

LONE STAR RAIL DISTRICT

Board Meeting Summary

Friday, June 7, 2013

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 7, 2013. Board Vice Chairman Tullos Wells presided, noted a quorum was present, and called the meeting to order at 10:12 a.m.

Board Participants:

Tullos Wells, Vice Chairman
Tommy Adkisson
George Antuna, Jr.
Mariano Camarillo
Sheryl Cole

Will Conley
Patty Eason
Debbie Ingalsbe
John Langmore

Sandy Nolte
Kim Porterfield
Carroll Schubert
Bill Spelman

Other participants included Ross Milloy, Joe Black, Alison Schulze (Rail District); Bill Bingham (Rail District general counsel), Bill Glavin (TxDOT Rail Division); and Tom Shelton (North Central Texas Council of Governments).

2. Chairman and Member Comments

Chairman Wells welcomed the Rail District's newest Board member, City of Austin Council Member Bill Spelman. Council Member Spelman was appointed to represent the Capital Area Metropolitan Planning Organization (CAMPO).

Chairman Wells noted that Chairman Covington was out of the state. There were no other comments.

3. Items for Consent

- A. Consider Approval of March 1, 2013 Board Meeting Summary**
- B. Consider Approval of Financial Statement**
- C. Consider Approval of Amendments to Extend End Dates of Interlocal Agreements for State-Funded Contracts**
- D. Consider Approval of Contract Amendment to Extend End Date and Reallocate Funds on Local Government and Stakeholder Engagement Contract**

Chairman Wells noted the four consent items would be considered for approval by one motion and any item could be pulled from the consent agenda upon a Board member's request. There was no discussion. Upon a motion by Commissioner Tommy Adkisson and second by Commissioner Debbie Ingalsbe, the Board unanimously approved the consent agenda.

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

Ross Milloy briefed the Board on several items of interest:

- Rail Traffic Control (RTC) modeling is underway by Union Pacific. The modeling results will identify the infrastructure required for joint operation of passenger and local freight service in the existing rail corridor. Joe Black will report on the modeling effort under agenda item 9.
- Staff participated in a kick-off meeting with Federal Highway Administration (FHWA) and TxDOT on the environmental impact study of the combined passenger rail/freight rail relocation project. Joe Black will describe the meeting in more detail under agenda item 8.
- Rail District leadership had an excellent meeting with Union Pacific executives in San Antonio on May 16. Mr. Milloy noted he came away from the meeting energized about UP's willingness to relocate and to begin discussions on financial participation. Bill Bingham, Rail District legal counsel, reported that UP brought a large contingent to San Antonio, including Vice President of Network Planning, Vice President of Public Affairs, area service manager, and others. The UP group spent two days touring the regional network from Taylor to south San Antonio.
- Staff and consultants continue to work with local cities and counties on establishing tax-increment financing (TIF) districts. The Austin City Council will likely be the first local government to take action. Mr. Milloy encouraged each Board member to be engaged in their local TIF discussions.
- Much of the last few months was spent at the Texas Legislature, which will be reported under agenda item 11.

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

Item 5 was postponed until the next Board meeting.

6. **Consider Presentation by NCTCOG Transportation Staff on Cotton Belt Rail Line Project**

Tom Shelton, Senior Program Manager at North Central Texas Council of Governments (NCTCOG)—the MPO for the Dallas/Fort Worth region, briefed the Board on the Cotton Belt Passenger Rail Corridor project. Mr. Shelton presented information on the 62-mile corridor that runs from Plano on the northeast to an area southwest of Fort Worth. The proposed project would include 25 stations and has an estimated capital cost of \$1.8 billion. Mr. Shelton reported on the synergy between land use and transportation; the project's innovative finance initiative; the range of possible funding sources, potential revenue, and revenue sources; value capture mechanisms; private sector interest; and a proposed special district for the project—a municipal management district (MMD).

Board questions and discussion followed on NCTCOG's process for addressing private sector interest; the creation of the MMD, which requires action by the State Legislature; right-of-way ownership ($\frac{2}{3}$ is owned by the local transit authorities, $\frac{1}{3}$ is owned by private railroads) and agreements; recent stories in the media about the Fort Worth T moving forward with implementing the western half of the project; similarities between the Dallas-Ft. Worth region and the Austin-San Antonio region; and the Memorandum of Understanding between the Rail District and NCTCOG, executed in 2011, to collaborate on long-range rail planning efforts between Dallas, Ft. Worth, Austin and San Antonio metropolitan areas to ensure system connectivity.

