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Minutes

Rail Advisory Board Meeting
Forum Room
Science Museum of Virginia
2500 W. Broad Street
Richmond VA
January 5, 2007

Members present:

Sharon Bulova, Chairman
Richard L. Beadles
James Keen
Peter J. Shutz

Trenton Crewe
Matthew Tucker
Wiley Mitchell, Jr.

Bruno Maestri
Dwight Farmer

Member(s) absent:

Jack Quinn, Jr.

The meeting was called to order at 10:04 a.m. by Sharon Bulova, Chairman.

Chairman Bulova welcomed the newest member of the Board, Mr. James Keen. Mr. Keen provided a brief background indicated that he is currently an at-large member of the CTB from Grundy, VA. He also expressed his excitement about the concerns and issues the Rail Advisory Board will address and looks forward to the challenges.

Chairman Bulova also indicated that she had received a call from member Jack Quinn indicating that it is his intention to tender his resignation as a Board member to the Governor due to his increasing professional responsibilities.

Adoption of Meeting Agenda

A motion to accept the agenda of the January 5, 2007 meeting was made by Peter Shutz seconded by Richard L. Beadles and was unanimously approved by the Rail Advisory Board members.

Adoption of Minutes

A motion to accept the minutes of the November 9, 2006 meeting was made by Trenton Crewe, seconded by Dwight Farmer and unanimously approved by the Rail Advisory Board members.

Public Comments

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There were no public comments received by e-mail nor did anyone sign up to speak.

Discussion of Rail Advisory Board Chair Position for 2007

After a brief discussion it was determined that a Nominating Committee process would be utilized to prepare a slate of officers to bring to the RAB for a vote at its April 12, 2007 meeting. The Committee includes Board members Dwight Farmer, Peter J. Shutz, and Richard Beadles.

Legislative Update

A legislative update was provided by the Agency Director, Matthew O. Tucker. The update included information on legislation, initiatives and budget items for the upcoming 2007 General Assembly Session.

The Agency Director cited Governor Kaine's January 4, 2007 news release, in which he addressed the need for attention to "land use, accountability and funding" as regards transportation issues in the Commonwealth. Governor Kaine believes progress has been made and he feels that these issues are a top priority, "With each passing month, the transportation issues that we face become more significant, and our purchasing power becomes less constructive as costs rise."

The Agency Director indicated that the cost to Virginians to fund the Governor's budget would be at an average cost of \$15.00 per citizen and increase to \$20.00 per person per year. The Governor also called for consideration of the following:

- Permanently dedicate existing auto insurance premium taxes to transportation, a law enacted in 2000 but only followed twice.
- Equalize the sales tax on vehicles to equal the tax for other non-food items. Virginia's current 3% motor vehicle sales and use tax rate is the 44th lowest in the country. Maryland, West Virginia, the District of Columbia, and Tennessee are at least 5%.
- Impose an abuser fee on motorists who drive under the influence, drive recklessly, or commit certain offenses.
- Increase registration fees for vehicles from \$29.50 to \$44.50 in 2007, and \$49.50 in 2010.
- Increase registration fees for heavy trucks to commensurate with the increase of automobiles.

After the presentation, Board Member Mitchell indicated that according to his understanding, there were possibly additional funds available in the 2008 budget. He

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stated that the funds may be recurring and suggested that the Board request an amendment to be made, which would allow the Director of DRPT to have latitude in requiring the 30% funding match which is currently required for the REF projects.

Board member Mitchell indicated that his intentions are not to jeopardize the effectiveness of the Fund. Board Member Maestri indicated that the proposal was a good premise and he urged the Board to allow the Agency to complete the analysis before requesting changes to the law.

Presentation of the DRPT Third Track Study

A presentation was given by Bill Novak, Vice President of HDR which summarized the I-95 Rail Corridor Study Update required by HB 5012.

The “Washington D.C. to Richmond Third Track Feasibility Study” which was requested by the 2006 General Assembly session in HB 5012. In addition to an analysis of the feasibility of constructing a third track, this study responds to the General Assembly’s direction to expand the scope to:

- (i) Identify needed right-of-way parallel to existing tracks; including right-of-way owned by CSX or by other parties;
- (ii) Identify major environmental issues;
- (iii) Develop an implementation plan based on the most optimal options; including the schedules for each phase of the project as well as financing for the project;
- (iv) Review legal and regulatory issues; and
- (v) Estimate the cost of powering passenger trains by electricity for a Third Track from Washington, D.C. to Richmond.

DRPT received assistance from HDR Engineering, Inc. and the Virginia Transportation Research Council for production of this study. The first draft was delivered to DRPT on November 1, 2006 and the final report was delivered to the General Assembly on December 1, 2006.

The identification of the services in the corridor; inclusive to passenger and freight rail, the definition of the third track and anticipated operation, basic cost assumptions and categories with examples were all covered along with legal and financial concerns by Mr. Novak.

