

LONE STAR RAIL DISTRICT

Board Meeting Summary

Friday, June 3, 2011

10:00 a.m.

San Marcos Activity

501 E. Hopkins

San Marcos, Texas

1. Call to Order

Notice was duly posted and a meeting of the Lone Star Rail District Board was held on Friday, June 3, 2011. Board Vice Chairman Tullos Wells noted a quorum was present and called the meeting to order at 10:14 a.m.

Participants:

Tullos Wells, Vice Chairman
Gloria Arriaga
Hal Baldwin
Mary Briseño
Mariano Camarillo
John Clamp

Sheryl Cole
Will Conley
Patty Eason
Sarah Eckhardt
Karen Huber

Debbie Ingalsbe
John Langmore
Kim Porterfield
Carroll Schubert
Mike Ybarra

Other participants included Ross Milloy, Joe Black and Alison Schulze (Rail District), Bill Bingham (Rail District General Counsel), Bill Glavin (TxDOT), Lisa Loftus-Otway (Center for Transportation Research), and Brad Davis and Darwin Desen (Jacobs Engineering).

2. Chairman and Member Comments

Vice Chairman Wells welcomed Board members and announced Chairman Covington is out of the State. Mayor Hal Baldwin introduced John Kessel, new City Manager for the City of Schertz. Board Member Mary Briseño alerted members of the Public Information Committee that the Committee would meet in the next few months to brainstorm on media outreach and communications needs of Rail District members.

Vice Chairman Wells thanked two outgoing Board members for their continuous efforts on behalf of the Rail District. Mr. Wells presented certificates of appreciation to Councilmember John Clamp, City of San Antonio representative, and to Gloria Arriaga, Alamo Regional Transit representative and former AACOG Executive Director. Both members brought enormous value to the Board, and the Rail District owes them a great debt of gratitude for their service, support, and active participation.

3. Items for Consent

A. Consider Approval of March 4 Board Meeting Summary

B. Consider Approval of Financial Statement

Vice Chairman Wells noted the consent items would be considered for approval by one motion, and either item could be removed from the consent agenda upon request. There was no discussion. Upon a motion by Councilmember Patty Eason and second by Councilmember Sheryl Cole, the Board unanimously approved the consent agenda items.

4. **Committee Report: Executive Committee Meeting May 6, 2011**

Vice Chairman Tullos Wells directed the Board's attention to the meeting summary included in the agenda packet and briefly reviewed the items discussed at the Executive Committee meeting:

- The Committee approved an amendment to add \$100,000 to McGinnis Lochridge & Kilgore's contract for freight rail negotiation services for upcoming critical work on federal regulatory issues and funding agreements.
- The Committee approved hiring Clif Davis on a 6-month personal services contract for project management services. The contract will be executed upon TxDOT's approval.
- Jacobs Engineering reported on freight planning studies as well as environmental and engineering issues on the passenger rail project. Jacobs will present the issues to the Board under Agenda Items 11 and 12.
- Bill Glavin, Director of TxDOT's Rail Division, briefed the Committee on the Rail Division's recent activities. Mr. Glavin will present an update to Board under Agenda Item 14.
- Ross Milloy and Bill Bingham reported on state and federal legislative issues, and will present the issues under Agenda item 15.

5. **Consider Executive Director's Report**

Ross Milloy briefed the Board on key issues, milestones, and recent accomplishments.

