



501 Union Street, 6<sup>th</sup> Floor  
Nashville, Tennessee 37219-1705

East Corridor Oversight Committee  
Tuesday, May 24, 2005 10:00 a.m.  
Metropolitan Transit Authority (MTA)  
130 Nestor Street, Nashville, TN

### MINUTES

#### THOSE IN ATTENDANCE:

Paul Ballard	Governor Appointee RTA Board
Jeff Baines	City of Lebanon
Tom Brashear	Wilson County
Jim Ladieu	TDOT
Gene Turnage	NERC
Debbie Frank	Governor Appointee RTA Board
Bill Farquhar	RTA
Mike Choate	TDOT
Brenda Wynn	Congressman Jim Cooper's Office
Kevin Walker	RTA – NS
Hanne Flippen	RTA
Paul W. Price	RTA – NS/BAH
Deborah Varallo	RTA – NS / BAH

#### CALL TO ORDER

Mr. Paul Ballard called the meeting to order at approximately 10:00 a.m. on Tuesday, May 24, 2005.

#### PUBLIC COMMENT

There was no public comment. Tom Brashear reported that Mr. Perry has sold his property, and did not plan to attend future ECOC meetings.

#### APPROVAL OF MINUTES – May 10, 2005

It was noted that Ms. Debbie Frank's name was inadvertently left off of the May 10, 2005 attendee list, when in fact she was at the meeting and was mentioned several times in the body of the minutes. Ms. Frank moved to approve the May 10, 2005 minutes, and the motion was seconded by Mr. Jeff Baines. Mr. Baines mentioned that the Lebanon station construction was discussed at the last ECOC meeting, but the minutes didn't reflect an approval for Lebanon Station. Mr. Bill Farquhar clarified that the ECOC and the RTA Board approved construction for the Donelson, Hermitage and Mt. Juliet stations at the last meeting(s) and the plans for the Lebanon station were received on May 20, 2005, and will go to the ECOC and full Board next month for approval. Mr. Baines agreed, and stated that the minutes did not need to be modified for this information. A vote was taken, and the minutes were approved unanimously.

## PROJECT STATUS REPORT

### a. **NERA Executive Committee Meeting Report**

Mr. Bill Farquhar reported that we have an agreement with NERA to operate the Music City Star on their tracks. One item that remains under discussion is insurance coverage, currently at \$200 million, which was taken from Amtrak coverage for class 1 railroads. Mr. Farquhar mentioned that the cost of procuring that much insurance is more than the project has to spend at the moment. He also stated that as the Music City Star will only be operating 3 trains, the general feeling is that the cost of procuring this level of insurance is not the best use of public monies. The \$200 million cap was set for 50-60 passenger trains and hundreds of freight trains each day – much more than we are or will operate.

Staff went to the NERA Executive Committee with the presentation discussed at the last ECOC meeting regarding appropriate limits of insurance & true risk. The assessment was that \$50 million was an appropriate level. The NERA Board indicated willingness to review and possibly drop the \$200 million to a lower level. This is a policy to cover passenger operation – it will cover instances of passenger trains having an incident. The NERA Board requested staff to solicit quotes, which we are doing, in the range between \$25 million and \$200 million. Staff will report where these quotes come in regarding budget in order to make a determination. Staff is also working diligently to issue an RFP to insurance brokers.

Discussions with TML indicate that they feel it's not something they can handle; it is outside of their scope. They have given us contact with firms on the east coast who do handle this type of service. Mr. Paul Price and Mr. Farquhar also know of some west coast firms and staff will send to all firms we can identify and come back to the ECOC with a recommendation.

Mr. Ballard expressed his disappointment with TML response. Mr. Price mentioned that TML would have to find broker, just as we are doing with the RFP process. He stated that TML said that what we are doing is more cost effective. Mr. Farquhar stated that TML has been very helpful in identifying brokers to send the RFP.

Mr. Ballard mentioned that he met with the Director and Assistant Director of Commuter Rail operations in Boston – they operate 7 passenger trains each day and carry \$75 million of insurance. He has asked them to provide premium cost, self insurance retention, etc. and will follow-up to receive that information for the committee's review. He also mentioned that they have a maximum exposure for commuter rail projects. Mr. Tom Brashear asked about the relevance to New England in comparison to Nashville – to which Mr. Ballard mentioned that Nashville actually has a greater freight hub than the Boston area, but he will review the information that Boston sends us.

