

# SECTION 305 FINANCE and ADMINISTRATIVE SUB COMMITTEE

MINUTES

AUGUST 31, 2016 3:00PM EASTERN

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Darrell Smith, Chair of the S305 Finance and Administrative Subcommittee (FASC)</i>
<b>ATTENDEES</b>	<i>Darrell Smith, Brent Thompson, Ray Hessinger, Eric Curtit, Arun Rao, Tim Hoeffner, Brian Beeler II, Amanda Martin, Michael Lestingi, Jeff Gordon, Sal DeAngelo, Shayne Gill, Strat Cavros, Steve Hewitt</i> <b>Guest:</b> <i>Danielle Hawkins</i>
<b>ABSENTEES</b>	<i>John Pagano, Beth Nachreiner, Lynn Everett, Jason Biggs, Larry Salci, Vincent Brotski, 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.

### Review of Action Items

There was no action item review today, as this meeting is primarily a focus on issues/actions related to the NGEC grant agreement.

### 3.

#### Approval of Minutes from the 7-27-16 FASC conference call– Darrell Smith:

On a motion by Brent Thompson, WSDOT, and a second by Eric Curtit, MoDOT, the minutes from the 7-27-16 FASC conference call meeting were approved without exception.

### 4.

#### Issues/Actions related to the current and future NGEC grant Agreement – Darrell Smith/Eric Curtit:

Darrell Smith opened the discussion by introducing Danielle Hawkins, Amtrak Grants Office to the call, and provided an overview of the issue that has arisen concerning the NGEC Grant Agreement.

Last February (2015) the NGEC Executive Board adopted a no cost Grant Agreement extension through 9-30-17. The extension was signed and executed by Amtrak and FRA.

Earlier this month (a few weeks ago) FRA informed the NGEC (Chairman Curtit and Treasurer Darrell Smith) of an error made by FRA, and that the funds for the grant will actually expire on 9-30-16 rather than 9-30-17.

FRA also informed Darrell and Eric that it had found some amount of funding for a new grant to be awarded to the NGEC for a period of up to 3 years. This new grant will be effective 10-1-16.

In order to obtain the new grant, the NGEC will need to apply for it and submit a new scope, schedule, and budget to Amtrak and on to FRA most expeditiously. FRA has said on several calls, that they will expedite their approval process and, the funds will be available beginning on October 1<sup>st</sup> even if the grant agreement has not been formally signed, but has been agreed to in principle.

Darrell Smith, upon receiving the news from FRA, took immediate steps to begin the close out process for the initial grant and start the process for applying for the new grant.

FRA requested that the final invoice for all expenses against the current grant be submitted (from Amtrak) to FRA by 9-22-16. Darrell informed AASHTO that it would need to submit its invoices and those of the NGEC sub-

contractors by 8-31-16 in order to provide Amtrak with time to go through its process and meet its 9-22-16 submittal deadline.

Today (8-31-16) AASHTO met its deadline and submitted its final invoice on the current grant to Amtrak. Darrell acknowledged receipt of the package from AASHTO and thanked Strat Cavros and Shayne Gill for their efforts in getting this done.

Darrell also reported that, "yesterday (8-30-16) on the NGEC Executive Board conference call, FRA reaffirmed that the NGEC cannot expend any funds prior to October 1<sup>st</sup>." this means that there is a window (September) during which the NGEC cannot expend money against the old grant or the new grant. FRA was asked on the 8-30-16 conference call to ascertain whether or not fixed fee expenses (such as that of the NGEC Support Services Manager) for ongoing support through the month of September could be included in the final invoice package.

Michael Lestingi, FRA, reported that, he has learned from Mary Anne McNamara, FRA Grants, that "we are 98% sure that it will be acceptable." Michael continued, "I will firm up the final 2% and will send an email to Darrell to confirm that it is acceptable., so that you have it in writing."

