety/research nexus there" so it is worth asking Dr. John Tunna.

Michael agreed that he and Jeff Gordon would take on the action of asking the question with regard to available funds from R&D.

Equipment Specification Use Fee

Could be coordinated with an overall specification use agreement to ensure that any modifications made to the specifications through a procurement effort are brought back to the NGEC for consideration.

Other models exist today, such as Florida's Transit Research Inspection Procurement Services (TRIPS)

Is the future equipment order pipeline large enough and consistent enough to ensure an ongoing funding program?

The discussion shifted to the potential of a specification use fee being assessed to help fund the NGEC. This topic has been discussed as a potential future source of funds, but the viability is uncertain, and it needs to be researched more.

It is also important to determine, if specification use fees are to be assessed, what the NGEC's ability would be to accept the receipt of costs.

Using the model successfully deployed by establishing a By-Laws review task force, Darrell Smith suggested that a task force of FASC members be established to focus on these two core issues. He asked FASC co-vice chair Brent Thompson to take the lead as task force chair.

Brent agreed to lead the effort.

Volunteers were called on to participate on the task force and the following FASC members were appointed to it by Chairman Smith:

Brent Thompson, Washington State DOT, Chair
Eric Curtit, Missouri DOT
Ray Hessinger, NYSDOT
Darrell Smith, Amtrak
Michael Lestingi, FRA
Jeff Gordon, FRA
Shayne Gill, AASHTO
Steve Hewitt, NGEC

The task force will establish a call schedule and will report on its findings with recommendations to the FASC on the June 10th FASC conference call.

Steve Hewitt and Brent Thompson will get together after today's call to set the first call and send out an appointment notice.

It was also noted that the FASC call currently scheduled for June 3, 2015 will need to be canceled due to schedule conflicts. It will be rescheduled for June 10th. Steve Hewitt will send a notice to all calendars.

Shayne Gill raised the question with regard to the fact that the specifications were developed with federal funds and asked "how does the technical transfer take place from the public domain to private?"

Jeff Gordon, FRA, commented that he believes this was looked into at one point and it was determined that the NGEC can charge use fees.

Michael Lestingi and Jeff Gordon will “double check for documentation” at FRA.

There was some discussion as to whether FRA funds were actually spent on the NGEC specification development. It was thought that these actual specs were developed by an all - volunteer effort.

While most of the work was done by volunteers, some costs were allocated to pay for Amtrak staff support, and, while not directly related to the specification development, AASHTO and support services manager provided NGEC administrative support.

Membership Fee

Who pays?

If states, can they access other federal sources to cover the fee?

Can others use in-kind services in lieu of cash payment?

At the Annual Meeting, the Board determined that membership fees would likely not work and will not be a part of the consideration going forward.

7.

Discussion Assigned action items - Darrell Smith/All:

1. Assess NGEC's ability to accept money and participate in the receipt of costs.

This will be a part of the newly created task force's assignment.

2. Develop recommendations for funding options for the NGEC in the future, and an implementation plan.

This is an overall FASC responsibility – with the task force focusing on specification use fees – and the full FASC looking at potential expansion of the NGEC role and an implementation plan.

A discussion, today ensued with regard to what the functions of the NGEC will be going forward. What is being done now – primarily the maintenance and development of specifications is the minimum and can be accomplished at the current burn rate. Looking forward – should the NGEC continue in this fashion or is there a need or purpose beyond the core functions?

The question remains what does the NGEC want to be when it grows up? This has been a topic that has been addressed over the course of the past two year without a final determination.

For example, should the NGEC simply continue to develop and maintain specifications or should it develop standards for managing and maintaining fleets.

Would the Mid-West states, currently developing governance and ownership plans, and in various stages of developing RFPs for a fleet manager and a fleet maintainer. Have been better served if the NGEC had developed a model for such activities?

Tammy Nicholson and Eric Curtit (both a part of the Mid-West efforts) agreed that it would have been easier had the NGEC been able to tackle the issues of fleet and/or procurement management.

It is noted that there is recognition that many states do not have the resources or expertise at hand and having a national perspective (through the NGEC or a future entity) assist with developing standards would be beneficial.