- Freight relocation is driving the schedule for the entire project. The Rail District is substantially further along in developing the passenger rail project than the freight bypass, and efforts are underway to move forward on the bypass so that the two projects are in sync. Rail District staff and consultants had a very positive and productive meeting with Union Pacific in Omaha in late May to review the alternative alignments for the freight bypass. Consensus on preferred alignments is expected by the end of the year, and the bypass project should be ready to enter the federal environmental approval process in early 2012. The challenge will be to find funding for the environmental (\$12 million) and preliminary engineering (\$6 million) work required on the bypass. Staff is working to identify possible funding sources.
- Restructuring of Jacobs' passenger rail project team is working well—communication has improved, as has team coordination.
- The lead agency issue for the passenger rail effort is solidifying. Work continues on the environmental impact statement (EIS) and much of the base work is nearing completion. The Rail District continues to work with Federal Highway Administration (FHWA) and Federal Railroad Administration (FRA) to establish oversight of the EIS process. Bill Glavin, Director of TxDOT's Rail Division, has been extremely helpful in the agency coordination effort.
- Vice Chairman Wells and Mr. Milloy will be meeting with potential private sector partners this summer. In late May Mr. Wells and Mr. Milloy met with the Ansaldo Group. Mr. Milloy noted interest in the Lone Star project is growing among large infrastructure companies. Vice Chairman Wells praised Mr. Milloy's presentation at the Ansaldo meeting.
- Board Chairman Covington led a presentation to Comal County Commissioner's Court in late April to invite the County to join the Rail District. The presentation was very well received. Mr. Milloy thanked Councilmember Mike Ybarra for participating in the presentation.
- Lone Star Rail District was featured in two articles in industry publications—one in *Progressive Railroad* and another in *Mass Transit*—which raise the Rail District's profile and increase its visibility in the industry.

6. **Consider and Take Appropriate Action on Election of Board Officers**

Vice Chairman Wells introduced the item and urged Board members to consider waiving the term limit for Board Chairman in order to reelect Sid Covington to another term. Chairman Covington is

very successful in his hard work on behalf of the Rail District as Board Chair. He works nearly full time as Chairman and is one of the Rail District's most valuable assets. Vice Chairman Wells then turned the item over to Bill Bingham, Rail District General Counsel.

Mr. Bingham stated the Board would consider four actions: 1) whether to waive the term limit for the Board Chairman, which requires a resolution passed by two-thirds (14 members) of the Board, 2) election of a Chairman, 3) election of a Vice Chairman, and 4) a decision on the positions of Secretary and Treasurer, which haven't been filled in the past since there are almost no duties required at this time.

Board Member Carroll Schubert noted that Chairman Covington and Vice Chairman Wells make a great team and both devote an incredible amount of time to Rail District business. The Board has been very fortunate to have their leadership, and the next two years will be crucial for the Rail District's projects. Mr. Schubert stated he has no doubts about waiving the term limit or about their abilities to lead the Rail District for the next two years.

Upon a motion by Councilmember Sheryl Cole and second by Mayor Hal Baldwin, the Board voted unanimously to waive the term limit for Board Chairman Covington. Mr. Bingham noted that two-thirds of the Board approved the motion. Upon a motion by Councilmember Cole and second by Commissioner Karen Huber, the Board voted unanimously to reelect Sid Covington Chairman of the Board of Directors. Upon a motion by Councilmember Cole and second by Board Member Mary Briseño, the Board voted unanimously to reelect Tullos Wells Vice Chairman of the Board of Directors. Upon a motion by Councilmember Cole and second by Board Member Gloria Arriaga, the Board voted unanimously to leave the positions of Secretary and Treasurer vacant at this time.

7. Consider and Take Appropriate Action on Selection of Consultant Team for Local Government and Stakeholder Engagement Services

Joe Black reported the Rail District received 5 statements of qualifications from highly qualified teams in response to the request for qualifications (RFQ) for stakeholder engagement services in the freight bypass corridor. The RFQ Evaluation Committee met on April 21 to review, discuss and rank the proposals. The recommendation of the Evaluation Committee is that the Board select the Hahn, Texas team for local government and stakeholder engagement services, and authorize staff and the Board Vice Chair or the Executive Director to negotiate and execute the contract.

Board discussion followed on the procurement process, project deliverables, and value of the contract. Mr. Black noted the cost of the contract would be \$400,000-500,000, and the contract duration would be 24-36 months so that the stakeholder engagement team will still be under contract when the Rail District begins public involvement activities associated with the federal environmental approval process.

Upon a motion by Councilmember John Clamp and second by Board Member Gloria Arriaga, the Board unanimously approved the Evaluation Committee recommendation. Commissioner Sarah Eckhardt abstained.

