

SECTION 305 FINANCE and ADMINISTRATIVE SUB COMMITTEE

MINUTES

MAY 6, 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, Eric Curtit also as proxy for Tammy Nicholson, Tim Hoeffner, Michael Lestingi, Jeff Gordon, Beth Nachreiner, Shayne Gill, Steve Hewitt</i>
ABSENTEES	<i>Tammy Nicholson, Arun Rao, Martha Gebbie, Larry Salci, Jason Biggs, Vincent Brotski, Sal DeAngelo, Nico Lindenau</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.

During roll call, Michael Lestingi, FRA, introduced Beth Nachreiner as a recent addition to the FRA NGEN team. Beth is well known to many of the members of the NGEN in previous roles with both Wisconsin and Maryland DOT, and her involvement with the activities of the Committee will be most welcome.

3. Action Items Review – Steve Hewitt:

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.

On the 4-28-15 Executive Board call it was reported that the Amended Grant Agreement was still with FRA Grants. Amtrak is waiting for a response from FRA to execute the agreement. Michael Lestingi agreed to check on the status.

Status: Michael Lestingi reported that the Amended Grant Agreement has moved to the desk of the Grant Division Manager, and he (Michael) is optimistic that it could be out of FRA by the end of this week or sometime next week. Once again, Michael emphasized that there were no issues preventing this from going forward, and he does not anticipate that there will be any forthcoming – a simple case of bureaucracy.

Michael Lestingi and Jeff Gordon will look into the possible availability of R&D funds for the NGEN – with the safety/research aspect. On the last FASC call they agreed to ask the question of John Tunna.

Status: Jeff Gordon, FRA, agreed to take on this action and report back to the Subcommittee on the next call.

Darrell Smith established a task force to look at assessing specification use fees and to look into the NGEN'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.

Status: The task force has met twice – 4-22-15 and 4-29-15. A schedule and timeline for completion has been set and the work is ongoing.

Brent Thompson will provide a progress report under Agenda item 6.

Technical transfer from the public domain to private sector: Michael Lestingi and Jeff Gordon will confirm with the FRA as to whether the NGECC can charge user fees.

Status: On the 4-22-15 call of the task force, Michael Lestingi, FRA, reported that he asked this question of FRA's legal office, and it is his understanding that "as constituted, the NGECC is an extension of a government body and, as such, augmentation of appropriations would apply...we cannot raise our own funds... we would need to create an entity like a 5013C or something similar."

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

Status: Task Complete – documents were re-distributed to all FASC members.

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.

Status: Task Complete – June 3 call has been cancelled and the June 10th call has been scheduled.

4.

Approval of Minutes from the April 8, 2015 SAC conference call – Darrell Smith:

On a motion by Michael Lestingi, FRA, and a second by Eric Curtit, Missouri DOT, the minutes from the April 8, 2015 FASC call were approved without exception.

5.

Status: SOW for a no-cost GA Extension through 9-30-15 - Darrell Smith/Michael Lestingi:

See action item update – above.

6.

Progress Report – Funding Options Task Force - Brent Thompson:

Brent Thompson, Washington State DOT, Chair of the Funding Options Task Force, provided a brief update on the progress of the task force:

Two calls have been held to date – April 22 and 29, 2015.

Calls will now take place bi-weekly on Wednesday's at 10:00AM Eastern.

The timeline calls for completion of the work of the task force by June 10th, culminating in a report with recommendations to the full Finance and Administrative Subcommittee.

In an effort to ascertain a market for specification use, and to get a better sense of who is using the specs and why, the task force is reviewing the current NGECC Specification Utilization Form, with the intent of recommending revisions to make it a more useful tool for tracking and monitoring.

The task force is also discussing the expansion of access restriction/controls on NGECC documents to include the NGECC PRIIA vehicle specifications as well as the reference specifications and drawings. This would, ultimately be a recommendation for Board consideration.

