

Section 305 Next Generation Equipment Committee 3/10/2010 Executive Board Meeting Summary

The second meeting of the Section 305 Next Generation Equipment Committee was convened by Chairman Bill Bronte at approximately 8:30am, on March 10, 2010 at the Hall of the States, in Washington, DC; and concluded at approximately 4:30 pm that same day. This meeting, while being the second time the committee members have met, marked the first official meeting of the Executive Board as it was formally constituted on January 14, 2010.

Participants included; representatives of Amtrak, the Federal Railroad Administration (FRA), 9 State Departments of Transportation (DOTs), and rail program staff of the American Association of State Highway and Transportation Officials (AASHTO), as well as the AASHTO Rail Resource Center (ARRC) and Section 305 Committee consultants. Guest presenters invited to address specific agenda items were also present for parts of the meeting; as was Jack Basso, AASHTO's CFO. Richard Vadnal a representative of a vehicle manufacturing firm was present as an audience member. (A complete list of attendees accompanies this summary)

Welcome and Introductions and Opening Remarks:

In his opening remarks, Chairman **Bill Bronte** welcomed all meeting attendees and emphasized the importance of the work of the Committee; while noting the many challenges ahead. He pointed out the compressed timeframe the Committee is faced with in trying to achieve its objectives and, specifically, meet the goals of establishing specifications and procurements for single level and bi-level cars, and Next Generation locomotives. He also described some of the key question areas to be addressed such as; "How to fund the Committee's operations? How to Finance? How to set up the institutional structure to make it happen?". Bill also acknowledged the fact that all members of the Section 305 Executive Board, both Sub-Committees, and the Administrative Task Force, face enormous individual workloads and "multi-tasking" issues. He cited items such as; states preparing ARRA HSIPR Round 2 applications, the Appropriations process, and writing State Rail Plans, as examples of the many "day job" tasks ahead for Committee members and noted that the Board will need to rely heavily on AASHTO, Amtrak and FRA for support in order to meet Committee goals and deadlines. "We've got a lot to do....but if we all do our jobs and work together – especially helping each other out" we will succeed. Bill also stressed the importance of tracking, monitoring and completing action items in a timely fashion. He asked that Steve Hewitt, AASHTO co-consultant, continue to "nudge" the members as a means of keeping things moving and preventing action items from falling behind. He also asked Steve and David Ewing (also AASHTO co-consultant) to assist him in preparing a "To Do" list by the end of the meeting, and ensure that all members "leave the room" with the "To Do" list in their hands at the end of the day.

Mark Yachmetz, FRA, stated that FRA is very interested in the work of the Committee, both "statutorily and as payers". He also reminded the Board of the high priority that USDOT Secretary LaHood and Deputy Secretary Porcari have placed on reinstating domestic supply companies, helping manufacturers succeed, rebuilding the US Rail equipment industry, and creating jobs. He reiterated what had been stated by Federal Railroad Administrator Joseph Szabo at the 305 'kick off' meeting in January – that "Buy American is a floor to be built upon". He noted that rail research – both traditional safety and non safety - now has some funding and that equipment safety is a priority. He stated that FRA is looking to help advance the goals of the 305 Committee and that "we have impatient bosses" looking for results. He also

acknowledged that FRA is “resource challenged” and “...we are just now hiring people.” He noted that the current FRA staff is “sized for a different era”.

Kevin Kesler, Acting Director of FRA Research and Development, stated he was committed to supporting the Technical Sub-Committee. He urged the members to “throw things at us and we’ll help any way that we can.” He noted that the Committee is entering into uncharted territory and has many challenges ahead, but the work of the 305 Next Generation Equipment Pool Committee will set the course for passenger rail in this country for many years to come, and will ultimately “take rail through the next several decades”.

Amtrak’s **Mario Bergeron**, Vice Chair of the 305 Executive Board, and acting Chair (official Chair eligibility to be determined by a review of the By-Laws) of the Section 305 Technical Sub-Committee, informed the group that the Sub-Committee had its first conference call last week (March 5, 2010). The Sub-Committee recognizes that it has a lot of work to do, and must first organize itself in a way that will allow it to maximize the expertise of its members in order to fulfill the tasks ahead and “get the deliverables out” in time to meet the deadlines established. He said that Amtrak is offering its in-house expertise and experience in on-going programs, and will work together, with FRA and the states, to undertake the enormous challenges that lie ahead. He cited the tasks facing the Sub-Committee as analogous to the “best way to eat an elephant – one bite at a time – each bite has an owner and a deliverable”. He also stated the need to clarify roles within the Sub-Committee – “who is doing what and when”? He noted that the Sub-Committee is already getting a lot of attention from the rail industry and noted that he has been receiving so many calls (from as far away as Japan) regarding Sub-Committee participation and activities that he had to establish a separate email address to handle the volume. S305TechCommittee@amtrak.com.

