

TEXAS DEPARTMENT OF TRANSPORTATION

COMMISSION MEETING

Ric Williamson Hearing Room
Dewitt Greer Building
125 East 11th Street
Austin, Texas

Thursday, March 31, 2011

COMMISSION MEMBERS:

Deirdre Delisi, Chair
Ned S. Holmes
Fred Underwood
William Meadows

STAFF:

Steve Simmons, Deputy Executive Director
Bob Jackson, General Counsel
Roger Polson, Executive Assistant to the
Deputy Executive Director
JoLynne Williams, Chief Minute Order Clerk

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OPEN COMMENT PERIOD (no commenters) 129

ADJOURN 129

P R O C E E D I N G S

1
2 MS. DELISI: Good morning. It is 9:01 a.m.,
3 and I call the regular March 2011 meeting of the Texas
4 Transportation Commission to order. Note for the record
5 that public notice of this meeting, containing all items
6 on the agenda, was filed with the Office of the Secretary
7 of State at 2:30 p.m. on March 23, 2011.

8 Before we begin today's meeting, please take a
9 moment to place your cell phones and other electronic
10 devices on the silent mode, please.

11 As is our custom, we'll open with comments
12 from the commissioners, and today we will -- or as always
13 today, like it's different, we will start with
14 Commissioner Meadows.

15 MR. MEADOWS: Thank you, Madam Chair.

16 MS. DELISI: Maybe one day I'll switch it up.

17 MR. MEADOWS: That would be all right with me.

18 Just very quickly, I just wanted to state
19 again, I think we all feel the same way almost always,
20 how impressed and appreciative we as a commission are of
21 the field staff of TxDOT. I think it's the range and the
22 magnitude of so many of the challenges that they face on
23 just a daily basis.

24 The case in point just happened to be this
25 week. There was a horrific, truly horrific and tragic
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1 tanker fire which effectively closed down Interstate 30,
2 the major link between the cities of Fort Worth and
3 Dallas, and our crews were able to get on the scene to
4 assess damage, there were structural issues. They had
5 pavement laid, barriers put up, lanes re-striped and two
6 lanes of the four lanes opened in a twelve-hour period,
7 and considering the magnitude of what they encountered
8 when they arrived on the scene, it truly was impressive.
9 And it's just another great example of the good people,
10 men and women that work for this agency.

11 Thank you.

12 MR. UNDERWOOD: Great comment, Bill, great
13 comment.

14 Just welcome everybody this morning. I also
15 see we have some members from the 2030 Committee. I want
16 to thank them again for all their hard work over the past
17 years. That's a daunting task and you sure don't get a
18 lot of pats on the back. You get a lot of stares, I'm
19 sure. But thank you very much for what you have done.

20 MR. HOLMES: Good morning and welcome. We
21 appreciate all of your attendance here and participation,
22 not just in this meeting but along the way in helping
23 kind of guide us in our decision process.

24 I also appreciate Bill's comments about the
25 staff in the Metroplex to get them back moving again.

1 And thank the 2030 Committee also. Good to
2 see you guys here.

3 MS. DELISI: I just want to remind everybody
4 if you wish to address the commission during today's
5 meeting, please take a moment to complete a speaker's
6 card at the registration table in the lobby. To comment
7 on an agenda item, please complete a yellow card and make
8 sure you identify the agenda item. If it's not an agenda
9 item, we'll take your comments at the end of the open
10 comment period which is at the end of the meeting. For
11 those comments please complete a blue speaker's card.
12 Regardless of the color of card, we do ask that you try
13 and keep your comments to three minutes.

14 Our first item of business today is approval
15 of the minutes for the February 23 and 24 commission
16 meetings. Members, the draft minutes have been provided
17 in your briefing materials. Is there a motion to approve
18 these minutes?

19 MR. HOLMES: So moved.

20 MR. UNDERWOOD: Second.

21 MS. DELISI: All in favor?

22 (A chorus of ayes.)

23 MS. DELISI: The motion passes.

24 So with that, I will turn the agenda over to
25 Steve today. Amadeo is across the street with the

1 legislature today, so we'll be working with Steve.

2 Thanks.

3 MR. SIMMONS: I'm sorry you have to work with
4 me. But thank you, Madam Chair.

5 We'll begin today's meeting with some
6 discussion items and our first item will be led by John
7 Barton, who will talk about where we are in the
8 activities related to our modernization project going on.
9 John.

10 MR. BARTON: Thank you, Mr. Simmons. And,
11 good morning, Chair Delisi and commissioners.

12 I have a presentation I'll be using as I go
13 through this and I know that you all have extremely busy
14 schedules today so I'll be brief in my remarks.

15 Let me first just thank you for the honor of
16 serving the employees of our agency as well as our state
17 in this very important role. The modernization
18 leadership team that you've allowed us to form is very
19 much appreciative of the confidence you've placed in us
20 and the support you're giving us, so we really appreciate
21 that.

22 I just wanted to start the process of
23 providing monthly updates on our progress towards
24 modernizing this agency, and today the report that I'll
25 give you is just going to update you on the team's

1 efforts to date, overview a little bit of the roles and
2 responsibilities that we've defined, some action plans
3 that we feel like we can follow to guide us as we move
4 through this process, and finally, to present to you some
5 recommendations that we feel are ready to be moved
6 forward into implementation.

7 The team has met three times over this last
8 month. We've been very productive and I'm proud to share
9 with you that they all are committed to this effort and
10 are excited about this opportunity. And at this time I'd
11 just ask those that are with us today to stand up so you
12 can see who they are and get a feel for their commitment
13 to this effort. Appreciate all of them being here.

14 They've been great to work on this so far, and
15 as I said, we've met a couple of times with Dr. Ryan who
16 is an expert in change management, and in fact, teaches
17 those courses at St. Edwards here in Austin. We've also
18 met with the Grant Thornton team to look at some of the
19 changes that they recommended and were incorporated into
20 the Restructure Council's report.

21 And we've talked a little bit about cultural
22 change and how that might be defined and what it means.
23 Quite frankly, that is the question that most of our
24 employees are asking. And you know, workplace culture is
25 something that is defined by the values and beliefs and

1 norms that an agency has or an organization has, and
2 within this department we believe that we've been built
3 on a lot of great values and beliefs over time, such as
4 the dedication and hard work of our employees that the
5 commissioners recognized this morning, their commitment
6 to excellence, and their determination to get the job
7 done, as well as the family atmosphere that we have here.
8 And those are things that no one should want to change
9 nor do we intend to change.

10 However, there are some things that we should
11 obviously improve on. We should always strive to be
12 better tomorrow than we are today. And looking at the
13 history of this agency and the values that we've had in
14 place, we've been able to build, maintain and now operate
15 the best transportation system in this nation, and
16 arguably in the world, and that's something all of our
17 employees should be proud of, and the commission and
18 commissioners that we have today and have led us in that
19 should be proud of.

20 At the same time, we need to build on that
21 success, build on that history of excellence, and focus
22 on making improvements that we know are needed. And so
23 as we move forward we're going to focus on what the
24 mission of this agency really is, how we should be
25 organized in order to accomplish that mission and to

1 achieve the goals that we will establish for achieving
2 those missions, and then we need to make sure that in
3 doing that, and as we consider the way we should be
4 organized to accomplish those things, that we have
5 measurable goals in mind that we can monitor and measure
6 progress against.

7 So that's a little bit about that issue, and
8 as we work through this process and work with our
9 employees, we're going to have to do a good job of
10 understanding this with them and defining it so that we
11 all can move forward in concert with one another.

12 Let me just review a few updates on some
13 events and some milestones that are coming up. The
14 University of Texas LBJ School of Public Affairs will be
15 leading us in some training on leading modernization or
16 change within an organization. The modernization
17 leadership team will be meeting with them in early April,
18 and then in May, all of our administration, district
19 engineers, region directors, division and office
20 directors will be attending that same training.

21 And I would invite all of you as
22 commissioners. Now, you can't all be there at the same
23 time or we'll have to post the meeting because you'd have
24 a quorum, but we would certainly like for you to
25 participate in either of those events as your schedules

1 may allow, and we would certainly encourage you to think
2 about that.

3 This training is going to help us get ready
4 for the next phase, and that is when we bring in the
5 change management consultant to help us with this process
6 and an RFP was issued last week to move forward with the
7 selection of a firm to assist us with this. I think it's
8 important to note that their role will be to assist us in
9 developing strategies and plans but not to guide this
10 effort. That's what you've asked us as the leadership
11 team and our employees to do. And finalization of the
12 consultant process we expect to be able to conclude by
13 the end of May or early in June. We know that's
14 aggressive but we know it's important that we move
15 forward

16 A few more updates. We have made progress on
17 several fronts. A working group of public information
18 officers has been put together to help us frame the
19 conversation that we have with our employees and to help
20 us keep them engaged and informed as we move through this
21 process. We've also developed an action plan about the
22 various phases of this project and defined the roles and
23 responsibilities for everyone involved, including you as
24 commissioners, so it might be important that we share
25 that information with you and help you understand what we

1 believe are your roles and responsibilities in this
2 effort. And we have, as I said, identified some near-
3 term improvements we think are ready to implement.

4 I'll skip over a lot of this information
5 because of the need for brevity, but we do believe that
6 this will take a long-term commitment by all of us in
7 order to accomplish the goals that we want to, and we
8 will have to engage all of our employees throughout this
9 process. So we will be working to form these work groups
10 made up of employees to develop the action plans and come
11 up with specific ways to move forward with
12 recommendations that we choose to implement.

13 The action plan itself is just a broad
14 overview that describes the different phases of the
15 modernization effort and it will help all of us
16 understand what to expect over the next several months as
17 we move forward with this effort.

18 In terms of recommendations, there are some
19 that have already been implemented and that we have been
20 moving forward with based on the Restructure Council's
21 report. As I said, we will be focusing on updating our
22 database that was created that's online so that anybody
23 that's interested can monitor our progress. It has been
24 updated and will be published later today or tomorrow and
25 be available to the public on our internet site.

1 to the commission.

2 MR. CARR: Good morning, Commissioners.

3 Again, my name is Louis Carr, the new chief information
4 officer for TxDOT, and it is certainly an honor and a
5 privilege to work with TxDOT and work for the commission
6 and the citizens of the great State of Texas. And I look
7 forward to bringing some new thoughts, new ideas to help
8 continue to move TxDOT forward which is absolutely what
9 the citizens want.

10 Thank you.

11 MS. DELISI: Welcome.

12 MR. HOLMES: Welcome.

13 MR. UNDERWOOD: I'm excited to see you here,
14 Louis. Now, Las Vegas, was that New Mexico or Nevada?

15 MR. CARR: Commissioner, Las Vegas, Nevada.

16 MR. UNDERWOOD: Okay. I bet you are glad to
17 be in Texas. Thank you.

18 MR. BARTON: I should have warned you, Louis.

19 MR. MEADOWS: You need to tell Louis this is
20 the easiest it's ever going to be.

21 MR. BARTON: That was your soft introduction.
22 Your next appearance at the podium won't be quite as
23 gentle.

24 (General laughter.)

25 MR. BARTON: Focusing real quickly on a few
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1 recommendations that are underway. You have appointed a
2 leadership team, you've asked me to serve as the leader
3 of this group, and again, I'm honored by your unanimous
4 support and confidence in me. We also have put together
5 the team that I introduced earlier, and they're going to
6 do a great job working with all of us as employees. And
7 then we have, as you can see, retained the service of
8 some outside experts to help us with our financial
9 operations.

10 Some of the recommendations that we would like
11 to suggest we move forward with and are presenting to you
12 today are to separate our government relations and
13 communications functions in our Government and Public
14 Affairs Division into two separate office that will
15 report to the executive director. This is one of the
16 recommendations, as you know, and we feel like it's an
17 important effort and we are poised at this time to move
18 forward with that. So that is a recommendation we are
19 making and hope to get your support for.

20 We also feel like it's time to evaluate
21 whether or not we should eliminate the Business Title and
22 Classifications Committee. It's served the department
23 well for many, many years and we feel like it's an
24 important function, but it was recommended that these be
25 housed within our Human Resources Division and we want to

1 evaluate the effectiveness and the ability to do that.