7. **Consider and Take Appropriate Action on Project Connect High-Capacity Transit Interlocal Agreement**

Joe Black briefed the Board on Project Connect, a collaborative effort on the north end of the corridor between Capital Area MPO (CAMPO), City of Austin, Capital Metro, and Lone Star Rail District. Project Connect's objective, working with the Transit Working Group—a subcommittee of CAMPO, is to define a seamless high-capacity transit system in the 5-county CAMPO area.

Mr. Black directed the Board's attention to the interlocal agreement (IA) included in the agenda packet. The purpose of the IA is to formalize the partnership between Capital Metro, the City, and the Rail District. Austin City Council has accepted the IA and Capital Metro's Board of Directors is expected to follow suit soon.

Project Connect and the CAMPO Transit Working Group (TWG) were charged with answering three questions in its planning process:

1. System: What does the future high-capacity transit system look like? The TWG endorsed a long-range vision map of which LSTAR is a significant part.
2. Organization: How will the various components being developed by different agencies fit together as one seamless network? The TWG endorsed an organizational concept for the agencies to work together to fund, develop, and operate the components as a unified regional system.
3. Funding: How does the region pay for the network? Project Connect produced an envelope of affordability analysis that established an economic baseline the region could afford in terms of capital, operations and maintenance costs.

Staff recommended that the Board approve the IA between Capital Metro, City of Austin, and Lone Star Rail District, and authorize the Interim Executive Director to execute the document. Board discussion followed on the affordability analysis; Capital Metro's financial role in using its bonding capacity for project costs; the regional funding plan for Project Connect; how the Rail District's financial plan meshes with the larger Project Connect effort; the Rail District's commitment in the IA, which is for in-kind services in lieu of funds; and optimizing local bus service to complement the high-capacity system, which will involve the metropolitan and rural transportation providers—Capital Area Rural Transportation System (CARTS), Alamo Regional Transit (ART), VIA Metropolitan Transit, and Capital Metro.

Upon a motion by Board Member John Langmore and second by Mayor Pro Tem Sheryl Cole, the Board unanimously approved the interlocal agreement and authorized the Executive Director to execute the document.

8. Consider and Take Appropriate Action on Freight Planning Issues

Chairman Wells noted he met recently with Union Pacific's CFO as well as other members of UP's executive staff and was impressed by how strong the Union Pacific-Rail District relationship has grown over the years. Union Pacific is, by far, the Rail District's most important partner in the project. Chairman Wells attributed the strong partnership to the efforts of Bill Bingham, Joe Black, and Mike Marler.

Joe Black reported staff is moving forward on the environmental impact statement (EIS) for the passenger rail-freight rail relocation project. The Federal Highway Administration (FHWA) will be the lead agency on the EIS. The Rail District and TxDOT will be co-leads on the project. The Federal Railroad Administration (FRA) and the Federal Transit Administration (FTA) will serve as cooperating agencies. On May 9 Rail District staff met with staff from FHWA, FRA, FTA, and TxDOT via webinar to discuss roles and responsibilities. Staff is preparing a joint letter of initiation (LOI) that will be signed by both the Rail District and TxDOT's Environmental Division. The LOI is the Rail District's request to FHWA to enter into the federal environmental process. On May 17 staff met again with FHWA and TxDOT to discuss FHWA's environmental process and contractor procurement. A third meeting will be held in the near future on the project timeline and expediting the schedule.

Staff is winding down the local government and stakeholder engagement process relative to the freight bypass. Staff and the consultant team have met with numerous affected jurisdictions and area organizations and gathered a lot of intelligence. LSRD staff, consultants, and UP representatives continue to meet bi-weekly by conference call to talk through issues as they arise and report on on-going outreach efforts.

The item was presented for information; no action was required. There was no discussion.

9. Consider and Take Appropriate Action on Passenger Rail Planning Issues

Joe Black briefed the Board on passenger rail studies. For the most part, the environmental studies have been on hold pending the designation of a lead federal agency; but, two tasks remain active: joint operations planning and financial planning. The Rail District and Union Pacific continue to collaborate on joint operations planning. The next step is network simulation modeling of the existing rail corridor to ensure on-time passenger service while still allowing UP to serve its local freight customers. The model results will identify infrastructure needs (e.g., tracks, sidings) to support joint operations, which in turn will allow the Rail District to hone its cost estimates.

