

**VERMONT RAIL COUNCIL
MINUTES OF MEETING
5TH FLOOR BOARD ROOM
NATIONAL LIFE BUILDING
MONTPELIER, VERMONT
February 3, 2010**

MEMBERS PRESENT: Scott Rogers (Chairman)

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| John Cook | Rick Moulton |
| Dave Wulfson | Dave Allaire |
| George Barrett | Chris Andreasson |
| Charles Hunter | Joann Erenhouse |
| Mike Coates | Carl Fowler |
| Rep. Bill Aswad | |

OTHERS PRESENT: Joe Flynn, VTrans Rail Operations Section
Bob Atchinson, VTrans Rail Operations Section
Scott Bascom, VTrans
J.B. McCarthy, VTrans
Susan Clark, VTrans
John Wilson, Jacobs Engineering
Mike Desrochers, Jacobs Engineering
Mary Anne Michaels, VRS
Chris Parker, VRAN
Matt Levin, VCE
Dave Crawford, Essex Junction Village Manager
J. Jeffrey Munger, Sen. Sanders Office
Paul Craven, consultant
Allison Demag, RRAV
Michelle Boomhower, CCMPO
R.A. Currier, N.H. Central Railroad
Peter Richter, Jr., URS Corp.
Rep. Jeff Young, Legislature
Berta Maginniss, Manchester Chamber of Commerce

1. Call to Order & Introductions

Scott Rogers called the meeting to order at 1 p.m. Introductions were made.

2. Public Comments

Scott Rogers announced Charlie Moore resigned from his position on the Rail Council.

3. Approval of Minutes

December 2, 2009

MOTION by Mike Coates, SECOND by George Barrett, to approve the 12/2/09 minutes as written. VOTING: unanimous; motion carried.

4. Rail Section Organizational Chart

Joe Flynn explained the two branches of the Rail Division: Property Management headed by Larry Donna and Engineering headed by JB McCarthy. All positions within each branch will be staffed. The rail crossing program will be under Engineering (Civil Engineer V position). At this point in time it is felt the best application of resources is to provide more engineering support so projects can get done. The relationship with Amtrak and neighboring states will not be lost, assured Mr. Flynn, but the projects in the pipeline need to be executed despite and in addition to ARRA funding. Scott Rogers mentioned the continuing relationships with the Planning Division (which took the lead on the five year rail plan), Trini Brassard and Karen Songhurst. Carl Fowler asked about the skill set for the technician position, stressing the need for someone with industry experience to help with communications with partners and some knowledge of marketing of freight and passenger service. JB McCarthy stated the individual will have knowledge to do detailed drafting and develop estimates and quantities for projects that will be handled in-house. Joann Erenhouse asked what is driving the decision for moving forward with Track 3. Joe Flynn explained between planning and use of consultants the intent is to cover Track 3 needs appropriately and within the timeframe. Jeff Munger commented the basic question is still the 20% match. Projects may have moved faster if contracted out rather than hiring more personnel. Scott Rogers stated his understanding that projects already funded were not advanced. There were some delays due to the consultant. Mr. Munger contended according to information from VTrans the situation with the western corridor project has always been the lack of state matching funds. There was further discussion of past information communicated by the Rail Division that match money was not available for the western corridor work.

Dave Wulfson referred to the organizational chart and stressed the need to have someone who can be a liaison to the railroads, who is more than a draftsman and engineer, who can deal with the railroads, train schedules, crossing programs, and such. Mr. Wulfson expressed concern Joe Flynn's time will be consumed with these matters without another person to help. Scott Rogers explained there are now seven positions to focus on rail projects, doing design work, seeking and managing funding, seeking and managing projects on a full time basis. Mr. Rogers said it is difficult for VTrans to attract rail expertise. The state does not offer a pension plan that compares to the railroad pension plan. Dave Wulfson suggested advertising in the rail trade magazines. Mike Coates stressed that making the business viable means having contact with rail customers, particularly shippers.

5. FY11 Governor's Recommended Budget

A handout on the budget was provided to the Rail Council showing project descriptions and various funding aspects. It was noted the proposed budget is before the committee so there could be changes. Carl Fowler mentioned having flexibility in the stimulus grant to do a two year hiring to help with stimulus projects. Mike Coates asked where the update of the five year rail plan is in the budget. It was noted the plan update is included in the Planning Division's budget. It was explained the acronym "TIB" represents "Transportation Infrastructure Bonds".

Rep. Aswad asked about the Proctor-Middlebury project. Joe Flynn stated the project is being expedited through Contract Administration, Legal, and Audit.

Carl Fowler cautioned against Amtrak trying to shift additional costs for passenger rail service onto the state. Also, Amtrak is ordering new cars so there may be opportunity to acquire retired cars so the state could have a dedicated fleet of equipment. Mr. Fowler recalled past difficulty in securing cost information from Amtrak.