The study found that CSX owns 11.8 miles from Union Station to Main Street Station on the Corridor and Amtrak owns 1.2 miles into Washington Union Station.

Identification of Rail Services in the Corridor revealed:

Passenger Rail Operations: VRE

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- 14/trains per day – Fredericksburg Line
- 16 trains per day – Manassas Line - join CSX in Alexandria
- 12 Stations on CSX Line
- Ridership: 14, 400 Total/Day with 7,600 Fredericksburg Line per day and 6,800 Manassas Line per day

Passenger Rail Operations: Amtrak

- DC to Richmond Staples Mill: 18 trains per day
- DC to Richmond Main Street: 4 trains per day
- Approximately 600, 000 riders/year

Freight Rail Operations: CSX

- 25-30 through trains/day plus additional local trains
- Primary North-South freight route on East Coast
- Richmond to Doswell segment has the second highest rail tonnage on entire I-95 Corridor line – 134.5 million Gross Tons (2005 CSX Railroad Tonnage Map)

Freight Rail Operations: Norfolk Southern

- Trackage rights on 2.2 mile section of CSX line for delivery of coal to power plant in Alexandria and access to the Northeast Corridor; with no more than one train per day.

Assumptions for minimum and/or partial construction would include construction of a continuous third track along the entire corridor. Substantial improvements would have to be made to the Main Street and the Staples Mill Road Stations located in the Richmond Terminal Area. Items excluded under construction costs are: preliminary engineering plans, field surveys and analyses available to develop a cost estimate. No escalation for year-to-year expenditure is included.

The summary of the key findings of the study were as follows:

- Feasibility of 3rd Track could not be determined from a cost and funding perspective.
- Minimum/partial cost estimate does not include:
 - Cost escalations due to phasing and inflation
 - Cost of electrification (\$953 M minimum cost)
 - Purchase of right-of-way
 - Relocation of utilities
 - Route through Ashland or Fredericksburg
 - Potomac River Bridge

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- Total minimum/partial cost estimate:
 - Partial Third Track: \$612.2 million
 - Richmond Terminal: \$71.8 million
 - TOTAL: \$684.0 million– major exclusions could dramatically increase this estimate
- Costs calculated in 2006 dollars.

The Agency Director informed the Board that the complete study was included in the informational packets provided to them. The Preliminary Implementation Schedule (figure 9-1) is a projection over a six year period and includes conducting additional comprehensive analyses, developing implementation priorities; securing funding; developing final sets of priorities based on funding and commencing final design and construction.

Board member Beadles stated that an official buy-in on policy decision was needed. He addressed the possibility of entering into an innovative arrangement with CSX.

There was no further discussion and Chairman Bulova noted that no action was required by the Board but to include it in future agendas for reference.

Presentation of the DRPT TransDominion Express Report

A presentation by John Miller, Research Scientist of the Virginia Transportation Research Council, on the DRPT TransDominion Express Report was provided as an overview of DRPT's response to HB5002, Item 438B.

The 2006 General Assembly directed the Department of Rail and Public Transportation (DRPT) to update the status of the proposed passenger rail service between Bristol, Richmond, and Washington, D.C., known as the TransDominion Express (TDX). The General Assembly specifically requested that the following be updated: the project's expected capital cost, operating cost, revenue projections, feasibility of reducing traffic congestion, and status. At the request of DRPT, the Virginia Transportation Research Council prepared a study to address these questions.

Points under the Possible Action Plan include:

- Decide whether pilot service should be offered.
- Choose a corridor for service
- Identify minimal infrastructure and rolling stock requirements for service
- Develop a detailed ridership test for service
- Investigate options for selecting an operation for full service
- Create an incentive structure for that operator to provide high-quality service

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- Identify possible funding sources for full service

Other points included:

- Some corridors have relatively high demand
- The comparison of actual ridership levels to projected ridership levels
- Other operators have noted that incentives such as bonuses for OTP are quite helpful
- All systems used in this study require an operating subsidy.

Key Findings of the study included:

- Capital cost estimate: 206M
- Operating cost estimate: \$20M
- Estimated farebox revenue \$0.4-\$1.8M/year
- TDX offers little benefit in terms of reducing travel congestion
- Status of TDX has not changed since publication of 2005 report
- Two regional rail initiatives could affect the feasibility of TDX and subsequent improvements: The Heartland Corridor Initiative and the I-81 Rail Corridor Study.