The task force is also looking at other organizations and practices with regard to assessing fees for standards and/or specifications (APTA, AAR etc.) and are exploring what to charge if assessing a fee is determined to be a viable option.

An outstanding question is how to structure the NGECC if it is decided that it will implement a plan to raise some of its own funds – and what the additional costs would be as a result of the new organizational structure.

7.

Discussion: Developing strategies for educating the Hill - Darrell Smith/All:

Darrell Smith opened the discussion in regard to the fact that it is quite apparent that the NGEC will need future federal funding to continue beyond the expected amended grant agreement extension (thru 9-30-17). Understanding this fact, it becomes equally important to develop a strategy for educating the Hill on what it is that the NGEC does, what its value is to job creation; economic development, and in fulfilling future equipment needs of the states and Amtrak.

Steve Hewitt explained that he has been hearing from a variety of sources that members in key Committees in Congress, while appreciative of the work of the NGEC, do not have a clear understanding of what work remains to be done. Questions have come to Steve asking 'did the Committee do any new vehicle specs this past year? How many specifications has it done? Are there more to do?'

Steve believes that the NGEC needs to do a better job of getting its message out on the Hill. To date, the one item that has been most useful is the "Backgrounder" educational piece that has been updated several times over the years and has been distributed fairly widely on the Hill, among the states, and to industry members. The "Backgrounder" explains what the NGEC is, what it does and what it has accomplished, while also highlighting the economic benefits (cost savings) derived from using PRIIA standardized specifications for the two multi-state procurements currently underway.

While this document, is far from the ultimate educational piece that will "seal the deal" with Congress, it is one tool that should be utilized in order to keep the Hill informed.

In previous years, David Ewing (since retired as NGEC policy advisor) did an excellent job of distributing the "Backgrounder" to key Congressional committees and organizations (personally distributing over 300 "Backgrounders" last year). Filling that void has been difficult, and a strategy for communicating with Congress needs to be developed not only for distribution of the "Backgrounder", but for other materials as well.

Steve did report that up until now – in this Congress – the NGEC has relied upon other organizations to carry the message. States for Passenger Rail; CSG/ERC, AASHTO, and One Rail have all included requests for continued funding for the NGEC.

David Ewing, as a friend of the family, has asked for 50 copies of the updated "Backgrounder" which were sent to him by Steve Hewitt this week. David plans to take them to Senate Commerce staff and others as appropriate.

Anne Canby, OneRail, also asked for a PDF version of the "Backgrounder" and has included it in OneRail's distribution of information on the Hill.

Still, a new message, and a way to get that message out, needs to be developed.

Tim Hoeffner, Michigan DOT, stated "I don't know about educating the Hill, so much, but if I was a member of Congress – not seeing equipment acquisition money available for using next generation specs, I would question the need for the Committee."

Michael Lestingi, FRA, commented on the fact that there is value in the use of the specs – standardization equals economies of scale – the first two procurements have realized a high percentage of cost savings - also All Aboard Florida is using the PRIIA specification, and it may be helpful if they would weigh in on the value added.

Ray Hessinger, NYSDOT, commented on the fact that "not all states involved were fortunate enough to get funding for equipment....states in the future still want to do it...the specs need to be around, and they need to be current, in order to support future acquisitions.

Darrell Smith posed the question "Is there a way to leverage this?" Are equipment acquisition needs found in the State Rail Plans?

Ray Hessinger replied "yes...you can point to the New York Rail Plan."

"Can Other states do that as well?" Darrell asked.

Eric Curtit noted that Missouri's plan has it.

Michael Lestingi commented that a good talking point would include emphasizing the national level of equipment needs, and the savings that have been realized in the two procurements underway so far.

The question was asked – where can this information be derived from? Does FRA have it? They have the State Rail Plans, so – is it possible to obtain the information from them.

Michael Lestingi noted that they do have the State Rail Plans (from those who have submitted them), but they have not been consolidated. He also added that Amtrak's comprehensive fleet plan would help as well.

