

# SECTION 305 NGEC Executive Board Conference Call Meeting

MINUTES

SEPTEMBER 4,  
2013

11:30AM EASTERN

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Bill Bronte, Chair, S305 NGEC Executive Board</i>
<b>ATTENDEES</b>	<b>Executive Board Members:</b> <i>Bill Bronte, Mario Bergeron, Dan Black, Paul Nissenbaum, Eric Curtit, LeAnna Wall, Kevin Lawson, Ray Hessinger, Todd Popish as proxy for John Oimoen and Tammy Nicholson, Johnson Bridgwater, Allan Paul, Tim Hoeffner</i> <b>Support:</b> <i>Jason Biggs, Arun Rao, Shayne Gill, David Ewing, Steve Hewitt, Kevin Kesler, Chad Edison, Nico Lindenau, Sara Sarkhili, Ashok Sundararajan, Dave Warner, Darrell Smith, Patrick Centolanzi, Vincent Brotski, Larry Salci</i>
<b>ABSENTEES</b>	<b>Board Members:</b> <i>Ron Pate, Paul Worley, John Oimoen, Tammy Nicholson, Support, John Tunna, Jeff Gordon, Melissa Shurland, Dale Engelhardt, Brian Beeler II, Martin Schroeder</i>

## WELCOME/ROLL CALL/ACTION ITEMS REVIEW

1.

**Opening – Bill Bronte-chair:**

Chairman Bronte opened this conference call meeting of the NGEC Executive Board and asked Steve Hewitt to call the roll.

2.

**Welcome new Board Member – Tim Hoeffner, Michigan DOT - Bill Bronte:**

Chairman Bronte, after calling the meeting to order, extended the committee's welcome to the newest member of the Executive Board, Tim Hoeffner, Michigan DOT, and thanked him for agreeing to serve as a member of the Board.

3.

**Roll Call – Steve Hewitt, Manager, S305 NGEC Support Services:**

After the call of the roll, it was determined that a quorum was present.

4.

**Action Item Review –Steve Hewitt:**

### Review of Open Action Items

The locomotive procurement remains as a standing agenda item to keep the Board updated as to its progress. IDOT is responsible for providing bi-weekly updates. The RFP was released to the Industry on August 8, 2013. Steve Hewitt provided the RFP information and press release to the NGEC Board, Technical subcommittee and the industry participants. **Status: Todd Popish reported that they had held a pre-proposal conference call August 22, 2013, and were encouraged to have had 5 of vendors in attendance. Most questions asked revolved around terms and conditions and there were "no show stoppers". September 12, 2013 is the last day for questions to be submitted. Offers are due on October 3<sup>rd</sup>, 2013.**

Backgrounder: **Status: It was reported on the ATF call on Friday, August 30, 2013, that an updated Backgrounder and a revised "new" one page document would be going to AASHTO publications later that day. Shayne Gill, AASHTO reported that both documents did go to publications as planned.**

The NGEC Future Working Group DRAFT concept paper. **Status: The paper has been reviewed by all Board members. Comments were requested to be sent to Steve Hewitt by COB 8-16-13. Agenda item # 9 will provide a period for discussion and an opportunity for state members of the working group to provide context to how the concept was arrived at.**



**5.  
Approval of the minutes from August 20, 2013 – Bill Bronte:**

On a motion by Allan Paul, NCDOT, and a second by Johnson Bridgwater, Oklahoma DOT, the minutes from the August 20, 2013 conference call were approved without objection or exception.

**6.  
Discussion: Planning steps to move to Austerity – Bill Bronte:**

Bill Bronte opened the discussion by emphasizing the challenges that “we all are aware of” and noting “they just got worse”, based on David Ewing’s report to the S4PRC in regards to this congressional session. “We can anticipate no additional funding” this year. Bill commented that Dan Black and Darrell Smith will be providing a Treasurer’s update on September 26, 2013, and this should help the Board get a better sense of its expenses and available funds, as it moves forward with an austerity budget.

Bill asked Paul Nissenbaum, FRA, if he was “having any luck looking under rocks” for potential funding. Paul noted that, while they are looking, the “pre-requisite is that we must have a clear financial picture”. Paul commented that the Treasurer’s report should provide a clearer picture and emphasized “we can’t go further without the clear picture.”

Bill Bronte added that this will be a significant topic in Columbus, Ohio September 26<sup>th</sup>, and that having a face-to-face conversation should enhance the discussions.