Annual operating costs are expected to be about \$19 million, with \$0.4 million and \$1.8 million being collected in revenues. The ridership estimates do not support a finding that this project will reduce traffic congestion (although this finding does not eliminate the mobility benefits of the TDX for specific passenger segments). Operation of the TDX will require a subsidy of \$3.91 per passenger mile compared to a subsidy of between \$0.20 to \$0.25 per passenger mile for the other intercity rail services studied in this report. The ridership and subsidy performance estimates contained in this study do not justify a decision to implement TDX service. Any decision to advance TDX and make investments of public money will be based on other factors not evaluated in this report, such as the potential for economic development, tourism, and improved mobility options. Additionally, any investment should only be made after further analysis of public and private benefits garnered by both the Commonwealth and Norfolk Southern Railway Company along with the execution of an agreement providing appropriate sharing of costs and benefits. A comprehensive strategy must be developed to advance the decision-making process regarding the implementation of TDX. The comprehensive strategy must update cost information and address various issues including:

1. *Does the implementation of this service provide a public benefit?* The purchase of rail cars and improvements in rail infrastructure to support passenger rail operations require the Commonwealth to identify a clear public benefit for passenger rail independently of joint passenger and freight rail operations.

2. *What will be the governance structure for TDX?* Several different governance entities have previously been proposed. A bill to create an Authority for TDX was considered

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but not adopted during the 2006 General Assembly session. The Virginia Railway Express (VRE) model of governance by the jurisdictions receiving service has also been suggested.

3. *Which entity will operate the TDX?* The entity could be the rail owner (e.g., Norfolk Southern), the current long distance rail provider (e.g., Amtrak), or a third party.

4. *How will the TDX fund its operating and capital needs?* Will the localities reach a funding agreement similar to the agreement that supports VRE operations and capital needs? Is the Commonwealth willing to provide sufficient funding to support the implementation and on-going costs of this service?

5. *Can Norfolk Southern, the TDX Governing Entity and the Commonwealth reach an operating and cost sharing agreement?* Costs should be appropriately shared for improvements that benefit both passenger and freight rail.

Finally, Mr. Miller noted that DRPT does not have sufficient information to recommend a pilot service at this time. DRPT recommends a comprehensive approach that supports a conclusive decision regarding TDX service. The purchase of rail vehicles and improvements to infrastructure to support passenger rail represents major investments of limited public dollars. It is a difficult choice to move forward with a pilot program for TDX because of the initial investment requirements.

The meeting adjourned for lunch at 12:31 p.m.

The meeting reconvened at 1:00 p.m.

Overview of Informational Items

The overview was provided by Kevin Page, Director of Rail Transportation DRPT.

The Rail Director reviewed the adopted schedule of RAB meetings which were approved at the November 9, 2006 meeting. All meetings will be held at Science Museum of Virginia in the Forum Room. The remaining dates are April 12, 2007, July 12, 2007, and October 11, 2007. All meetings will start at 10AM. The Commonwealth Transportation Board meeting dates and General Assembly dates were also provided.

The Rail Director provided information on the Rail Enhancement Fund Revenue and Allocations report which includes estimated data for the six year planning period through 2013. Interest earnings for FY2006 and FY2007 were also provided. A summary of the Virginia Vehicle Rental Tax was given to the Board for their review. A portion of the tax is paid to the Rail Enhancement Fund. The current status of approved Rail Enhancement Fund projects were given which included Grantee, CTB Approval and Permission to succeed dates. Agreements and Project status information were provided for the current REF projects.

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Board Members were provided with reports from Amtrak and Virginia Railway Express on current on-time performance. Amtrak's data covered the October to November 2006 timeframe and evaluated how many trains in the system were on time. Whereas the VRE report which covered for December 2006 and analyzed the causes of the delays.

An update on the Roanoke Region Intermodal Facility site evaluation process. The presentation and supporting documentation was provided to the Board as an update on DRPT's efforts to identify and evaluate the most suited site for investment of public funds. The Board was advised of the various components used for evaluation which included: the solicitation process; the site evaluation process; public involvement; the final analysis and announcement of the preferred site.

A copy of the Government Accountability Office Highlights of Report GAO-07-15 to the Chairman of the U.S. House of Representatives Committee on Transportation and Infrastructure. The full report is also available at <http://www.gao.gov/cgi-bin/getrpt?GAO-07-15>.

Another informational item provided to the Board included the final draft of the updated Rail Enhancement Fund Application Package. In the preparation of this final draft, DRPT considered comments received from the public, stakeholders and members of the Rail Advisory Board. Also included was a summary presentation that provided information on DRPT's plan to cover the administrative costs required to administer the Rail Enhancement Fund program. The Board will be asked to make a recommendation to the Commonwealth Transportation Board at its April 12, 2007 meeting. The Rail Director indicated that the administrative cost(s) were not included in the original proposal and that 3% fee would be added to the initial project budget to offset the administrative costs.

At this point Chairman Bulova inquired whether or not feedback had been received from industries or members of the Rail Board. The Agency Director noted that two e-mails were received by the Board dealing with the REF Application Package. One from Robert E. Bryant, President Buckingham Branch Railroad and the other from David Armstrong of the Rail Project Guide. Both were in favor of the application procedure and one sought information on bidding procedures.

Other Business of the Board

There were no questions from the Board about the Rail Advisory Work Plan but the Rail Director listed the items and commented that those issues would be covered in the next meeting, April 12, 2007, or earlier.

There being no further business before the Board, the meeting was adjourned at 1:37 pm.