Tim Hoeffner emphasized, again, the "narrow view" that Congress has on this. They see the Chinese, Europeans, and others talking with states like Texas about true high speed rail and "there is no mention of the NGEC...everything but us."

Eric Curtit commented that there have been discussions previously about whether or not the NGEC should develop high speed rail specs (beyond 125 mph). He cited the example of California and Amtrak splitting over specification differences – "there were no standardized specs for high(er) speed rail".

Tim Hoeffner added that there are efforts to seek waivers from the Buy America requirements in order to "try to get the Europeans to finance the project."

Tim suggested that "maybe there should be a National Bottom Line Passenger Rail Report to show the equipment needs that are out there..."

Darrel Smith asked "Who can pull this all together?"

Michael Lestingi agreed to take on the assignment of looking into what the FRA has – as a starting point – and will bring that information back to the subcommittee on the next call. (6-10-15) It can help give the subcommittee a basis to start from.

Jeff Gordon, FRA, commented that the State Rail Plans are public documents, and would be the place to start. Possibly subcommittee members could volunteer to "take the plans and cull through them - scrubbing them and collecting information".

Eric Curtit commented – "it would take Missouri 5 minutes to do it". All states have a person who would have that information and could provide it easily.

It was agreed, that, for now, Michael Lestingi (and Beth Nachreiner) will take on the action of seeing what information FRA has and bring it back to the subcommittee. Michael noted that Nico Lindenau had done some work on developing future acquisition data and that information may be useful for this effort.

On the earlier point that had been raised with regard to Buy America waivers, Jeff Gordon provided clarification. The Buy America waivers that were sought were for obtaining unproven equipment which has not yet established a safety record – certain components at least. According to Jeff "The issue is safety - not economics – with these waiver requests".

Tim Hoeffner returned to the point of getting the message out to Congress. "For a Member of Congress it is a messaging issue...it is too complex a subject for a sound bite for Congress, or the elevator speech" that is needed.

Tim also mentioned that Larry Salci would be worth talking to as well, as he would probably have a lot of this information at hand.

Again, Michael Lestingi suggested "...let us see what we already have here at FRA, and look at what Nico and others have done and bring it back to the subcommittee."

Darrell Smith came back to the initial question/concern:

"Who delivers the message? Is it each state? Is it through SCORT? We need to determine the right delivery mechanism."

Jeff Gordon recommended that, assuming we get the available data and get it messaged into something – we could, potentially, include it in a modified "Backgrounder". He also suggested that the next version be more along the lines of a look ahead or a "fore-grounder" rather than a "Backgrounder". It should have a description of the need for the NGEC and the rationale as to why.

Steve Hewitt noted that it was always intended that there be a "next generation" of the "Backgrounder" that built on the initial one. It would be a look ahead – building on the successes of the NGEC and the cost savings that have been derived, so, in Steve's view, all of this makes sense and could be a way to go for the next version.

Steve also mentioned that the PRIIA statute calls for reports to Congress, and maybe a progress report from the NGEC Board Chair (Eric Curtit) would be helpful as well.

Darrell Smith agreed – report to Congress that we are about half way through the initial funds, and this is what we have done and where we plan to go.

Tim Hoeffner commented that it's beyond the needs – "it's the level of jobs created and the level of investment in the U.S economy that needs to be emphasized." He continued, "we would need to lead and end with job creation and level of investment."

Steve Hewitt added that the original intent of establishing the Section 305 NGEC was to develop and maintain standardized specifications to help to rebuild/reenergize the US rail manufacturing and supply industry and to create sustainable jobs.

Jeff Gordon noted that the current procurement manufacturers - Siemens and Nippon Sharyo – could probably provide jobs numbers now, and looking forward, as a result of the active NGEC procurements. Nippon Sharyo has built a new factory and is staffing it up and would likely have job projections.

Ultimately it was agreed that Steve Hewitt would begin to draft an outline for a next generation "Backgrounder/Foregrounder" educational document; and would begin to draft a potential progress report to Congress.