**7.  
Status: Filling the Secretary/ATF Chair officer’s position – Bill Bronte:**

Bill Bronte reminded the Board members that the Secretary position still needs to be filled. The Secretary serves as the chair of the Administrative task force and this important role “should not go unfulfilled for a long period of time.”

He asked if there were any volunteers. Hearing none, he commented that he will push hard on filling the position in Columbus.

ATF Vice chair, Darrell Smith noted that “we only meet every 4 weeks” so it is not too time consuming although important. He also noted that the ATF chair is one that is to be filled by a state member.

Steve Hewitt confirmed that the seat is a state member seat, and emphasized that the primary role of the Secretary was to chair the ATF and serve as ex-officio member of the Structure and Finance Task Force (SFTF). Steve told members not to be “scared off by the title – Secretary – as those duties actually fall to him (as support services Manager) in handling all minutes and correspondence for NGEC task forces, subcommittees and the Board.

**8.  
Status Update: SFTF Section 6 effort – Eric Curtit:**

Eric Curtit reported on the status of the Section 6/deployment project. Task 1 was submitted by the contractor and has been reviewed thoroughly by a core team and by the full SFTF membership. Many comments have been submitted and a task force comprised of Eric Curtit, Chad Edison, Ron Pate and Darrell Smith compiled the comments, sent them to the contractor and is holding weekly conference calls with them. The intent is to get a useful product out of task 1.

Eric will continue to update the Board as progress is made.

**9.  
Brief discussion: DRAFT agenda for the September 26, 2013 NGEC Board meeting:**

Bill Bronte asked Steve Hewitt to provide a brief overview of the DRAFT agenda for September 26, 2013.

Steve reviewed the agenda and asked that any comments/changes/suggestions be submitted to Bill and Steve by COB Friday, September 6<sup>th</sup>. Steve also noted that it is extremely important that we get an attendance head count to ensure that a quorum is present in Columbus. If a voting member does not plan to attend he or she should designate a proxy. Steve requested that all those planning to attend let him know by COB on Friday September 6<sup>th</sup>.

Responding to a question posed later in the meeting, Steve noted that a conference call line could be made available if enough members were planning to call in to make it worthwhile. Even if a member plans to call in, it is advised that a proxy be designated in case there are technical issues.

Steve will talk to AASHTO and make a decision on conference call arrangements.

**10.**

**Context discussion: NGEN Future Working Group DRAFT concept paper Ray Hessinger/Eric Curtit:**

Bill Bronte introduced the topic of the NGEN Future Working Group's DRAFT concept paper, explaining that the group appreciated getting the many comments that have been provided, and that most of those comments were "similar to our thoughts and were things we were wrestling with as we went through our discussions."

Bill asked Ray Hessinger, NYSDOT and Eric Curtit, Missouri DOT, both members of the working group, to provide context on how the group came to develop the concept. The intent is that today's context discussion will "lay the groundwork for discussions to be held in Columbus" on September 26, 2013.

Ray Hessinger opened his comments stating that he did not think the concept paper did a good job of explaining "why we should become an entity...we need to better establish that in order to build the foundation we need to go forward." He added, "as a group we spent a lot of time going over all the roles" such as developing specifications, owning and maintaining and operating rolling stock.

As the group worked through its discussions it found holes that needed to be filled. As an example, "look at the procurements (bi-level cars and diesel-electric locomotives) and the difficulties involved in getting multi state procurement rules to mesh." Ray added, "having an entity to manage procurements seems like one way to make it easier for all states involved."

Eric Curtit explained "we talked about functions having to do with intercity passenger rail"...and the fact the "moving across borders, there is a need for an entity to help on this, and, like procurements, do so more effectively." Eric emphasized, "looking at procurements, it would not be so difficult with one body overseeing it."

Eric continued, "as we looked at functions, we had no idea where we would end up...we looked at goals" and the ability to perform the functions and "it came to be that a subsidiary of Amtrak possesses many of the capabilities to perform the functions we need. Down the road, the next step would be to take it outside of Amtrak...we surprised ourselves coming up with this concept."

He noted that there are many challenges to setting up an entity including staffing. As the group worked through its facilitated discussions it realized that "a starting point would be to make the entity a subsidiary of Amtrak with states as a part of the body...this would help to fulfill states desires to have more input, more say, in the decision making process."

