

SECTION 305 FINANCE and ADMINISTRATIVE SUB COMMITTEE

MINUTES

JUNE 21, 2023

3:00PM EASTERN

WEBEX MEETING

FACILITATOR	<i>Tim Ziethen, Chair of the S305 Finance and Administrative Subcommittee (FASC)</i>
ATTENDEES	<i>Tim Ziethen, Brian Beeler II, John Oimoen, Ray Hessinger, Jeff Gordon, Mike Murray, Strat Cavros, Barley Fields, Crystal Dupont, Steve Hewitt</i>
ABSENTEES	<i>Jason Biggs, Amanda Martin, Troy Hughes, Shayne Gill, Larry Salci</i>

DECISIONS MADE

1. Welcome and Open Meeting – Tim Ziethen, Amtrak:

FASC Chair Tim Ziethen opened the meeting and asked Steve Hewitt to call the roll.

2. Roll Call – Steve Hewitt:

After calling the roll, Steve Hewitt could not confirm the presence of a quorum.

It was agreed that the call would continue and minutes would be taken, but no votes or decisions would take place.

3. Approval of Minutes from the 5-25-23 meeting – Tim Ziethen, Amtrak

This agenda item was tabled until the next call (7-19-23) due to the lack of a quorum.

4. Treasurer’s Update- Balance and Spend Rate – Forecast – Tim Ziethen:

Balance/Spend Rate Through April 2023

Total Initial Grant Amount: \$1,250,000.
 Expenses Incurred through April 2023: \$1,173,648.37
 Balance remaining: \$76,351.67.
 Estimated spend at current rate for balance of the Grant: \$74,281.54
 Current Spend Rate per month (as info and used in calculating): \$14,856.31.
 Estimated Balance at the end of the Grant Period: 2,070.13

Tim pointed out that this does not include an outstanding TLK invoice not yet submitted. It may or may not bring the ending balance over the remaining funds, but it will be close for sure.

5. Update: NGEC funding issues/potential interim solutions - Tim Ziethen:

Tim Ziethen reported that he has a verbal commitment from Amtrak CMO George Hull and Amtrak Finance to put in funding for the NGEC as a line item in its budget for next year (FFY 2024 from 10-1-2023 thru 9-30-2024).

The amount that they are looking at is \$260,000 for the 12-month period. This would allow the NGEC “to keep the lights on” and continue the work it is doing now.

The internal Amtrak budget process is underway and the NGEC does have a line item in the budget request.

The hope remains that the CRISI grant will be approved but this will be the back-up/hold over plan.

Tim seemed confident that the budget request for the NGEC will be approved through the process but added that the overall process takes some time to get all approvals. The Amtrak Board will still need to approve the final plan, but it

Amtrak remains fully supportive of the NGEC so it is anticipated that the Board will approve this line item.

Tim also reported that Amtrak has submitted a 6-month GARF – or no cost grant agreement extension to enable “us to draw down on remaining funds” to pay for ongoing expenses after 9-30-23. If the final costs go over the current grant amount, Amtrak will fund those costs.

Tim reported that he has nothing new on the CRISI Grant – the announcement period is still expected to be in the August-September time frame.

Tim asked Steve Hewitt if there was anything he thought should be added to the SOW for this 12-month interim funding. The number \$260,000 was an estimate that was derived during discussions on the last Executive Board call.

Steve added that he had reviewed the CRISI Grant application and most of what was in there, other than new activities that are planned, should provide Tim with information for the SOW for the interim funding. Steve added that this should include the SOW and budget plans submitted by TLK and Casamar which included the additional activity of reaching out and compiling DCRs from entities that used the NGEC specs and made changes to them. Other than those additional costs, the \$260,000 would cover all of the current activities and the costs associated with AASHTO, Larry Salci, Steve Hewitt and, of course, TLK and Casamar, as well as the expenses related to the Annual Meeting.

Steve added that the \$260,000 amount in the request actually will provide a bit of a cushion and that is a good thing, especially if there are over runs on the current grant agreement that Amtrak pays for is later reimbursed by the NGEC.