2 So we are recommending to move forward with that as well.

3 We also feel like it's important to continue
4 to expand and streamline the environmental review process
5 that our divisions and districts and regions put together
6 for our less complicated types of projects and to
7 incorporate that into more of the projects that we do to
8 help expedite the environmental review and approval
9 process for more projects within the agency.

10 Along those same lines, we think it would be
11 appropriate to consider expanding and extending the use
12 of a streamlined right-of-way acquisition process that we
13 have deployed on some of our mega projects, most
14 recently, on the I-35 initiative through Central Texas.
15 It's worked well and we think there are many practices
16 that we can incorporate into our routine right-of-way
17 business functions and we'd like to expand upon that.

18 We also believe that it would be appropriate
19 to establish a Disadvantaged Business and Historically
20 Underutilized Business Office. This was contemplated in
21 a recently published organizational chart, but we would
22 like to get affirmation that you feel we should move
23 forward to this to centralize those functions into the
24 appropriate location rather than having them spread out
25 through various divisions.

1 And then, of course, we think we need to move
2 forward with hiring a change management firm to assist us
3 in this process. We've started that effort and would
4 like, again, affirmation from you that you are
5 comfortable with that.

6 We have put all this information on a new site
7 on our Crossroads internal to TxDOT and also on our
8 internet site. It provides the information that people
9 might be interested in receiving regarding all of our
10 activities, the action plan, roles and responsibilities
11 and those recommendations that we are moving forward
12 with.

13 This, again, is a list of the team members
14 that we have assembled to help lead all of our employees
15 in this effort, and, of course, this will be an all-
16 employee effort, not something that this group or any
17 individual can or will do on their own, and we are
18 certainly committed to making this work in an excellent
19 way.

20 So with that, I would close my presentation,
21 ask for your affirmation or comments or questions about
22 those recommendations that we suggested moving forward
23 with, and myself and your team members that are here
24 today will be happy to answer any questions that you
25 might have.

1 MR. UNDERWOOD: Just a note for our audience.
2 I had an employee tell me yesterday... I asked him what do
3 you think of this transition team, and they said there's
4 not a yes person on the team. So good luck to you, John.

5 MR. BARTON: Well, that is an astute
6 observation, and they have been quick to share with me
7 their no's when I've brought up ideas and thoughts, but
8 that's good to have. We need to have frank and honest
9 discussions about these issues and I can assure you that
10 the team members are comfortable in doing that and our
11 employees as well. So we appreciate that.

12 Thank you.

13 MR. SIMMONS: Thank you, John. And I also
14 appreciate your hard work on this, and don't go too far,
15 John.

16 Madam Chair, as you know with the legislature
17 in session we've got a lot of folks that have meetings,
18 so I need to, if it's okay with you, have the agenda a
19 little fluid.

20 MS. DELISI: That's fine.

21 MR. SIMMONS: So if I could, I'd like to take
22 up agenda item 7.a. which deals with designating a
23 portion of State Highway 99 as a toll project. John.

24 MR. BARTON: Thank you, Mr. Simmons. And
25 again, commissioners and Chair Delisi, for the record, my

1 name is John Barton, and I have the pleasure of serving
2 you and the State of Texas as your assistant executive
3 director for engineering operations.

4 Item 7a authorizes the designation of State
5 Highway 99, which is commonly referred to as the Grand
6 Parkway, and specifically Segment G which is from
7 Interstate 45 to US 59 in Harris County and Montgomery
8 County which is kind of on the northern side of Houston,
9 as a toll project and a controlled access highway.

10 We did receive final environmental clearance
11 on this project on December 29 of 2010, as I previously
12 reported to you, and it was cleared as a tolled highway
13 on May 27, 1999 a minute order was passed that authorized
14 agreements between Harris County and the Grand Parkway
15 Association to develop all the activities for Segments E,
16 F and G of the Grand Parkway, and the department, in
17 coordination with the region, will be seeking to develop
18 and operate this as a toll project.

19 So Segment G is envisioned as a proposed four-
20 lane controlled access toll road, extending, as I said,
21 approximately 13.7 miles from Interstate 45 north of
22 Houston to US 59 north and east of Houston in Harris
23 County and Montgomery County. And in order for this
24 project which is on the state highway system to be
25 developed as a toll road, we have to have two separate

1 actions that must occur: first we have to get the
2 environmental approvals which we have, and then once we
3 receive those, then we have to have you designate it as a
4 toll road. So this action will do that and we'll be able
5 to proceed on the project and the development of this
6 project as a toll road.

7 So staff would recommend your approval of this
8 minute order, and I would be happy to answer any
9 questions you may have about it.

10 MS. DELISI: Any questions?

11 MR. HOLMES: So moved.

12 MR. UNDERWOOD: Second.

13 MS. DELISI: All in favor?

14 (A chorus of ayes.)

15 MS. DELISI: The motion passes.

16 MR. SIMMONS: The next item, 7b deals with
17 authorizing the executive director to issue a request for
18 proposals for the State Highway 99 project. John.

19 MR. BARTON: And there is a slide that I'll
20 show as I talk about this, but, again, for the record, my
21 name is John Barton.

22 And as Mr. Simmons said, this is the second
23 item related to the Grand Parkway. This minute order
24 would help the state continue making significant progress
25 on the Grand Parkway project in total. By approving this

1 minute order you would be authorizing our executive
2 director to issue a request for qualifications for the
3 development of those sections of the Grand Parkway that
4 are in Harris, Montgomery, Liberty and Chambers counties.
5 Just to show it a little more clearly, it would be these
6 sections that are shown on this slide.

7 Let me be clear about a couple of things
8 because this is important. I want to start by sharing
9 what this minute order is or does. It would simply
10 provide your conditional approval for the department to
11 ask private companies if they are interested in
12 developing these particular segments of the Grand Parkway
13 and ask them to give us their qualifications in regard to
14 being able to do that.

15 It's important to note that our ability to
16 enter into such an agreement is totally contingent upon
17 getting legislative authority to do so during this
18 legislative session, and as many of you know, and others
19 as well, TxDOT no longer has the ability to move forward
20 with the development of public-private partnerships
21 except for a very few specific projects, and even that
22 authority expires in August of 2011. But as you know,
23 during the session already several bills have been filed
24 by various members of the House or Senate to consider
25 extending and specifically giving us authority for a few

1 additional projects. One of those is the Grand Parkway
2 and that's why I'm here today talking to you about it.

3 Since I've talked a little bit about what the
4 minute order is, let me tell you a little bit about what
5 it is not. It is not authorization to begin construction
6 on any of these projects. It's simply the first step in
7 a series of steps that must be taken in order to continue
8 the development of this project, and by requesting
9 qualifications from private companies, we'll be able to
10 move the project further down the road, saving valuable
11 time should the legislature decide that they want us to
12 pursue this project through that method.

13 So some people are asking why is it important
14 that we have this conversation today before the
15 legislature has made that decision, and I wanted to
16 assure you that it's not staff's intention to get out in
17 front of the legislature. We clearly understand that
18 they have the authority and they will make the decision
19 about what tools may or may not be used for the
20 development of the Grand Parkway.

21 What staff is asking is simply to have the
22 authorization to begin the process of developing this
23 request for qualifications because that isn't something
24 that happens in a matter of a few days, it takes a few
25 weeks, sometimes even a couple of months to get all that

1 information together and review it properly to make sure
2 it's adequate before we issue it. So staff is asking for
3 your permission to begin the process of developing this
4 request for qualifications, and regardless of whether
5 this project is ultimately delivered through a public-
6 private partnership, a design-build arrangement, or
7 through the traditional design-bid-build process that
8 we've used on the vast majority of our projects in the
9 past, it's time well spent because we are continuing to
10 define and refine what the scope of the project will be.

11 By authorizing the department to move forward
12 with the development of this request for qualifications,
13 we will be moving it further down the development queue,
14 so to speak, and that's why we're asking for this. This
15 project has been under development, quite frankly, by the
16 Greater Houston area since the 1960s. And one more thing
17 that I think we should consider is the local support for
18 this project. There have been a lot of members of the
19 legislature, as well as local elected officials
20 supporting this project.

21 Of course, this is just one project and
22 everyone here knows that the state has a long, long list
23 of needed projects that we don't have the funds to
24 proceed with, so the challenge now is how do we maximize
25 the value of the projects that we have and the funds that

1 we have available to move forward with. And so we have
2 to listen to our citizens. In this case, the priorities
3 that they've asked us to focus on are the importance of
4 this project and the ability to potentially deliver it as
5 a public-private partnership. So by listening to the
6 local community, we feel like we need to move forward
7 with this and are asking for that.

8 I think that I'll close now with my remarks
9 because of, again, the need to be brief in these
10 presentations. I'll be happy to answer any questions you
11 may have, and, again, this minute order would give us the
12 authority to move forward with the development of a
13 request for qualifications.

14 Before I close for questions, though, one
15 thing I do need to point out. As you can see here, those
16 areas that are shaded in brown on the south side of this
17 map, if you will, are those counties that TxDOT currently
18 has primacy in. We would only issue a request for
19 qualifications for the segments in those counties,
20 specifically Harris County and Chambers County, unless
21 and until Montgomery County and Liberty County, who
22 currently have primacy for the development of the Grand
23 Parkway in their counties, ask us to take over primacy
24 and to move forward with the development of the project
25 as such. So I wanted to show on this map that

1 distinction.

2 Right now we have, as a state, responsibility
3 for those portions in Harris County and Chambers County.
4 Montgomery County and Liberty County have responsibility
5 for those portions, and both of those counties are
6 continuing to evaluate whether or not it's right for them
7 to move forward with the development of their portions of
8 the Grand Parkway or if they would like to follow suit as
9 Harris County and Chambers County did and rescind their
10 primacy and ask the state to take over those
11 responsibilities. So this minute order would give us the
12 flexibility to include Liberty County and Chambers County
13 only and if they decide to rescind their primacy and ask
14 us to take that up for them.

15 So with that, commissioners, I'll be happy to
16 answer any questions you may have.

17 MS. DELISI: Are there any questions for John?

18 MR. HOLMES: I may have some.

19 MS. DELISI: Okay. I'm going to go ahead and
20 call up the witnesses then. First, I'll call up David
21 Gornet.

22 MR. GORNET: Good morning, Madam Chair,
23 members of the commission. My name is David Gornet,
24 executive director of the Grand Parkway Association, and
25 I thank you for the opportunity to testify today.

1 We are here, myself, other members of a
2 Houston delegation, citizens of the Houston metropolitan
3 area, in support of TxDOT's continued efforts to advance
4 the Grand Parkway, both from the public hearing aspects
5 regarding the amendments to the UTP that the hearing was
6 held on Monday, as well as the advancement of preparing
7 an RFQ for this.

8 I'd like to give a very brief introduction of
9 the project, the Parkway in the area there. We have the
10 opportunity today of utilizing the 2010 census
11 information that has recently been released to discuss
12 that the Parkway is a road that's going to serve many
13 people. In the Houston metropolitan area we currently
14 have almost 6 million people, 5.9 million there in the
15 Houston metropolitan area, but we have communities around
16 the perimeter of the city of Houston that will be served
17 by the Grand Parkway that are currently underserved by
18 mobility needs.

19 They have to make most of their trips in and
20 out on our radial facilities and don't have the
21 opportunity for circumferential routes around the
22 metropolitan area, and that limits the opportunities for
23 good movements, limits the opportunities for individuals
24 to choose where they want to live or where they want to
25 work and have effective transportation between those

1 areas.

2 And some of these are communities; they're not
3 all cities and many of them are in the ETJ of Houston.
4 The City of League City is currently over 200,000,
5 forecasted to grow to over 300,000. The Alvin-Pearland
6 area has nearly 200,000, and that's 200,000 today;
7 they're forecasted to grow to nearly 300,000. The Sugar
8 Land-Richmond-Rosenberg area that has 400,000 today and
9 is forecasted to grow to 600,000 people. And this
10 corridor that I'm talking about is relatively narrow.
11 It's ten miles wide, centered generally five miles on
12 each side of the Grand Parkway. The Katy area has
13 350,000 today, moving on up to the Cy-Fair area with over
14 200,000 people, Tomball area with 250,000, the Spring-
15 Woodlands area with 300,000, the Kingwood area with
16 almost 200,000.