During the “around the room” self introductions, Board members and various guests and support staff commented on the importance of the Section 305 Next Generation Equipment Committee and on their roles within their own organizations. Kevin Lawson, Louisiana DOT, volunteered to serve as a member of the Section 305 Technical Sub-Committee. Vehicle manufacturing industry representative, Richard Vadnal, noted that his company was interested in helping AASHTO in support of Committee efforts and that he felt vehicle manufacturers should be “on the Technical Sub-Committee”.

Amtrak Fleet Plan Update Presentation by Ken Uznanski:

Ken Uznanski, Amtrak, presented a summary PowerPoint of Amtrak’s recently released Fleet Plan. He focused on three key areas: the concepts behind the Amtrak Fleet Plan; what Amtrak hoped to accomplish; and Next Steps. (For further information, **Go to AASHTO’s web site: www.highspeed-rail.org to view Ken’s summary presentation and/or the Full Fleet Plan**)

Overview:

- Intercity Passenger Rail in the US has an unprecedented opportunity that must be addressed
- Amtrak, as the nation’s passenger railroad, will play a vital role.
- Amtrak’s fleet is and will be at the heart of its ability to deliver competitive service, impacting all aspects of Amtrak services.
- Equipment is something tangible “everyone can touch it, feel it, and is energized by it.”
- A history of underinvestment has constrained Amtrak’s ability to deliver the modern and reliable services its customers deserve

- The average age of Amtrak's current fleet is 25 years (Fleet composition ranges in age from 9 to 61 years old and mileage ranges from 1.2million to 2.4 million and beyond – the Heritage cars' mileage unknown, but is in all likelihood extremely high)
- There is an essential need to develop a strategy for recapitalization of the fleet to sustain and grow the business. It is most important to develop a strategy that rebuilds and stabilizes the supplier base.

Key things that the Plan must do:

- Replace the aging fleet
- Buy equipment in a manner that will develop and support a viable U.S. manufacturing base and fleet
- Establish guidelines for the commercial life of the new equipment
- Develop a picture of the need

Context of the Plan:

- The Plan is based upon a thorough understanding of intercity passenger rail in the US and is Flexible, Conservative and Scalable
- The Plan addresses Amtrak's three major business lines; the Northeast Corridor, Long Distance, and State supported/corridor services
- The Amtrak fleet plan is a living document.

Discussion:

At the conclusion of the Fleet Plan presentation, an open discussion ensued. Rob Edgcumbe, Amtrak consultant, pointed out that there are a number of key challenges confronting Amtrak as it looks to implement the Plan – Resourcing and Funding. He noted the need for a “steady stream of funding to implement” the Plan. He also cited the workload of Amtrak staff as an issue. Between the work of the Section 305 Committee and the Amtrak Fleet Plan - workload is heavy. An underlying problem is that of employee's retirements. With the Amtrak equipment being as old as it is – it will be difficult to maintain the current equipment, while implementing the Plan. Institutional knowledge of the old cars goes out the door with retirements – in certain instances components to repair and maintain the older equipment do not exist and in-house expertise is moving on.

This led to a discussion of the need for a focus on workforce development and succession planning. Kevin Kesler, FRA, noted that they face the similar problems and have begun to focus on their workforce needs and development. Responding to a suggestion by Shayne Gill, AASHTO, that there should be a joint effort with States and the industry to address these issues; Kevin noted that FRA is now working with the Research and Innovative Technology Administration (RITA) to identify gaps and solutions and called on the states to contact him as well.

In responding to questions focused on how the Fleet Plan had been received on the “Hill” (in Congress) and whether or not there is funding for the Plan in Amtrak's budget request; Ken Uznanski stated that Congress “likes the Plan” and is happy to have a long term picture, but that funding is going to be a challenge. The Plan does not include a funding package. It was widely agreed that Congressional and State support is critical and that federal funding is a must for implementation.

Further discussions concerned infrastructure implications of the Fleet Plan. What are the capacity issues on the Northeast Corridor? Ken stated that while the Plan did not get into those aspects, it is “incumbent upon the 305 Committee to look into what you want to operate and where?” Dale Engelhardt, Amtrak, addressed the fact that as new equipment is developed and produced, “the track upon which it runs will be a key”. In some cases, as vehicles are developed @ 125 MPH, they may need to run at lower speeds until the infrastructure catches up.

Leo Penne, AASHTO, asked if there was a maintenance repair plan that accompanies the Fleet Plan. Ken responded that there is a placeholder for identification of repairs etc. Maintenance methodology has not been answered at this point.

It was acknowledged that capacity issues at maintenance facilities is also a concern and is an area that needs to be addressed. In California, for example, as they look at rolling stock expansion – they are also looking at the issue of maintenance facility capacities and the need for expansion in that area.