Tim Ziethen agreed that this would be an austerity budget to maintain the current activities and the additional costs for TLK and Casamar. He asked Strat Cavros, AASHTO, if the current run rate for AASHTO would continue, and Strat responded “yes, that should work”.

Steve asked if Tim would be prepared to brief the full Executive Board next week on its call (6-27-23).

Tim responded that he will be ready to brief the Board and he added that, while internally Amtrak is moving forward with the plan as described, “we are still in a bit of a holding pattern waiting for a conversation with FRA (Mike Murray and Jeff Gordon)”.

Steve Hewitt also commented that, as he understood Amtrak legal had confirmed that no By-Laws or structural changes to the NGEC would be required because of the new funding source.

Tim confirmed that this is what Legal had determined.,

Jeff Gordon, FRA asked Tim if he had looked into other potential fund sources. He thought that Tim was planning to look into a different source and check with FRA.

Tim responded, yes, he has raised the issue with the Amtrak grants office as to whether the NGEC would qualify as a capital project which, he believes is what Jeff was referring to as another source option.

Tim elaborated that “anything we (the NGEC) creates new, beyond the \$50,000 threshold would qualify”. He added that the NGEC drawings would certainly qualify as assets, but not if the activity is simply maintaining the ones the NGEC has. Maintaining them does not qualify as being capitalized. “Unless something changes it (the NGEC) I am assuming it is a standard operating expense...I am not aware if there is any mechanism that will allow us to ID it as a capitalized project”.

Tim continued, “Anything that is an Amtrak asset is part of the capital Plan and goes to FRA for formal review and approval and ‘earmarks’ that item as a capital project...with a life longer than a year as a tangible asset...anything new (that the NGEC would create) could fall into qualifying as a capital asset, but maintenance of the documents would not”.

Right now, Tim noted, the NGEC is considered an operating expense. He also added that he is checking with Amtrak accounting on this to clarify. Only the accounting group could clear up whether or not this should be an operating expense or a capitalized project and be identified as a line item in the Capital Plan.

It is cut and dry – “either it qualifies as a capitalized project or it does not”.

Tim asked, “what are we creating that is new?”

Steve Hewitt commented that in the 12-month interim SOW the NGEC is not planning anything new – it is continuing work as is with the addition of increased expenses for the work associated with outreach to entities that have used NGEC specs and made changes to them – with the Locomotive spec being the one specified during the 12-month

period covered by the interim funding proposal. Steve added that new work for the NGEC is included in the long-term SOW contained in the CRISI grant application, but not in the 12-month interim funding request.

Tim agreed and added that another issue with capitalizing the NGEC, any new documents or assets produced will be developed in an open setting with industry involvement. This is another aspect that would need to be considered.

The discussion ended at this point with Tim agreeing to check in with Accounting and requesting that he and FRA (Mike Murray and Jeff Gordon) get together in conversation soon.

7.

Other issues/questions – All:

With no other business forthcoming, Tim Ziethen adjourned the call at 3:27pm Eastern.

By Computer: <https://stephenhewitthewittconsulting.my.webex.com/meet/shewitt109>

by phone: 1-415-655-0001

Access code: 126-073-1531

7-19-23

Decisions - Action Items

Treasurer's Report – 6-21-23:

Balance/Spend Rate Through April 2023

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NGEC Funding - FASC Recommendation – accepted/approved by NGEC Executive Board on 3-7-23:

Continue to monitor the current funding and expenditures closely.

Accept the reduced scope and budget for Casamar through 9-30-23.

Continue to look at alternate funding sources.

Make a hard decision no later than June 2023 based on what happens with the CRISI Grant application.

Request other Amtrak projects sources to fill the gap if there is a shortfall – possibly \$10-\$15,000.

Look for bridge funds or pre-award funding depending on the results of the CRISI Grant application.

3-29-23:

Ray Hessinger suggested that the Committee be ready immediately after the May-June timeframe to go directly to Amit Bose, FRA with a request for funding if a CRISI grant is not awarded. This request should be ready to go, but not sent until the CRISI grant announcements have been made. Only if the NGEC grant is not awarded would the request for direct FRA funds be submitted.

4-26-23:

The recommendation for a June timeframe for starting the shutdown remains the same. It is now known that the

CRISI Grant awards will not be announced until August-September – so bridge funds will be needed to continue the NGEC's work. It is hoped that there will be clarification on options and next steps by June.