8. Consider Report by Center for Transportation Research on Rail Corridor Preservation

Lisa Loftus-Otway, Research Associate with the Center for Transportation Research at the University of Texas-Austin, presented the findings of CTR's research on protecting and preserving freight rail corridors. Ms. Loftus-Otway noted that freight growth has increased tremendously in the last 20 years as have transit needs and requests for shared use of existing freight corridors. An efficient freight system is essential to the economy, but population growth creates increasing

competition for the land resources underlying the freight network. Preventing or resolving conflicts between freight operations and other land uses is a key component of preserving freight facilities and corridors.

Ms. Loftus-Otway described and illustrated commonplace conflicts that lead to nuisance, safety or health concerns. She also presented corridor preservation strategies for property acquisition, planning and regulations, collaborative approaches, and mitigation measures. Additional information on CTR's research can be found at www.envisionfreight.com. The website and guide are intended to facilitate rail corridor preservation. Board discussion followed.

9. Consider Report on Results of I-35 Corridor Survey on Transportation Attitudes

Ross Milloy presented the findings of a survey on transportation attitudes of residents in the I-35 corridor. The purpose of the survey, which was conducted for TxDOT's My-35 project, was to assess public attitudes toward transportation spending and various transportation modes. The results show:

- 71% of residents were very willing or somewhat willing to spend tax dollars on building new roads and highways
- 74% of residents were very willing or somewhat willing to spend tax dollars on building high speed rail lines between cities
- 78% of residents were very willing or somewhat willing to support additional resources being spent to expand passenger rail service between cities

The results were further broken out by four geographic segments. Mr. Milloy concluded that the Dallas area, which has an extensive passenger rail network, wants more rail—both new rail corridors and extensions of existing rail systems. Cities that don't have rail and are less familiar with rail transit are less supportive. The more you have rail, the more you want rail.

10. Consider Report on Overview of Passenger and Freight Rail Issues by Brad Davis, Jacobs Engineering Project Director

Brad Davis reported on the two projects being conducted by Jacobs: passenger rail environmental impact statement (EIS) and freight relocation route alternatives. The passenger rail EIS has been underway for over a year and the team is making good progress, but some tasks are now stalled because the project does not yet have a lead federal agency. Mr. Davis said he was pleased to hear the recent progress the Rail District has made on the lead agency issue, and the passenger rail team is prepared and ready to support the Rail District in its meetings with FHWA and FRA.

On the freight relocation project, the project team is making significant progress in advancing the alternatives alignment analysis and getting Union Pacific's buy-in on the evaluation process and potential routes. The meeting with UP in Omaha on May 25 was very successful and the corridor alignments were well received. The Quantm modeling tool has significantly reduced the time and cost traditionally required to identify alignments. Jacobs developed and evaluated 200 alignment alternatives in 60 days; 10 corridor alignments were presented to UP, and 5 corridors were identified for more detailed analysis. Jacobs staff will provide additional details on both projects under the next two agenda items.

Vice Chairman Wells commended Jacobs, and particularly Darwin Desen and his team, for the terrific work done on the alternatives analysis. The Rail District received numerous positive reports on Jacobs' presentation to UP in Omaha.

11. Consider and Take Appropriate Action on Freight Planning Issues and Freight Rail Studies

Bill Bingham reiterated that the meeting with Union Pacific was very successful. He reminded the Board that the Rail District project includes two major components: building a passenger rail system, but also relocating UP's through freight to free up capacity on the existing line for intercity passenger service. UP has become very cooperative and supportive of the project as demonstrated by the high level of upper management staff that attended the May meeting in Omaha. UP was very enthusiastic about the alternatives analysis and very complimentary of Jacobs' work.

The freight bypass route will be on new location from Taylor to Seguin; in Seguin the bypass will connect to UP's existing line. The existing rail line between Seguin and south San Antonio will require some track improvements to accept the additional freight traffic. Jacobs has prepared preliminary plans for the improvements and track connections in Bexar County and UP is studying the solutions.

Jacobs is also studying existing rail lines in San Antonio between downtown and the planned passenger rail stations at Port San Antonio and City South. UP's tracks in that area are highly congested and a route for passenger service south of downtown hasn't been identified yet. Several potential solutions have been identified and are being evaluated.