Kevin Kesler, FRA, raised the issue of whether or not the anticipated growth of 2% stated in the Plan is too conservative. How does it compare with actual growth? The answer was that actual growth over the past ten years is about 3%, - using a conservative estimate of 2% makes the Plan “bullet proof”.

Administrative Task Force:

Discussion of Retaining Outside Legal Counsel:

Rod Massman, Secretary of the Section 305 Executive Board, and Chair of the Committee’s Administrative Task Force, explained that after the initial meeting of the 305 Executive Board, he had been giving some thought as to the direction the task force needed to take and about its role within the Committee. After that initial Committee meeting in January, AASHTO Executive Director John Horsley asked what type of technical support was going to be required in order for the Committee to do its work. Polling some of the Committee members, Rod said the issue that rose to the top was that of Legal Counsel. As a result, Jack Basso, AASHTO’s lead for the AASHTO Center for Finance, recommended that the 305 Committee hear from the Center’s Legal Counsel, Nossaman, LLP. It was agreed that representatives of Nossaman LLP, already on retainer to AASHTO, would come to this meeting of the 305 Executive Board for the purpose of giving an informational presentation regarding factors to be considered when deciding whether or not the Committee should retain legal counsel. Rod made it clear that Nossaman LLP was not making a presentation for services – rather to provide information, but would not be precluded from future consideration should the Board determine that Legal Counsel was needed.

Three Partners in the firm combined to make a presentation to the Board. (A PowerPoint of the Nossaman, LLP presentation will be posted on the AASHTO website www.highspeed-rail.org in the near future) The Partners representing the firm were: Donald M. Itzkoff, Edward V.A.Kussy, and Kathryn Pett.

General Comments/Overview:

The presenters told Board members that the firm was impressed with the work of the Committee to date – the by-laws, the work plan, and the aggressive timelines that have been set. They explained the importance of determining a Scope of Work and establishing goals when considering retention of outside counsel.

It will be important that the Committee get it right the first time. There is a lot of money devoted to the work of the Committee and a great deal of emphasis on the importance of the efforts of the Committee. In considering legal counsel, it should be understood that it will require a special lawyer(s) with technical skills, and with the ability to be creative and innovative. The 305 Committee is not only entering uncharted territory in regards to its charge, but will likely be confronted with political challenges as well.

Experience and broad skills will be important factors when considering the lawyer(s) to be retained. All of the Section 305 Committee's deliverables have a legal component and almost all will be subject to a legal component.

In procuring legal counsel, the Committee can use the Amtrak or FRA process for hiring counsel or can turn to a State member or other organization such as AASHTO for procurement.

The selection process should be considered a tool and not a "straight jacket" and selection criteria will hinge upon the type of legal services described by a Scope of Counsel's Work as defined by the Committee.

The Nossaman LLP representatives reviewed "illustrative" examples of issues that will likely arise and areas where legal counsel will be beneficial. (Nossaman presentation to be posted @ www.highspeed-rail.org.)

Some of those "illustrative" examples/questions/issues included:

- How and when to engage manufacturers and suppliers – determine rules of the game up front to avoid problems;
- Issues of intellectual property and licensing;
- How does the Committee decide on specs? There will be formal appeals and political appeals and there needs to be a way decided to handle those;
- What level of standardization/interoperability is desired?
- How to re-establish a domestic passenger rail equipment industry? In addition, how to:
 - Ensure Buy America Compliance?
 - What is the appropriate policy role for the Committee in promoting domestic manufacturing?
- Interfacing with FRA safety assurance process – legal, regulatory process questions;
- What procurement rules govern? FRA, Amtrak, States, or some combination;
- What procurement characteristics are important?
 - Accountability and transparency;
 - Issues of full and open competition – (negotiations vs. sealed bids);
 - Will more technical information be needed?
- What is the State rule or State law each state has on these issues? - Not every State has enabling legislation –do we go to the federal level to obtain permission for the whole Committee to enable its work or is this necessary?
- How should procurement be managed?
- How will title be held to the equipment and what variations are possible?

- What institutional structure will support procurement approach?
Statute establishing the 305 Committee provides the Committee with broad powers and “enormous flexibility” – this reinforces the need for creative counsel.
- Risk management – indemnity and insurance issues
- Operational issues – fleet lending between systems, how will this be handled?
- Review of vehicle performance

Summary:

- The lawyer’s job is not to decide – but to facilitate - the Committee’s effectiveness and productive functions;
- Emphasize procedural fairness, accountability and transparency;
- Assure the integrity of the Committee’s decision making process;
- Integrate governance structures and procurement process;
- Ensure that the Committee is able to do things that rise above criticism – these are new areas being explored – policies need to be developed to help define the process;
- Options: the Committee needs to determine whether it needs private counsel or will use another organization’s counsel – such as service contracts that currently exist such as - Amtrak, FRA, or AASHTO.

