

Meeting of the Southern Rail Commission

September 9, 2016

Anniston City Meeting Center

1615 Noble Street, Anniston AL

MINUTES

Attendance: Greg White, Knox Ross, John Spain, Steve Carter, Jerry Gehman, Larry Watts, Toby Bennington, Claire Austin, Kay Kell, Ashley Edwards, Jerome Wall, Shawn Wilson, Tommy Clark

By Phone: Angelia Mance

Commissioners Not in Attendance: Walt Leger (John has proxy), Blake Wilson, Jack Norris, Roy Woodruff, Patrick Sullivan

Others in Attendance: John Robert Smith, Dan Dealy, Rachel DiResto, John Robert Smith, Chance McNeely, Betsy Nelson, Dean Goodell, John Hamilton

- I. Call to Order by Chairman Greg White
- II. Roll Call by Chairman Greg White
- III. Prayer by Jerry Gehman, followed by the Pledge of Allegiance
- IV. Special Welcome to Mayor of Anniston, Vaughn Stewart who talked about how passenger rail will continue to spur economic growth in the City of Anniston which has become the premiere mountain bike location in the southeast. The city has enjoyed new public private partnerships, such as the Hotel Finial, building out its bike system which connects to the Amtrak station and connecting its assets.
- V. Special welcome to new Louisiana and Alabama Commissioners: Tommy Clark and Jerry Gehman

REGULAR BUSINESS:

- I. Approval of the minutes from the June 2, 2016 meeting – Motion to approve by Steve Carter, seconded by Jerry Gehman. Motion passes.
- II. Financial and Administrative Report-by Greg White
 - a. Financials – Commissioners reviewed June financial statements which reflect an operating fund balance of \$150K; typical operating expenses are within budget although the GCTP is the largest expense - \$84K
 - b. Discussion of audit – year ended 9/30/15 – the auditor had no findings, no outstanding issues, which resulted in an unqualified opinion from auditor. Send questions to Greg or Debbie – the audit will be approved at the next meeting.

- c. SRC received a proposal from the financial consultant for fiscal year 2016 to undertake standard audit, pricing is competitive -\$7500 - \$8500 cost. John Spain made a motion to approve and renew the proposal by the existing financial firm (Alexander, Van Loon, Sloan, Levens & Favre, PLLC) to conduct the audit, Toby Bennington seconded. Motion carries.
- d. Steve Carter asked if the SRC has board & officers insurance for commissioners— need to discuss further.
- e. SRC Commissioners should ask their appointing authority if they are covered; may eliminate need for extra costs.

OLD BUSINESS:

- I. Report On Executive Committee activities (White, Ross & Spain)
 - a. Update on Gulf Coast Working Group (GCWG) and related expenses
 - i. GCWG work got underway with the first meeting in New Orleans on the day before the inspection train tour with Administrator Feinberg. To date, GCWG has met in all states, culminating in Jacksonville FL.
 - ii. CSX presented a proposal for what would be required to upgrade route to share with passenger rail – the excessive costs presented were equal to total budget of CSX for one year.
 - iii. SRC is working with partners in Congress to determine options for proceeding.
 - iv. GCWG submitted a summary report to Congress signed by FRA that summarizes the status of where we are and progress to date. The final report will most likely be issued in December, which will allow us to evaluate next steps. It will include the station area improvements report by Amtrak for the minimum requirements to receive a train, which will be helpful in detailing what each city needs to do to upgrade stations.
 - v. The biggest problem is that FRA hired consultants to prepare the report, and SRC commissioners ended up doing the work without getting reimbursed for efforts or travel.
 - vi. SRC is making case to receive reimbursement next year from FY2017 FRA funds. Administrator Feinberg agreed to reimbursement in recent meeting.
 - vii. GCWG will submit more detail before end of year – will need to have one more meeting, most likely in New Orleans.
 - viii. Meanwhile FRA/SRC are having ongoing conversations with Amtrak – the Coast Guard may become involved to manage bridges along route, making progress but significant issues to resolve.
 - ix. Expenses should be decreasing, but we will have to build new relationships with new administration will come in 2017 since we don't want report to sit on shelf.
 - x. Partners have consistently been at the table at every meeting – process has been a very positive experience and accomplished a lot in a short time.

- xi. Freight Railroads are going through changes/industrial growth, many factors that need to be worked through; needs to be a win for them too.
 - xii. FRA administrator has agreed to co-host a meeting with Governors of LA, MS, AL, FL. Partners who have oversight believe we can resolve issues in a beneficial way to everyone.
 - xiii. In 1992, \$13.1 m (\$10m for stations) was spent between four states to get train running and upgrade the tracks.
 - xiv. SRC has discussed starting state supported service first - \$4.5m cost split between 3 states, with possible private interests to supplement. Almost half of first year's need has been verbally committed.
 - xv. Local mayors are supportive – since they want to connect to new overseas flights at Louis Armstrong Airport.
 - xvi. There is precedent for these partnership in VA & IN where states have entered into agreements with private sector and operating revenue is now cash flow positive and showing profits.
 - xvii. Also a new program in the FAST Act includes federal funding for operations support for 3 years – operating support at 100%, then diminishes each year.
 - xviii. Amtrak typically wants five-year commitment – for equipment/ crews, etc.
 - xix. Potential federal/state/private sources for the \$4m gap – could start train in a year with operation support committed.
 - xx. Greg thanked Dan, Ashley, John, Knox and Jerry for work on GCWG
- b. Update of meeting with Governors and FRA Administrator
 - i. For the gulf coast passenger rail line, the PTC/siding costs are principally in Florida. Although Senator Nelson is supportive, FL has not stepped forward yet. We need to have FL step up in a real way.
 - ii. As we work through this with CSX as partner, we will be a customer of theirs so it has to work well for them too.
 - c. Update on Birmingham to Mobile Study
 - i. Nothing to report – Robert Smith in Montgomery says study is underway.
 - d. Update on Station Planning Grants and meeting with the FRA
 - i. The FRA is at end of the grant approval process and working through questions. The grant announcements will come soon hopefully by Congress and FRA.
 - ii. Toby gave thanks to Executive Committee for providing an opportunity for Anniston to apply for these funds. City decided to extend the platform and worked with Norfolk Southern.
 - iii. Given that there are 13 subgrants by SRC, an Administrator will be needed to oversee the process – Exec Comm suggests that T4 will do this; for compliance and accountability.
 - iv. FRA is approving a list of projects submitted by SRC according to criteria and will make a lump sum award to SRC who must ensure cities follow federal