**8.
Discussion: NGEC Future Concept Document – All:**

On the last subcommittee call, it was agreed that Steve Hewitt would re-send the original NGEC Future Working Group's concept paper to all subcommittee member for discussion on today's call.

Darrell opened up discussion, but, with little reaction forthcoming, he asked that all members review the concept paper and supporting material and provide comments on obstacles, or alternatives to the proposal as identified in the document. He also asked that members look at the functions described and comment on whether or not they are still relevant.

Comments are to be submitted to Steve Hewitt with a CC to Darrell Smith by CCOB on May 20, 2015. Steve and Darrell will compile the responses and provide a summary for discussion on the June 10th call.

**9.
Next Steps - Darrell Smith:**

Michael Lestingi and Beth Nachreiner will look to see what data the FRA has with regard to data on equipment acquisition/needs and will report back on the next FASC call.

Steve Hewitt will begin developing an outline for a "Foregrounder" educational piece, and will circulate it to all members in advance of the next call.

Steve will also begin developing a "progress report" to Congress from the NGEC Chair.

On the next call, a review of comments received (due to Steve by COB May 20, 2015) on the NGEC Future Concept document will be discussed; as will the items listed above and elaborated upon in the decisions and action items section of this report. (see below)

**10.
Adjourn:**

With no further business to come before the subcommittee today, the call was adjourned at approximately 3:56pm Eastern.

**Next Finance and Administrative subcommittee conference call June 10, 2015
866 209 1307 access code: 9786620#**

Decisions and Action Items

Executing the Amended Grant Agreement for a no cost extension through 9-30-17: On the May 6, 2015 FASC call, Michael Lestingi reported that the Amended Grant Agreement has moved to the desk of the Grant Division Manager, and he (Michael) is optimistic that it could be out of FRA by the end of this week or sometime next week. He will check on the status and report back. Once again, Michael emphasized that there were no issues preventing this from going forward, and he does not anticipate that there will be any forthcoming – a simple case of bureaucracy.

Looking into the availability of FRA R&D funds for the NGEC: Jeff Gordon will look into the possible availability of R&D funds for the NGEC – with the safety/research aspect. He will ask the question of John Tunna and report back on the next FASC call. (6-10-15)

Funding Options Task Force activities: The task force has met twice, set a conference call schedule (bi-weekly) and timeline – completion by June 10, 2015; and has begun work on the assigned tasks.

Developing educational documents for getting the message out: Steve Hewitt will prepare an outline for the next version of the Backgrounder – to be a look ahead – Foregrounder.

Steve will also begin developing a potential progress report to Congress to go from the NGEC Chair.

Obtaining data in regard to potential/future acquisition needs: Michael Lestingi and Beth Nachreiner will look to see what data the FRA has with regard to data on equipment acquisition/needs, and will report back on the next FASC call.

Review of and comment on the NGEC Future Concept document: Members of the Subcommittee are asked to review the NGEC Future Concept Document and supporting material and provide comments with regard to obstacles or alternatives to the recommendations therein. Members should also look at the NGEC functions suggested in the document and comment on those as well. **All comments are due to Steve Hewitt with a CC to Darrell Smith by May 20, 2015.**

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
May 6, 2015
3:00pm. Eastern
866 209 1307 pass code 9786620#

MEETING AGENDA

1. Welcome/Open Darrell Smith
2. Roll Call Steve Hewitt

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| 3. Action Item Review | Steve Hewitt |
| 4. Approval of the Minutes from 4-8-15 | Darrell Smith |
| 5. Status: Amended GA with Extension through 9-30-17 | Darrell Smith/Michael Lestingi |
| 6. Progress Report – Funding Options Task Force | Brent Thompson |
| 7. Discussion: Developing strategies for educating the Hill | Darrell Smith/All |
| 8. Next Steps: | Darrell Smith |
| 9. Other Issues/questions | All |

Next Call June 10, 2015

Call in # 866 209 1307 passcode 9786620#