Discussion:

The ensuing open discussion revolved around a number of issues including; kinds of contracts with legal counsel that the Committee could consider.

- An umbrella contract – task counsel to undertake certain activities;
- Budget driven mechanism – hire legal consultant up to a budgeted amount;
- Enter into a retainer agreement at x amount per hour – (not suggested as a good way to go, at this point)

It was noted that All of these options are allowable under most State procurement rules

Other issues raised/discussed:

- Legal Counsel retention - Committee could put out an RFP, defer to Amtrak or AASHTO to do it, or individual States could do it on a reimbursable basis, or as a contribution to the Committee effort;
- Amtrak lawyers can help the Committee through the procurement process – may not need outside counsel for that. May make more sense to look to retain outside counsel for a range of things that may happen later on;
- The Committee could ask Amtrak and/or FRA to provide lawyers or provide the ability to procure outside counsel – there is an issue, however, with workload at Amtrak and FRA
- Going through a State could result in long timelines (a luxury the Committee does not have);
- What are the timelines for using Amtrak – FRA? - could be a quick turnaround ;
- Budget issues – determining overall budgets for the Committee and the Sub-Committees and Administrative Task Force is important as we look to address outside counsel retention;
- The suggestion was made by Nancy Greene, Amtrak attorney, that, due to the variety of legal services that have been identified and may be needed, it would be advisable to “go through the gamut and see what you want, what you need”. Prioritize services that are needed now- narrow those down – and go out to procure those services deemed most necessary;

- Nossaman,LLP Partner, Edward Kussy pointed out that there are many kinds of lawyers, but when charting new ground, lawyers should be utilized to help define the things that the Committee will need to do – a lawyer who can look across all subject matter areas and bring it all together – think across jurisdiction lines – how it all interacts is necessary because this is all such new ground being covered.
- Pat Simmons, NCDOT, raised the issue of States authority or ability to partner for procurement. “States would need to look at their individual abilities to participate financially – through partnerships – piggy back one agency to another”. Can the FRA bless it overall rather than have the States do it on individual basis?
- Nancy Greene commented that as an example, the FTA rules encourage this – “when the funding source is the Federal Government – Federal procurement law follows the money”.
- Kevin Kesler, FRA, felt that the Committee could act on its own if it is incorporated

Organizational Structures – 63-20 – Corporation Scoping Effort:

AASHTO Co-consultant, David Ewing, introduced the topic and guest speakers who were at the meeting to address the Committee in regards to the possibility of structuring or organizing as a 63-20 Corporation. The guest speakers were; Thomas Boast, First Southwest Company, NY NY and Robert Flanagan, former Secretary of Transportation at Maryland DOT and formerly of First Southwest Company (currently in private law practice). Boast and Flanagan gave a PowerPoint presentation on the subject area. The PowerPoint has been posted on the AASHTO website: www.highspeed-rail.org

Presentation Highlights:

Bob Flanagan pointed out to the Committee that it has the options to “create an entity, become an entity or group of entities, but you still can get started now and become something else down the road”...similar to what the I-95 Corridor Coalition has done.

Presentation Objectives:

- Respond to federal funding opportunity authorized in the Passenger Rail Investment and Improvement Act of 2008 (PRIIA);
- Identify principal issues relating to organization and funding of a multi-State/Amtrak equipment procurement as provided in PRIIA Section 305;
- Set out work plan for development and implementation of recommendations to the Section 305 Next generation Equipment Committee’s Finance Sub-Committee and Board.

Potential Program Goals:

- Achieve a coordinated multi-State procurement;
- Benefit from purchase price scale efficiencies;
- Create a new multi-State financial structure (the Program) that:
 - Provides certainty to equipment vendors that funding is in place to pay for equipment purchases;
 - Allows each State to pay its share of the equipment cost through the new Program or with its own funding source(s);
 - Provides the flexibility for the Program to use the most cost-effective financing mechanism/funding source at any time;
- Potentially include long-term maintenance, use of private sector skills and efficiencies, and appropriate risk allocation;

- Optimize Program structure with new legislation, if needed.