17 The Dayton-Huffman area on the east side of
18 town is probably the smallest community we have today.
19 It too is underserved but it's on the east side and with
20 the opening of the Beltway and the planning of the Grand
21 Parkway, we expect to see a lot of growth out there such
22 that they will triple in population by 2035. And then in
23 the Baytown-Mont Belvieu area in the Chambers County area
24 and the east Harris County area we currently have 117,000
25 and that's forecasted to grow to 300,000 by the 2035 time

1 frame. All of that is being served by the Grand Parkway
2 corridor.

3 On the south side and the east side you have
4 areas that are shown in blue that are still in the
5 planning phase. What we're looking at today is the
6 completion of the 59 to 59 corridor which today over 1.6
7 million people live in that corridor, and the Grand
8 Parkway will be providing access. We have our partner in
9 Fort Bend County that is advancing improvements to the
10 existing project there, as well as our planning efforts
11 in Harris County, and then our current partner in
12 Montgomery County, however, should Montgomery County
13 consider to rescind, that would become an opportunity for
14 TxDOT to continue on from the Harris County line on over
15 toward US 59.

16 With that, I just wanted to make you aware of
17 the magnitude of what's there today and who we're going
18 to be serving with this project as we implement it.

19 Thank you.

20 MR. HOLMES: David, you were going pretty fast
21 on those numbers. Just to make sure that I have that
22 right, in the 59 South up to 59 North on the west side,
23 today there are a million six?

24 MR. GORNET: A million six, yes, sir.

25 MR. HOLMES: And that's forecasted to grow by?

1 MR. GORNET: Forecasted to grow to 2.3 million
2 by 2035.

3 MR. HOLMES: But today we're at a million six.

4 MR. GORNET: A million six today, yes, sir.

5 MR. HOLMES: And the total Grand Parkway
6 service area population today is 2.2?

7 MR. GORNET: 2.2, yes, sir.

8 MR. HOLMES: Forecast to go?

9 MR. GORNET: Forecasted to 3.3, so another 50
10 percent growth in the next 20 years over there.

11 MR. UNDERWOOD: David, I want to make one
12 other clarification. This population growth is based off
13 of assumptions that it's going to happen whether the
14 Grand Parkway is built or not.

15 MR. GORNET: This is the Houston-Galveston
16 Area Council's growth, and they are assuming certain
17 transportation investments in the region, just as Dallas
18 has to make assumptions that you're going to have to
19 spend some money on transportation investments, but that
20 growth is going to occur in the Houston region.

21 MR. UNDERWOOD: My point is the growth is
22 going to be there.

23 MR. GORNET: Yes, sir, the growth will be
24 there.

25 MR. UNDERWOOD: The opportunity now is to try
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1 to service it now before the growth happens. Isn't that
2 correct?

3 MR. GORNET: To be proactive, yes, sir.

4 MR. UNDERWOOD: Instead of reactive.

5 MR. GORNET: Most people would say we're being
6 reactive because the 1.6 million people are there today.

7 MR. UNDERWOOD: That's what you're saying.

8 MR. GORNET: It should have been there ten
9 years ago.

10 MR. UNDERWOOD: Okay. Thank you for your
11 clarification.

12 MR. HOLMES: And, David, just as a follow-up
13 to Commissioner Underwood, I would note that there have
14 been communities in Texas that felt like if they didn't
15 build roadways, their population would concentrate and
16 not actually grow into the environs outside of that
17 immediate area, Austin coming to mind. It didn't
18 actually happen that way. Individuals and families moved
19 to the outskirts of Austin without that road system in
20 place.

21 MR. GORNET: Yes, sir.

22 MR. HOLMES: And so I think to Commissioner
23 Underwood's point, that growth is going to happen
24 irrespective of whether we build it. We can either serve
25 them or we can elect not to. Long-term benefit, I

1 believe, is that we serve them.

2 MR. GORNET: And that was a finding of our
3 studies that we did, the demographic studies that we did,
4 early on in the process indicated people are moving to
5 the Houston region. It has jobs opportunity, it has a
6 relatively low cost of living, it's a very desirable area
7 to be. What we saw is if you don't build this project,
8 people will move, they'll move further out the Katy
9 Freeway, further out 290. This is an opportunity for us
10 to put those folks into areas, to serve their needs, to
11 limit their travel needs and further limit the demands on
12 I-10, 290, 45, 59 North, 59 South, any of those other
13 facilities. But they are coming to the region.

14 MR. HOLMES: I would also note, and I believe
15 it's coming up in the 2030 Committee testimony, but we
16 already have commute times, delay times in the Houston
17 region and in the Metroplex that are anywhere from double
18 to triple to an order of magnitude greater than other
19 parts of the state. We're already there from a
20 congestion standpoint.

21 MR. GORNET: Yes, sir.

22 MR. UNDERWOOD: One other follow-up too. In
23 doing something like this we're basically getting out in
24 front of it and we're buying basically land by the acre
25 instead of waiting and buying it by the square foot if we

1 wait.

2 MR. GORNET: That's correct. We're buying raw
3 land. We're too late in some areas; we will be buying
4 some subdivision lots. We're minimizing the number of
5 homes we actually have to do relocation on, but we are
6 buying, for the most part, open land. And then
7 consequent to that, development can occur complementary
8 to knowing this is where the road is, we're not intruding
9 into those communities. The communities are focused on
10 the road knowing that the road will be there.

11 MR. UNDERWOOD: Exactly. And the smart
12 developers are going to allow access. When they do their
13 platting, they'll probably allow for this transition, I
14 would hope, in the future.

15 Anyway, thank you.

16 MR. GORNET: Thank you.

17 MS. DELISI: Walter Mischer.

18 MR. MISCHER: I want to thank the commission
19 for allowing us to testify. My name is Walt Mischer.

20 I'm here in two capacities. I chair a
21 regional organization by the name of Gulf Coast Regional
22 Mobility Partners which is an association of governmental
23 entities as well as private citizens. Included in that
24 group is the city of Houston, Harris County, the Port of
25 Houston, and most of the surrounding counties which are

1 impacted by the Grand Parkway. I also chair the
2 transportation committee of the Greater Houston
3 Partnership. I have 30 years of transportation policy
4 experience, having served on the initial founding board
5 of the Grand Parkway Association, and I served on the
6 Texas Turnpike Authority for ten years when it was in
7 existence, also serving as its vice chairman.

8 We're here to support 7a and b, and we are
9 supportive of the enabling legislation as well. The
10 Grand Parkway, in the opinion of the business community
11 and the governmental entities in the Houston region, is
12 the most needed regional project in the Houston region.
13 It has the highest congestion mitigation impact of
14 anything under consideration, and also the highest
15 economic impact. Most of the financial feasibility that
16 has been talked about by TxDOT's considered investment in
17 the Parkway is leveraging those dollars through toll
18 utilization, and we're here to support your consideration
19 of that investment.

20 I want to address just a couple of comments in
21 the exchange of David's testimony and Commissioner
22 Underwood's questioning of the growth: will it occur or
23 not? The initial founding board of the Grand Parkway
24 Association, which I was on, was established I believe it
25 was 1986, and Segment D which was the first built and

1 opened in '94 was aggressively pursued initially, and I
2 believe it was roughly 80 percent of the right of way
3 between US 59 and Interstate 10 was contributed by the
4 property owners. Along with that contribution came
5 roughly \$500,000 of landscape and scenic easement
6 improvements for that corridor.

7 Since that opened, other than the other
8 smaller segment that has been built, the project has been
9 stalled out largely because of funding issues as well as
10 some opposition to the project. The region needs this.
11 When Segment E is opened, it will provide immediate
12 congestion relief to US 290, another of your projects,
13 because traffic can divert from 290 down to Interstate 10
14 to come to the other parts of Houston.

15 You've heard David's testimony about the
16 growth that has occurred out there. Let me also just add
17 that all the areas of Texas have been under-mobilized, if
18 you will, in terms of traffic improvements. Even though
19 there is congestion, there always has been, that has not
20 stopped the growth of the attractiveness of the state.
21 So it is going to happen.

22 The Grand Parkway also serves as an evacuation
23 corridor for the southern regions of the county in the
24 event of hurricanes, as was noted in the congestion
25 impact of Hurricane Rita, and it is a needed roadway for

1 the communities.

2 We believe that it is also a high impact for
3 not only the Houston region but the entire State of
4 Texas. In 2014 the Panama Canal expansion occurs. At
5 that time the Port of Houston is anticipating significant
6 cargo import increases as well as export, and the Parkway
7 will shoulder a substantial amount of that transportation
8 burden that comes from that.

9 So we're here to support you. We are grateful
10 for the support that the commission has given thus far.
11 And I'll be happy to answer any questions that anybody
12 has.

13 MS. DELISI: Any questions?

14 MR. HOLMES: Thanks, Walt. I appreciate all
15 you do for transportation and other things in the Houston
16 region.

17 MR. MISCHER: Thank you.

18 MS. DELISI: Thank you.

19 Perri D'Armond.

20 MS. D'ARMOND: Good morning. My name is Perri
21 D'Armond. I'm vice president of government relations for
22 the Greater Fort Bend Economic Development Council, and
23 I'm here this morning representing our organization to
24 basically echo everything that you just heard from Mr.
25 Mischer and David Gornet.

1 The Grand Parkway Segment D has been a
2 tremendous economic development tool in Fort Bend County
3 and we're honored and privileged to already have that in
4 place, and we look forward to seeing the Grand Parkway
5 advance to the north and the northeast of us mainly
6 because of its ability to connect our job centers with
7 our residents, and that's going to be a tremendous impact
8 on Fort Bend County.

9 So just to keep my comments very brief this
10 morning, we are in full support of advancing the Grand
11 Parkway forward, and although, just please note, we were
12 unable to attend the hearing on Monday, we do fully
13 support the commitment of funds for State Highway 99 in
14 the 2010 UTP update.

15 We appreciate you being here this morning and
16 we appreciate the opportunity to comment on this agenda
17 item. Thank you.

18 MS. DELISI: Thank you.

19 That's all the folks I have signed up to
20 testify. Are there any questions for John?

21 MR. HOLMES: John, I'd like to go back to a
22 comment that you made earlier that this agenda item
23 authorizing the executive director to issue a request for
24 qualifications would not be exclusive to any form of
25 delivery. It would be inclusive, and so that it could be

1 a CDA should that authority be granted by the legislature
2 and signed by the governor, it could be a P3 under the
3 same circumstance, or it could be a design-build, or it
4 could be a multiple choice delivery process. Is that
5 correct?

6 MR. BARTON: That is correct. There would be
7 value in any delivery model we would use, but the request
8 for qualifications, once we know the decision of the
9 legislature, would be tailored around either the public-
10 private partnership, and if not that, then a design-build
11 process, or a combination of tools if we were to choose
12 to take that path.

13 MR. HOLMES: I think it's important that we
14 retain flexibility. We don't want to presume what the
15 legislature is going to do, and so I think that
16 flexibility is important to maintain.

17 MR. BARTON: Yes, sir. We will be sure to do
18 so.

19 MR. HOLMES: And we are doing so. Right?

20 MR. BARTON: Yes, sir.

21 MR. HOLMES: Thanks.

22 MS. DELISI: Thanks, John.

23 MR. BARTON: Again, staff would recommend your
24 approval of the minute order, if you have no more
25 questions.

1 MS. DELISI: Is there a motion?

2 MR. HOLMES: So moved.

3 MR. UNDERWOOD: Second.

4 MS. DELISI: All in favor?

5 (A chorus of ayes.)

6 MS. DELISI: The motion passes. Thanks, John.

7 MR. SIMMONS: Thank you, John.

8 Madam Chair, we'll move to item 4.a which is
9 final adoption of right of way rules regarding our
10 billboards, and John Campbell will be making that
11 presentation.