### b. **Status of Insurance RFP**

Mr. Farquhar mentioned that the status of the RFP for Insurance Brokerage Services was discussed during the item above, and had no further information to report.

### c. **Self Insured Retention Funding Options**

Mr. Paul Price prefaced this item by stating that in the RFP for an Insurance Broker, there is a section for the Broker to assist in determining the proper level of self insurance retention funds and how best to be established. He stated that we do need to develop some sort of retention fund and maintain it in order to pay out claims. Mr. Price mentioned that there had been proposed legislation to get a fixed amount from the state to create this fund and then have interest earnings to help pay down the insurance cost – that didn't happen this legislative year, and we will want to bring it back up for the next legislative year. Most commuter rail properties insure from \$1 million

to \$7 million per property. Most smaller commuter rail systems only have \$1 million per property. The big question is how to fund this pool. The Broker can assist in this determination. Some concepts thought about were that available assets could be collateralized with a letter of credit from a bank (the most expensive part is the \$0-\$1 million range); another is beginning to take operational funds annually and put into a pool and begin to build up. Once a Broker is on board, this is one of the first items to review – what amount should we get to minimize other insurance cost and minimize operational cost.

Tom Brashear asked about the negotiations w/TSG, the liability coverage with \$100 million and the RFP for \$25-\$200 million - what happens when/if we get coverage fitting our budget but that doesn't come up to \$100 million? Bill Farquhar replied that if that is the situation, we will need to continue negotiations w/TSG – \$100 million is viewed as starting position, the actual amount is subject to future negotiations. What the project can afford and what is an appropriate level are the most important aspects. Mr. Farquhar gave an example that Chicago Metra currently carries \$50 million, while Indiana carries \$5 million due to tort caps of \$300,000 per person (more inexpensive way to handle). This could go a long way with negotiations with CSX for future corridors.

d. **Critical Path Assessment with contingency analysis**

Bill Farquhar reported that staff has done a very detailed study of when we can open service to public and put out a quality product. As mentioned at the May Board meeting, the November opening, while possible, will not allow us to be able to put our best foot forward. Mr. Farquhar mentioned that we're proving the concept of commuter rail in Middle Tennessee and only have one chance to do so. Staff's recommendation is that we delay opening day, and will provide the committee with more a detailed backup of where we are and what is needed to start service probably in the latter part of January. We will wait until further into the construction season to see how we're doing to set an actual opening date.

This shift in opening service is approximately an additional 10-12 weeks. Mr. Farquhar reassured the committee that we will be able to run the train for the November TPTA Conference attendees as a "sneak preview" train. Paul Price informed the committee that in Seattle, the Sounder actually ran their Grand Opening service about 10 months before revenue service started. Mr. Farquhar also stated that we do hope to run some special event services and public awareness trips during late November through early January.

Mr. Farquhar handed out the Critical Path Assessment document, and briefed the committee on the details of this document. Starting with the Contingency Analysis, he stated that the two biggest hits to contingency are mobilization costs of \$1.4 million that were never budgeted, and the station bids that have come in approximately 40% over budget. Assuming that the Martha station does not get funded through the Capital Budget, and we build the other stations, we will have a contingency shortfall of (\$185,000). We are looking at wide variety of options on how to fix this shortfall. This figure assumes that the Martha station gets funded through future appropriations, through TIP funds, or other funding options. By extending the opening day into January, we can save about \$74,000. We will need to work closely with TDOT, as we have \$212,000 to fund temporary crossings at Highway 109 & Quarry Road only in place for the remainder of the TDOT 109/70 project to be completed. Staff is hopeful that we can go through that successfully.

Mr. Price spoke about the signalization of Highways 109/70 and asked the committee if they had requested TDOT, Wilson County, and/or Lebanon, to provide on-site police officers to flag trains through? Tom Brasher mentioned that he didn't know how feasible this would be – perhaps Quarry Road, logistically speaking, may be doable but Highway 109 may be much more of an issue. Kevin Walker mentioned that we may need this to happen for about 10-12 months rather than just

a couple of months as earlier thought. Tom Brasher asked for clarification that delay in TDOT's highway projects has caused the change in Martha Station, and as such, could the additional cost of delay at this station be included in the TDOT fund. Mr. Mike Choate, TDOT Project Manager, stated that he couldn't address this issue presently.

