

# S305 Structure and Finance Task Force

MINUTES

APRIL 22, 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 also had Ron Pate's proxy for this call), Bill Bronte, Bill Auve, Kevin Kesler, Jeff Gordon, David Ewing, Nico Lindenau, Ashok Sundararajan, Larry Salci, Shayne Gill, Steve Hewitt</i>
<b>ABSENTEES</b>	<i>Tim Hoeffner, Chad Edison, Leo Penne, Vincent Brotski, Michael Burshtin, Ryan Swick, Ron Pate</i>

## DISCUSSION/DECISIONS MADE

1.

### Roll Call – Steve Hewitt:

Eric Curtit opened this conference call meeting of the SFTF and asked Steve Hewitt to take the roll of members in attendance. The roll call established the presence of a quorum.

2.

### Welcome – Eric Curtit:

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

3.

### Review of Action Items – Steve Hewitt:

SFTF members are again asked to review the draft problem statement and submit any comments.

Jeff Mann and his team are putting together a working concept to present to the members at the upcoming meeting, but a full timeline will be produced following that presentation.

The PB team is putting together a new format that will address the requirements of the RFP.

**Status: Agenda item IV will provide a general update on all of the action items related to the Section 6/deployment project. As has been reported by Eric Curtit in various electronic updates – many of the above actions have been completed and progress has been forthcoming, including a schedule, and the anticipation of a report on 50% of task 1 due by the end of April, 2013.**

Feedback is expected on phase 1 & the proposed action plan in the coming days. No decision has been made on external professional services. David and Steve will continue to report back on feedback.

**Status: Eric Curtit will provide feedback to Steve and David on their proposed action plan which calls for completing most, if not all, of the items listed under phase 1 of the SOW *without* the need for bringing in outside professional services support. Concerns were previously raised by the FRA in regard to certain aspects of the proposed action plan.**

**Note: An interview of Kevin Brubaker (in accordance with a part of the pending Phase 1 proposal) was conducted by Eric and David at the Annual meeting.**

**A brief update on the status of activities related to the context aspect of phase 1 of the SOW will be provided as agenda item #V.**

4.

### Approval of the Minutes from February 11, 2013 – Eric Curtit:

On a motion by Bill Bronte, Caltrans, and a second by Kevin Kesler, FRA, the minutes from the February 11, 2013 conference call of the SFTF were approved without objection.

5.

### Status Update: Section6/Fleet Deployment project - Eric Curtit:

Eric Curtit provided a brief update on the Section 6/fleet deployment project. He reported that he and Chad Edison, FRA, and the contractor have been meeting frequently by phone.

The contractor has been asked to complete 50% of task 1 and submit it to Eric by the end of April, 2013. The contractor was also asked to provide an outline of what would be included in the 50% of task 1 report. The outline was expected by the end of last week, but was not received. Eric has contacted the contractor and asked for it ASAP. Eric has also put in writing exactly what is expected from the contractor.

Once it has been received, the small team (Eric Curtit, Chad Edison, Nico Lindenau, Ashok Sundararajan) will review it to assess whether or not it is moving in the right direction to ensure that the product is "in line going forward".

In summary, Eric noted "we continue to plod along, but I am hopeful we will get back on track and I believe I have seen clues that we will."

Darrell Smith, Amtrak, asked "how sure do you feel that we will have something from the contractor by the end of April?"

Eric responded that he did not believe it would come in by the end of April. "I do have a contingency plan...but I kind of think that they are waking up...we've given them every chance" to perform.

Kevin Kesler, FRA, asked "do they (the contractor) have the wherewithal to do it...did they bite off more than they can chew?"

Eric responded "I smell that they are stretched."

Kevin emphasized that this is important work, "the Committee needs it, and the community needs it."

Eric agreed and emphasized that he has insisted on a timeline from the contractor and "read between the lines" there "was a reason I asked for the timeline".

Kevin asked about AASHTO's role and Eric's role in managing the contract in case there needs to be action taken. Steve Hewitt noted that AASHTO is the contracting agent, and Eric is the NGEN's project manager.

After some discussion, it was made clear that Eric approves the work, and is the one who decides whether or not an invoice is to be paid, and while he may not be the one to technically "pull the trigger" for termination of the contract, he is the one who will determine if it is not being complied with and inform AASHTO (and the SFTF) of that fact.

Kevin Kesler continued his line of thought by stating that he believes the "assignment was doable, but it is obviously not rolling out that way."

Darrell Smith asked if there were others who submitted proposals when the RFP originally went out and, if so, how similar were the proposals.

Eric replied that there were other proposals, and that "two were not even close" the contractor selected "was the closest".

Eric agreed it was a doable contract, but there were some variables such as the impacts of fleet deployment and 209 that add to the difficulty, and they may not know all the specifics, "but the contract was not way off."

Bill Bronte, Caltrans, commented "this is not rocket science...209 is a red herring, the costs are the costs. Putting the costs into a matrix for consideration is not rocket science." Bill continued "this should have been much simpler than it has turned out to be. We were asking for a reasonable starting point."

A general discussion ensued, with a number of scenarios used as examples of starting points, such as taking the highest and best use of the new equipment as a starting point, and integrating it with the 209 and 305 accounting and financing pieces.

Kevin Kesler noted that "rather than start with the final product, you start with the requirements...best use of the equipment would be one of the criteria... the document should, at the very least, define what would be a good plan, and what the characteristics would be."