Threshold Factors Affecting Program Financial Structure:

- Share of cost to be funded by federal grants;
- Responsibility for non-federal cost share – States funding directly, or through the Program or Vendor funding with repayment through the Program;
- Each State’s legal authority to enter into multi-year payment obligations and what issues are presented by the existence or lack thereof of authority;
- Responsibility for equipment maintenance and mid-life rehabilitation;
- IRS requirements relating to – Tax Exempt and Build America Bond financing; Private sector tax benefits; and length and terms of management contracts with private entity

Potential Organizational Structures:

- Interstate Compact
- Non-Profit membership Organization – 63-20 corporation or other association or entity
- Single or Multi-State Conduit
- Lead State (for procurement)
- Private Corporation
- Amtrak
- Combination of above
- Organizational structure for procurement may be distinct from that of funding

Financial Structure – Overall Features:

- States structure a joint procurement but each State pays for only the equipment it orders;
- Each State needs the legal authority to commit to the acquisition of and payment for the equipment;
- Each State – option to fund its acquisition payments through the Multi-State Equipment Pool financing mechanism on its own;
- In order to facilitate its funding commitment – State may need to use a lease model unique to that State;
- Private funding – repaid by payments from the States – can involve risk transfer to private parties and address PRIIA’s focus on maintenance of equipment and facilities;
- Determining the path to the most favorable life-cycle costs will depend on available financing options and then-current credit market conditions;
- A State could opt out of financing with the group if a State has an independent source of funding, but the State presumably would still benefit from a lower acquisition cost than it could have negotiated on its own

Potential Funding Sources for Non-Federal Costs:

- Tax exempt financing and Build America Bonds – Capital markets;
- Taxable Financing – Capital markets, Project Finance banks, Institutional direct purchasers (public & private pension funds, Life Insurance cos. Hedge Funds);
- Federal Loan Programs – TIFIA, RRIF, etc.;
- It should be noted that each funding source involves tradeoffs involving maturity, terms, interest rates, tax benefits, borrowers negotiating leverage and transaction costs

Principal Issues to be Addressed by Committee and its contractors:

- State procurement laws and practices;
- Procedural and substantive requirements to be met by federal grantees;
- Each participating State's authority to enter into a financing contract with a multi-State entity;
- Current and likely benefits & costs associated with alternative organizational structures;
- Current and likely benefits & costs associated with alternative financing structures and funding sources;
- Compatibility of different organizational structures with different financing structures and funding sources;
- Need for any federal or State legislative changes;
- Governance and staffing alternatives, if requested.

Next Steps:

- Reach consensus on the issues to be addressed and the methodology for the research;
- Evaluate principal issues from each participating State's point of view;
- Create a matrix of compatibility and tradeoffs among organizational structures, financing mechanisms and funding sources;
- Present findings and recommendations to Section 305 Committee's Finance Sub-Committee;
- Assist with any legislative changes and the implementation plan.

Discussion:

The ensuing discussion focused on the following points:

- Is I-95 a model? It is a model of how the I-95 Corridor Coalition has developed and grown without becoming a bureaucratic entity.
- What are the basic elements of a 63-20 Corporation? The characteristics of a 63-20 Corporation are that it is formed under a State corporation law and is not-for-profit. It has a potential role here with the 305 Committee, but traditionally it is meant for a single State or Municipality.
- The 305 federal Statute does not say you can issue non-taxable debt, but does give you the authority to form a corporation.
- Stephen Gardner, Amtrak, commented that the 305 Committee could form a subsidiary of Amtrak and asked "How does AASHTO work?" Does AASHTO issue debt? The members agreed it would be worthwhile to look at the AASHTO model/lessons – it would be helpful for this group to hear from Jack Basso, AASHTO, and possibly get a document from Jack to use as a guide.
- Rod Massman reminded the Committee that "we need to get conclusion to this now". We can't let the process consume us, but we must set the foundation for a legal process. The 305 federal statute is vague.
- David Ewing stated that the Amtrak Fleet Plan says that it is a multi-year plan and process. The long term effort is the signal that needs to be given.
- Don Itzkoff mentioned that the Committee can set the standards, but actually putting the timing/procurement process in place is a different process.
- The Dilemma/Challenge is that the Committee must determine the entity and keep its activities going at the same time.

- Tom Boast recommended that the group focus on private financing as opposed to federal financing. (TIFIA)
- Stephen Gardner commented on RRIF- Amtrak was a recipient and paid back the loan – RRIF creates major opportunities, but needs a repayment stream – this could be the most advantageous federal funding program at this time and the 305 Committee could be eligible.
- David Ewing noted that TIFIA is being reworked in Congress and could be a possible tool.

Lunchtime Presentation – Stephen Gardner, Amtrak:

Stephen Gardner, Amtrak Vice President of Policy & Development, gave an overview of and provided insights into the general reception to the Fleet Plan, ARRA grant awards, FY 2010 Appropriations, FY 2011 Appropriations requests for equipment and additional funding opportunities.

Amtrak has held multiple briefings on the Hill and to suppliers (RSI) and has received uniformly positive reactions to the basic premise of the Plan. It is understood that the Plan is meant to be a strategy/philosophy to reflect Amtrak's three business lines and to build capacity at Amtrak and the supply industry to meet the needs. There is genuine excitement about the scope and breadth of the Plan, but concern about the realities of the state of the equipment today. It is important to stress the urgency of the Plan – the longer we wait – the bigger the problem becomes.

