

Minutes

**Rail Advisory Board Meeting
Discovery Room
Science Museum of Virginia
2500 W. Broad St.
Richmond, VA**

June 6, 2006

Members present:

Sharon Bulova, Chair
Richard L. Beadles
Dwight L. Farmer
Peter J. Shutz

Trenton Crewe
Wiley F. Mitchell, Jr.
Hunter R. Watson

Members absent:

Jack Quinn

David A. Brown

The meeting was called to order at 10:10 a.m. by Sharon Bulova, chair.

Adoption of Meeting Agenda

A motion to accept the agenda of the June 6, 2006 meeting was made by Trenton Crewe, seconded by Wiley Mitchell and was unanimously approved by the Rail Advisory Board members.

Adoption of Minutes

A motion to accept the minutes of the March 9, 2006 meeting was made by Trenton Crewe, and seconded by Peter Shutz and was unanimously approved by the RAB members.

Before proceeding to the Member Disclosure section, Chairman Bulova recognized Deputy Secretary of Transportation, Scott Kasprowicz. She also announced that Matthew O. Tucker has been offered and has accepted the position of Director for DRPT. Ms. Bulova asked Secretary Pierce Homer to provide more information on Mr. Tucker. Secretary Homer gave the Board a brief synopsis of Mr. Tucker's career. Mr. Tucker will begin work in early July and will be at the next Board meeting.

Chairman Bulova also announced the resignation of David A. Brown from his position with Norfolk Southern and his position on the Rail Advisory Board. Mr.

Brown has accepted a position with CSX in Jacksonville, Florida. A replacement for his appointment is expected in the near future.

RAB Member Disclosure/Conflict of Interest

Chairman Bulova began by reminding the Board members that the new legislation exempting Board members from this disclosure requirement takes effect July 1, 2006.

Mr. Mitchell indicated that he is retired from NS, has more than \$10,000 in common stock, and that he and his partners provide legal services to NS and other Class I railroads. Dick Beadles said that he is a CSX retiree who receives more than \$10,000 in retirement payments and stock interest in CSX and NS, but has no conflicts. Mr. Crewe indicated that he has no conflicts. Corey Hill, Acting Director of DRPT, stated he has no conflicts. Ms. Bulova indicated that she is a member of the Fairfax County Board of Supervisors, appointed to the Board of NVTC and the VRE Operations Board but has no conflict because she receives no compensation or salary. Hunter Watson indicated that he has no conflicts. Dwight Farmer stated he has no conflicts. Mr. Shutz said that he is a CSX officer and receives more than \$10,000 in compensation, but is able to be objective in his Board actions.

Public Comments:

There were no public comments received by e-mail.

Viktoria Badger, City of Richmond; Nancy Finch, Virginians for High Speed Rail; and Barbara Hartley, Trans Dominion Express signed up for public comment during the meeting.

Ms. Badger addressed the need to keep Main Street Station in the planning process and asked that, as the Board worked through its strategic plan, the movement of people and passenger rail service, especially on the D.C. to Richmond corridor be emphasized. The City of Richmond is interested in the Rail Enhancement Fund, but like other local governments, finds the 30% match difficult to handle. Mr. Mitchell asked for clarification on time reduction from Staples Mill to Main Street. Ms. Badger said the time is currently about 20 minutes but the completion of a turning yard at the Brown Yard facility should reduce this as well as allow more originating trains at Main Street, totaling up to 38 trains daily, up from the current four weekday and five weekend trains. Upon the request of Mr. Mitchell, Ms. Badger will provide copies of the sketches and study information to the Rail Advisory Board in the next few weeks.

Nancy Finch reported to the Board on the activities of Virginians for High Speed Rail and introduced Lois Walker, the new president of VHSR. A letter from a VCU professor about the PBS interview by Barbara Berlin has been received by VHSR. This letter mentioned the need for passenger rail to be reliable.