Nico Lindenau commented that if the Mid-West had a template that they could work from, having been developed by the NGE, it would have been helpful.

To have the NGEC move forward in this direction its scope would need to be broadened to help states down the road with managing and maintaining its equipment throughout the lifecycle.

There are a great many benefits that can be derived from having a national body create such standards or templates.

3. Develop strategies for educating the Hill

If the NGEC decides to expand in this direction, the benefits would need to be communicated on the Hill.

Tammy Nicholson agreed with Nico's assessment noting the efficiencies that would result from the NGEC developing models for ownership and fleet management. Tammy added that In order to do this there would be a further need for additional federal funds. Those funds would be needed "up front".

For this to happen there would be a need to create the vision of the benefits A Hill strategy would need to be developed.

Shayne Gill emphasized the original congressional intent for establishing the Section 305 NGEC and asked if that was not still the intent, and if so, the NGEC has accomplishments that are identified in the Backgrounder and should be promoted.

The statute, in part, is reprinted here as an FYI – Steve:

Public law 110-432 required Amtrak to:

"...establish a Next Generation Corridor Equipment Pool Committee, comprised of representatives of Amtrak, the Federal Railroad Administration, host freight railroad companies, passenger railroad equipment manufacturers, interested States, and, as appropriate, other passenger railroad operators. "The purpose of the Committee shall be to design, develop specifications for, and procure standardized next-generation corridor equipment.

(b) Functions – the Committee may –

- 1) Determine the number of different types of equipment required, taking into account variations in operational needs and corridor infrastructure.*
- 2) Establish a pool of equipment to be used on corridor routes funded by participating states; and*
- 3) Subject agreements between Amtrak and States, utilize services provided by Amtrak to design, maintain and remanufacture equipment."*

In response to Shayne's question which added that the NGEC mission was also to rebuild the rail manufacturing and supply industry in the US - using Buy America – through standardization; a collaboration among the states the federal government and Amtrak; and to create jobs; cost savings and future benefits.

If this is true, still today, then "we have our message.'

Michael Lestingi responded "absolutely – what we (the NGEC) do today is the minimum...can we introduce other parts of the life cycle to the same model?"

8.

Next Steps - Darrell Smith:

Next steps identified by Chairman Smith:

1. Begin the work of the task force to determine the amount of revenue that can be derived from specification use fees and how the NGEC would accept receipt of costs.
2. Come to a determination of how to fund the amount needed (beyond 2017) for the current NGEC functions.
3. Circle back on the remaining #1 million grant authorization to see where that stands as far as the likelihood of getting an appropriation.
4. Take another look at the functions and organizational structure as previously examined by the Board and the original NGEC Future working group to determine the future funding needs and structure. There are differing degrees of funding needed based on the functions to be performed and on the structure of the entity to be formed.
5. Members are asked to look at the documents prepared by the previous NGEC future Working Group and be prepared to discuss on the next call. (Steve Hewitt to re-distribute)

9.

Adjourn:

With no further business to come before the subcommittee today, the call was adjourned at approximately 4:10pm Eastern.

**Next Finance and Administrative subcommittee conference call May 6, 2015
866 209 1307 access code: 9786620#**

Decisions and Action Items

Adopting a SOW for a no-cost Grant Extension through 9-30-17:

The Board approved the revised SOW at the Annual Meeting, February 20, 2015 and on March 31, 2015, Darrell Smith reported to the Board that the SOW had been submitted to the Amtrak Grants Office. Today Darrell Smith reported that the SOW was submitted to FRA on Monday (4-6-15). Michael Lestingi, FRA, added, that there are no apparent issues with it, and he expects it to be signed soon.

Michael Lestingi and Jeff Gordon will look into the possible availability of R&D funds for the NGEC – with the safety/research aspect. They will ask the question of John Tunna.

Darrell Smith established a task force to look at assessing specification use fees and to look into the NGEC's ability to accept receipt of costs. The task force will report back to the FASC with recommendations on the June 10, 2015 conference call of the full subcommittee.

Steve Hewitt and Brent Thompson will set the date and time for the first call of the task force.

The June 3, 2015 FASC call is canceled – the June call will be rescheduled for June 10, 2015 at 3:00pm Eastern. Steve Hewitt to send calendar notifications.