Dave Wulfson mentioned the legislative vote on condition to buy rail for the western corridor during summer study if there was improvement in funds, but this is not reflected in the budget. Scott Rogers confirmed revenue projections to trigger the threshold were not met. The funding was above what was planned in match money. Mr. Wulfson stated rail on the western corridor is needed and there is earmarked funding for this (Jeffords). Scott Rogers explained there is a plan for the money to be expended. The money in fact was over expended by \$10 million due to the Middlebury spur project. Dave Wulfson advised rail is only available every so often so money should be in the budget to allow for purchase. Rick Moulton echoed the advice to have the legislature allow funding to buy rail in the next five years. Mr. Wulfson pointed out the Rockingham project is a highway project. Vermont Railway can fix the railroad bridge for a half million dollars versus \$3.2 million.

Chris Andreasson asked if the success of the Track 3 application will justify spending money on the section north of Rutland to Burlington since the Track 2 application was not successful. Mr. Andreasson questioned if the work should be focused south of Rutland. Rick Moulton interjected the Track 2 application was not successful because the state did not expend earmarked money available for the work. Scott Rogers said he has not heard Rick Moulton's speculation. The understanding is consideration was given to applications that applied to entire corridors and improving performance on the corridor. Having the Track 3 application funded gives credence to future application of Track 2 on the western corridor. Jeff Munger noted Vermont received a significant amount of federal transportation funding, more than larger states, such as Pennsylvania. States in the south and southwest received nothing. Congratulations go to all for the efforts in Vermont, declared Mr. Munger.

Mike Coates stated the Middlebury spur project is privately funded except the Route 7 crossing and one other crossing. The crossing should use highway money. Jeff Munger noted there was a transfer of funds from FTA to FRA, though the amount was not great. Scott Rogers further explained the funding for the rail and highway portions of the western corridor. Rail has been carrying an earmark of \$16 million until the highway portion is known. The Record of Decision has finally been received for the Middlebury spur so design can begin. Rep. Aswad mentioned the legislative decision last year to increase the gas tax to pay for TIB. The state has bonding capacity which should be used if money is needed for projects, said Rep. Aswad. Dave Wulfson stated there is a bridge over the railroad and a quiet zone crossing involved in the Middlebury spur project, but these are highway interfaces and not railroad construction. Use of the Jeffords earmark

should be discussed. Jeff Munger clarified the Jeffords earmark was to be used specifically for Route 7. Carl Fowler asked if the Route 7 crossing will consume the remainder of the earmark. Scott Rogers stated there is \$23 million remaining. There are projects in the FY11 and FY12 budgets that expend that money plus \$10 million more. There is a \$16 million placeholder for the spur project. George Barrett suggested doing a grade crossing on the spur since trains will be traveling very slowly (seven or eight miles per hour). Jeff Munger explained the FRA stance is not in support of grade crossings (too dangerous) and will not allow them with new construction.

6. FY11 Earmark Requests

Joe Flynn noted there are four rail projects on the list, including the bridge over the Barton River in Coventry (Bridge 561), the Middlebury tunnel (the rail bed is lowered for clearance under the bridges), Washington County Railroad (for transport of granite from Rock of Ages), and the White River Jct. station (purchase of the building and property). Last year there were seven projects on the list and none received funding. The four projects put forth this year are vital.

Chris Parker mentioned rumors about an earmark for the western corridor from Rutland to Burlington. Joe Flynn explained when the list of four projects was drafted the results of the Track 2 application was not known. There is already an earmark for the western corridor that is not yet expended. Jeff Munger stated the reauthorization of the transportation bill for annual appropriations is the opportunity to ask for more funds.

There was mention of the White River Jct. station being vital to the rail line. The ‘tunnel’ in Middlebury was briefly explained (concrete blocks will be used for the bridges and to address the height issue; continuous welded rail will be installed). The plan in Middlebury will be executed much faster than waiting for completion of the highway project. Dave Wulfson said the current situation in Middlebury puts height and width restrictions on the entire rail line creating a choke point. Vermont Railway decided to isolate the Middlebury situation and fix the rail by working on 12 miles of continuous welded rail installation south of Middlebury.

Joann Erenhouse asked about the flow of freight traffic through the state. It was noted New England Central Railroad handles approximately 37,000 carloads a year and 65% travels through St. Albans and south.

7. ARRA Stimulus Selection

Joe Flynn reported the FRA advised being patient and not encumbering expenses until further notice. An award schedule is being drafted. There will be a schedule of weekly calls and a field visit. There will also be explanation of why the Track 2 application was rejected to better prepare for the next round of applications. An 80/20 match requirement with the future applications is likely. Carl Fowler asked if the bonding authority would be used for match money. Scott Rogers confirmed this is one option. Charles Hunter stated New England Central Railroad has contacted track contractors and suppliers, and is waiting for information from the FRA so the projects can go out to bid. Carl Fowler

asked about specific projects on the line. Mr. Hunter stated there will be no new construction.