Chairman Bulova requested that Barbara Hartley wait to speak so that Secretary Homer could make his presentation, since he had to leave shortly for another meeting.

Legislative Update – Sec. Pierce Homer

Secretary Homer congratulated the Board on its upcoming one year anniversary. Three federal issues were brought forward. The Heartland Corridor has received federal designation and an agreement has been reached with the Federal Highway Administration. The Median Rail Project has also been recognized in the recently passed federal legislation. Finally, Secretary Homer stated that he has submitted a letter to House Transportation and Infrastructure Committee staff requesting additional funding to improve passenger rail service in the I-91 Corridor.

Secretary Homer reminded the Board that there is currently no State Budget. In the proposed budget are matches for the Heartland Corridor, 164 Median Rail Project, ongoing appropriations for the Rail Enhancement Fund as well as specific project designations. Federal dollars are also delayed by the hold-up on state funds.

Additionally, HB1581 does provide for a freight diversion study in the Interstate 81 corridor. There have been several studies of that nature. This bill is a more detailed mandate, but is not currently funded. The Trans Dominion Express legislation is also tied up in the Budget negotiations.

Briefing on the Commonwealth Rail Line Median Project – Sec. Pierce Homer

Secretary Homer stated that action is needed on the Median Rail Project. He presented a timeline of the Virginia Port expansion and the pressing need to implement the Median Rail Project as soon as possible. In the absence of rail diversions, all the freight coming into the new facilities will be going onto the current roadways. He presented the impacts of this growth on the communities in the area and stated that this rail project is important to the communities and the growth of intermodal movement at the Port.

Secretary Homer stated that a revised application for Rail Enhancement Funds from Commonwealth Railway has been received for Phase 1 of the project (environmental review and preliminary engineering). He requested that the RAB

recommend to the CTB that REF funds be allocated to Phase 1 in accordance with the application. He stated that following action by the RAB, the Commonwealth Transportation Board (CTB) would be asked to approve the project at their June meeting. Phase 1 could then begin in July 2006.

The Secretary had to leave and indicated that he could return later to continue the conversation.

Mr. Mitchell and Mr. Beadles requested the Secretary return for a longer and more in-depth discussion. Chairman Bulova went over the rest of the schedule and suggested a further discussion after lunch. She noted that there were several representatives of organizations in the audience that have an interest in the Median Rail Project and she asked them to introduce themselves.

Public Comments (continued):

Barbara Hartley updated the Board on the status of TDX. They are pursuing grant funding for a full-time Executive Director and the purchase of five railcars from VRE so they can move forward with the TDX demonstration project.

Status of the Rail Enhancement Fund – Steve Pittard, CFO for DRPT

Mr. Pittard updated the Board on current funds, expected income and allocations. Mr. Mitchell asked for a clarification of the income source. Mr. Pittard explained that the state share of the 4% rental automobile tax is split with 75% for the Rail Enhancement Fund (REF) and 25% for the Transportation Trust Fund. The Department of Taxation has reported the amount of funds in the REF is tracking about \$1M over the expectation. Mr. Pittard stated he will provide another update at the Board's next meeting that will reflect the latest revenue estimates.

Mr. Beadles asked if any of the twelve projects approved by the CTB in December 2005 would be returning funds to the REF. Mr. Hill stated that discussions are underway with the City of Richmond on changing conditions of the TDX turnaround to serve Main Street Station. However, there had been no discussions on returning the funds. Mr. Hill said that he expected DRPT to return to the Board with a recommendation in the near future.

Mr. Mitchell asked if there are additional funds available under budget proposals in the House and/or Senate for the REF. Mr. Pittard stated that both the House and the Senate had proposals, however, he could not say if the proposals were going to pass. Mr. Beadles asked if these were funds or earmarks. Mr. Pittard stated that the proposals include both earmarks for specific projects and additional funds for the REF overall.

