

# S305 Structure and Finance Task Force

MINUTES

JANUARY 14, 2013

2:30PM EDT

CONFERENCE CALL

<b>FACILITATOR</b>	<i>Eric Curtit, Missouri DOT, Chair, Structure and Finance Task Force</i>
<b>ATTENDEES</b>	<i>Eric Curtit, (Eric Curtit also has Ron Pate's proxy for this call) Bill Bronte, Gordon Hutchinson, Michael Burshtin, Chad Edison, <b>Support Staff:</b> Steve Hewitt, David Ewing, Vincent Brotski, Ashok Sundararajan, Nico Lindenau, Ryan Swick,</i>
<b>ABSENTEES</b>	<i>Ron Pate, Tim Hoeffner, Shayne Gill, Leo Penne, Al Ware, Darrell Smith, Andy House, Kevin Kesler, Jeff Gordon</i>

## DISCUSSION/DECISIONS MADE

### Roll Call – Steve Hewitt:

Steve Hewitt took the roll of members on the call and at first could not confirm a quorum, but shortly after the call began, a quorum was established.

### Welcome – Eric Curtit:

Eric thanked all participants for taking the time to be on today's call.

### Approval of the Minutes from December 17, 2012 – Eric Curtit:

With the presence of a quorum having been established Eric Curtit asked for a motion to approve the minutes from December 17, 2012.

On a motion by Bill Bronte, Caltrans, and a second by Gordon Hutchinson, Amtrak, the minutes from the December 17, 2012 SFTF call were approved without objection or exception.

### Review of Action Items – Steve Hewitt:

Steve Hewitt provided the following action items update:

Steve Hewitt will ask AASHTO to provide a separate call in line for use for executive sessions as needed. – **Task Complete – a separate line has been secured for use as needed for executive sessions for the Board or any of the NGEK subcommittees or task forces. Steve Hewitt has been provided with the call in number and the moderator and access codes.**

The December 31, 2012 SFTF call has been canceled. The next call will be on January 14, 2013 at 2:30PM Eastern. Steve Hewitt will send calendar notifications. **Task complete**

Eric Curtit and Chad Edison will work with the contractor to get the task 1 outline fleshed out by the next SFTF call for review by the full task force. **Status: This has been an ongoing activity and will be covered under agenda item V.**

By the next call (January 14, 2013) Eric Curtit and Chad Edison will have developed an outline of a defined approach for phase 1 and identify gaps where the SFTF may need to look into procuring professional services." **Status: Following the last SFTF call, Eric Curtit asked Steve Hewitt and David Ewing to take a look at Phase 1 and do an assessment of what can be done internally through support services, and what may need external support. David and Steve are on the agenda (item VI) to report on their findings.**

Eric Curtit will inform the contractor that he wants a full schedule with a timeline going to the end of the project, not one that works only towards the February 20, 2013 workshop. He will ask for a complete revised schedule, timeline, and associated deliverables. **Status: Eric will report on the status under agenda item V.**

Eric Curtit and Chad Edison will work with the contractor to pull together material in advance of SFTF calls. (ongoing)

**Note:** Action item from December 11, 2012 Executive Board call: **Eric provided Steve Hewitt with a Problem statement that he, Chad and PB were working on – it was distributed to all SFTF members**

**on January 10, 2013.**

Note: Action item from December 11, 2012 Executive Board call: The SFTF will begin work on the actions identified in the approved SOW, and Eric Curtit will report back to the Board on its next call (January 8, 2013) on how it will be done and what the timeline will be. **Status: Eric provided the Board with an update on January 8, 2013.**

**Status Update: Section 6/Fleet deployment project – Eric Curtit:**

a. Review of revised outline and product:

Eric Curtit provided an update on efforts to get the project moving forward. He noted that there have been a number of iterations of an outline provided by the contractor. Initially the outline submitted was "academic, and not what we were looking for." After a number of meetings it was agreed that a problem statement be developed. The problem statement "drives what they (the contractor) are doing."

Eric briefly reviewed the substance of the problem statement (distributed to all SFTF members late last week (January 10, 2013) and apologized for it having been sent so close to the SFTF call. He asked members to review it and provide him with any comments they may have.