Jeff Munger asked about joint management of the grant with New York State on Track 3. Joe Flynn stated Vermont takes the lead per the MOU. George Barrett asked if state inspectors are watching how the money is spent. Joe Flynn confirmed the FRA has requirements. A bill through the legislature is necessary in order to accept the funding. Scott Rogers explained there was not authority to expend funds in FY10 because it was not known if the funds would be available. Carl Fowler observed all the projects funded were upgrades of main lines except the short line in Vermont from St. Albans to Springfield so kudos to the Rail Division and New England Central Railroad for a successful application. Charles Hunter noted Rail America committed \$5 million in matching funds and that likely helped with the application. Dave Wulfson urged not regurgitating old reports for the Track 3 work, but taking a fresh look. Dave Allaire echoed congratulations for the successful application and urged active participation in discussion of why the Track 2 application was not successful. Mr. Allaire said he is interested in how the \$500,000 study will be put to bid and the timeline. Scott Rogers assured more information will be provided.

8. Freight Topics

Dave Wulfson gave an update on freight activity. Discussions are still favorable with the Rock of Ages for rail transport of granite blocks (Washington County Railroad from Montpelier Jct. to Graniteville). Shipment of less than 100,000 tons in April has been awarded. There will be many small trains at the top of the hill and two large trains through the junction. The state is looking at bridges and alternatives through certain places on the rail line. If there are more stone shipments it may be necessary to look at earmarked funds. On the Connecticut River line the downturn in the economy is being felt. Some of the lines in Maine may be abandoned by the MMA which may impact the Washington County Connecticut River line which moves paper, lumber, and mulch with originations on the lines proposed to be abandoned. In general, freight shipment of oil, grain, logs and lumber continues. Green Mountain Railroad is busy as a connection to New England Central Railroad. Other types of freight transport (ethanol, automotive) are being explored. Vermont Railway is holding its own in light of the economy.

There was discussion of shipments by container and rail in Vermont. Vermont Railway is not conducive to shipping by container, stated Mr. Wulfson. Mike Coates said it would be good to know who ships and receives by container. It was noted the salt company is the biggest shipper on the Connecticut River line and the railroad provides a great service.

Dave Wulfson mentioned the rumor that Clyde Forbes, current operator on the Twin State rail line from Gilman to St. Johnsbury though no trains are running and there are washouts on the line, may be pushing to abandon the line and tear up the track. This should be discussed by the Rail Council, urged Mr. Wulfson. George Barrett spoke against abandoning rail lines.

Charles Hunter gave an update on New England Central Railroad projects, including new track in Swanton (Shelburne Limestone Co.), the Alburgh trestle, working on a partnership with other state for 286,000 pound capacity, upgrade from St. Albans to Alburgh trestle and Burlington to Essex to have connectivity with 286,000 pound capacity track, providing contract dispatch for lines in Mississippi and New Mexico, and doing repair work for other Rail America lines in the St. Albans shop. Jeff Munger mentioned a chocolate company in St. Albans as a potential rail shipper (goods are currently shipped by truck). Mr. Hunter stated the industrial park in St. Albans unfortunately does not have rail access.

Paul Craven gave a brief update on the Alburgh trestle work. Phase 1 (\$1.5 million project) is complete. Bids on Phase 2 (\$1.7 million project to automate the trestle) will go out mid-February. Construction will begin in June and work should be finished in September, 2010.

9. Infrastructure Topics

Middlebury Spur – ROD

The Record of Decision for the Middlebury spur has been received.

Rutland Rail Yard Relocation

Meetings with Rutland City Council and the public have been held on the preferred alternative (Plan 5) for the rail yard relocation. Of the 55 attendees at the public hearing, 54 opposed the alternative. Every comment from the hearing will be addressed. Dave Allaire explained the City Council is in support of relocating the rail yard, but not in support of the consultant's preferred alternative because of the access and impact on businesses. It is hoped other alternatives will be explored and another recommendation made, said Mr. Allaire. Joe Flynn stated takes the position that there be community support of a project and the funding moving forward. If a different recommendation to the consultant's alternative is not found then the money will have to be returned. The preferred alternative cost is just under \$100 million. The work would have to be done in phases because the state does not have \$100 million. Every alternative has issues, observed Mr. Flynn. Mike Coates clarified the issue is the consultant pursuing an alternate that was known to not be acceptable. Mr. Coates cautioned against allowing consultants to act in a vacuum. Dave Allaire commented the thinking has been there is value to the state overall as well as the community, and that is why there is support of the concept of relocating the rail yard. Dave Wulfson observed there may need to be a regional or statewide decision since railroads are under the Transportation Security Administration (TSA) which is requiring a fence around the perimeter of rail yards. Joann Erenhouse asked about locating the rail yard by the Rutland Airport. Dave Allaire assured a number of locations were considered and rejected.