Michael assured those on the call that he did not see a problem with it, that it was really 98% there, and reiterated that he will put it in an email so it is in writing.

Once confirmed – it resolves the concerns raised by the NGEC Executive Board about being able to continue the NGEC's day to day business without having to close up shop.

Eric Curtit, NGEC Chair, reviewed what he sees as the next steps with this issue resolved.

"We develop a new scope of work and begin from ground zero – rather than reset the scope from the last one that was adopted in 2015 and extended through 9-30-17."

## **5.**

### **Review/discuss SOW and next steps – Darrell Smith/Danielle Hawkins:**

Continuing the discussion, Darrell Smith provided an overview of the steps to prepare the new SOW.

The natural starting point is to begin with the previously approved scope of work. The NGEC spent a lot of time (2 years or more) rethinking its direction and what it should look like going forward. It also looked at future structure and funding sources. The current scope captured all of that and still applies to what we expect to do moving forward.

The scope was based on minimum funding going forward and included tasks related to ongoing review and update of the NGEC technical specifications; managing and monitoring equipment orders – current and future -; and picking up the NGEC related costs of what is known as the 514 subcommittee which is responsible for developing the Capital Investment Plan for Amtrak equipment in state service.

Michael Lestingi, FRA, commented "the new one (grant) will not have the old number (\$1.1million or so from old grant) so start from zero" in developing the scope, schedule and budget.

Darrell agreed, but noted that the base document would be the starting point with edits made to it.

Darrell asked if members had any indication of changes anticipated to the work or scope of the subcommittees.

Steve Hewitt, NGEC Support Services Manager, indicated that the Technical subcommittee is ramping up an effort to review and update all of the NGEC Technical specifications. With the Bi-Level Car specification having been revised numerous times throughout the current active multi-state procurement process it is now in Revision C.4 having already gone through Revision A, B, C, C.1, C.2, C.3 and now C.4. With C.4 adopted on 8-2-16 by the NGEC Executive Board, once the changes are incorporated into the specification, the Technical subcommittee working groups will begin a review of those changes and determine applicability to the other NGEC specifications such as the single level cars and trainsets. The same thing will happen with the Locomotive specifications where ongoing changes have been taking place during the active procurement.

Steve raised this issue to say that, in developing the new scope, these activities should be included along with the associated costs for having the revisions reviewed by the NGEC consultant Larry Salci against the specifications requirements documents for compliance. Additionally, costs will be incurred for the technical writer (Camren Cordell) who will incorporate the revisions, once adopted, into the specifications.

Darrell appreciated Steve's insight and will include these activities and costs into the Technical subcommittee's section of the scope and budget. Darrell will talk to Mario Bergeron, Technical subcommittee chair to get his

input on these and other tasks that will need to be included in the SOW.

Tim Hoeffner, Michigan DOT, noted that there seems to be multiple relationships with Larry Salci and wondered if his work on behalf of the FRA with regard to the Mid-West equipment procurement was related to the NGE work.

Darrell Smith commented that the NGEC work that Larry does is separate and is under a firm scope of work for each assignment. Steve Hewitt reiterated that Larry's NGEC work is to review all approved (by the Technical subcommittee) DCRs (Document change revisions) for a particular specification and compare those changes to the associated specification requirements document to ensure compliance. The process is that once Larry has done his review, he prepares a report with recommendations and meets with a specification Review Panel appointed by the NGEC chair. The Review Panel must then approve the report and, once they have, it is submitted to the Executive Board for its consideration of adoption.

Michael Lestingi confirmed that Mr. Salci's work for the FRA is charged against the MTAP program and is unrelated to the work he does for the NGEC.

Darrell Smith reiterated that the amount of funds being discussed with regard to Larry's NGEC activities is not a large amount of money. The total cost for Mr. Salci's work over the life of the NGEC to date has been about \$145,000.

