

Meeting Notes
Executive Oversight Team

Colorado Railroad Relocation Implementation Study
Denver, CO – November 2, 2007

Meeting Attendees

CDOT

Russ George - Executive Director
Tammy Lang - CDOT Project Manager

RTD

Cal Marsella - Executive Director
Henry Stopplecamp - Engineering Technical Services Mgr.

BNSF Railway

Pete Rickershauser - VP Network Development
Nathan Asplund - Director, Public Private Partnerships
Colleen Deines - Director, Public Private Partnerships

Union Pacific Railroad

Mark Bristol - General Director, Network and Business Development
Joseph Bateman - Senior AVP – Government Affairs

Consultant Project Team

Randy Grauberger - PB Project Manager
Jack Tone - PB Implementation Team Lead
Jerry Albin - Railroad Planning & Engineering (FHU)
Bob Felsburg - Principal Advisor (FHU)

Following introductions, Tammy Lang thanked all in attendance for their participation on the Executive Oversight Team (EOT). She then provided an overview of the previous CDOT study, the Public Benefits Study completed in 2005 that led to this Colorado Railroad Relocation Implementation Study. She noted CDOT's primary goal of the Study is "to relocate through rail freight traffic off the Front Range to the Eastern Plains to obtain the required capacity along the Front Range for future commuter rail service". Secondary goals remain those identified in the Public Benefits Study: increasing safety at rail crossings, reducing related automobile congestion, improving air quality, and increasing economic development opportunities.

Tammy said that the primary purpose of today's meeting was to clearly define the goals and objectives of all of the participants. Specifically, a result of the meeting should be a

clarification of whether or not the Study should concentrate only on the relocation from the Front Range, or have more of a statewide focus.

Cal Marsella next provided RTD's perspective on the Study. RTD is currently in very detailed negotiations with both UP and BNSF regarding properties related to the implementation of the FasTracks program. Cal described the various proposed acquisitions related to both railroads. He described what he had learned that may be helpful to this effort; first assuring RTD addresses the need to protect customer (freight) access, and lastly, understanding the need to accommodate and preserve the ability to have future freight capacity in the region along the joint commuter/freight corridors.

He stated that RTD is very supportive of this project. He stressed the importance to the Region and the State in relocating through rail freight traffic off the Front Range. He stressed the importance of having a Win-Win-Win for the Railroads, State and Region upon implementation of this project.

RTD's Henry Stoppolecamp noted that the railroads today are operating on a 100 + year old infrastructure. What doesn't work well today now has an opportunity to be fixed.

BNSF's Pete Rickershauser described BNSF's objectives for the Study. He stressed that public support, both politically and financially, is critical to this project. He said the main focus of the study should be when and how to implement the new rail lines. He noted that the public benefits should be made clear in the public involvement process. From a rail perspective, they need the following from the public for success:

- Public support to deal with land use, permitting, facilitation, and local opposition that is based solely on "Not in my backyard (NIMBY)" considerations. Beyond funding, these issues can become major impediments to this project, and we need clear and significant public leadership and resources to manage them.
- Funding – The freight railroads don't want to have to pay for the railroads they already have.

Following up on Henry's previous comment, Pete stressed that both railroads have 21st century business financial expectations but are operating on a 19th century footprint. Both railroads are expecting tremendous growth in tonnages between now and 2035, and new rights of way should be acquired now while they are available. BNSF sees a significant growth in rail tonnage nationwide – as interstates are congested, and in many cases it is a challenge for State's to maintain the highways they have. Today, we face a major infrastructure challenge. Increasingly public agencies, and shippers, are turning to the railroads to take a larger role in future freight movements.

Growth aside, one unique factor of BNSF's Colorado business is that the majority of BNSF tonnage that passes through Denver and over Monument Hill doesn't have to be there. This provides the opportunity to remedy a large part of the issue through the construction of a north/south bypass. Based on these BNSF objectives, and in

recognition of the urgency and challenges of this project, what we hope to get out of this study is a crisp yea / nay on the project.

CDOT's Executive Director, Russ George, stated that the more detail that is available, the more likely the public would be to approve of public funding for portions of the proposed rail relocation. CDOT would be more than willing to take the lead in taking a project such as this to the public.

UP's Mark Bristol stated that UP supports the goal of moving the through rail freight traffic off the Front Range. UP wants the new line to have utility for both railroads. Significant public funding shouldn't go toward affecting the competitive balance between the two railroads.

Joe Bateman added that the UP is very supportive of the rail related initiatives taking place in Colorado.

Tammy Lang stated that this Study does have a significant public involvement component as identified by the consultant team.

Cal Marsella suggested that everyone in the room knows what the issues are regarding this project. He suggested we get on with identifying what the project should entail, when it can occur, and what it will cost. Since the north/south bypass will primarily benefit the BNSF, he suggested that there also need to be complementary benefits identified for the east/west flows of the UP.

PB's Jack Tone stated that in the individual meetings with both railroads, each railroad indicated that key issues to be resolved related to trackage rights and control of dispatching. Both of these issues are dealt with by the two railroads regularly throughout the western United States.

Pete Rickershauser stated we should focus on CDOT's primary goal; relocation of north/south traffic off the Front Range. He believes that a project of this magnitude could have a national constituency that should be engaged. The project needs to look not only at the traffic that can be moved off the Front Range, but also that traffic which needs to remain on the Front Range to support Colorado's growing economy. Rail options for serving that growth should be considered. Paving everything for trucks is not the answer. NAFTA and other Trade Corridors are an emerging issue. A recent AAR Study has projected that rail traffic will increase by 90% by 2035.