Western Corridor

The Middlebury tunnel, installment of continuous welded rail, use of the Jeffords earmark and other matters on the western corridor were covered in the earlier discussions of the Governor's FY11 recommended budget and the FY11 earmark requests (see agenda items #5 & #6 above).

Project Status Report

JB McCarthy reviewed the Rail Project Status Report which shows the project manager, the railroad where the projects are taking place, the project number, scope, design load, construction cost estimate, federal funds and project status. Bid advertising dates are included. All the projects listed are funded under the 2010 program except the Ferrisburg crossing. Projects on the Green Mountain Railroad are under the 2011 budget. Financial and schedule information will be provided in the future.

Mike Coates asked about Bridge 239. Dave Wulfson explained the bridge over Otter Creek is south of the 'Middlebury tunnel' area. The continuous welded rail project starts just south of that point.

Training, Engineering & Design

Staff will be attending professional development courses on rail matters. Parties involved in getting projects done include 12 resident engineers, rail staff, federal highway, materials, and contracting. An NHI grant through FHWA is paying for the coursework.

Rail Infrastructure Subcommittee

Mike Coates reported the subcommittee discussed the need to emphasize to the legislature the economic benefits of a project, benefits to the community, businesses, cost savings, and environmental issues. The subcommittee will draft some language for further discussion by the Rail Council. Jeff Munger suggested updating the Economic Impact Study of rail in Vermont. Dave Wulfson suggested reviewing and updating the prioritization list, and reopening consideration of the 286,000 pound rail prioritization with the state. Scott Rogers agreed evaluation of priorities that may not yet be on the list should be an ongoing charge of the subcommittee. Regarding track capacity, there is guidance anticipated from the Federal Department of Transportation about what should be in a rail plan. The next update of the rail plan is 2011. Dave Wulfson stressed the need to look at current needs since business is being lost due to the lack of 286,000 pound rail capacity and not being connected to the rest of the world. Scott Bascom confirmed the rail plan can be reviewed and a simple update done on the prioritized initiatives.

MOTION by Mike Coates, SECOND by George Barrett, that the Rail Infrastructure Subcommittee review the 286,000 pound prioritization plan and create a new plan as needed for updating. VOTING: unanimous; motion carried.

Carl Fowler suggested the subcommittee take advantage of the expertise of individuals who are not a member of the subcommittee.

10. Passenger Topics*Amtrak*

Television advertisements of Amtrak service in Vermont were shown. A grassroots, local media effort with radio and print is being pursued as well. The consultant is working with Amtrak and staff from Tourism & Marketing.

Amtrak service across the country will experience a fare increase of 2% effective 2/9/10. The \$12 promotional fare will not be impacted. The fare increase will be implemented in phases, starting in the east and moving westward. It is hoped revenues will increase in Vermont. Amtrak is trying to increase perceived value of the service provided.

Ridership on the Ethan Allen Express is down one tenth of a percent over the past three months. Revenues are down 4.1% The Vermonter experienced a 7.3% increase in ridership and revenues are up 4.1%. On time performance on the Ethan Allen Express was 80.43% and 85.87% on the Vermonter. Further breakdown of ridership numbers and on time performance on sections of the line is available.

The new train station in Castleton has been in operation since January 2, 2010.

Passenger Rail Subcommittee

Carl Fowler reported the Passenger Rail Subcommittee discussed coordinating local transit operations with Amtrak arrivals/departures, how to best use rail and/or regional bus services to fill in gaps for travel around Vermont and neighboring states, including Canada, particularly attracting the Montreal market and getting riders on Vermont trains, the location and configuration of the Canadian customs inspection facility proposed north of the border from Rouses Point near Canada Route 223, and marketing the Vermonter and Ethan Allen Express more effectively.

11. Rail Council Membership

There was discussion of Rail Council membership, reappointments, and vacancies. Letters of reappointment were given to Charles Hunter, David Wulfson, George Barrett, John Cook, and David Allaire. Eight other members up for reappointment this year include Chris Andreasson, Erik Bohn, Mike Coates, Joann Erenhouse, Carl Fowler, Byron Hathorn, and Rick Moulton. There is one vacancy on the Council.

12. Legislative Update

No report given.

13. Other Business

None.

14. Next Meeting/Agenda Items

Next Meeting: May 5, 2010 at 1 p.m., National Life Building, Montpelier.

15. Adjournment

The meeting was adjourned at 4:13 p.m.