Shayne Gill asked if the procurements that are ongoing will continue to result in changes to the specifications, and is there some level of activity covered for these and future procurements.

Steve Hewitt responded – "absolutely". Throughout the procurement process there are changes submitted for consideration (hundreds so far) and once there is a significant number they go through the above noted process. This will undoubtedly continue.

Tim Hoeffner commented that there are many changes – some significant-yet to come for both of the active procurements – and especially for the Bi-Level cars – with the carshell modifications/re-design under way by the manufacturer.

Michael Lestingi noted that the FRA "will have a fair amount of liberty through appropriations that we could add funds if needed through programs like CRISI if it becomes necessary."

Steve Hewitt reiterated that every time there are changes to the bi-Level and or the Diesel-electric locomotives there will be corresponding revisions to the other NGEC specifications as well, and this should be reflected.

Tim Hoeffner suggested that "we anticipate 2 procurements over the next 3 years (life of the new grant) using the NGEC specifications with a number (\$) that reflects revisions to all specifications.

Michael Lestingi commented that the "FRA is receptive to a scope with adequate resources to support the activities of the Technical subcommittee."

Darrell Smith asked Michael if the current format used in past SOWs would still be acceptable. For instance, "in past scopes we have had a separate area for AASHTO's efforts and have moved all of the sub-contractors under the AASHTO section. Are we comfortable using this same format in the next scope?"

Michael responded that "it seems reasonable, as long as it can be traced back...we will need to have a paper trail to build for an audit. There is no problem as to where it appears (in the scope)."

Darrell pointed out also that "since we are in a compressed timeframe for completing the scope we will need FRA to provide us with specific guidance (throughout the process) ...we do not have the luxury of having 3 or 4 months of going back and forth with FRA...please give us specifics over the next couple of days."

Michael agreed and added that he, and other, including Jeff Gordon, will review drafts as they are sent around and comment throughout. "Send us the drafts".

Tim Hoeffner asked if there will be some allocation for education and outreach given the amount of congressional scrutiny that can be anticipated. (Example – the recent GAO study)

Darrell thought that this was a good point and it should be included in the scope. He believes he and Steve Hewitt can develop some language for this.

Darrell Smith then summarized what he believes are the next steps:

He will take the information provided today and turn it into a first draft of a new scope. Steve Hewitt, Darrell and Strat Cavros (AASHTO) will go through the draft and it will then be sent to the full Finance and Administrative subcommittee.

Darrell pointed out that the "biggest thing is to coordinate with the Technical subcommittee, and to also flesh out something related to congressional follow up."

The question came up about the continuation of existing contracts. Because there is a new grant does that mean all new contracts? The response from FRA was "No" simple extension of contracts is fine - it is the ordinary course when funded under multiple grants for existing contracts to be extended.

Darrell asked all subcommittee members to go through the current scope and provide him and Steve Hewitt with any comments (via email) or suggestions that they may have as the new scope is developed.

**Timeline:**

Asked if there is a specific timeline that FRA has in mind to receive the scope and what is the process, Michael Lestingi replied "we want this agreed to 100% in principle heading into the new fiscal year (which begins on October 1<sup>st</sup>). He continued "we have the funds to use already identified, they are there, but we will need to get accounting codes so that may take a few weeks into the new fiscal year (2-3 weeks likely). So, it would be best to have all paperwork packaged and ready prior to the end of September." He added, "the FRA is committed and supportive...but we will want to get the highest level of comfort so that it is processed on day 1. The beginning grant date will remain 10-1-16, but may not be processed until the second or third week...the sooner we can pre-clear – the better."

Finally, it was agreed that:

Darrell Smith and Steve Hewitt will have a draft SOW ready by COB Friday, 9-9-16 for distribution to the full Finance and Administrative subcommittee (FASC).

The FASC will meet on 9-14-16 at 3:00PM Eastern to review and hopefully approve the SOW.