5-25-23:

Tim Ziethen's recommendation is that the Committee work should continue with a close eye on spending and it should not "pull the plug." As also noted in the above discussion Tim anticipates that the NGEC will not be shut down, that interim funding will be provided. Amtrak is supportive of the NGEC and believes it should continue.

6-21-23:

No change – the work of the NGEC will continue as Amtrak pursues interim solutions.

NGEC funding issues/potential interim solutions:

On 6-21-23, Tim Ziethen reported that he has a verbal commitment from Amtrak CMO George Hull and Amtrak Finance to put in funding for the NGEC as a line item in its budget for next year (FFY 2024 from 10-1-2023 thru 9-30-2024).

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Tim seemed confident that the budget request for the NGEC will be approved through the process but added that the overall process takes some time to get all approvals. The Amtrak Board will still need to approve the final plan, but Amtrak remains fully supportive of the NGEC so it is anticipated that the Board will approve this line item.

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Action:

Tim will report the status of these efforts to the NGEC Executive Board on its next call (6-27-23).

Tim will follow-up with Amtrak accounting on the question of capitalization of the NGEC work.

CRISI Grant Application Status:

As of 3-29-23:

No change from previous report. Announcements on grant applications to be awarded are anticipated to occur in the May-June 2023 timeframe.

Tim Ziethen reported that the application was submitted to FRA before the deadline and is now uploaded on the FRA website.

The application is for \$2 million with a period of 5 years (although the sunset date is not known – Tim is checking). Amtrak is providing the 20% match (\$400,000) using non-federal funds (fare box), with the FRA providing the remaining \$1.6 million. The application is comprehensive – more than thirty-five pages with included attachments.

The application received strong support internally from Amtrak (all the way to the top) and from associations such as, AASHTO, SPRC, RPA, from individual states, and from the major rail manufacturing and supply companies as well as individual members of the industry. The letters of support were submitted with the application.

Tim Ziethen reported on 3-1-23 that there is nothing new on the status of this application, but that the timeframe for hearing whether it is approved or not is May-June 2023.

The FRA has announced on its website that CRISI Grant Award announcements have been pushed back from a May-June timeframe to an August-September timeframe.

6-21-23:

Nothing new on the CRISI Grant – the announcement period is still expected to be in the August-September time frame.

NGEC two-pager:

The 2023 version of the two-page educational flyer is now available electronically or in hard copy by request from Steve Hewitt. It is also posted on the NGEC website www.ngec.org.

To date: 334 copies (hard and electronic) have been distributed.

Quarterly Grant Progress Reports to FRA:

The FFY 2023 second quarter report was submitted on time.

The next report is due to FRA by July 31,2023.

Approval of the DRAFT Minutes from the 5-25-23 FASC meeting:

Due to the lack of a quorum on 6-21-23, approval of the DRAFT minutes from 5-25-23 was tabled until the next meeting (7-19-23) providing that a quorum is present.

By Computer: <https://stephenhewitthewittconsulting.my.webex.com/meet/shewitt109>

by phone: 1-415-655-0001

Access code: 126-073-1531

Next Call 7-19-23

ATTACHMENTS



Our Vision: The NGEC provides national leadership in standardization, acquisition, and management of passenger rail equipment.

SECTION 305 NGEC Finance and Administrative Subcommittee (FASC)

Web Ex video/audio information:

By Computer: <https://stephenhewitthewittconsulting.my.webex.com/meet/shewitt109>

by phone: 1-415-655-0001

Access code: 126-073-1531

AGENDA

6-21-23

4:00PM Eastern

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| 1. Welcome/Open | Tim Ziethen |
| 2. Roll Call | Steve Hewitt |
| 3. Approval – Minutes from 5-25-23 | Tim Ziethen |
| 4. Treasurer’s Update- Balance and Spend Rate - Forecast | Tim |
| 5. Update: NGEC funding /potential interim solutions | Tim |
| 6. Status: Developing an SOW and Budget Estimate for potential 12-month interim funding | Tim |
| 7. Other Issues/Questions/Next Steps | Tim |

Next Call 7-19-23