12 MR. HOLMES: Madam Chair, I'll abstain from
13 this discussion.

14 MS. DELISI: Okay.

15 MR. CAMPBELL: Good morning. For the record,
16 my name is John Campbell, director of the Right of Way
17 Division, and I'm extremely pleased today to present for
18 your consideration item 4a which concerns the changes to
19 the Outdoor Advertising Program rules.

20 The purpose of these rules changes are to
21 eliminate ambiguous statements, improve consistency
22 between the primary federal aid program and the state
23 rural road system, to further develop our fee penalty and
24 fee system structure, to address specific areas of
25 confusion and concern such as in the unzoned commercial

1 industrial areas definition, and to clarify what
2 constitutes substantial changes and other recommendations
3 that we received through the Sunset activity.

4 Substantive changes to the rules address four
5 specific areas of concern: the fee structure, the
6 streamlining of current regulations, methods to increase
7 consistency between the primary and the rural roads
8 programs, and methods to improve consistent enforcement
9 of regulatory control of outdoor advertising.

10 We went through a unique and very, very
11 lengthy process to increase our outreach with the
12 affected parties and the interested parties in this
13 process. We put together a rules advisory committee that
14 was drawn from the interested parties in the industry as
15 well as those within the scenic interests and those with
16 private property interests. They worked in collaboration
17 with the department, particularly under the leadership of
18 Mr. Barton. And the true effort and credit
19 acknowledgment needs to go to Becky Blewett of the Office
20 of General Counsel and Gus Cannon of the Right of Way
21 Division. They not only developed these rules but they
22 then administered the process of engaging the public
23 outreach and the public comment.

24 We had a substantial amount of activity and
25 input from the interested parties. We had an extended

1 open comment period through January 28. These rules were
2 accepted for proposed adoption in November of 2010. We
3 also conducted a public hearing on January 10 to receive
4 additional oral comments. We had 28 people attend, 16
5 provided testimony. In all total we received a total of
6 about 136 different comments with recommended changes to
7 55 different areas of the proposed rule revisions. Of
8 those comments, 71 of those comments were incorporated
9 into these proposed changes and affected 35 areas of the
10 rules.

11 I would like to make an enthusiastic
12 recommendation and again acknowledge the hard work and
13 the partnership with our partners in the outdoor
14 advertising industry as well as those of the scenic
15 interests, and recommend approval.

16 MS. DELISI: Are there any questions for John
17 before we go on to witnesses?

18 (No response.)

19 MS. DELISI: Okay. Thanks, John.

20 Then I'd like to call up Tim Anderson.

21 MR. ANDERSON: Good morning, Madam Chair,
22 commissioners. Tim Anderson, Outdoor Association of
23 Texas.

24 The first question is why am I always first.
25 I think it's a conspiracy.

1 MS. DELISI: I can call you last

2 (General laughter.)

3 MR. ANDERSON: No, ma'am. I'm happy to go
4 now. Thank you, though. I appreciate your
5 accommodation. In fact, I'm going to ask for another
6 accommodation.

7 Quickly and briefly, one, I don't think the
8 department could have a better set of rules than what
9 you've got before you. This is not about industry, this
10 is not about scenic, this is about making the department
11 run better and the program run better. I think it would
12 be difficult to have a better set of rules.

13 Now for the ask, so I can be brief. There is
14 a provision in these rules about electronic signs, one
15 provision in the electronic sign section and it talks
16 about allowing back-to-back LED type signs. My
17 understanding is that staff is going to ask for an
18 implementation date of July 1. I'm going to ask if the
19 commission would entertain the idea of making that
20 immediate or as quick as possible for five reasons, and
21 I'll go quick.

22 One, I think the current rules allow back-to-
23 back digital signs. There was an interpretation some
24 time ago where the department said no, we don't think so.
25 The industry looked at it said we don't agree with that

1 interpretation, but we understood the rulemaking process
2 was coming forward, and as a consequence, we decided to
3 wait for this exact process to go forward and go ahead
4 and make it explicit in the rules that back-to-back
5 digitals would be allowed. So it's something I, quite
6 frankly, think we could do now but we wanted to go
7 through the process instead of challenging it through
8 channels.

9 The second thing is you're going to hear, I
10 have no doubt, about the pending, or let me say, one-year
11 overdue FHWA report on digitals -- first due April 2010;
12 as of tomorrow it will be one year late. I understand
13 that the FHWA has just told everybody that they're going
14 to make a presentation on May 12 at the AASHTO conference
15 of these rules. Here's my question: If this report was
16 going to do anything different or affect digitals in any
17 way, shape or form, would not the FHWA have a duty to go
18 ahead and get this out as there are going to continue to
19 be digitals put up right now, next week, next month, et
20 cetera?

21 It would seem to make sense that if there was
22 a problem, these guys would have to let you know, let us
23 know, let the cities know so that we could make any
24 changes that were needed. I don't think it's reasonable
25 because of the delay and the continued delay of this

1 report that there's going to be any effect whatsoever on
2 digital displays.

3 Third, the idea behind electronic displays is
4 local control, means the cities make the decisions. Even
5 if you should today say 'yes, that's fine, go ahead,' and
6 implement it immediately, it's going to be cities at the
7 end of the day who are going to decide whether back-to-
8 back is something they want to allow or not, so there is
9 still a backstop. It is consistent with the methodology
10 and the idea behind the rules when Chairman Williamson
11 and the commissioners passed them three years ago.

12 There's no implementation needed, there is
13 nothing by the department needed on back-to-back digitals
14 that they're not already doing. They're permitting them
15 now, they permitted them then, we don't need the delay of
16 implementation for new forms, et cetera.

17 Finally, the risk of putting these up is mine.
18 If I put up back-to-back digitals and the FHWA comes
19 back -- which I think is unlikely -- and says, 'There's a
20 problem here. Stop them,' then I've got a half a million
21 dollar paperweight. That's my problem. And I think the
22 appropriate thing would be to let the locals make that
23 decision, let the industry make that decision, and go
24 ahead and do something I, quite frankly, think we can do
25 right now but we've just have kind of been waiting for

1 the process.

2 That's it, as brief as I could be. I'd be
3 happy to entertain any questions?

4 MS. DELISI: Any questions?

5 (No response.)

6 MS. DELISI: Thank you.

7 MR. ANDERSON: Thank you.

8 MS. DELISI: Carroll Shaddock.

9 MR. SHADDOCK: Madam Chair, commissioners. My
10 name is Carroll Shaddock, and I am appearing before you
11 in two capacities. First, I served on the Outdoor
12 Advertising Rulemaking Advisory Committee as a
13 representative of Scenic Texas, and in my individual
14 capacity I will speak from that point of view. Also, I'm
15 a lawyer with Locke Lord Bissell & Liddell in Houston and
16 we represent Harlan Crow, and so I also speak on behalf
17 of Mr. Crow.

18 In general, I speak in favor of the proposed
19 rules, and we do favor their adoption. There are,
20 however, a couple of things to mention. One is that this
21 is not intended to cure the rules from anybody's point of
22 view with respect to the substance of the rules. In
23 general, the rules will continue to permit signs in much
24 the manner they do now. The parties who are on this
25 advisory committee have widely divergent views and it was

1 very clear that no consensus could be achieved on those
2 things, but it was very clear, as has been pointed out,
3 that there was a need to provide for better enforcement
4 and to cure ambiguities in the rules so that the rules
5 could be administered efficiently by TxDOT.

6 And so these recommendations are limited to
7 that and do not attempt to deal with the substance of the
8 rules with which we would certainly have many questions
9 and concerns.

10 There are, however, two things in the rules
11 that we would like to address which we do not favor. The
12 first of these has to do with the two-sided digitals
13 being permitted. If new rules are to be promulgated, we
14 believe that those rules should provide what has been the
15 prior interpretation and make clear that digitals can
16 only have one side to them. Of course, there are many
17 concerns about this. We feel that digital billboards are
18 distracting and not attractive in communities, and so for
19 these kinds of reasons we oppose them.

20 In addition to that, I think everybody has a
21 concern about safety. As Mr. Anderson said, on May 12 a
22 report as to the safety of these digital signs will be
23 made at the AASHTO conference, and we would recommend
24 that certainly that you not go forward with increasing
25 the number of digitals in our view, in any case, but

1 especially on a schedule that would permit them to be
2 done immediately and not after the release of the study.

3 A second concern we have has to do with
4 illumination. Currently the proposed rule permits four
5 upward lights and four downward lights, and we don't
6 think that that takes into account the dark sky concerns
7 that we have and that communities all around have. And I
8 want to refer you, in closing, to the City of San
9 Antonio's ordinance 35339.04 which was an attempt in San
10 Antonio to deal with the dark sky for the military
11 installations in San Antonio, and they took advantage of
12 a lot of new technology and new ideas, and I would
13 recommend those to the commission.

14 Thank you very much.

15 MS. DELISI: Thank you. Are there any
16 questions?

17 MR. MEADOWS: Is that it?

18 MS. DELISI: No. I've got two more.

19 Drew Cartwright.

20 MR. CARTWRIGHT: Good morning, Madam Chair and
21 commissioners. Thank you for the opportunity to speak
22 this morning. My name is Drew Cartwright and I represent
23 Quorum Media here in Austin, Texas.

24 I've been in this industry I guess a little
25 over 30 years and this is by far the most comprehensive

1 rule changes that I've seen. I think all in all I want
2 to thank the TxDOT staff and all those that worked on the
3 rules. I believe they're good rules and I'm in favor of
4 the rule change.

5 Having said that, I do have one major issue
6 that I'd like to address. Under the electronic signs,
7 the way the rules are it prohibits an electronic sign
8 from being installed within 1,500 feet on a radius
9 spacing. This is the only radius-based rule in the entire
10 TxDOT rules, all the other rules are on a linear basis.

11 Let me give you an example of why I think this
12 is really grossly unfair, particularly to small operators
13 such as myself. Recently, I permitted a conversion for
14 an existing conforming sign to install a digital display.
15 With the radial spacing, this is my only sign within a
16 ten-mile distance on a major expressway. A couple of
17 competitors have probably no less than 25 or 30 along
18 that stretch, being large publicly-held companies. With
19 the radius spacing on this digital, it takes my one and
20 only opportunity to take my one location that I have in a
21 ten-mile stretch and try to maximize that revenue by
22 installation of a digital which gives me the ability to
23 advertise as many as maybe seven or eight advertisers in
24 the area.

25 I don't know if this was its intent, but I
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1 think the inadvertent result is that it's grossly unfair
2 to the small operator, heavily favors the large operator.
3 I did make this comment in a written response to TxDOT
4 staff. It is not addressed in the minute order exhibit.
5 I don't know why, I'm sure it was an oversight, so I'm
6 really not sure where staff stands on that, but I would
7 ask that that particular item be changed to be consistent
8 with all spacing with TxDOT which is on a linear same
9 side of the expressway.

10 I appreciate you allowing me to make this
11 comment, and if you have any questions, I'd be happy to
12 answer them.

13 MS. DELISI: Thank you.

14 MR. CARTWRIGHT: Thank you so much.
15 Appreciate it.

16 MS. DELISI: The last person is Lonnie
17 Stabler.

18 MR. STABLER: Madam Chairman, commissioners,
19 and TxDOT staff. My name is Lonnie Stabler, and I
20 apologize I'm a little hoarse this morning and I'll try
21 to get through this.

22 My comments are very brief. In fact, I wrote
23 on my card that I support these recommendations and I
24 think not only did the staff work hard but your appointed
25 committee worked very hard.

1 I will also share with you that despite what
2 you may hear, electronic message signs are not accident-
3 causers. If anything, they help prevent accidents, and
4 that's been proven by our own Texas Department of
5 Transportation located in Bryan. I will say that that's
6 a misconception, and the actual facts have never been
7 brought to the commission. I leave you with that word
8 only so you are aware that accidents are not caused by
9 digital signs or electronic message center signs, as well
10 as other types of signs. Many studies on that subject
11 that all support the fact that they do not cause
12 accidents.