The working group members all "removed their hats" at times, "to look objectively at what we wanted to achieve." Looking at intercity passenger rail, today, "the system is designed by default...if we could wipe the slate clean, what would we do to establish the efficiencies we need?" Eric continued, "we really looked at what's best for states with limited options and what's best for Amtrak was to do the best, overall for intercity passenger rail."

Ray interjected, "we did spend a lot of time talking about all of the other options (noted in the concept paper) before we came up with the Amtrak solution." When "we came up" with the Amtrak option, "we recognized that it presented difficult challenges, but also resolved some of the shortcomings of the other options."

Eric added, "the room (at the facilitated meeting) was productive and great ideas were discussed. We beat to death the various options" None of them were given short shrift.

Ray noted "we were not only (thinking) outside the box, we were not even in the warehouse." He added "we looked at if we are to start over, where do we go, and, this is where we ended up" after most of two days of discussions.

Bill Bronte explained "it is not the smoothest of relationships that I have with Amtrak, and, so, I did have some trepidation" as we came up with this concept. "Recognizing that this will be an evolutionary process, initially the best place for an entity to be created is as an independent subsidiary of Amtrak...this is the best place and made the most sense, at least initially." Bill continued "going back to the language in 305, Amtrak is an integral part of the process going forward, and this needs to be recognized."

Bill went on to ask that the state members of the Board "take some time before the September (26<sup>th</sup>) meeting to read all of the back-up material" that is attached to the concept paper. This will help to see how the group came to the option it has presented. "We can then have a robust discussion in Columbus...we must recognize that we need to meet

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lots of need – the states, Amtrak, etc.”

Ray added, “8 or 9 guys locked in the room, having removed their hats, (and looking at potential options objectively) this is where we ended up, but there is a lot of room for discussion and a long way to go to get there. There are things we haven’t thought of and there may be other flaws, but our next step was to get others involved to help identify fatal flaws or come up with a better idea. We will need buy-in before we can move this forward.”

Johnson Bridgwater, Oklahoma DOT, commented “it just occurred to me that we may want to ask Washington State DOT for their input as they have carved out an interesting agreement with Amtrak that may help us.”

Jason Biggs, Washington State DOT, agreed that this was a good thought and that he would take it back to Ron Pate. (NGEC Board member from Washington State DOT)

Allan Paul, NCDOT, commented on the fact that “NCDOT has a unique relationship” as well, “owning our Piedmont cars and having a third party maintenance contract.”

Shayne Gill, AASHTO, asked if, under the subsidiary option such third party agreements would “still be ok.”

Allan noted that this is what he was wondering and why he brought their situation up.

Shayne went on to say that “this background today was very helpful” in understanding the thought process that went into getting to this proposed option. He then asked “How is this different from the Senate Commerce proposal in MAP21 that both APTA and AASHTO opposed.”

Bill Bronte raised the issue that states that procure equipment want control of that equipment if they have state money in it. If it is federally funded “it’s a different picture”. States can bring money to the table and save costs.

Paul Nissenbaum, FRA, commented “this has been an excellent summary” of the working group discussions and efforts. “A lot of implementation details still need to be worked through. Do not assume that a conclusion was reached because it was done before...no one in the room contemplated forcing this. It is in our (the NGEC) control to design this and to address challenges that help shape the destiny of where we want to end up managing equipment in the United States.” He continued “if the status quo is where we ultimately end up then so be it...the point is there is a set of needs and functions that need to be better managed to grow efficiencies and benefits. As a step, a subsidiary of Amtrak was proposed, but we did not conclude that the governance structure was to be the same. By no means did we have expectations to use the current model of governance for this subsidiary...it could be something like what the NGEC structure is now.”

Paul went on to explain that Amtrak also has concerns about the proposal. “Amtrak worries about cost recovery” among other things. “There is a lot of work to be done, I urge everyone to go into September (26<sup>th</sup>) without a preconceived notion, but bring your concerns with you to Columbus.”

Mario Bergeron, Amtrak, noted “if the states were surprised (when they saw the concept), we were also here at Amtrak. We appreciate the concerns and how we might move forward. There are a lot of details to discuss and challenges to consider as we move forward. From a business standpoint we have to figure out how to sell this internally and how to resource it.” Mario added “there will initially be only about 165 or so vehicles – how do we add knowledgeable staff and assign them to this entity if Amtrak commits to this concept.” He continued “How do we make sure that the business model allows Amtrak to compete for services on the new vehicles, and how do we share resources? How would we manage a third part maintenance provider in that scenario? There is nothing easy from a state or Amtrak standpoint...it is not a given for anybody.”