Union Pacific is supplying the real estate documents and deeds on the existing line. The Rail District needs to evaluate and understand the documents before it gets the title to the line prior to starting passenger service.

Finally, the Rail District has retained counsel in Washington, DC who has experience with the Surface Transportation Board (STB) and Federal Railroad Administration (FRA) to assist with federal regulatory issues.

12. Consider and Take Appropriate Action on Environmental and Engineering Issues on Passenger Rail Project

Joe Black reported the passenger rail project is at the point that requires policy decisions to move forward with operations planning. Issues such as platform access, ADA, fare collection, service levels, etc. will be presented to a standing Committee for discussion along with staff recommendations on each issue. Staff recommends the Board designate the Executive Committee as the forum for discussion of LSTAR operations policy during the project's planning phase. The Board concurred.

13. Consider Report on Central Texas Regional Transit System Plan

In the interest of time Vice Chairman Wells postponed item 13 to a future meeting.

14. Consider Status Report by TxDOT Rail Division

Bill Glavin, Director of TxDOT's Rail Division, briefed the Board on TxDOT's recent activities:

- The Rail Division is progressing the \$5.6 million grant from FRA for the corridor study from Oklahoma City to South Texas. FRA is reviewing the statement of work.
- Tower 55 in the Dallas-Fort Worth metroplex is moving forward. TxDOT's request for an environmental Categorical Exclusion has been approved. FRA is reviewing the statement of work.

- In April TxDOT was also awarded \$15 million by FRA to pursue preliminary engineering and an environmental impact statement for the Dallas/Fort Worth-Houston rail study. This project may move faster than the others since there is no Class 1 carrier involved.
- TxDOT met with FRA in late May on several issues, including the lead agency issue for Lone Star Rail's environmental process on the passenger rail initiative. In the July 20, 2010 letter from FRA to the Rail District, FRA identified 4 criteria to be accomplished before FRA would commit to serve as lead agency. Mr. Glavin assured FRA the 4 conditions have been met, and asked FRA to consider either committing to serve as lead agency or releasing the Rail District so it could pursue FHWA as lead agency. FRA staff asked TxDOT to write a letter to that effect and seemed amenable to serving as a cooperating agency rather than lead agency. The letter has been drafted and is being circulated for review and comments. FHWA has indicated to TxDOT they will not commit to serve as lead agency until FRA has relinquished their position.

Vice Chairman Wells noted the lead agency issue has been unresolved for too long, and the Rail District owes Bill Glavin a debt of gratitude for his help and courtesy in dealing with the federal agencies. Mr. Glavin has been a great partner throughout the process and it looks like the issue may be decided soon. Board discussion followed.

15. Consider Report on Texas Rail Relocation & Improvement Fund, 2011 Legislative Session, Legislative Issues,

Ross Milloy briefed the Board on State legislative issues:

- The Rail District bill passed and is on its way to the Governor for signature. The bill removed the 30% cap on TIF revenues.
- The Rail District was able to preserve the \$8.7 million State appropriation allocated in 2009; the appropriation will be carried over to the next biennium.
- \$50 million (\$25 million in each year of the biennium) was added to the Rail Relocation & Improvement Fund to be used as matching funds for federal dollars on freight rail relocation projects.

Vice Chairman Wells commended Mr. Milloy, Bill Bingham, and the legislative team for their good work. Mr. Milloy noted that TxDOT was extremely helpful throughout the session.

16. Concluding Board Member Comments (no action taken)

Vice Chairman Wells noted the focus this summer and into fall will be the Rail District's partnership with Union Pacific and moving forward on the freight bypass, working with member jurisdictions on financial commitments, and meeting with potential private partners. Commissioner Sarah Eckhardt said that Travis County is exploring county's authority to bond for rail as well as other funding alternatives available to counties. Councilmember Sheryl Cole reported the City of Austin will hold a bond election in fall 2012. City elected officials will need to be briefed on the Rail District's financing plan as soon as possible. Councilmember Kim Porterfield urged staff to be aware of other regional and local issues in the freight bypass corridor as work begins on stakeholder outreach.

17. Public Comment

There were no public comments.

18. Adjourn

Vice Chairman Wells adjourned the meeting at 12:15 p.m.