13 I have one very, very small item that I want
14 to share with you and ask your consideration on. It has
15 to do in Subchapter K, it's 21.402, it's the definitions,
16 and in the definition of sign. And this is strictly
17 done, I think I could live with your definition, however,
18 I don't believe it's quite as professional and does not
19 represent TxDOT in a way that it should.

20 The definition you have is: Sign, a thing
21 that is designed, intended or used to advertise or
22 inform, including a sign. That word is repeated.
23 Normally you don't do that when you define a word. It's
24 a display, light, device, figure, painting, drawing,
25 message, plaque, placard, poster, billboard, logo or

1 symbol. For the most part I don't have a problem with
2 that, but I just want to suggest one definition that I
3 feel is more appropriate for TxDOT and for the people
4 that are administering this rule. That meaning would be:
5 Sign, any device used to convey information, advertise a
6 product or service, identify a trade name, attract
7 attention, display an art form or provide recognizable
8 decorative elements. I think that pretty much covers it
9 all and I think it's done in a more professional manner.

10 And that's all I have, and thank you for
11 allowing me to share that information with you.

12 MS. DELISI: Thank you.

13 John, do you want to come back up and address
14 some of these issues that were raised?

15 MR. CAMPBELL: Pleased to take any additional
16 questions.

17 MS. DELISI: Can you address some of the
18 issues that our speakers brought up?

19 MR. CAMPBELL: With regard to Mr. Anderson's
20 summary of the issue associated with electronic signs, we
21 concur with his summary of the issue. The rule was
22 proposed in order to clarify the interpretation of
23 whether an electronic sign could have two faces. That
24 also relates to the subsequent comment made about the
25 1,500 foot radial spacing. The 1,500 foot radial spacing

1 was identified for the LED signs in order to further
2 clarify that issue and make sure that it was understood
3 that two faces would be allowed on a single sign
4 structure but that would impose the 1,500 foot
5 restriction to both sides of the freeway.

6 In the initial rule we described the faces as
7 being able to be viewed from one direction, and so the
8 interpretation resulted in the conclusion that you could
9 only have a one-sided LED. So the 1,500 foot radial
10 measurement or spacing was defined in order to clarify
11 that this speaks to both sides of a roadway.

12 MR. UNDERWOOD: I'm just not getting my arms
13 around this, John. Why radial 1,500 feet instead of
14 linear?

15 MR. CAMPBELL: Well, it's linear, of course,
16 on the same side. Radial would allow it then to reach
17 across to the other side of a highway up to 1,500 feet
18 and say that we can't have another digital display in
19 that same as-the-crow-flies proximity to one.

20 MR. UNDERWOOD: So what you're saying is we've
21 always had a linear 1,500 feet and now we're making it
22 radial?

23 MR. CAMPBELL: We're adding radial to it, yes.
24 And that was, again, in order to clarify that you can't
25 have a digital display that's viewable from both

1 directions of travel on either side of the roadway. One
2 at 1,500 feet, spaced 1,500 from the next.

3 MR. UNDERWOOD: Bear with my homemade example.

4 1,500 feet is what we've always had. Is that correct?

5 MR. CAMPBELL: That's correct.

6 MR. UNDERWOOD: Linear.

7 MR. CAMPBELL: Yes.

8 MR. UNDERWOOD: Now you're saying radial 1,500
9 feet, is that 1,500 on the other side of the sign?

10 MR. CAMPBELL: Yes.

11 MR. UNDERWOOD: So that's now 3,000 feet from
12 one side of the radial to the other.

13 MR. CAMPBELL: Correct. And the linear
14 measurement was the same because it was 1,500 feet either
15 direction from one LED sign to the next permissible
16 location.

17 MR. UNDERWOOD: Okay. So you're making sure
18 that the 1,500 feet you had on one side, if you have a
19 double side, it's 1,500 on the other. That's all that
20 amounts to.

21 MR. CAMPBELL: That's correct.

22 MR. UNDERWOOD: Okay. Thank you.

23 One other thing.

24 MR. MEADOWS: Go ahead.

25 MR. UNDERWOOD: Thank you, sir. Thanks for

1 your patience. And Chair, thanks for your patience.

2 Mr. Stabler's comments about our definitions,
3 could you address that? He felt like it was not very
4 professional in how we addressed the sign.

5 MR. CAMPBELL: We could certainly look at that
6 wording. I'm sorry to admit that I'm not familiar with
7 the specific wording of the definition of sign, so I
8 would trust his interpretation.

9 MR. UNDERWOOD: I would recommend we really
10 look into that because I agree with him. Saying a thing
11 makes me a little bit nervous. Thank you.

12 MR. CAMPBELL: One more point on Mr.
13 Anderson's recommendation for the immediate effect of the
14 sign rules. Of course, staff will perform at the
15 pleasure of the commission. From our perspective, the 90
16 days that we had asked for implementation was in order to
17 facilitate our forms and our electronic processing to
18 bring all that up to speed with the rules so that we can
19 continue the in-place implementation of these rules.

20 MR. MEADOWS: John, I guess the first thing, I
21 know we all appreciate the good staff work on this and
22 certainly all the volunteers that served on that advisory
23 committee. I know everybody has worked a lot of hours
24 trying to get to a point to have a good set of rules that
25 the industry can live by and we can live with.

1 I just have a couple of quick questions.
2 There were several references by several speakers, but I
3 didn't hear anything from you regarding a Federal Highway
4 Administration study with regard to these digital signs.
5 What would the scope of that study be? What was its
6 intent?

7 MR. CAMPBELL: The scope of that study and its
8 intent is actually a follow-up on changeable message
9 signs that the feds had done in the past. The focus of
10 this particular study is a study of driver behavior,
11 driver behavior associated with distractive effects of
12 various stimuli along the roadway. The participants in
13 this study were unaware of the fact that they were in a
14 study associated with LED outdoor advertising signs, and
15 what they really did to conduct the work was they
16 measured duration that a driver's attention was
17 distracted by the movements of the eyes away from the
18 roadway to whatever the stimulus was along the roadway.

19 The results have not been published yet. We
20 have been in close conversation and coordination with the
21 FHWA headquarters office. We're very confident that
22 there are not going to be any findings that come out of
23 this research that would affect the rules as we propose
24 them.

25 MR. MEADOWS: But again, that's speculative, I
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1 up the definition, and I hope this makes a difference.
2 It's not a thing, if it makes you feel better, it's an
3 object that is designed, intended or used to advertise,
4 et cetera. So it's not a thing, it's an object. There
5 you have it. I just wanted to clarify that.

6 MS. BLEWETT: Hi. I'm Becky Blewett with
7 General Counsel's Office.

8 I was going to clarify something that John
9 Campbell said on electronic and LED signs. Our current
10 interpretation of the rules that we have is that only one
11 side can be facing. It is not clear in our rules and it
12 is subject to interpretation, but the department has made
13 an interpretation that as the rules are written the
14 electronic sign can only have one electronic sign face.

15 We were in this rule draft changing that,
16 making it clear it could be two sided, but it could not
17 be on the other side of the road which basically means
18 with what we have now that you could have a sign facing
19 east on one side of the highway and a sign facing west on
20 the other side of the highway side by side. Now they
21 could be on one sign structure facing east and west; the
22 one on the other side of the road cannot be there any
23 longer. So basically the end result is it can be on one
24 pole but the same spacing requirements are in place.

25 MS. DELISI: Okay. Are there any other

1 questions? If not, John, do you have anything else?

2 MR. CAMPBELL: No, ma'am.

3 MS. DELISI: You've already made your
4 recommendation?

5 MR. CAMPBELL: Yes. Staff recommends
6 approval.

7 MS. DELISI: Okay. Is there a motion?

8 MR. UNDERWOOD: Question, Chair. Do you feel
9 comfortable with the wording now when you said it's
10 object not thing. Is that correct?

11 MS. DELISI: Yes. I feel comfortable with the
12 wording as it is.

13 MR. UNDERWOOD: All right.

14 MS. DELISI: So is there a motion?

15 MR. UNDERWOOD: So moved.

16 MS. DELISI: How about a second?

17 MR. MEADOWS: Second.

18 MS. DELISI: All in favor?

19 (A chorus of ayes.)

20 MS. DELISI: The motion passes.

21 MR. UNDERWOOD: And John, thank you for your
22 help. And thank the committee for it. I understand we
23 had everybody from large participants to very small
24 operators on this committee. Is that correct?

25 MR. CAMPBELL: That's correct.

1 MR. UNDERWOOD: Thank you.

2 MS. DELISI: And I just want to note for the
3 record again that Commissioner Holmes did not abstain
4 from voting on that item.

5 (General talking and laughter.)

6 MS. DELISI: Did I say didn't? Oh, I'm sorry,
7 I had a double negative. Let's start that over again.
8 Commissioner Holmes didn't vote on that. That's noted
9 for the record.

10 MR. CAMPBELL: Thank you.

11 MR. SIMMONS: Madam Chair, commissioners. I
12 know that Amadeo and I also want to thank the rulemaking
13 advisory committee for their role in helping us bring
14 these rules forward, as well as staff led by John Barton,
15 John Campbell, Gus Cannon and Becky Blewett.

16 With that, I'm going to try to get closer back
17 on schedule. The next item we're going to bring up is
18 the 2030 Committee report. As we know, the chair
19 reconvened the 2030 Committee to kind of look at the cost
20 of various levels of investment in the Texas
21 transportation system. We had the great group come back
22 and really did some outstanding work.

23 And I'm going to ask Dr. Walton to come up and
24 make the presentation, and I think we also have other
25 members of the committee here that will have a few

1 comments.

2 So Dr. Walton, thank you again for what you've
3 done.

4 DR. WALTON: Thank you, Mr. Simmons.

5 For the record, my name is Michael Walton and
6 I'm here as chair of the 2030 Committee. With your
7 permission, I'd like to invite the members of the
8 committee who are here present today to come forward.

9 What I would like to do, with your permission,
10 is go through a brief overview of the report that we're
11 presenting to you and then ask each of the members of the
12 committee to make any remarks that they'd like to make,
13 and then open it up for discussion.

14 (Pause to bring up presentation material.)

15 DR. WALTON: Well, while that's coming
16 forward, let me just say a few introductory comments. As
17 was mentioned by Mr. Simmons, we completed our initial
18 report in February of '09, presented it to you, and
19 followed with a number of presentations to various
20 groups, including the legislature and interested parties.

21 During that period of time considerable
22 discussion came up with regard to the funding of the
23 program and other initiatives and scenarios as well, so
24 at your charge we then entered into developing a forecast
25 of alternative levels of service for four elements of the

1 transportation system, principally bridges, pavements,
2 urban mobility, and rural connectivity, along with
3 analyzing, again at your request, potential sources of
4 transportation revenue and determining the economic
5 effects of under-investing in the system.

6 So with that, we have produced a report. I
7 believe you all have copies of the report and you also
8 have the appendices. There are several appendices
9 wrapped into a bound report. These are also available on
10 the website. You can Google the 2030 Committee, I'm
11 told, or Texas 2030, and it pops up.

12 What I would like to do is go through a brief
13 summary of the report with you and then, as I said, ask
14 for comments from members of the committee who are
15 present. I would say that the other members desired to
16 be here and participate in this briefing as they did in
17 the first one. Unfortunately, the timing just did not
18 permit. The report has been accepted by the committee in
19 its entirety, and of course, we present this to you.

20 The members of the committee are shown. We
21 have four members who are here in addition to myself.
22 Dave Marcus, who I know you met previously, presented a
23 summary report to you a couple of months ago, he served
24 as vice chair. Ken Allen from San Antonio is here, as
25 well as Tom Johnson from Austin and Roger Nober from Fort

1 Worth.

2 In addition, let me recognize the unique
3 aspects of this particular committee that you formed.
4 Not only was it a privilege to work with such a dedicated
5 group of Texans who have distinguished themselves in the
6 work that they have done in their own careers but also
7 contributed enormously to the activity in which we were
8 engaged.