Technical transfer from the public domain to private sector: Michael Lestingi and Jeff Gordon will get confirmation on from FRA as to whether the NGEC can charge user fees.

Steve Hewitt to re-circulate the NGEC Future Working Group concept paper and other documentation for further discussion on the next call of the full subcommittee.

ATTACHMENTS

Next Generation
Equipment Committee



The NGEC will provide national leadership in standardization, acquisition, financing and management of passenger rail equipment.

SECTION 305 Finance and Administrative Subcommittee (FASC)

Conference call

**April 8, 2015
3:00pm. Eastern
866 209 1307 pass code 9786620#**

MEETING AGENDA

- | | |
|--|-------------------|
| 1. Welcome/Open | Darrell Smith |
| 2. Roll Call | Steve Hewitt |
| 3. Action Item Review | Steve Hewitt |
| 4. Approval of the Minutes from 2-11-15 | Darrell Smith |
| 5. Status: SOW for a no-cost GA Extension through 9-30-15 | Darrell Smith |
| 6. Review – Funding Options Discussion paper / review Annual Meeting discussion | Darrell Smith |
| 7. Discussion Assigned action items: | Darrell Smith/All |
| 4. Assess NGEC’s ability to accept money and participate in the receipt of costs. | |
| 5. Develop recommendations for funding options for the NGEC in the future and an implementation plan | |
| 6. Develop strategies for educating the Hill | |
| 8. Next Steps: | Darrell Smith |
| a. establish task force(s) to lead the efforts to: | |
| 1. develop recommendations for funding options; | |
| 2. propose an organizational structure for implementation; | |
| 3. develop strategies for educating the Hill | |
| b. Establish a schedule for completion – timelines/milestones | |
| 9. Other Issues/questions | All |

Next Call May 6, 2015

Call in # 866 209 1307 passcode 9786620#

**PRIIA Section 305 Next Generation Corridor Equipment Pool Committee (NGEC)
5th Annual Meeting**

**NGEC Future Funding Options
Discussion Sheet**

With the FASC adopted Statement of Work revisions, the NGEC’s grant funding continues through September 30, 2017. The current run rate is slightly over \$500,000 annually.

Potential Funding Source

New Federal Grant

Is the original NGEC funding source
What is the likelihood?
Who spearheads the effort?

Equipment Specification Use Fee

Could be coordinated with an overall specification use agreement to ensure that any modifications made to the specifications through a procurement effort are brought back to the NGEC for consideration.

Other models exist today, such as Florida's Transit Research Inspection Procurement Services (TRIPS)

Is the future equipment order pipeline large enough and consistent enough to ensure an ongoing funding program?

Membership Fee

Who pays?

If states, can they access other federal sources to cover the fee?

Can others use in-kind services in lieu of cash payment?

The February 20, 2015 NGEC Annual Meeting discussion evolved around a number of issues – excerpted here:

Ultimately, it was agreed that the first two categories were possible, but would need to be explored further, along with additional ideas.

The third item: Membership fees was deemed to be a "no go". And will not be a part of future discussions.

Michael Lestingi, FRA, emphasized that the Committee needs to have an implementation strategy in place "if the weight of the world is on getting the money out of Congress."

Members agreed that a strategy for implementation along with specifics would be necessary, but also emphasized that there remains a need to explore additional funding options beyond the federal government too.

Some suggestions included looking into the potential for using HSIPR de-obligated funding; potential applications for multi-state planning grants once a NOFA is released.

Questions evolved around whether or not the NGEC would be eligible to apply for such funding directly.

There was not a definitive answer other than that under the 2010 funds – no, but, potentially, there are a number of grants that the NGEC would be eligible to apply for.

The next question was – would the NGEC need to incorporate?

Eventually it was agreed that the Finance and Administrative Subcommittee, which is already tasked with making a recommendation to the Executive Board on funding options by October, 2015, will also take on the action of determining what type of organizational structure would the NGEC need to maintain to participate in the receipt of costs.

Michael Lestingi added that the Board will still need to determine "how are we going to sell what we come up with – how do we educate the Hill before it comes up as lobbying."