Eric Curtit added "Bill Bronte's points are exactly where I am. The contractor has the ability, but not the resources." He then asked "between now and the next meeting (of the SFTF) give me time to do what I've been

asked to do, and I will do it”.

Kevin Kesler offered FRA assistance. Eric responded that FRA has already provided a great deal of assistance. Chad Edison and Eric talk weekly, and the FRA assisted in getting the contractor to bring on a new project manager.

**6.  
Status Update: Context Document – David Ewing:**

David Ewing reported on the efforts to complete phase 1 of the context document, and provided a summary of that effort and what has been determined.

He noted that “Interviews that we had originally proposed to conduct have proved to not be viable”. He continued, “With no interviews, and not having received existing material, we looked at demand for the service, and we looked at ridership, but were unable to get the data due to proprietary concerns”.

“What we did find is that it all suggests that demand is strong and will grow at a decent rate”. The supply industry has been “buying into” economic signals and is becoming revitalized. Some of “the reports we looked at included the Duke report for a national perspective, and the ELPC study for a regional perspective. We also looked at the 305 NGE’s experience with the industry” demonstrated by its active involvement in the activities of the Technical subcommittee.

David provided the following summary of key points and findings for inclusion in today’s minutes:

*“Equipment is critical in the overall “context” of the growth of intercity passenger rail.*

*The best approach to equipment is through service development planning based on state rail plans.*

*Demand for intercity passenger rail is measured by ridership or train miles increasing.*

*Forecasts call for ridership to increase even more as ARRA and FY 2010 USDOT THUD appropriations investments come on-line and demographics change.*

*We cannot measure future demand precisely because ridership data is proprietary information for both Amtrak and its competitors – intercity bus.*

*Ridership modeling is an art, not a science; numerous USDOT IG reports support this assumption.*

*The intercity passenger rail equipment manufacturing and supply industry is prepared to be responsive to market signals. We have several key pieces of evidence based on 305’s own experiences, which have been documented.*

*We cannot document the link between commuter equipment needs and the intercity passenger rail needs because the information has not been provided to us at this point.”*

*Interviews that we had originally proposed to conduct have proved to not be viable*

Having summarized these key points, David came to the following conclusion:

*“The context effort should be suspended until:*

- 1. The Finance subcommittee project on funding and financing is completed.*
- 2. The Executive Board Strategic Planning subgroup has refined the context’s scope.*
- 3. Completion of AASHTO’s next educational pieces. (building off of the Backgrounder)*
- 4. Release of the FRA PRIIA reauthorization proposal outlined in the President’s FY 2014 USDOT budget proposal.”*

At the conclusion of David’s report, it was generally agreed that the efforts to assess the context piece have reached a point where it is time to suspend for now, and that Eric Curtit, Steve Hewitt and David Ewing will talk further next week.

**7.  
Consideration: Proposal to reduce the SFTF conference call frequency – Eric Curtit:**

Eric Curtit proposed that, as the Executive Board has been looking at the possibility of eliminating some of the subcommittees or task forces or, at least, reducing the frequency of some of the scheduled conference calls, the SFTF should reduce its call frequency to once every four weeks rather than continue the bi-weekly schedule.

Steve Hewitt noted that this is consistent with what the Finance subcommittee and the Administrative task force has done. If something comes up that demands a call happen within the 4 week period, it is open for the chair to convene a meeting. The chair can also keep members updated through interim email updates as well.

It was agreed that the SFTF would change its conference call schedule to every 4<sup>th</sup> Monday at 2:30pm Eastern. Steve Hewitt will send a new appointment to all calendars reflecting this change. The next call will take place on May 20, 2103 and every 4 weeks thereafter.

**8.  
Other:**

With nothing further to come before the SFTF today, the April 22, 2013 conference call meeting was adjourned at approximately 3:15pm EDT.

**Decisions and Action Items**

The context effort assigned to David Ewing and Steve Hewitt will be suspended in anticipation of a number of upcoming activities that will provide additional information. David and Steve will have a follow-up call with Eric Curtit. (possibly next week – week of April 29, 2013)

The SFTF conference call schedule will be reduced in frequency from bi-weekly to once every 4 weeks. Steve Hewitt will send appointments to all SFTF member calendars.

Eric Curtit, Chad Edison, Nico Lindenau, and Ashok Sundararajan will review the outline from the contractor when received and the 50% task 1 report when it is received. On May 20, 2013 (the next SFTF call) these items will be discussed and/or actions necessary to correct the situation if they have not been received.

**Next call: May 20, 2013**

**ATTACHMENTS**



**PRIIA NGEC S305 Structure and Finance Task Force (SFTF) Conf. Call Meeting  
April 22, 2013  
2:30 - 3:30 pm Eastern  
866 299 7945 passcode 1601544#  
Agenda**

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| I.    | Welcome  | Eric Curtit  |
| II.   | Roll Call  | Steve Hewitt |
| III.  | Review of Action items   | Steve Hewitt |
| IV.   | Approval of Minutes from February 11, 2013                       | Eric Curtit  |
| V.    | Status Update: Section6/Fleet Deployment project                 | Eric Curtit  |
| VI.   | Status Update: Context document                                  | David Ewing  |
| VII.  | Consideration: Proposal to reduce SFTF conference call frequency | Eric Curtit  |
| VIII. | Other:   | All          |