

LONE STAR RAIL DISTRICT

Board Meeting Summary

Friday, June 4, 2010

10:00 a.m.

San Marcos Activity Center

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 4, 2010. Board Vice Chairman Tullos Wells called the meeting to order at 10:12 a.m.

Participants:

Tullos Wells, Vice Chair

Tommy Adkisson

Gloria Arriaga

Hal Baldwin

Jeff Barton

Mary Briseño

Mariano Camarillo

Sheryl Cole

Patty Eason

Karen Huber

Debbie Ingalsbe

John Langmore

Carroll Schubert

Jeff Wentworth

Mike Ybarra

Other participants included Ross Milloy, Bill Bingham, and Alison Schulze (Rail District); Bill Glavin and Jennifer Moczygamba (TxDOT); and John Kulpa and Darwin Desen (Jacobs Engineering).

2. Chairman and Member Comments

Vice Chairman Wells noted that Board Chairman Covington was out of the state. He welcomed Bill Glavin, Rail Division Director at TxDOT, and thanked TxDOT for their ongoing support and partnership with the Rail District. There were no other comments.

3. Consider Approval of March 5, 2010 Board Meeting Summary

Upon a motion by Board Member Gloria Arriaga and second by Commissioner Jeff Barton, the Board unanimously approved the March 5 meeting summary.

4. Committee Report: Executive Committee Meeting May 7, 2010

Vice Chairman Wells directed the Board's attention to the meeting summary included in the agenda packet and briefed the Board on the Committee's discussion and action items:

- Jacobs Engineering reported on the status of the environmental and engineering studies on the passenger rail line. Jacobs will provide an updated report to the Board under agenda item 8.
- Bill Bingham and Jacobs Engineering reported on the status of the freight bypass studies, and will brief the Board under agenda item 7.
- The Executive Committee approved an amendment to the Jacobs contract for additional services. The services include engineering assistance with Union Pacific negotiations and coordination, and technical assistance on federal funding applications.
- The Committee approved a policy on admission of new members. Current members have been supporting the Rail District for several years. The intent of the policy is to put eligible jurisdictions on notice that they should join the Rail District now or face a penalty if they join

after the environmental process is complete, and to establish equitable membership dues for new members who have been eligible to join but chose not to.

- The Executive Committee recessed into Executive Session to discuss the new position for a rail operations manager. The Board will go into Executive Session under agenda item 11 to discuss filling the position.

5. Consider Report by TxDOT Rail Division on State Rail Plan

Bill Glavin, Rail Division Director at TxDOT, briefed the Board on the activities of the Rail Division which was created on December 1, 2009. The Rail Division's primary responsibility is rail safety; other responsibilities include oversight of public rail transit systems, grade-crossing safety, rail operations on state-owned and/or state-operated facilities, and rail system planning. The Rail System Group, under the leadership of Jennifer Moczygemba, coordinates rail planning, performs rail research and development, implements rail policies, conducts statewide freight studies, and develops the State Rail Plan for both freight and passenger rail.

The Rail Division just completed a series of statewide stakeholder meetings to establish a rail vision as the basis for the State Rail Plan. The Plan will inventory freight and passenger rail facilities, identify current and future needs, prioritize investments, identify funding sources, and include implementation strategies that are integrated with other state plans and programs. The Plan will comply with the federal Passenger Rail Investment and Improvement Act (PRIIA).

Next steps for the passenger rail component include statewide ridership analyses, corridor analyses, and service development plans. The Rail Division will develop construction costs for the various rail options, operations and maintenance costs for each option, and identify available revenue streams and funding gaps.

Board discussion followed on the legislature's role in the State Rail Plan, the passenger rail corridors being studied, and the State Rail Plan's impact on the Rail District's passenger rail project. The Rail Division expects to present the Rail Plan to the Transportation Commission in September 2010.

6. Consider Report on Status of Rail Relocation and Improvement Fund

Bill Bingham, Rail District General Counsel, briefed the Board on the Rail Relocation Fund. In 2009 the State Legislature appropriated \$182 million for the fund, contingent on the State Comptroller finding that TxDOT's highway funding increased by at least \$182 million for the biennium. The Rail District has been working with the Comptroller on certifying the fund. Senator Wentworth asked the Attorney General for an opinion, and the Attorney General ruled that TxDOT funding had increased in excess of \$182 million. A second opinion by the Attorney General ruled that part of the funds are up to the discretion of the Comptroller. The Comptroller has not yet certified that money is available for the Rail Relocation Fund.