9 And it was also a pleasure to work with a
10 group of talented researchers from the universities of
11 Texas, principally the Texas Transportation Institute,
12 and the names of the individuals are shown there, the
13 Center for Transportation Research at the University of
14 Texas Austin, and then University of Texas at San
15 Antonio. With your permission, I'd like for those
16 researchers who are present with us to stand for a moment
17 and be recognized. Thank you.

18 It was a terrific effort and I assure you that
19 from the period of time that you charged us with that
20 responsibility in July, a great deal of effort was
21 undertaken and a lot of time spent by this dedicated
22 team.

23 Let me call your attention again to what we
24 believe is provided in this report, and I also provide a
25 linkage with the previous report. In this particular

1 one, given the charge that we were assigned, we felt ti
2 was best to approach it by creating a set of scenarios,
3 and I'll briefly go through those with you. These are
4 alternative future that deal with the transportation
5 infrastructure, primarily roads, pavements and in
6 particular bridges, the urban and rural mobility and by
7 the rural mobility we're also talking about connectivity,
8 if you will, and in the urban area also translates into
9 levels of service, measures of congestion, focused
10 extensively on the economic competitiveness and quality
11 of life of Texans. And we do believe firmly in that
12 principle that transportation is certainly a measure of
13 vitality for the economy of the state.

14 We looked at possible funding options. We
15 know that you have had a series of reports in the past
16 that have focused on funding options, certainly the
17 various committees within the legislature has also had a
18 variety of reports, but we think we have provided some
19 interesting additional information that would be useful
20 to you. We focused on what we called guiding principles
21 for projects and programs, and briefly described those to
22 you.

23 I think one of the principal factors here is
24 looking at how Texans will be paying for transportation,
25 and it's not just in the fees but the cost of maintenance

1 and the like in our everyday environment, and then look
2 for information that may be useful to you and hopefully
3 to others when they talk about future decisions.

4 This report in 2011, we call it since it's two
5 years after the previous one, is a little different from
6 the first report. The first report you remember the
7 number and you probably recall Drayton McLean's talk
8 about the pitcher and a comparison between pitching and
9 the number that we provided in our report. Based on what
10 we heard not only from you but from others, it was
11 important that we structure a linkage to that report and
12 to that number in other ways that might be useful or
13 constructive.

14 So we went through the scenario approach and
15 we looked at the three time frames that you see there.
16 We extended the date out to 2035 based on the data and
17 information that we had access to. The scenarios
18 included the four components that you see there:
19 pavements, bridges, urban mobility, as I mentioned, and
20 rural connectivity. Looked at the various funding
21 possibilities and recognized that there are a number of
22 options out there. There are no easy ones, they've
23 already been taken care of or implemented. We talked
24 about some transportation action principles that I'll go
25 through with you and looked at the quantification of

1 cost, principally taxes, fees, tolls and vehicle
2 maintenance and so forth.

3 The action principles that we talked about are
4 briefly the following, and they are presented in more
5 detail in the report. The priorities, a discussion was
6 brought up about the decision process, and clearly
7 there's no question that state and local officials are in
8 the best position to make decisions about these projects.

9 We looked at the first objective, and it's
10 consistent with the previous study, that preserving the
11 infrastructure or our investment is by far the first and
12 top priority. Preserve what you have and maintain it.
13 There are enormous penalties for deferred maintenance or
14 lack of maintenance, and once you get behind, it becomes
15 a very serious venture to catch up, as you all know.
16 There are ways and mechanisms, perhaps, for maximizing
17 the benefit derived from the expenditure, and there's
18 some discussion about that, and display the results in
19 all cases. As you have talked about in much of your
20 work, transparency and accountability is very important.

21 The approach is to involve as many of the
22 stakeholders, consumers, customers into the process, and
23 that includes carriers, shippers, manufacturers, all
24 components of the stakeholder interest, attacking the
25 problems but also being flexible enough to seize

1 opportunities as they emerge. We do see that
2 opportunities do emerge and to be able to take advantage
3 of those are extremely important. We see that in other
4 states today who are strapped, using resources or
5 targeting resources, trying to leverage any economic
6 opportunity that presents itself.

7 We also reaffirmed the notion of the user pay
8 policy. We still very much believe that the users should
9 pay of the services they consume, and we underscored that
10 as a guiding principle. And then, of course, making
11 timely decisions and being able to react quickly to avoid
12 greater expense in the future, an obvious consideration.

13 Being an academic, we set up scenarios that
14 had grades associated with it. I apologize about that,
15 but we've used those time and time again in other venues.

16 One of the activities in which I had the privilege of
17 serving for over a decade involves an organization called
18 the American Society of Civil Engineers. They do a
19 national report card. They look at 14 or so
20 infrastructure elements and they assign grades. I bring
21 that up in that it's been impressive to me in our
22 presenting that report and producing a little card that
23 members of Congress walk around with that card in their
24 pocket and they pull that and they pull that card out and
25 they refer to the grade that's been assigned to that

1 infrastructure element. So somewhere it's making a
2 point, so we thought perhaps maybe a grade system might
3 help in defining the types of scenarios.

4 We created four. You see that there's no
5 grade inflation here, there is no scenario A. We talked
6 about scenario A in our first report with you, we didn't
7 call it A, we just felt that that was unreasonable in
8 terms of the costs associated with it. So we made some
9 definitions or tried to characterize, if you will, the
10 scenarios.

11 Scenario F is unacceptable conditions; what
12 will happen if the policies that we currently have with
13 respect to the infrastructure do not change, if
14 conditions continue to deteriorate, and if we allow
15 congestion to continue to grow without trying to make
16 some improvement or some investment. That's F. And
17 clearly, that means you repeat it and it gets worse and
18 worse.

19 Scenario D, for lack of a better description,
20 was labeled worst acceptable conditions. Now, I won't
21 say it but we're not sure where that came from, but worst
22 acceptable means right at the margin. You may pass but
23 you're not going to go to graduate school. So preserve
24 enormous infrastructure investment but congestion
25 continues to grow rapidly, so there is a D.

1 There is C which is the minimum competitive
2 conditions, and you may recall this from the previous
3 report as well when we talked about conditions that would
4 be equal to or better than the median of peer cities and
5 states with whom we compete. So we tried to identify
6 that level and it's very much tied to economic
7 competitiveness.

8 B is to continue where we are now at the same
9 funding levels, the same policy levels, maintain the
10 current quality and congestion of levels. We talked
11 about Houston, we have a number of statistics about the
12 growth of Texas. There's not a thing we can do about it,
13 it's going to grow, so in essence, either we're prepared
14 for it or we're not. And, consequently, what we're
15 saying is at the current funding levels, we're not going
16 to be prepared for it if we don't do something about it.

17 So there are the four scenarios, B through F.

18 Now, if we take those same scenarios and we
19 try to do an analysis and convey information that might
20 be useful and try to explain the situation that we're in,
21 here's the average annual transportation cost per
22 household from now through the period 2035. The top
23 part, as you can see, speaks to how much is being wasted
24 on fuel, time and increased maintenance costs at the
25 different levels, so that would be the top part. The

1 bottom part of the chart is what we're currently, the
2 average household, is currently paying in terms of taxes
3 and fees, the average. It's absolutely minimal.

4 So if you look at the first one, for example,
5 if we continue where we are or the unacceptable
6 conditions, no change in the funding or policy trends,
7 the average household is going to pay \$232 and yet out of
8 the other pocket they're paying \$6,095 in wasted fuel,
9 time and maintenance costs. So it comes down to how do
10 you pay for it, and what we're suggesting through this
11 analysis is basically saying you can pay more out of one
12 pocket, put more money in that pocket to pay for it, and
13 you'll reduce your average expenditure per household.

14 So you can see the difference there. At C,
15 just to point that out, the minimum comparativeness goes
16 from \$232 to \$511 average, and of course, we all know we
17 can do a distribution effect and so forth and see what
18 the highest 10 percent would be paying or the lowest 10
19 percent, there are equity issues, of course, but that's a
20 minimum number, and of course, the \$4,228 of what the
21 household will still spend. So that's another measure.
22 I know that you know it, but we thought that perhaps by
23 defining that a little bit more specifically it might
24 provide an additional measure of information that might
25 be useful. And I know there may be some questions about

1 that.

2 So if we look at annual investment over a
3 period of time, again, just pick on C, minimum
4 competitive, in other words, we're staying on par with
5 those with whom we compete, other cities and states, it
6 would require a total investment of \$8.7 billion
7 annually, the average cost per household about \$511
8 annually. That's what we're talking about.

9 B would be great. To stay where we are now
10 we're going to have to ramp up our expenditures where we
11 have an annual investment of \$10.8 billion and quickly
12 you get back into other situations.

13 So in essence, that's part of what you asked
14 us to do. The other part was to look at examples of
15 revenue options. One of the appendices within this
16 combined list of seven or so deals directly with some of
17 the revenue options. And there are ways in which revenue
18 can be generated. This is not a zero sum game, of
19 course, and there are cases where the differences would
20 have to be made up by others, but if you look at since we
21 haven't changed the fuel tax in the State of Texas in 20
22 years, that remains one option, system-wide sources, fuel
23 tax, vehicle registration fees, and the like.

24 Targeted options, as you well know, continue
25 to be public-private partnerships, road pricing, as well
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1 as project-specific incentives of various kinds. There
2 are approaches for the various areas involved, and again,
3 we're suggesting that those be explored in more detail.
4 More and more money must be derived from the local areas.
5 Local governments will be paying more in the future.
6 Providing them the opportunity for more incentives or
7 more local choice would be helpful.

8 So in conclusion, there's no question, no
9 question whatsoever, that Texans are going to pay more
10 for transportation, we all know that, so it didn't take a
11 lot to come up with that conclusion. The question is and
12 the uncertainty is how and how much, and who pays and how
13 do you pay, and how do you benefit and how do you capture
14 those resources and put it into the system.

15 Local and state officials are in the best
16 position to make those decisions, not only about the
17 funding sources but about projects and the like. We
18 think that some of those action principles that we
19 defined which led our work, we wanted you to know what
20 they were and if there are any questions about that, it
21 certainly helps direct investment decisions.

22 There are many funding options available but,
23 as you know, they're difficult, they're challenging, but
24 we've got to do something. So you either pay more and
25 suffer. If you understand what we tried to show, if we

1 can convey that in some fashion that you're going to pay
2 more but why not pay a little bit more in fees and taxes
3 and reduce the expenditures that you have on the
4 maintenance of the vehicle and the other costs that
5 you're expending per household. So pay less and solve
6 versus pay more and suffer. It doesn't seem like a
7 difficult choice but we know that it's all wrapped up in
8 a lot of issues.

9 So in conclusion, I would just like to say,
10 before I turn to the committee members, it's been a
11 privilege to be of service and work with such a
12 distinguished group. I want to tell you that in all
13 cases the research team that we had available to us
14 worked extremely diligently on this particular task.
15 TxDOT was very helpful at every request for information.
16 Both Steve and Amadeo were there, and Tonia Norman was
17 very helpful as well. So we received terrific support
18 everywhere we went throughout the process.

19 So we think this concludes our assignment. We
20 hope that there will be interest and opportunities to
21 share the information with others as we go through.

22 With that, if I may, I'd like to turn to my
23 vice chair. David, would you like to go first?

24 MR. MARCUS: Thank you, Dr. Walton.

25 Commissioners, first of all, I'd like to thank

1 Dr. Walton for guiding us for the last three years or so
2 that we've been doing this and keeping us on track. He's
3 been an incredible resource for us all.

4 One of the biggest challenges for us, I think,
5 is not just the numbers that you see on the screen
6 because they're daunting, and for you guys, you have to
7 make some decisions and then you're going to have to
8 explain those decisions, and then hopefully senators and
9 representatives will go back home and they will try and
10 explain to their constituents why everybody is doing
11 this. And I think the challenge is not just the money
12 that you see on the screen, although that's huge, but the
13 challenge is going to be to change a mindset.