The second task that is progressing is local funding. Staff is engaged in Travis County and Hays County and about to kick off discussions in Williamson County. Following those discussions, staff will start meeting with the cities and counties on the south end of the corridor. The local funding discussions center on TIF districts, sales tax increment financing, parking revenues, and a menu of options available to local jurisdictions to support annual O&M costs. As part of the continuing effort, staff made a presentation to Hays County Commissioners Court on May 14 to update the Court on the status of local funding discussions.

Board discussion followed on the need for rail simulation modeling. Mr. Black noted the modeling is a significant effort and much larger than originally anticipated. Anytime passenger and freight service share track, especially with Class 1 railroads, the railroads want assurance they will be able to continue to serve their customers. Local freight service is important to both the customer and the shipper, and will be a small revenue stream for the Rail District. The modeling is important not only to identify the infrastructure that is needed, but also to identify improvements that are not needed. This is especially true early on as the Rail District starts initial passenger service—identifying infrastructure that is not needed or that can be delayed keeps the project more affordable.

The item was presented for information; no action was required.

10. Consider Status Report by TxDOT Rail Division

Chairman Wells announced Bill Glavin, Director of TxDOT's Rail Division, is retiring at the end of June. Mr. Glavin served as the first director of the Rail Division and helped transform TxDOT from a highway agency to a multimodal agency. Along the way he has been as good a partner as the Rail District could have ever imagined. The partnership has been so strong and so rewarding that Chairman Covington considered flying back to Texas for the day just to pay tribute to Mr. Glavin. Chairman Wells presented him with a certificate of appreciation and noted Mr. Glavin had the Rail District's heartfelt gratitude for being a good partner and a good friend.

Mr. Glavin expressed his appreciation and noted the Rail District's project is of high value to the region, to the state, and to the nation. Mr. Glavin then briefed the Board on the Texas-Oklahoma Passenger Rail Study. The study is exploring high-speed rail, but also regular speed rail and improvements to existing rail service. The study is gathering information and public input along the corridor from Oklahoma to South Texas. The LSRD rail initiative is integral to and a part of the study. The initial public comment period closed on April 26; over 1,200 comments were received. TxDOT is identifying and evaluating alternative routes, alternative speeds, alternative locations, and

alternative processes. Stakeholder meetings are continuing. Feedback from the public and stakeholder meetings will define and refine initial routes for more detailed screening and evaluation.

Chairman Wells again thanked Mr. Glavin for being a great partner and wished him well on behalf of the Rail District.

11. Consider Report on Legislative Issues

Ross Milloy reported on the recent state legislative session. The regular session ended and the legislature is now in special session. Thus far the Governor has not opened up the call to transportation issues, but there is talk there may be a second special session or that he may open up the call for transportation issues in the current special session.

During the regular session Rep. McClendon filed six bills related to rail relocation funding with the revenues coming from various sources. Rep. Darby, Chairman of the Appropriations Subcommittee on Transportation, also filed a bill on rail relocation. Rail District staff met early in the session with TxDOT Executive Director Phil Wilson, John Barton, and James Bass to discuss TxDOT's rail strategy. Mr. Wilson stated his preference would be that TxDOT participate in funding the Rail District project through the Texas Mobility Fund rather than the Rail Relocation Fund because of the Mobility Fund's bonding capacity. TxDOT also worked closely with Rail District staff and consultants to craft legislation that relies on the Texas Emission Reduction Program as a funding source. In Mr. Wilson's view, freight rail relocation could have a greater impact on reducing emissions than the existing programs the TERP fund is being used for. In the end, the bill wasn't heard by the Senate before the session ended. The Rail District needs to do more to prove the value of rail relocation within the context of the Texas Emission Reduction Program.

As of now, the special session is in recess; when they return, only six days will remain. However, there's talk the Governor will open the call for transportation issues and there are several good opportunities for the Rail District. Mr. Milloy praised Rep. Darby, Rep. McClendon, Phil Wilson, John Barton, and James Bass for their support throughout the session, and he encouraged Board members to thank them as well.

Board discussion followed on the TERP program and the Rail District's strategy for accessing the program's funds in the future.

12. Concluding Board Member Comments (no action taken)

Chairman Wells thanked Council Member Bill Spelman for attending. There were no additional comments.

13. Public Comment

There were no public comments.

14. Adjourn

Chairman Wells adjourned the meeting at 11:53 a.m.