Paul Nissenbaum commented “excellent comments, and exactly the kind of detail we will need to get into. There is not a perfect formula, but there is a way to somehow lift all boats. I suggest there are ways to overcome the challenges or we will face the status quo.”

At this point NGEC Policy Advisor David Ewing commented “the most profound failure for all would be the status quo.” He went on to say “when it comes to funding and financing procurement, maintenance and operation of the equipment, the status quo is not sustainable. A new entity like (this concept) ‘Am-lite’ needs to be encouraged.”

Paul responded, “good point David – it gives us an opportunity to address the shortcomings of the status quo.”

David noted “opportunity is a good word. We should be open to a variety of ideas and roles. This is an opportunity to do it right from the start with a more nimble organization to fund and finance equipment in the future.”

Bill Bronte added the importance of recognizing the fact that the bi-level procurement bid “came in at 31% below what was anticipated”.

David replied "absolutely, the involvement of the industry, Amtrak, FRA and the states and the willingness to create a new entity will be seen as a positive, and maybe the industry will have ideas as well."

Bill Bronte emphasized that "there is an opportunity to aggregate for larger acquisitions and making the procurement process simpler...this is important."

David Ewing noted "you are right" in the current process "there is pain and risk – risk is expensive. so a cleaner, more elegant process will equate to savings throughout... signals are out there and this is a positive signal which opens up a great number of options and it is refreshing to send signals to either PRIIA reauthorization or whatever, that you are willing to re-invent yourself."

Shayne Gill commented "as long as this (the proposed concept) is broadening the states' ability under Amtrak, it makes some sense. We don't want to hurt their ability to procure or maintain equipment."

David Ewing agreed with Shayne and noted "at this point in the process opportunity is there and the need is there to go forward...the status quo does not work. It demands a new strategy and this is a way forward."

Bill Bronte asked Shayne Gill to be sure to be at the meeting in September (and he will be) because "we need you as a state advocate."

At this point, Patrick Centolanzi, FTA, commented that as he was re-reading the concept paper he saw a footnote on page 1 which stated (in part) that the "NGEC should not adopt a structure that will preclude broadening the market to include long distance, Northeast corridor, and/or commuter rail equipment." He added "I like this."

Ray Hessinger emphasized "we spent a lot of time to finesse that statement and it is good to hear some positive feedback. Volume begets more efficiencies. Corridors are the focus, but if there is a logical next step it is to look forward."

Paul Nissenbaum noted that the September agenda should allow for ample time to discuss this topic thoroughly. "There should be a good chunk of time devoted to the future of the NGEC. We (FRA) will be sending Steve some comments to tighten up the agenda and allow more time for these discussions."

**10.  
Other:**

The discussion then shifted to the agenda and Steve asked if there was a need for the two standard agenda items – Update from FRA and Update from Amtrak. Both Mario Bergeron and Paul Nissenbaum agreed there was no need to provide those updates at this time. Mario also noted that there was not a need to provide a Technical subcommittee update if time was constrained.

Steve agreed to remove those three items and free up time for the future discussion.

Paul Nissenbaum asked that an item be added under a place holder heading: discussion: 305 and 209.

Steve reminded all participants on the call to send him their suggested agenda changes by COB Friday, September 6, 2013 and asked voting members to be sure to let him know if you plan to attend, and if not to assign a proxy so that a quorum is ensured.

There was some discussion of having conference call-in arrangements made for those who cannot attend but wish to call in. Steve said that if there were a reasonable number of requests to call in, he would talk to AASHTO about making those arrangements. He recommended that those who do call in, still have a proxy assigned in case of technical difficulties.

It was agreed that the regularly scheduled Executive Board conference call of September 17, 2013 would be canceled in deference to the September 26<sup>th</sup> meeting in Columbus, Ohio. Steve will send a cancellation notice to all calendars.

**11.  
Adjourn:**

With no further business to come before the Board today, Chairman Bronte adjourned today's call at approximately 12:40pm EDT, and reminded all members to re-read the DRAFT concept paper and all back-up material in preparation for discussions in Columbus.