Mr. Choate reminded the committee that the full TDOT construction for the Highway 109 project is not funded this year; it is funded in the 06/07 year. He mentioned that the bid date to let the contract is December 2006 and that the right-of-way project has been funded and is ongoing. What's holding the railroad work up is the acquisition of right-of-way to move the tracks. If the right-of-way project moves efficiently, it may not make a big difference. His concern is that when the letting date of the contract changed, it effectively gave right-of-way another year to accomplish their relocations, condemnations, etc. He mentioned that during the last conversation he had with that office, they were still trying to move as quickly and effectively as they could. Bill Farquhar stated that if right-of-way takes additional time to complete their tasks, it will mean that the Martha station would be delayed another year. Track has to be relocated before the station can be designed/built. Mike Choate stated that the railroad can still be turned loose earlier if right-of-way is available, but at this point right-of-way is not available.

It was clarified that the railroad right-of-way project is separate from the Highway 109 construction project. Kevin Walker stated that we have a "hole" in our project due to this 2.5 mile section that was to be grade separated rather than an at-grade crossing. The realignment eliminates the grade crossing, so we don't have funds to put in a grade crossing. Tom Brashear mentioned that committee feels we were informed that the grade separation project is part of the Highway 109 construction project. Mr. Choate replied that is true, but moving or realignment of the railroad is different. He further stated that TDOT does have agreement with the railroad that while moving tracks that they will provide temporary signaling at that time, but he doesn't think that signalization timing would mesh with our timing.

Kevin Walker stated that the delay is for temporary signals as a temporary route on Highway 109 (just flashers). Paul Ballard asked if another option would be running at a reduced speed through that area. Bill Farquhar replied that we would need to stop if there were no flashers; however, with flashers we could move through the area but at a slower rate. It was clarified that the realignment, and laying of new track will be done before doing the grade separation. We will need to establish a new, temporary grade crossing and can transfer the existing signals to the new location before the grade separation work is done (only flashers). Mr. Price stated that if police can be there to enforce the flashing lights during the short time in the mornings and afternoons, it would give a sense of security, and issue of liability. Tom Brashear asked if it would be acceptable to have a couple of unattended police cars with flashing lights. Both Mr. Price and Mr. Farquhar felt that could be a good deterrent without using up manpower. Mr. Price stated that it may work better if the police vehicles were manned from time to time.

Mr. Ballard recapped the discussion by stating that at all times all crossings in use will have at least flashing projection, until grade separation is completed. Kevin Walker mentioned that we may be able to move some old lights/flashers from surplus to Quarry Road, but will still have a cost to do so. Mike Choate stated that when the track is shifted, TDOT will have to provide a detour for Highway 109 on the west side so the new section of Highway 109 can be rebuilt. A temporary crossing should be put at the detour location, not at present location. TDOT's intention is to have the railroad (NERC) build the detour road. There is an issue with some of the property adjacent to tracks and providing access during and after to that property. Depending on what work is done and when, that property may not have access and we can't let that happen. TDOT has looked at the detour road as a separate contract, open to other bidders beyond NERC. The detour road has

to be in before we can start working on it. Tom Brashear asked for confirmation that if Bill Drunic is working on it, can we assume it is completely outside the Music City Star project. Mike Choate confirmed that it is between NERC & TDOT, and is completely outside of the commuter rail project. Gene Turnage stated that how the liability for operation of trains is affected depends on whether a temporary station is done at Martha. Bill Farquhar replied that there is no plan to do a temporary station at Martha, to which Gene Turnage stated that if there is no temporary station, and both crossings are equal, then no slowdowns are needed. Jeff Baines mentioned that once we are closer to this happening, since it is located on the Lebanon side, options can be discussed with the City of Lebanon.