guidelines over the next two years. SRC has responsibility to hold cities accountable.

- v. Claire suggested that the funding could go to DOTDs, or SRC can write checks directly to cities.
- vi. Other commissioners stated that federal grants have guidelines that will require extensive compliance and oversight – OMB circulars must be followed.
- vii. The administrative cost was built into the budget submitted to FRA and is less than 5% of overall budget. There is benefit to having an independent manager overseeing multiple projects in multiple states; and we don't want inconsistencies. There is always a cost to administering funds, but needs to be quick, efficient, and not overly burdensome.

NEW BUSINESS:

I. Expressions of Support

- a. Mayor John Hamilton, City Administrator with the City of Huntsville, Alabama expressed support for passenger rail that eventually connects north/south routes. The Huntsville metro area is growing rapidly, and will be the largest city in AL. Huntsville growth will be inside city because of annexations; cargo and freight has grown. He is here to learn about SRC.
- b. Max Townson, of Cullman, AL – had expressed interest in joining the meeting but was unable to attend.

II. I-20 Corridor Update – Exec Comm has had initial conversations about conducting an inspection train from Dallas to Meridian on the KCS and Norfolk Southern lines; this route can be profitable, and no subsidy is needed although there are some capital improvements needed.

- a. Hope to do this by the end of the year – still issues to resolve; TX leaders who are very supportive.
- b. Tommy Clark has worked in freight business – there is the opportunity to use his experience to make progress.

III. Update on meeting with Talgo Trains

- a. Based in Spain, Talgo is a manufacturer of high speed rail cars. They built two train sets for Wisconsin, assembled in Milwaukee. The Governor changed and new leader opposed rail and cancelled contract. The state pursued a lawsuit, but the trainsets are now for sale at a huge discount - \$30 m price
- b. These are the newest series trainsets, not locomotives; they have a generator in the cab
- c. Purchasing these are a good economic development since there would be interest by Talgo to move manufacture/maintenance factory to location with trainsets which could be a job creator
- d. Talgo and Amtrak have good relationship; Talgo wants a relationship with SRC
- e. Cash flow can be amortized over time

- IV. Update on invitation to Georgia to join SRC –
 - a. JRS has extended the invitation working with the GA Municipal Association. T4 sent a formal letter for GMA to take to Governor
- V. Discussion of Florida invitation – former Mayor Marks and State Rep Doug Broxson have expressed interest in FL joining; SRC will pursue this.
- VI. TX - need to re-extend the invitation
- VII. State Reports
 - a. Louisiana
 - i. Update on BR-NO Rail project
 - 1. State received FAST Lane grant – will invest \$30m in improving rail corridor between BR/NO by upgrading crossings and improving grade separations. These improvements help to reduce liability; will be augmented with state rail safety funds.
 - 2. A portion will also be used to conduct a capacity study on the Bonne Carre spillway; state will work with KCS to invest in this initiative
 - 3. The importance of rail was discussed with the Governor Task Force on Transportation; there will have to be a source for rail in the funding package
 - 4. With the new commitment from DOTD, this is the best opportunity LA has ever had to advance the project. DOTD is working with LED too.
 - ii. Nomination of SRC Representative to Louisiana Super Region Rail Authority – Greg nominated John Spain to serve on the LA Super Region Rail Authority (replacing former SRC Commissioner Michael Jackson), Shawn seconded. Motion carries.
 - b. Alabama
 - i. Meeting with Governor Bentley – Jerry Gehman
 - 1. During a recent meeting, the governor wanted to discuss fees paid and said he will find funds to pay current year – next year he will add as a line-item. Senator Marsh will pursue consistent funding; need to get mayors to call state leaders; nurture economic development leaders; service can help rural communities.
 - c. Mississippi
 - i. MS/AL APA Forum, Biloxi, Mississippi on September 15th
 - 1. SRC will present to MS/AL APA forum
 - 2. Knox reported that SRC has good relationships with Governor and DOTD; Mayors – excitement and commitment is still high; Senator Cochran has been working on releasing earmark funds.
- VIII. Communications and Media Update-CPEX
 - a. Southern Rail Commission I.D. Card issued to commissioners

- b. CPEX has kept website current, facilitated press: 20 articles featuring SRC directly, Facebook is seeing growth in followers; brochures and letterhead updated; creates visibility and standing for our efforts

IX. Report from T4A – John Robert Smith

- a. Executive session – will take action on pending litigation
- b. Following the Executive Session, John Spain made a motion to authorize T4 to engage law firm to express SRC’s views with STB regarding on-time performance, sign retainer agreement. Toby seconded. Motion carries

SUMMARY AND SCHEDULE OF UPCOMING MEETINGS:

- December 9, 2016 Mississippi – Bay St. Louis at BSL Community Center in Downtown
- March 3, 2017 Louisiana
- June 9, 2017 Alabama

ADJOURNMENT at 11:15am