Discussion of Next Steps for the Rail Advisory Board

Chairman Bulova stated that a more pro-active approach to funding projects is being pursued, following the last cycle of applications. A better understanding of rail issues is needed, however, to address choke points and problem areas for rail in Virginia. She stated that this is not to replace the process used last year, but will provide additional consideration for priorities that might not be included in projects proposed by the rail companies and rail stakeholders. Chairman Bulova noted that Dick Beadles and Dwight Farmer have been meeting with DRPT in their role as members of the rail action plan subcommittee, and while there were no specific proposals raised, there were several strategies that had been discussed.

Both subcommittee members and Chairman Bulova gave reports on their discussions and potential strategic approaches for improving the process for funding strategic projects through the Rail Enhancement Fund.

Mr. Hill gave a summary of the current rail studies underway and their timetables. The approaches and interactions of these studies were discussed. Several members brought up the need to expand the use of current resources such as the Transportation Research Council in Charlottesville.

Discussion of HB1581 and how the study should progress took place between Mr. Hill and the Board. Mr. Hill noted that the Secretary of Transportation would decide on the approach to HB1581.

Discussion of the Application Period for November 2006

Mr. Hill stated that the Median Rail Project was a Tier II project due to a lack of funding. It was not an entirely new proposal to the Board. Mr. Hill said that there would still be additional funding available for this year's application period. He stated that it is important for the Board to give applicants an idea of what the package will look like for the fall process.

Further discussion ensued about the possibility of the General Assembly allocating funding for the Median Rail Project and the potential wording of the agreement to pay back the REF if General Assembly funding is made available.

Mr. Hill stated that the fall application process could allocate funding out to the 2009-10 Fiscal Year for projects identified by the Board.

Action on the Route 164 Median Rail Relocation Project

Before presenting his motion on the project, Mr. Mitchell asked the Secretary about requesting funding from the General Assembly instead of the REF. Secretary Homer said that he would be willing to look into the possibility of other funding sources.

Mr. Mitchell made the following motion – “With the understanding we have reached today with the Secretary of Transportation, the Rail Advisory Board approves the designation of \$3.36 million which remain from the Fiscal Year 2007 Rail Enhancement Fund for the funding of the Commonwealth Railway Median Rail Project”. Chairman Bulova stated that inherently in this recommendation, the RAB hopes to be reimbursed. Mr. Shutz seconded the motion.

In discussion after the motion, Mr. Beadles reminded the Secretary that there were other projects in Virginia for which there could be made as compelling a case, such as the Town of Ashland on the Washington-Richmond corridor. The challenge is to get in place a strategy for more than ‘fighting fires’.

Mr. Crewe reminded the Board that the funding already took up 78% of next year’s allocations. He is concerned that there has been a heavier emphasis on freight rail than passenger rail. He stated that it appears that the Board is being asked to bail out the legislature for its failure to enact a budget. This is a problem that needs to be fixed, not by the Board, but by the legislature.

The motion passed, 6 yea, 1 nay with Mr. Crewe dissenting.

Agreement on Agenda for Next Meeting (July 13, 2006)

Chairman Bulova suggested the following items for the July meeting of the Rail Advisory Board:

1. Existing Studies. Begin a review of what the existing studies are and how they relate to what the RAB is doing. The Board would like briefings on the studies with the materials distributed in advance - enough time for the Board members to read and digest, and prepare any questions they might have. They would also like a special focus on HB1581 with a NS presentation on needs identified in the bill requesting the study.

2. Information from rail and transportation services on choke points and problem areas. The RAB would like to hear from freight railroads, second tier railroads, passenger (Amtrak and VRE) rail providers, and planning organizations that deal

with highways. Problem areas and chokepoints identified by NS, CSX, Amtrak and VRE need to be presented.

3. Next Application Period. DRPT will provide at the July meeting – an update on available funding for the next application period.

4. Mapping Project. Mr. Beadles requested an update on the mapping project. DRPT will provide an update.

The meeting was adjourned at 1:21pm.