Cal Marsella noted that the benefits of the project go well beyond Colorado.

BNSF's Nate Asplund suggested that with the rising prices of diesel, and the projected growth of freight, this project becomes even more important.

Russ George noted that the two railroads work together on major projects all across the country; and the synergy to get this project accomplished does exist. Both railroads need

to say “this works for us”. Then CDOT can take the lead in discussing this project with the Public.

PB’s Project Manager Randy Grauberger noted that the only ‘public involvement’ in the previous study was an e-mail questionnaire to a database of 375 people in the Front Range, Eastern Plains, and Northwest Colorado. 89% of respondents said the project would be a net benefit to their community. 4% replied the overall impact would be more negative. Eastern Plains community officials look at the proposed project as providing economic development and jobs.

Henry Stoppolecamp noted that there needs to be an open book regarding the benefits that will accrue to the railroads from the proposed relocation to make them comfortable with the balance of benefits.

Randy Grauberger stated that the Rail Traffic Controller modeling inputs will be provided to both railroads for their review and future use at the completion of the Study. Jerry Albin stated that the modeling will be evaluating the rail operations all the way to Amarillo and he’ll be drafting a letter to the railroads requesting data on these additional segments in the next few days. The modeling will compare the “base case” to alternative alignments that are selected for evaluation. Randy stated that the modeling effort is well underway. The existing system is nearly coded; however, PB’s modeling staff may need to meet with railroad staff in Omaha and Ft. Worth to “scrub the data” that has been received by PB from the railroads in order to optimize the effectiveness of this modeling effort. PB’s Paul Mosier and his staff have worked with both railroads in the past on similar modeling efforts. Randy noted that the modeling effort was expected to be completed by the end of February.

It was agreed that the Study should initially evaluate only two alternative bypass alignments: 1) the Joint Proposal that was identified in the 2005 Public Benefits Study, and 2) an alignment to be proposed by BNSF (“B-Line”) which would not utilize the UP’s KP line. The “Appendix A” list of projects was an output of the Final Report of the Phase I Study released in 2005. Initially CDOT had configured this “Implementation Study” to focus on how to implement these projects. However, one-on-one conversations this past summer with both the BNSF and UP suggested the Study focus only on the north/south bypass.

The original Scope of Work allowed for the possibility of three alternative alignments. BNSF will provide the consultant Project Team with an alignment plan and if available, a profile, for the B-line, and UP will provide any available similar detail for the “new construction” segments of the Joint Proposal alignment. Based on the results of these two scenarios, a third alternative may be mutually defined by the railroads for further testing.

Pete noted that railroading boils down to a game of physics. Whatever is the shortest, flattest and fastest route usually wins. In addition to what the railroads want, it is also an issue of what the public will accept.

Tammy Lang suggested the possibility of a 4-party Memorandum of Understanding (MOU) for this project. It was suggested that the MOU would describe the philosophies and goals of the relocation and the processes to be involved in the Study. It is not expected the MOU will get into the details of specific project improvements. UP's Joe Bateman suggested that the UP wouldn't support a MOU that utilized UP's tax payments to pay for infrastructure improvements. He suggested the CREATE project in Chicago as a good model for funding and financing the proposed relocation project in Colorado. PB will prepare a Draft MOU for all parties to review prior to the next meeting of the EOT.

Tammy next discussed the draft press release that had been approved by CDOT's Public Information Office. The release of the brand that has been developed for the Study, "R 2 C 2" i.e. "*Rail Relocation for Colorado Communities*", was to be part of the formal press release related to this Study. It was determined that the press release and formal announcement of the "kick-off" of this Study should be postponed at this time. It was further suggested that CDOT should be emphasized in the brand to ensure proper identification of this project. A meeting with Tammy Lang, Randy Grauberger, and CDOT's Public Information Director Stacy Stegman will be set in the near future to discuss this issue.

It was decided that the two railroads meet as soon as possible to reach some level of agreement on the relocation alignment and other related project improvements that could be part of this effort. Both railroads agreed that the current circumstances and dynamics in the rail industry are different than they were at the beginning of the Public Benefits Study. Randy Grauberger indicated that if the railroads felt it would be useful, he would be willing, as Consultant Project Manager for this Study, to attend such meeting(s) of the two railroads in order to provide background related to issues from the prior Study.

Action Items:

Consultant Team -

- Draft Meeting Notes for review by those in attendance
- Draft letters to railroads related to additional data requests
- Draft 4-party MOU

BNSF -

BNSF will provide the consultant Project Team with alignment plan and if available, a profile for proposed B-line

UP -

UP will provide consultant Project Team with alignment plan and if available, a profile for proposed Joint Proposal "new construction" segments.

UP will identify "other project elements" that may be "complementary" to north/south relocation

BNSF and UP -

Meet as soon as possible to discuss “How to get this project done!” i.e., look at opportunities to combine the attributes of the Joint Proposal and the B Line alignments.

Prior to adjourning the meeting it was suggested that future meetings of the EOT be held earlier in the day to accommodate the travel schedules of both railroads. The next meeting has been tentatively scheduled for the morning (9:00 – 11:00 a.m.) of February 6, 2008.