Tom Brashear asked if the forecasted contingency loss assumed a \$0 forecast for Martha station. He stated that in previous discussions, verbal & written, it had been assumed that Lebanon would pay for one station, Mt. Juliet would pay for one station, and Wilson County would pay for one station – all averaged. Wilson County was basically pegged with the Martha station. There is nothing in a contract that Wilson County's money has to go to Martha; however, Wilson County finance committee has expressed the need to see hard improvements at very least on plans ready to go to construction prior to disbursement of funding. Tom mentioned that they are concerned that if they're not going to be invoiced w/anything at Mt. Juliet or Lebanon, we may have a hard time getting Wilson County payment without showing the hard improvement they are funding. This may need to be discussed with Allyson, as she knows more background information. Bill Farquhar stated that we will be talking with Wilson County regarding these concerns. He also mentioned that Allyson was closely involved in the development of the critical analysis, and that we are at the point where we need to admit that this project is under funded significantly. Every assumption made regarding costs has been very low in actuality and it's all caught up to us and we're trying to be as fair as possible with what we have. There is a finite pool of money available, and we need to be very creative to determine how to fund the Martha station. Tom Brashear reiterated that any invoices to Wilson County will need hard improvements and hard costs to attach their money (not a black hole). Kevin Walker stated that Allyson did mention this requirement and that staff will be discussing and will get back to Mr. Brashear with further information as available.

Bill Farquhar then started discussion on the other points noted in the critical analysis:

- Property – we are currently in negotiations with the Meadors to acquire a portion of their property. A full take of their property with relocation would be over \$500,000, so we are now looking at a partial take. A meeting is being held this morning to discuss this with the Meadors. This partial acquisition would reduce the number of parking spaces at the Hermitage station by 13, but it will bring the cost of acquisition to around \$100,000 plus some utility relocation costs. This also has the benefit that we're not trying to force them out of their home. Staff will come back to the committee with results of this action.
- Station parking – Staff is looking at other places to descope parking and save money. We have committed to minimum number of parking spaces at each station, but may be possible to save a few thousand dollars to shrink parking slightly, and we will be looking at that.
- Layover track – Currently, the operating plan calls for two train sets coming in the morning. The first train set needs to leave Riverfront so the second train can come in. We have asked NERC if we can hold-off building a new layover track, but use the layover track at yard for time being. Cost for a new layover track of about \$200,000 may be able to be saved – staff is still discussing.

- CTC – We will be able to save the expense on the insurance cost during the first few years. Bill Farquhar reported that Bill Drunscic has stated that he will be able to help make up the shortfall on this item only, if no other options available. Staff is still exploring other options to find ways to fund this option. This was initially funded by de-scoping items.
- Value engineering – Paul Price reported that staff has discussed with MDHA to review station construction bids to find any value engineering options that can help to lower costs. Two items have been found initially: 1) the cost of excavation was higher than TDOT average, due to both contractors using rock instead of soil and sub-base, which is a better surface to work with and work can continue if raining rather than with soil/sub-base. 2) Entire station parking areas are designed with asphalt and have full capability of handling buses & fire trucks on a regular basis. Since they are parking areas, we don't need that much paving at least in the short-term. Staff is looking at doing chip-seal for just the parking areas – on the parking spaces only. Tom Brashear suggested that there may be some environmental credits available as chip-seal would be considered “porous pavement”. He stated that MTSU is doing something similar currently and they could be contacted to find out more information. Another item is trying to de-scope stations. Kevin Walker is still working the numbers for all of the value engineering suggestions. Paul Ballard requested staff to be sure to thank Mr. Randall Dun for his assistance with this review. Mr. Farquhar mentioned that they would thank him not only for assisting with the analysis, but for doing so in such a timely manner. Kevin Walker is also working with the station construction contractor to identify any other items to save where we can.
- Martha Station – Bill Farquhar stressed that while at the moment there is not funding available for the Martha station, there is not in any way an intention to delete this station from the project – we just need to be creative in future funding to do it. Tom Brashear stressed again that we may experience a delay in getting Wilson County capital money due to the delay in Martha station.
- Riverfront Station – Bill Farquhar reported that we have \$1.8 million in the budget for Riverfront, which is our most expensive station. Unfortunately, the Hermitage station came in at \$1.5 million, and staff is not optimistic that Riverfront will come in under \$2 million. We do have agreement with Metro to fund additional improvements at Riverfront – in writing. We will be working with them as it goes along.
- Funding – Bill Farquhar reported that staff is working with a couple of banks to possibly obtain a grant anticipation note, where we would receive a line of credit from a bank backed up by future appropriations (federal for new starts, 5307/5309, etc.). The more money we ask for, more it will cost us. Both lending institutions that we are working with have indicated a very strong willingness to work with us – they see us as becoming a very good customer with daily revenue, additional construction projects, etc. We are looking at increasing the grant anticipation loan – which would be taking money for construction and paying back with operating funds, constricting operating funds for future years.