14 I grew up in Texas. We always knew we had an
15 interstate that was beautiful, it was free, you could get
16 from El Paso to Austin in twelve hours if you were
17 willing to do it. In West Texas the freeway is in such
18 great shape they raised the speed limit to 80 miles an
19 hour. It's a wonderful transportation system. We grew
20 up feeling entitled to a free transportation. It was
21 never free, we all paid for it in our taxes, but we never
22 had to pay tolls, the per-gallon gas tax was relatively
23 low, we didn't even feel it, we didn't even look at it.

24 Now we've got a different world. Texas can't
25 pay for this anymore. We all know that. You're going to

1 have to make some incredible choices here that are going
2 to impact everybody in what we do and how we drive and
3 where we drive. And I think as big a challenge as the
4 money is, educating the people, or re-educating the
5 public and making them understand that when they drive on
6 a highway it costs money and they're now going to have to
7 start paying for it, and explain to them why they're
8 going to have to pay for it.

9 Because convincing the public that we need
10 tollways, that we need higher registration fees, it's the
11 biggest challenge of all. People on the street don't
12 understand it. The first response is: Well, we've been
13 paying gas taxes for years, why do we have to pay more
14 money, another tax. And it isn't that, it's just that
15 gas taxes aren't enough.

16 And I think the bigger challenge is to re-
17 educate the public, teach them what we're doing, making
18 sure that there's a lot of educational materials that are
19 out there available for the public, available for the
20 media. If you lived on the East Coast and you grew up in
21 New York City, you were used to paying your way to get
22 anywhere, but if you live in El Paso, Texas, and you want
23 to go to Houston, it was free; you got in your car and
24 drove. And I think that's going to be a bigger challenge
25 for all of us.

1 And with that, I thank you. Thank you for
2 allowing us to do this.

3 DR. WALTON: Tom.

4 MR. JOHNSON: One of the charges given to the
5 researchers -- and I'll second that they did an excellent
6 job -- was the cost of doing nothing, and one of the
7 charts that I'd like for you to look at as you kind of go
8 through this is what happens to our current system if
9 something isn't changed. Just look at the dollars your
10 revenue stream produces, about \$6 billion and that's
11 before the 17 percent federal cut that you're getting
12 ready to enjoy, and that does not even allow you to
13 maintain the system without addressing mobility. And
14 hopefully somebody across the street will look at these
15 charts, because I know that each of you all are familiar
16 with them.

17 But I want to second what Dr. Walton said, the
18 researchers did a good job and we continuously told them
19 we want to know the cost of doing nothing, and
20 unfortunately, we have defined that cost of doing
21 nothing.

22 DR. WALTON: Roger.

23 MR. NOBER: Well, I would also like to second
24 the thanks to Chairman Walton and Vice Chairman Marcus
25 who in this iteration of the committee really, I think,

1 carried the laboring oar in putting together these
2 scenarios.

3 I came to the committee representing BNSF
4 Railway which is the nation's largest freight railroad
5 which you might say 'well, what are they doing on a
6 committee looking at surface transportation at road
7 matters.' And I think the perspective I'd like to bring
8 to you all is of one, our company is the largest freight
9 railroad. We own and operate and maintain 32,000 miles
10 of our own infrastructure, and our annual capital
11 spending is larger than all but nine state DOT's, so I
12 think we know a little bit about the importance of
13 maintaining systems and making capital investments, and
14 while obviously it's different than public highways, in
15 some ways there's a lot of similarities.

16 And the point I would like to make is that at
17 our railroad even in the depths of the worst recession in
18 the past two years that we've had since the Great
19 Depression, we maintained our capital spending because
20 the consequences of letting your system become poorly
21 maintained are severe, and it can take any transportation
22 provider a decade or more to dig out of letting your
23 maintenance get beyond a certain level and letting the
24 system deteriorate.

25 So I urge you all as policymakers to focus on
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1 that first, that the consequences of letting the system
2 deteriorate beyond a certain point are very significant
3 and severe and very difficult to dig their way out of,
4 and we urge just for the sake of all Texans that as
5 corporate citizens of Texas that we properly invest in
6 our system and I know the choices aren't easy.

7 But thank you for the opportunity to serve.

8 DR. WALTON: Ken.

9 MR. ALLEN: Also representing industry, I came
10 away from this committee assignment deeply worried about
11 the mobility in Texas as we move into the future. It's
12 impossible to maintain our existing highways, our bridges
13 and our roadways with our current financing levels. It's
14 just not going to happen. We've already delayed dealing
15 with these issues longer than economically we should have
16 done.

17 As Roger said, delaying or deferring
18 maintenance is never a good idea. It costs many
19 multiples to go back and repair something that if you had
20 maintained it wouldn't have been in need of repairs. In
21 industry we say that's ten to one, or it costs a dollar
22 to repair versus a dime to maintain. It takes 10 to 20
23 years to design and build major roadways in our
24 metropolitan areas, and so we can't wait until we're
25 behind the eight-ball to start dealing with the crisis

1 that we face.

2 And I'd like to assert that Texas is not an F
3 or a D kind of state, I hate to think of it as a C type
4 of state. These investments have a great return for the
5 citizens of Texas and I say there's no better investment
6 opportunity for the citizens than to go and invest in the
7 future of mobility in the State of Texas. The time to
8 get started is now. I think we've delayed it as long as
9 we possibly can, possibly beyond what we should have
10 delayed, but it's clear as it can be when you study the
11 numbers that the time is now to get started on solving
12 these issues.

13 Thank you.

14 DR. WALTON: Thank you.

15 Members of the commission, that concludes our
16 presentation. We'd be delighted to try and address any
17 issues/questions you may have.

18 MR. HOLMES: Members?

19 MR. MEADOWS: Well, obviously, I join
20 everybody in expressing our appreciation, not only to the
21 committee but also to the research team. I know they
22 were the foundation for which so much of this work was
23 done, and it's so helpful and often they aren't
24 acknowledged for the good work that they do.

25 This is a great tool for us. I mean, it

1 really is because we certainly recognize some of the
2 issues and you've quantified it in a very objective
3 fashion, described the challenges, and it's a
4 communication tool that enables us to have that
5 conversation with our elected officials, helping them
6 understand the consequences of not making these very
7 important capital investments.

8 One of the things, Dr. Walton, that I have
9 been curious about through this process is as you all, I
10 think very effectively, quantified the cost of not doing
11 anything, where you specifically reference wasted fuel,
12 time, maintenance, all of those issues are quantified,
13 but I have got to think, and have from the very
14 beginning, that there is a direct correlation between
15 road conditions and safety. And I don't know how we ever
16 quantify that, but the fact is that if we allow these
17 conditions to continue to deteriorate you're going to see
18 injuries and death on these roadways that do increase,
19 and I mean, I hate to say it but very objectively that's
20 real cost, that's cost beyond just dollars but the
21 dollars are very real.

22 So as you begin to look at this and as we look
23 at it and consider it, you've got to know that this is
24 just part of the story. It is just the part of the story
25 that perhaps is the easier to quantify, it may be easier

1 to talk about that, but the fact is that if we allow
2 these conditions to deteriorate at the lowest levels,
3 resulting in again, I assume there is a correlation, then
4 I think we're going to be seeing real cost in people's
5 lives.

6 DR. WALTON: Absolutely. You're exactly
7 correct, and that is such a strong point. I don't know,
8 safety issue, any comments from any of the researchers?
9 We just totally agree with you. If there would have been
10 some way of quantifying that, we certainly would have
11 done it, but we just picked out the ones that a lot of
12 people can identify with. There are others and safety is
13 clearly one of the most important issues.

14 Thank you for your comment.

15 MR. UNDERWOOD: I think if the general public
16 really understands this and gets behind it, then the
17 legislature will just flow with it, they'll actually do
18 what needs to be done. To me the big problem is getting
19 John Public to understand this is an issue, this needs to
20 be paid for, this needs to be funded in a proper manner.
21 Then the legislature will jump on it right now, but I
22 think it will be interesting to see what happens.

23 DR. WALTON: Thank you.

24 MR. HOLMES: I'd like to add my thanks, Dr.

25 Walton, and committee, and members of the team that put

1 all this hard work together and developed really a great
2 document.

3 Just a couple of thoughts. Bill, in addition
4 to safety, you have air quality issues that are impacted,
5 you have quality of life issues that are impacted, and
6 you have economic development issues that are very
7 seriously impacted, and so all of those are contributory
8 as well. My sense about it is we need to your help in
9 figuring out a way to convey this message, and I agree
10 with Commissioner Underwood, it really needs to be
11 conveyed to the public.

12 The legislature is going to react to the
13 public views, as well they should, and if the public
14 understands basically two things, one, for the last 20
15 years there has been a cost decrease in terms of the
16 buying power of that 20-cent fuel tax, 18.4-cent fuel
17 tax, and we've actually had, in effect, a tax decrease
18 year by year by year, and two, that on the other side of
19 the equation we've had an increase in the cost of wasted
20 fuel, wasted time, increased maintenance costs. And so
21 the net effect of it has been that while it kind of felt
22 good not to pay more than 20 cents, you were actually
23 paying significantly more year by year.

24 And that is a message that we need to figure
25 out how to convey to the public so that they can

1 understand that actually we're worse off year by year as
2 opposed to better off, and I'm not sure how we craft
3 that. I think this chart is extremely helpful. We need
4 to be able to convey it, explain it, drill down as to how
5 those numbers were developed, but it is a wonderful tool
6 and we really appreciate all your work. Three years of
7 unpaid duty on this is very significant and we all
8 understand that, and we thank you very much.

9 MR. SIMMONS: thank you, Dr. Walton, members
10 of the committee.

11 Commissioners, this is an action item to
12 accept the report from the 2030 Committee, and on behalf
13 of the 2030 Committee, staff would recommend that you
14 accept it.

15 MR. HOLMES: Is there a motion?

16 MR. UNDERWOOD: So moved.

17 MR. MEADOWS: Second.

18 MR. SIMMONS: Wait a minute. I'm sorry. I
19 was just handed a card.

20 MR. HOLMES: A.J. Widacki.

21 MR. WIDACKI: Thank you, commissioners, Steve.
22 I didn't know this item was on the agenda. I was
23 actually here to support the Grand Parkway in Houston.

24 MR. HOLMES: We appreciate that too.

25 MR. WIDACKI: This is another item that I've
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1 been preaching to my state representatives and trying to
2 run the flag up the flagpole about since before the
3 legislative session started, and this study points to all
4 the things that we need to be pushing up the street here
5 to our legislators and get in front of the public that
6 this is a crisis.

7 And here we're preaching to the choir.
8 Everybody knows here what is needed and what needs to
9 happen, and everybody else outside this room in the State
10 of Texas needs to see this and know this and understand
11 that we are in a crisis and it's not going to get better,
12 the people are coming and if we don't address these
13 issues. So we really need to push this outside of this
14 room and take it to the public and make sure that they
15 understand because we're seeing it every day.

16 There's engineers on the street right now,
17 there's a need there, it's obvious. TxDOT can't do their
18 job because they're under-funded. There's consultants
19 out there that are ready to work for TxDOT to help them
20 address these needs and they can't do it, and a lot of
21 them are in the unemployment lines now because of that, a
22 lot of experienced people that have been consultants for
23 TxDOT, some of them former TxDOT employees that have gone
24 to the private side, and it's got to get outside this
25 room.

1 So I thank you for letting me talk.

2 MR. HOLMES: Anyone else signed up?

3 MR. SIMMONS: No.

4 MR. HOLMES: A motion and a second. All in
5 favor? Did you make a motion?

6 MR. UNDERWOOD: I made the motion.

7 MR. HOLMES: And you made the second?

8 MR. MEADOWS: I seconded the motion.

9 MR. HOLMES: All in favor?

10 (A chorus of ayes.)

11 MR. HOLMES: Opposed?

12 (No response.)

13 MR. HOLMES: Motion carries.

14 MR. SIMMONS: Frank, I haven't forgot you. I
15 need to get some votes out of the way.

16 Our next item is item 4.b. dealing with
17 proposed adoption of a rule regarding our Internal
18 Compliance Program, and since I'm up here, I've asked
19 Suzanne Mann to come forward and make this presentation.
20 And I can tell you she's been vital to keeping our
21 Internal Compliance Program, and I appreciate the
22 opportunity to recognize here, and, of course, Beverly
23 West, too.