<b>The next Executive Board meeting is September 26, 2013 – Columbus, Ohio</b>
<b>Decisions/Action Items</b>
The locomotive procurement remains as a standing agenda item to keep the Board updated as to its progress. <b>IDOT</b> is responsible for providing bi-weekly updates. The RFP is out, a pre-proposal conference call was held on August 22, 2013. September 12, 2013 is the last day for questions to be submitted. Offers are due on October 3 <sup>rd</sup> , 2013.
Jeff Gordon will continue to provide the AASHTO. Amtrak and FRA public affairs officers with email notifications of NGEC activities. (ongoing)
The Future of the NGEC and the DRAFT concept paper will be a key topic at the September 26, 2013 face-to-face meeting. Members are asked to re-read all material related to the concept and to be prepared to discuss the topic thoroughly. Steve Hewitt will adjust the agenda to devote more time to this discussion.
Darrell Smith will present a full Treasurer’s report at the September 26, 2013 Executive Board meeting. AASHTO was to provide Darrell Smith with its latest invoice by COB August 30, 2013, which would help in the preparation of the report. On the last Executive Board call, AASHTO reported that it anticipated having about \$160,000 remaining in its support services budget at the end of the current budget period – March 31, 2014.
FRA was to continue to “look under rocks” to see if there is some flexibility in other programs which may provide additional funds for the NGEC, but stated that they will need to have a clear picture of expenses, burn rate, and anticipated funds remaining before they can pursue any further.
The Technical subcommittee has approved the draft recommendations for new accommodations for Accessibility requirements and has passed it on to the APG. Steve Hewitt is working with Bill Bronte to schedule an APG call to review and consider approval of the recommendations. The intent is to have the Board send a letter to the Access Board as it begins its update in early October, 2013.
Intellectual Property will be an agenda topic in Columbus on September, 2013.
In regard to the status of the Section 6/deployment project: Task 1 was submitted by the contractor and has been reviewed thoroughly by a core team and by the full SFTF membership. Many comments have been submitted and a task force comprised of Eric Curtit, Chad Edison, Ron Pate and Darrell Smith compiled the comments, sent them to the contractor and is holding weekly conference calls with them. The intent is to get a useful product out of task 1.
Eric will continue to update the Board as progress is made.
Requests for copies of the updated Backgrounder or the new one pager (both having gone to AASHTO publications) should be submitted to Steve Hewitt along with the number requested and an address to send them to.
Review of Trainset specification Rev A: Status: The ATF met on Friday August 30, 2013 and approved the contract for Larry Salci to review Trainset specification Revision A. AASHTO, as contracting agent, has notified Mr. Salci that the contract has been approved, and work can begin. No further action is needed by the Board in accordance with the revised NGEC procedures.
Tim Hoeffner, Michigan DOT has accepted the invitation to become a member of the NGEC Executive Board. This fills the vacancy left by the resignation of Al Ware, Georgia.
Bill Bronte has asked for a member state to volunteer to serve as Secretary of the NGEC whose primary responsibility is to chair the Administrative task force. It is hoped that this vacancy will be resolved in Columbus.
Recruiting additional state members for the NGEC:

Ray Hessinger, NYSDOT, will reach out to Pennsylvania and Connecticut to see of their interest.

Ron Pate, Washington State DOT, will reach out to Oregon.

Shayne Gill, AASHTO, will talk to all of the states during SCORT and will ask Secretary Schneider, IDOT new chair of SCORT to make a personal pitch during SCORT, for membership in the NGEC.

All voting Board members are asked to inform Steve Hewitt (and Bill Bronte) of their intentions to attend or to name their designated proxy for Columbus by September 6, 2013.

Steve Hewitt will talk to AASHTO about arranging for a conference call line for the Columbus meeting.

Any suggested changes to the September 26, 2013 agenda should be sent to Steve Hewitt and Bill Bronte by COB September 6, 2013.

**ATTACHMENTS**



**S305 NGEC Executive Board Conference Call  
September 4, 2013  
11:30 AM – 1:00 PM EDT  
Call in number: 866 299 7945 passcode: 1601544#  
Agenda**

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| 1. Open the Meeting  | Bill Bronte               |
| 2. Welcome new Board Member – Tim Hoeffner                           | Bill Bronte               |
| 3. Roll Call   | Steve Hewitt              |
| 4. Action Items Review   | Steve Hewitt              |
| 5. Approval of Minutes from August 20, 2013                          | Bill Bronte               |
| 6. Discussion: Planning steps to move to Austerity                   | Bill Bronte               |
| 7. Status: Filling the Secretary/ATF Chair role                      | Bill Bronte               |
| 8. Status Update: SFTF – Section 6 effort                            | Eric Curtit               |
| 9. Context discussion: NGEC Future Working Group Draft Concept paper | Ray Hessinger/Eric Curtit |



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10. Other

All