Eric explained that the idea was to have the problem statement "lay out what we are trying to accomplish, and what we expect from the contractor." He noted that, at times the tendency (during discussions) was to "get down into the weeds where we didn't need to go" and "we worked hard to get back up to the level we wanted to be at." Eric specifically thanked FRA for their help in this effort.

Chad Edison, FRA, in response to Eric asking him if he had anything to add, stated "the problem statement is much more complete now, laying out things we want to get from the work." He added "it took a while to get here."

Eric emphasized that it was clearly an "iterative" process.

Eric also noted that he did not ask the contractor to be on this call because it would not have been productive at this point. He expects that as the project moves forward he will ask them to attend the SFTF calls. He is of the opinion that it may or may not be useful to have a presentation at the Board meeting – "we may want to give an update at the annual meeting" depending on where things are. Eric also noted that it could well be useful to have the contractor present material at the workshop – "it is something to be considered."

Bill Bronte, Caltrans, commented "My mind is boggled over the difficulty you have had in getting the contractor to understand the nature of the problem."

Eric replied "I couldn't agree with you more."

Bill continued, "they should have found more problems instead of you having to bring them up."

Eric added "I too was surprised. The RFP is not much different from the problem statement. It seems to me there may be too many cooks in the kitchen." He continued "they wanted to go down roads we don't need to go down." He noted "we will hold their feet to the fire and see where they go...I do expect to have some good product by the next SFTF call (January 28, 2013) and some beneficial material in February."

b. Status of PB revised schedule

As for the revised schedule, Eric reported that he is currently more interested in getting content – he will get a schedule, but is not there yet. Steve Hewitt said he would simply keep it as an open

action item.

**Beginning work on Phase 1 of developing an implementation plan for the NGEC future – Eric Curtit:**

- a. Assessment of phase 1 – in-house vs. external - identifying gaps - David Ewing/Steve Hewitt:

Eric Curtit reported that he had asked David Ewing and Steve Hewitt to look at phase 1 of the implementation plan to see what they could do, and what may need to be done externally.

David Ewing reported on what he and Steve Hewitt had determined after their initial assessment. Phase 1 describes the landscape and the NGEC's role in the passenger rail market. There are three parts in phase 1:

1. Introduction:

David reported that for the first part he and Steve Hewitt recommend that "we draft a high concept piece drawing on existing material. We will then submit it for SFTF review." It will generally be a short introduction.

2. Passenger Rolling Stock:

Part 2 "echoes many of the things we have just discussed...it can be summarized by saying it looks at supply and demand and it looks at the role of sending market signals." Much of what is in part 2 was articulated by John Porcari at an early Executive Board meeting at which he described the revitalization of the passenger rail equipment and supply industry in the US.

David noted "this is an important issue, and we will need to keep an eye on" the section 6/deployment effort to be sure not to "duplicate what is already being done." The recommendation is that the "methodology" will be "to conduct preliminary interviews with experts in the field. We will report the names of who we intend to interview to Eric and suggest to him how we plan to do it." Dave noted "we used this methodology to create the SFTF structure", by interviewing senior management from states, FRA and Amtrak. "The methodology works...we get buy in from senior experts." This will be a "good cross walk with the contractor's work" already underway (section 6/deployment). "We will put a summary of the interviews into part 2 as a draft."

3. NGEC – its creation and its role in Passenger rail Rolling Stock Market:

David reported that in reviewing this section of phase 1 "we think the core of this was addressed in the work that Leo Penne has done" in the backgrounder document. "We would propose to work with Leo and take his material and put it in #3. This way we get the highest and best use of the material that is already well underway." David added "what migrates to this document is good use of the material and helps us to stay on message."

Other bullets within part 3 may need some further refinement and language may need to be refreshed.

Summarizing, David noted that he and Steve Hewitt believe they can meet the goal with no external support needed, however, "the option should be alive if we find there is external support needed." If it is needed it would likely be in completing part 2 of this effort. "We may come back after the interviews, and identify and clarify where we need to get external support."

Discussion:

Nico Lindenau commented that the demand side for rolling stock can be found in APTA vehicle data and the Amtrak Fleet Plan. He noted that he was "preparing some numbers for that".

David thanked Nico for his comment and noted "we have asked about the Amtrak Fleet Plan process, and my sense is feedback is becoming strategic, but there will be a 3.1 update." He noted

"we would love to look at the APTA data as well."