The NGEN Executive Board meeting currently scheduled for 9-13-16 will be cancelled and rescheduled for 9-20-16 with the intent being to consider approval of the SOW for submittal to Amtrak Grants.

Amtrak will then finalize the SOW and submit to FRA with a goal of 9-22-16 as the date for submittal.

All drafts of the SOW as they go through this process will be shared with FRA (Michael Lestingi, Jeff Gordon etc.) and with Amtrak grants (Danielle Hawkins) so that ongoing review can take place.

Steve Hewitt will send out the calendar notices for the above noted scheduling, but, as a backup/contingency plan, will keep the currently scheduled 9-21-16 FASC meeting and the 9-27-16 executive Board meeting on the calendar as scheduled.

**6.**

**Other Issues/questions – All:**

Darrell Smith reported that a close out report will be due in early September. He just received the documentation/format from FRA and will provide it to Steve Hewitt following today's call for distribution to all members of FASC. Again, this is not due until December and will be taken up by the FASC after the SOW and new grant process is completed.

With no further business to come before the subcommittee today, Darrell Smith adjourned the meeting at approximately 4:00PM Eastern.

**Next Finance and Administrative subcommittee conference call September 14, 2016  
866 209 1307 access code: 9786620#**

**Decisions and Action Items**

**Website review:** Agreed upon updates will be incorporated into the website by Bryan Hong, AASHTO. The goal is to have consistency in format throughout the site. Members are welcome to provide additional suggestions to improve the

site. Many of the recommended changes have been made to the site and it will continue to evolve over time.  
(Ongoing)

**Legislative Outreach Task Force – developing a strategy and implementation plan to obtain future federal funds for the NGEC:** Each state member and Amtrak is to work with its Government Affairs office and ask that the two pager (currently being finalized) be included in its package during Hill visits to keep the NGEC on Congress’ radar even though we are not yet ready to ask for more money.

A “regular update/report card/dash board” will be developed through the NGEC Legislative Task Force with the intent that it be provided to Congress through the states and Amtrak Government Affairs Offices as a means of continuing the outreach and education on the activities of the NGEC.

The first such update will be the “two-page” educational document being finalized for Executive Board approval.

**Responding to VIA Rail Request:** Steve Hewitt drafted draft a proposed response to the VIA Rail request, it was approved by the FASC and accepted subsequently by the NGEC Executive Board on 6-8-16. The letter was sent to VIA Rail, and a response thanking the NGEC for authorizing the use of the spec, and inviting VIA Rail to participate as a member of the Industry group on the Technical subcommittee was sent immediately by VIA Rail. VIA Rail has agreed to keep the NGEC apprised of any changes it may make, and, generally provide feedback. They have not yet decided whether or not to become industry members, but, once Bi-Level Spec Revision C.4 has been adopted, (it is anticipated to be adopted by the Board on 8-2-16) Steve Hewitt will contact VIA Rail to inform them of the revisions and ask again about joining the industry group.

**New Grant Timeline/related actions:**

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The NGEC Executive Board meeting currently scheduled for 9-13-16 will be cancelled and rescheduled for 9-20-16 with the intent being to consider approval of the SOW for submittal to Amtrak Grants.

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**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  
August 31, 2016  
3:00PM Eastern  
866 209 1307 pass code 9786620#**

**MEETING AGENDA**

- |   |                                |
|---|--------------------------------|
| 1. Welcome/Open   | Darrell Smith                  |
| 2. Roll Call  | Steve Hewitt                   |
| 3. Approval of the Minutes from 7-28-16                                   | Darrell Smith                  |
| 4. Issues/Actions related to the current and future NGECC Grant Agreement | Darrell Smith/Eric Curtit      |
| 5. Review/discuss Statement of Work and next steps                        | Darrell Smith/Danielle Hawkins |
| 6. Other Issues/questions   | All                            |

**Next Call September 14, 2016  
Call in # 866 209 1307 passcode 9786620#**