A major question/concern remains - How to fund it? It will take huge money to even begin to make a dent in the problem. There are real challenges facing Amtrak – between the budget request and the President's proposed budget. Amtrak will need to look at different financing strategies for each business line. It is such a "big nut to crack" that it will be necessary to find a variety of solutions.

In regards to ARRA grant awards, Stephen noted that there was some call for equipment – and this creates a sense of urgency for the 305 Committee to get to work - it is the body that will determine the type of equipment and procurement requirements.

It is anticipated that equipment will be part of Round 2 ARRA applications and that further emphasizes the importance of the efforts of the Committee and its need to "stay on track".

The FY 2011 budget does not provide additional funds for the 305 Committee, so the \$2 million is all there is at the moment and it will go fast. As the Committee progresses its work and utilizes its current dollars, it may be prudent to look to Planning dollars for additional resources for the Committee to tap into and supplement current funding.

DJ Stadler, Amtrak, noted that the Fleet Plan has raised many issues. For example, the NEC maintenance has been deferred for such a long time, it is far behind the curve. The issue of the compliance with the Americans with Disabilities Act (ADA) is critical and is a top priority.

DJ also explained that, beginning in 2011 Amtrak is behind the 8 ball – there is a \$600 million gap between Amtrak's budget request and the President's proposal (\$2.2 billion to \$1.6 billion). In the President's proposal, huge amounts of capital program dollars go away. Debt repayment (\$300 million) is a must and ADA compliance (\$200 million) is a must. ADA compliance must meet the deadline or Amtrak "can be sued by anyone". At the very zenith of the Rail movement

– it is very difficult to have to look at barely treading water – but that is the reality of it. The federal budget has enormous challenges and multiple demands on limited resources.

At this point, an open discussion of the ADA compliance took place. There were major concerns expressed over the impact crash management requirements and level boarding will have on the US HSIPR program. Can it deter expansion of service and the advancement of High Speed Rail (HSR) in the US? Would the disabled community work with the States and Amtrak to look at alternatives or possibly “bend” a little on some of the compliance requirements? The disabled community is very interested and supportive of HSR. Outreach efforts need to be made. Kevin Kesler, FRA, made it very clear that, while the 305 work is of utmost importance – these ADA issues need to be paid close attention to. It is clear that they could be a deterrent to advancing HSR, station development, and procurement issues. He offered to work closely with Amtrak on this and asked Stephen if he thought that FRA and DOT are doing all they can on this? Stephen thought that they were, but it is a difficult issue.

Stephen was also asked if there was a “one pager” available on the ADA issues, especially in regards to level boarding. He thought that there was, but, if not, he would be sure that one was prepared and given to the Committee. AASHTO agreed to post it on the www.highspeed-rail.org website upon receipt..

Stephen Gardner updated the members on where things stand in regards to current funding for the 305 Committee. The current thinking is that FRA will transfer the entire amount to be held by Amtrak. Amtrak will disburse the money in accordance with a budget submitted by the Section 305 Executive Board. To this point, 2 meetings (this one and the January meeting) have been approved. Once a budget is completed and agreed to, Amtrak would then be able to disburse/administer the funds to the Committee.

Currently Amtrak has procured AASHTO’s services for the first two meetings – Secretariat, logistical support and travel reimbursement. Kevin Kesler, FRA, asked/suggested the possibility of AASHTO procuring/administering the funds for the Committee.

Leo Penne, AASHTO, noted that AASHTO has provided a proposed budget for the full year and the Committee needs to decide whether it agrees with that proposal and wants to follow it.

Technical Sub-Committee Report, Mario Bergeron, Amtrak:

Mario Bergeron, acting as the Section 305 Technical Sub-Committee Chair, reported to the Board that the Sub-Committee held its first conference call on March 5, 2010. The calls were now scheduled to be held every Thursday at 3:00 pm Eastern. He briefed the Executive Board on the Sub-Committee’s membership, Work Plan and Budget. (Complete Presentation can be found at www.highspeed-rail.org.)

Presentation Highlights:

Background:

- Passenger Rail Investment and Improvement Act (PRIIA) of 2008 set parameters;
- Freight Standards have contained costs and improved performance;
- APTA Passenger standards have focused on safety, not design;
- “Amtrak is tasked with establishing a Next Generation Corridor Equipment Pool Committee to design, develop specifications for, and procure Standardized next-

generation rail passenger equipment” (From FRA Summary of Public Law 110-432-
Division B Title III – Intercity Passenger Rail Policy)

Challenges and Opportunities:

- Challenges:
 - No domestic suppliers
 - Proprietary designs
 - Few Standards
 - Small Technical Community
- Opportunities:
 - Reduced cost
 - Improved performance
 - Interchange Equipment possibilities
 - Pool Purchases
 - Domestic Designs and manufacturing
 - New Jobs
 - New Exports

Work Plan:

- Specification Development Proposed Deliverable:

Vehicle Type	Delivery date
Short Haul Bi-Level Coach Car	July 2010
Short Haul Single Level Coach Car	December 2010
Diesel Locomotive	December 2010
- Standards
 - Performance
 - Interoperability
 - Design Standards
- Sources for Standards
 - AAR, APTA, FRA
 - Amtrak
 - Foreign Standards
 - Railroad/State DOT Recommendations
 - Manufacturer Recommendations
- Initial Standard Items
 - Basic Commuter/Intercity Coverage Car Shells
 - Diesel Locomotive Design (design @ 125 MPH)
 - Wheel Sets
 - Trucks
 - Brakes
 - Windows
 - HVAC
- Bi-Level Alternatives
 1. Create Low & High Clearance Bi-Level Designs
 - Necessary to meet different clearance requirements
 - Maintain requirements for different markets and needs
 - Can have common component specifications

- Allows California Surfliner process to continue
- 2. Standardize Existing Bi-Level Specifications
 - Commonality of specifications
 - May compromise different market's requirements
- High (Surfliner) & Low Clearance Bi-Level Vehicles
 - Potential Common Specifications:
Trucks, Seats, Wheel Slip, Windows, Doors, Battery Chargers, HVAC, Couplers, Rest Rooms

To Date - Work of the Technical Sub-Committee:

- Defined membership
- Initial Conference Call held
- Set weekly Call Frequency
- Establish April 22 – in person meeting in Chicago
- Members have provided Biography Material
- Industry Participation Request Letter Drafted

Next Steps:

- Position Resources (Amtrak)
- Organization of the Sub-Committee
 - Weekly conference calls
 - Define output, Timeframes, Charter
 - Identify target components/ subsystems/ features for standards
 - Assign working groups to develop/ identify candidate draft standards -Service types (speed, distance) – Key Components/ Subsystems
- Review Procurement Alternatives
- Technical Sub-Committee Meeting
 - Will be set for Chicago, April 22, 2010
 - Team Membership Attendance
 - Industry Attendance – **post invite letter on AASHTO website**
- **Potential trip to California Metrolink (issue raised by Kevin Kesler) Sub-Committee members are invited to participate, if available. Kevin and Eloy will attend and will brief the members on the results of the meeting in Chicago, April 22**

Budget Items:

- Amtrak – 3 FTE's allocated to the 305 effort:
 - Technical development specifications
 - Logistic Support
- Travel
- Technical Consultants
- Administration
- Meeting logistics, room, conference fees, other

Discussion:

Open discussion followed the presentation. One major topic was that of covering the costs of the meeting. AASHTO was asked if conference fees to members of the industry could be charged for covering direct costs. (such as for meeting room, beverages, etc) General point of view was that it is not a good idea/appearance or wise to charge industry members to attend the conference. It is better for FRA, Amtrak to cover the costs. Home State and/or AASHTO can get meeting space and provide logistical support. Rod Massman agreed to contact George Weber,(Illinois DOT) about the Chicago meeting and check on availability of meeting space.

Stephen Gardner reminded the group that an agreement between FRA, Amtrak and AASHTO regarding disbursement of 305 funds is about three weeks away. The Executive Board and the Sub-Committees need to get budgets together ASAP. The Technical Sub-Committee will put together a draft budget to be discussed on the next conference call.

Mario asked AASHTO if it will provide support to the Sub-Committee, similar to that which it is providing to the Executive Board. Support would include; minutes of conference calls and meetings, support materials as needed, etc. Leo Penne, AASHTO said that it had not been previously considered, so he/AASHTO would need to figure it out.

Jack Basso, AASHTO – Discussion of how AASHTO is Structured:

In response to earlier questions (from the Boast/Flanagan discussion) Jack Basso was asked to address the Committee and briefly describe AASHTO's structure to the 305 Committee members.

AASHTO is a 501 3C corporation, wholly owned by the State DOTs, and is not a government instrument. It was originally established to develop industry standards and eventually moved into the area of national policy development. AASHTO also creates software – AASHTOWARE - which produces about \$25 million in annual revenues. AASHTO's current overall budget is \$60 million - \$50 million on technical services and \$10 million on the operating budget. About \$2.5 million comes from State DOT dues.

In Jack's opinion, the 305 Committee can set up a corporation to finance and acquire equipment. AASHTO would be willing to assist the Committee in setting up a corporation as long as the States are ok with it.

In answer to a question posed by Stephen Gardner, Jack explained that AASHTO was created in 1950, under IRS code, when states determined that they needed a centralized source to develop engineering standards.

Jack also explained how the States' dues are assessed: 50% of the assessment is comprised of all States paying the same; and the remaining 50% is assessed to the States based on their highway apportionments.

Stephen Gardner stated that it seemed as though the States (AASHTO) had created a corporation with all of the aspects that the 305 Committee would need.