Bill Bronte raised concerns about the supply side "how big does the market need to be to get interest from the suppliers?"

David replied that this question did come up about two years ago when Secretary LaHood held an industry meeting. David added, "we are hoping to avoid peaks and valleys – boom or bust..."

Bill Bronte continued "my interest is we can do one side, but if we do not have an industry willing to invest, why do we exist?"

David responded "we can try to suggest that there are market signals and do some assumptions" but "this is why we said we may need professional services – right now it's premature", but it may come to that.

David added that he believes Bill has identified the critical path - "if the NGEC is the place where you get signals from, what are the signals?" He noted that the Finance subcommittee is on the right track in proposing to launch an effort to look at "how do we pay for it?"

David concluded "let us do the interviews and kick the tires" and we'll come back to the SFTF.

Chad Edison commented that there was a PowerPoint on the US and international market at some previous meeting and the information may be helpful. David believed it was a presentation given in Jacksonville a few years back, and recalled that there was some concern expressed about lumping together commuter and passenger rail.

Chad noted it may be helpful to get a hold of that presentation and update it.

Steve Hewitt said he did not recall seeing the presentation, so it probably was not an NGEC meeting – especially if it was held in Jacksonville (since no NGEC meeting has been held there), but it could well have been an AASHTO SCORT meeting. Shayne Gill or Leo Penne would probably have the presentation – "we can check with them."

As the discussion came to a close, David summarized what he and Steve were proposing:

1. David and Steve will draft a high concept introduction.
2. David and Steve will suggest people and material for interviews.
3. David and Steve will work with Leo Penne on part 3.

Eric Curtit, SFTF chair agreed with the recommendation and said "go forth".

David said, "we will report back to the SFTF on subsequent calls."

Eric added that he will share with David and Steve what the contractor (on the first project) is doing so we can avoid duplication.

**Adjourn:**

With no other business to come before the task force today, the SFTF meeting was adjourned at approximately 3:10pm Eastern.

### Decisions and Action Items

SFTF members are asked to review the draft problem statement prepared by the contractor and Eric Curtit and Chad Edison and to provide any comments to Eric (cc to Steve Hewitt) prior to the next call. (January 28, 2013)

Eric Curtit will be working closely with the contractor, and expects to have substantial product ready for the SFTF review on the January 28, 2013 call.

Eric Curtit has informed the contractor that he wants a full revised schedule with a timeline going to the end of the project. The first priority, however is resolving the problem statement. The revised schedule will be done at a later date. It will remain as an open action item until completed.

For phase 1 of the implementation plan, it was agreed that the following initial actions would be taken: David Ewing and Steve Hewitt will:

1. Draft a high concept introduction, using existing material.
2. Suggest people and material for interviews.
3. Work with Leo Penne on part 3 of phase 1.

It was also agreed that David and Steve, after conducting interviews will inform the SFTF whether or not they believe external professional services may be required.

**Next call: January 28, 2013**

### ATTACHMENTS



**PRIIA NGEC S305 Structure and Finance Task Force (SFTF) Conf. Call Meeting**  
**January 14, 2013**  
**2:30 -3:30 pm Eastern**  
**866 299 7945 passcode 1601544#**  
**Agenda**

- |       |   |                          |
|-------|---|--------------------------|
| I.    | Welcome   | Eric Curtit              |
| II.   | Roll Call   | Steve Hewitt             |
| III.  | Approval of Minutes from December 17, 2012  | Eric Curtit              |
| IV.   | Review of Action Items  | Steve Hewitt             |
| V.    | Status Update: Section6/Fleet Deployment project                                    | Eric Curtit              |
|       | Review of revised outline and product   |                          |
|       | Status of PB revised schedule   |                          |
| VI.   | Beginning work on Phase 1 of developing an implementation plan for the NGEC future: | Eric Curtit              |
|       | a. Assessment of phase 1 – in-house vs. external identifying the gaps               | Steve Hewitt/David Ewing |
| VII.  | Discussion: Preparing an SFTF report for the NGEC Annual Meeting                    | Eric Curtit              |
| VIII. | Other:  | All                      |

**Next SFT conference call: January 28, 2013**