Tom Brashear stated that we all agree our first priority is to get this corridor running, however, he asked about how exposed is the RTA in getting additional supporting lines system-wide up and running and how what's happening with East Corridor funding will affect money available to go to other corridors. Mr. Farquhar replied that funding for other corridors has not been developed yet. One item that staff will be coming back to ECOC with next month is our legislative proposal for next year, which will include the starting

process of identifying permanent funding sources to do other lines and looking at trying to get planning money for those other lines.

Brenda Wynn asked if staff has evaluated just how much the project is under funded, to which Mr. Farquhar replied that staff is looking at all options where we can de-scope the project to release funds to make up shortfall within the current \$39 million project budget. We are at point where certain things – expansion room, operational flexibility and capacity, etc. – are being given up to ensure we keep within our budget. Mr. Price stated that in our operating years, 5307 funds become available on annual basis. CMAQ funding covers our first three years; agreements with local governments are secured for our first 5 years of operating, then 5307 funds become available after our first three years. Tom Brashear recapped stating that the capital issue shortfall, operating funds committed with local funds, CMAQ, etc. are all funding for the short-term.

Jim Ladiou asked if the current operating funds serve just two trains, or more, to which Bill Farquhar replied that the current operating agreement has two trains from Lebanon to Riverfront, with the first train reversing to go to Mt. Juliet (revenue trip) and becoming the third train into Riverfront. Then both trains are put together and sent back to Lebanon (outside peak period, but will be a revenue trip). In the afternoons, both trains will come in to Nashville together (as a revenue trip) and will be ready to serve outbound passengers.

Brenda Wynn asked if staff had given thought to asking congressional and senate representatives for another \$2 million to makeup any shortfall expected. Paul Ballard stated that staff is going through the traditional value engineering process, and the things we are eliminating are things we can do without. We want to bring this project in on budget, and not go out and ask for more money. We will deliver the best product within the available dollars and we are committed to do so. We will forgo some things that are not necessary, but will deliver within budget.

Paul Ballard then addressed Tom Brashear's question about the comparison to the East Corridor and other future corridors stating that the dollars being spent on this project are miniscule when compared to future corridors. Subsequent lines, to do right on CSX corridors, will require marshalling the community together, full funding contracts, and we will be competing with rest of the country for funding. He went on further to state that we would need to show sound and efficient use of money on the East Corridor, showcasing it as a success as a least-cost corridor, etc.

Mr. Ballard commended Bill Farquhar as our Commuter Rail Director with his experience, etc. We will be successful with the East Corridor and set precedence for future corridors. Bill Farquhar stated that by keeping to our budget, our case will be much easier to make when going back for funding of enhancements & expansions and we will be viewed more positively.

**e. Construction Update**

Kevin Walker provided the committee a handout of construction update activities. He mentioned that over 91,000 feet of rail has been laid to-date, work is ongoing at Browns Creek Bridge, and as of yesterday, grade tie work is completed all the way to Lebanon. Station contracts have been signed by the contractor and are currently with RTA for signature.

Kevin further stated that regarding the award of Lebanon station, we are in negotiations with the contractor. A few small items are being negotiated, and a change order will be requested to fully

award the contract for Lebanon station. We anticipate this request coming to the June 14<sup>th</sup> ECOC meeting.

**OTHER BUSINESS:**

Hanne Flippen updated the committee about upcoming Groundbreaking Ceremonies being planned for each of the station sites. She mentioned that the only semi-confirmed date at this time is June 21 at approximately 1:30pm for the Lebanon station Groundbreaking. Other ceremonies are being tentatively planned for early to mid-June and e-mail notification will be given to the committee to ensure their attendance/participation. She reported that staff is working very closely with each of the Chambers and local businesses for their participation in these Groundbreakings. The Riverfront Groundbreaking Ceremony will be planned for sometime after the July 4<sup>th</sup> holiday.

Ms. Flippen updated the committee about the Music City Star web site status. She mentioned that Network Solutions was selected to host the website and that as of this morning, we have requested official transfer of the musiccitystar.com and musiccitystar.net domains from the previous owner, and should have confirmation of this transfer shortly. She stated that the musiccitystar.org domain has already been registered to RTA and it will be transferred to our hosting server ASAP. Work is beginning on the website design with The Bingham Group, under contract through TDOT, and plans are to have the website up and running before the end of this summer.

There was no further business, and the meeting was adjourned at approximately 11:30 am.