Jack stated that if the Committee wanted AASHTO to look into the feasibility of the 305 Committee becoming a 501 3C corporation, he would want to have AASHTO's outside legal counsel take a "serious" look into it to make sure it would work for the Committee.

Finance Sub-Committee Report – DJ Stadtler, Amtrak:

DJ reported that the Finance Sub-Committee had not yet met and expressed concern that there were only 3 State representatives who have agreed to participate as members. He believes that there should be another solicitation for membership and urged States to approach their finance people in regards to their interest in joining the Sub-Committee. DJ agreed to send an email out to the 305 members asking that they submit additional nominees to the Finance Sub-Committee, and to report back to the Board with a revised membership list.

Once membership has been established, he will arrange a “brainstorming” conference call to develop a Work Plan and to look at budget needs. He anticipates that most of the meetings of the Sub-Committee will be conducted via conference call.

There was also a discussion of whether or not the By-Laws allow for 305 Committee officers (namely DJ, as Treasurer and Mario, as Vice Chair) to also be Chairs of the Technical or Finance Sub-Committee. There was no general consensus on this point, and the Committee asked Nancy Greene, Amtrak, to review the By-Laws and provide an opinion as to whether this was covered in the By-Laws and/or if the By-Laws would need to be revised in order to reflect the intentions of the Board – to have Mario and DJ each Chair a Sub-Committees. (Mario – Tech Sub-Committee, DJ – Finance Sub-Committee)

State Survey of HSIPR Equipment Needs:

Chairman Bill Bronte asked AASHTO consultant, Steve Hewitt (who had asked for this to be an agenda item) to address the status of the States’ Survey which had been an action item coming out of the January meeting. Steve responded that he wanted it as an agenda item because the survey had not yet occurred, and he felt it was considered as an important tool for the Committee, and needed to be completed. Workload and time constraints have prevented AASHTO and Amtrak representatives from getting together and formulating the questions. AASHTO can put the survey out – but is not qualified to formulate the appropriate questions. The questions need to come from Amtrak. Bill agreed the survey was important and asked “How can we get it done?”

AASHTO consultant, David Ewing discussed the fact that there had been a similar survey done previously by the States for Passenger Rail Coalition (S4PRC), and, although it needed to be updated, it could serve as a basis for formulating the questions. Ken Uznanski, agreed, and stated that he had hard copies of the original questions and the survey. Dale Engelhardt, Amtrak, said that he had the summary of that survey and would provide it to Ken and David.

It was agreed that David and Ken would work together to put together the survey questions using the previous information as a starting point. Since the survey will include equipment needs of the States it was deemed to be prudent to recirculate the 2005 plan to the States to get an update from them on their needs. Once formulated, the questions will be sent to Shayne Gill, AASHTO, and the survey will be sent out to the States.

Next Steps – Bill Bronte:

Bill Bronte opened the next step discussion by asking “How do we fit becoming a Corporation into the next 7-10 months?” The work of the Committee needs to continue while we determine the Committee structure. It was determined that the Finance Sub-Committee would come up with recommendations on the organizational structure of the Committee – Corporation or not

and short term vs. long term. The Committee agreed to continue to move forward as structured – short term – while looking at goals for the long term.

Bill moved the discussion to the “To Do’s” “Who does what – when?” Reviewing notes of the day’s discussions, the following To Do list was created and subsequently sent out by AASHTO to the 305 Committee members:

**Sec. 305 NGENC - To Do List
3/10/10**

Item #	What	Who	When
1.	State ability to enter into joint procurements and own equipment	Bill Bronte (to states)	3/19/10 Due 3/26/10
2.	Subcommittee and Admin TF draft budgets for Ex-Comm review	Tech and Finance chairs, Rod Massman	Due 3/26/10
3.	Full-Comm Budget and AASHTO Support	Bill Bronte	Due 4/2/10
4.	Finance SComm members	DJ (to states)	3/11/10 Due 3/15/10
5.	By-laws review re:SComm chairs	Nancy	Due 3/15/10
6.	State Survey Q’s	Ken&Shayne	Due 3/24/10
7.	State Survey Responses	Bill&Scott Witt	Due 4/9/10
8.	Next Meeting Date & Agenda	Bill	Due 3/12/10
9.	Email presentations from meeting	Amtrak&Shayne	3/12/10
10.	Amtrak & FRA finalize \$ agreement	DJ & Kevin/Mark	4/9/10
11.	ADA Issues Summary	Ken Uznanski & John Bennett	4/2/10
12.	Tech SComm Meeting Arrangements	Rod & Tammy	3/26/10
13.	Short-term Law Support estimate	Nancy	3/26/10

The meeting of the Section 305 Next Generation Equipment Committee Executive Board adjourned at approximately 4:30 pm.