Board discussion followed on the amount of funding TxDOT received in the biennium and on the next steps in the process. Mr. Bingham concluded by noting the Comptroller must certify that funds are available or the Rail Relocation Fund will not be funded. Vice Chairman Wells thanked Senator Wentworth for his tireless effort on the issue.

7. Consider Report on Status of Discussions and Agreements with Freight Railroads and Studies on Freight Bypass

Bill Bingham reported on recent meetings and discussions with Union Pacific. In late April the Rail District sent UP a draft memorandum of understanding (MOU) on project development issues on both the freight line relocation and use of the existing mainline. UP responded in late May and

agreed in principle to proceed with studying the feasibility of relocating through freight service to a new line to free up the existing line for passenger service. The Rail District and UP are currently in discussions to work out the details of the final MOU.

Mr. Bingham noted the federal government is awarding significant funds to various states for passenger rail systems. The awards require the major freight railroads to cooperate to provide either track or right-of-way for passenger rail service; so, the freight railroads must be part of the agreement. In May the Federal Railroad Administration (FRA) issued a document that outlined conditions for the freight railroads to receive federal grant funds for helping to provide capacity for passenger rail. The freight railroads nationwide are studying the conditions. The Rail District continues to work in partnership with UP to move both projects forward. Vice Chairman Wells reiterated the Rail District's partnership with Union Pacific to relocate its through freight is essential to providing the type of intercity passenger rail service envisioned by the Board.

8. Consider Report on Status of Environmental Impact Statement and Engineering on Passenger Rail Line

John Kulpa and Darwin Desen of Jacobs Engineering briefed the Board on the progress of environmental and engineering work on the passenger rail line. Dr. Kulpa described each of the project's three major tasks: environmental impact statement (EIS), preliminary engineering, and public involvement. In terms of the EIS, the Rail District continues to try to secure a lead agency on the project. The Federal Railroad Administration (FRA) is the preferred agency because the passenger rail system will operate in an active freight rail corridor. Identifying the lead agency is the required first step to formally start the public and agency scoping process and publish notice in the *Federal Register*. In the meantime, while the lead agency issue is resolved, work continues on the EIS—developing existing conditions in the various technical areas and defining the public outreach program. Board discussion followed on the EIS tasks, the issues surrounding the designation of FRA as the lead agency, other federal agencies that could assume the lead agency role, preserving station sites, and the public and agency involvement process.

Darwin Desen described progress on the preliminary engineering task. Jacobs has obtained aerial maps with 2-foot contours that will serve as the basis for base mapping, and plan and profile sheets are under development. The EIS and supporting engineering are being conducted on the ultimate system, which is double track along the entire length, to establish a footprint to identify the environmental impacts. Additional tasks underway include data collection for utilities throughout the corridor, obtaining right-of-way data from UP, and analyzing bridge structures. Board discussion followed on double tracking the system and on bridge structures.

Dr. Kulpa concluded with a recap of the key steps and milestones on both the passenger rail and freight relocation projects. Jacobs will continue to update the Board on the key steps throughout the project.

9. Financial Report

Ross Milloy directed the Board's attention to the FY10 2nd quarter financial statement included in the agenda packet. Overall the Rail District is under budget in all categories.

10. Legislative Update

Agenda Item 10 was postponed until the next Board meeting.

11. Executive Session: Report and Consultation with General Counsel on Status of Rail Operations Manager

Vice Chairman Wells announced the Board would recess into a closed meeting under agenda item 11 pursuant to Section 551.074 of the Texas Open Meetings Act. The closed meeting ended at 12:05 p.m., and Vice Chairman Wells reconvened the open session.

12. Consider and Take Appropriate Action on Rail Operations Manager

Upon a motion by Board Member Carroll Schubert and second by Board Member John Langmore, the Board unanimously authorized the Executive Director to retain a rail operations manager for the Rail District on employment terms and conditions approved by the Chairman and Vice Chairman and to amend the administrative services agreement with the Austin-San Antonio Corridor Council to provide for employment of the rail operations manager.

13. Concluding Board Member Comments (no action taken)

There were no concluding comments.

14. Public Comment

There were no public comments.

15. Adjourn

Vice Chairman Wells adjourned the meeting at 12:07 p.m.