24 MS. MANN: Thank you, Steve.

25 Good morning. For the record, I am Suzanne
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1 Mann. I am associate general counsel here at TxDOT.

2 TxDOT's Internal Compliance Program, ICP, as
3 you know it, has been developed with a mission to
4 exercise due diligence to prevent and detect criminal
5 conduct and otherwise promote an organizational culture
6 that encourages ethical conduct and a commitment to
7 compliance with the law. The United States Sentencing
8 Commission established guidelines for the appropriate
9 structure of internal compliance programs within
10 organizations, and that structure is being followed by
11 TxDOT.

12 The United States Sentencing Guidelines
13 application notes state that as appropriate a large
14 organization should encourage small organizations,
15 especially those that have or seek to have a business
16 relationship with the large organization, to implement
17 effective compliance and ethics programs. TxDOT had made
18 various rule changes to require certain organizations
19 that receive funds from the department to certify that it
20 has an ethics and compliance program that meets the
21 minimum requirements set forth in the United States
22 Sentencing Guidelines.

23 This minute order amends 43 TAC Section 10.51
24 in order to clarify that with regard to an entity that is
25 required to have an internal compliance program, all

1 employees, including board members if the entity has a
2 board, will be required to receive periodic training in
3 ethics and in the requirements of the compliance program.
4 The amendment basically combines Sections 10.51(b)(3)
5 which contains training requirements for employees, and
6 (b)(4) which contains training requirements of board
7 members or individuals to make that clarification.

8 Staff recommends approval of this minute order
9 and I'd be happy to answer questions if you have any.

10 MR. HOLMES: Any questions? Motion?

11 MR. UNDERWOOD: So moved.

12 MR. MEADOWS: Second.

13 MR. HOLMES: Moved and seconded. All in favor
14 say aye.

15 (A chorus of ayes.)

16 MR. HOLMES: Opposed?

17 (No response.)

18 MR. HOLMES: Motion carries. Thank you.

19 MR. SIMMONS: And Suzanne will also do item 5
20 dealing with the reports to the commission by the
21 Internal Compliance Program.

22 MS. MANN: Again for the record, I'm Suzanne
23 Mann, associate general counsel here at TxDOT.

24 The Texas Transportation Commission, by minute
25 order 111124 adopted November 15, 2007, ordered that a

1 department Internal Compliance Program be developed and
2 further ordered that the executive director or his
3 designee provide semiannual reports to the commission of
4 accomplishments, costs and plans for the Internal
5 Compliance Program. So that was when we created the
6 program.

7 The commission currently receives additional
8 briefings on TxDOT's Internal Compliance Program. In
9 accordance with Minute Order 111365 adopted May 29, 2008,
10 the commission receives annual training on matters
11 including ethics law and policies and department's
12 internal compliance and is briefed regarding internal
13 compliance issues during that training. You all receive
14 that training.

15 On January 28, 2009, the chair of the
16 commission established a commission audit subcommittee.
17 The audit subcommittee meets quarter-annually and is
18 briefed on matters concerning the Internal Compliance
19 Program. Because of the commission annual training and
20 the audit subcommittee quarterly briefings, the
21 semiannual reports to the commission of accomplishments,
22 costs and plans for the Internal Compliance Program are
23 no longer necessary. Now that the Internal Compliance
24 Program has been developed, the commission should be
25 briefed annually on accomplishments and issues of the

1 Internal Compliance Program.

2 Staff recommends approval of this minute order
3 and I can answer any questions for you.

4 MR. SIMMONS: Commissioners, I might also add
5 that the audit subcommittee's agenda is posted and open
6 to the public. It's multiple locations that report to
7 the ICP that come before you.

8 MR. HOLMES: Any questions?

9 MR. UNDERWOOD: So moved.

10 MR. MEADOWS: Second.

11 MR. HOLMES: I assume that you support this.

12 MR. UNDERWOOD: Yes.

13 MR. HOLMES: Moved and seconded. All in favor
14 say aye.

15 (A chorus of ayes.)

16 MR. HOLMES: Nay?

17 (No response.)

18 MR. HOLMES: Motion carries.

19 MR. SIMMONS: We'll move on to item number 6
20 which deals with the annual traffic and revenue report
21 for the CTTS project, and Mark Tomlinson will make this
22 presentation.

23 MR. TOMLINSON: Good morning, Steve,
24 commissioners. My name is Mark Tomlinson, director of
25 the Turnpike Authority Division of TxDOT.

1 This minute report accepts the report of
2 annual traffic and revenue for the Central Texas Turnpike
3 System as of February 28, 2011, as required by our
4 indenture of trust. The report compares current traffic
5 and revenue data with data from the prior fiscal year
6 2009 as well as traffic and revenue projections from the
7 2002 T&R study.

8 During the current fiscal year the CTTS has
9 generated almost 40 million transactions and almost \$33
10 million in revenue. Average weekday transactions for the
11 quarter surpassed the previous period in the prior year
12 by 7 percent. The revenue collected exceeded the same
13 period of the prior year by 5 percent, and that despite
14 two toll-free weekends as we were working with the Austin
15 District to facilitate their work at the I-35/US 290
16 interchange and a snowstorm in February that impacted our
17 revenues as well.

18 Staff would recommend your approval of the
19 minute order, but I'd be happy to answer any questions
20 you may have.

21 MR. HOLMES: Any questions?

22 MR. UNDERWOOD: So moved.

23 MR. MEADOWS: Second.

24 MR. HOLMES: Moved and seconded. All in favor
25 say aye.

1 (A chorus of ayes.)

2 MR. HOLMES: Opposed?

3 (No response.)

4 MR. HOLMES: Motion carries. Thank you.

5 MR. SIMMONS: Thank you, Mark.

6 Our next item is item 8a dealing with Pass-
7 Through Toll Program projects for the Camino Real
8 Regional Mobility Authority, followed by two SIBs for the
9 same entity. Brian can start moving forward two.

10 MR. BARTON: Thank you, Mr. Simmons. For the
11 record again, my name is John Barton.

12 Item 8a, the minute order for this particular
13 item would provide final approval of a pass-through toll
14 agreement with the Camino Real Regional Mobility
15 Authority in El Paso, Texas for a project located at the
16 intersections of FM 375 and FM 659. I think there was a
17 map included in your briefing document of that project,
18 locally known as the Joe Battle and Zaragosa roadways.

19 On January 20, 2011, the RMA submitted a
20 proposal for this pass-through financing and the amount
21 of \$7 million was their request from their future
22 Category 2 funds for the MPO out in El Paso, so it's a
23 little different than a normal Pass-Through Toll Program
24 project. It was for the construction of the two direct
25 connectors at this intersection in the City of El Paso.

1 It's a non-toll project and the total cost of the project
2 is about \$35.8 million. The Camino Real Regional
3 Mobility Authority will be supplying approximately \$27
4 million of that funding necessary for the project.

5 It is part of the 2008 comprehensive mobility
6 plan for the City of El Paso and the El Paso MPO, and
7 because they are asking to use their future Category 2
8 funds to get reimbursed on this pass-through toll
9 project, it's falling outside the normal program call
10 that we would follow for the Pass-Through Toll Program.

11 The commission authorized us to negotiate the
12 final terms of this agreement with the RMA back in
13 January, and we've completed the negotiations. The
14 details of that were provided in the packet for you. The
15 authorization of this agreement is contingent on your
16 final approval of a financial assistance request
17 submitted by the RMA under the SIB program for a SIB loan
18 of \$20 million.

19 So staff would recommend your approval of this
20 minute order and I'd be happy to answer any questions you
21 may have.

22 MR. HOLMES: Questions?

23 MR. MEADOWS: Where's Commissioner Houghton?

24 MR. HOLMES: Well, we got him now.

25 (General laughter.)

1 MR. MEADOWS: I'd say so. Too bad. Move
2 approval.

3 MR. UNDERWOOD: Second.

4 MR. HOLMES: Moved and seconded. All in favor
5 say aye.

6 (A chorus of ayes.)

7 MR. HOLMES: Opposed?

8 (No response.)

9 MR. HOLMES: Motion carries. Thank you.

10 MR. BARTON: Commissioners, item 8.b. is a
11 similar item. This would give final approval for the
12 execution of a pass-through toll agreement for another
13 project with the Camino Real Regional Mobility Authority
14 for a project on Loop 375 in East El Paso County that's
15 referred to locally as Trans Mountain East. Again, a map
16 I think is provided in your briefing documents.

17 This particular pass-through toll request is
18 for \$5.7 million, again to be paid for with future
19 Category 2 funding from the metropolitan planning
20 organization in El Paso. They are providing, again,
21 partial funding for this Loop 375 project which is to
22 construct the mainlanes of that roadway between US 54 and
23 Business US 54 in northeast El Paso County, again part of
24 the 2008 comprehensive mobility plan for the El Paso MPO.

25 In this case the Camino Real Regional Mobility
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1 Authority would be supplying approximately \$25.7 million
2 out of the total \$80.6 million project cost. Again you
3 granted approval for us to negotiate terms with them on
4 this particular pass-through toll agreement in January.
5 We have completed that and they are requesting
6 reimbursements of \$5.7 million over a period of time. So
7 as I stated on the previous minute order this
8 authorization is contingent upon them seeking and getting
9 final approval of a State Infrastructure Bank loan from
10 the department in the amount of \$20 million for this
11 project.

12 And staff would recommend you approve this
13 minuet order and I'll be happy to answer any questions.

14 MR. UNDERWOOD: One question, John. This is
15 about a three-year payout. Is that right? A minimum of
16 \$2 million, a maximum of \$3 million?

17 MR. BARTON: Yes, sir. I believe that the
18 terms on this particular one for 8.b. were a minimum of
19 \$2 million per year, maximum of \$3 million per year. So
20 for the \$5.7 million it would pay out, we anticipate, in
21 three years.

22 MR. UNDERWOOD: No longer than three years is
23 my point.

24 MR. BARTON: That's correct.

25 MR. UNDERWOOD: Okay. Thank you.

1 MR. HOLMES: Further questions? Motion?

2 MR. UNDERWOOD: So moved.

3 MR. MEADOWS: Second.

4 MR. HOLMES: Moved and seconded. All in favor
5 say aye.

6 (A chorus of ayes.)

7 MR. HOLMES: Opposed?

8 (No response.)

9 MR. HOLMES: Motion carries. Thank you, John.

10 MR. BARTON: Thank you.

11 MR. SIMMONS: Thank you, John.

12 The next item is preliminary approval of two
13 SIB loans for the Camino Real Regional Mobility
14 Authority, and Brian Ragland will make the presentation.

15 MR. RAGLAND: Thank you. For the record, I'm
16 Brian Ragland, director of the Finance Division.

17 The first minute order grants preliminary
18 approval of an application to the SIB by the Camino Real
19 RMA for up to \$20 million. This is the first project
20 that John described which is the connector project at
21 Loop 375 and FM 659. The loan will be secured by a City
22 of El Paso transportation reinvestment zone.

23 Staff recommends your approval of this
24 preliminary item.

25 MR. HOLMES: Questions?

1 MR. UNDERWOOD: Brian, would you be making
2 this motion if we hadn't have passed what we just did?

3 MR. RAGLAND: I don't believe so.

4 MR. UNDERWOOD: Thank you.

5 MR. UNDERWOOD: So moved.

6 MR. MEADOWS: Second.

7 MR. HOLMES: Moved and seconded. All in favor
8 say aye.

9 (A chorus of ayes.)

10 MR. HOLMES: Opposed?

11 (No response.)

12 MR. HOLMES: Motion carries.

13 MR. RAGLAND: Thank you.

14 This next minute order also grants preliminary
15 approval of a SIB loan to the Camino Real RMA for up to
16 \$20 million. This is the second project that John
17 described which is the Loop 375 mainlane extension from
18 Business 54 to US 54. And this loan will also be secured
19 by a City of El Paso transportation reinvestment zone.

20 Staff recommends your approval.

21 MR. HOLMES: Brian, just out of curiosity,
22 what are the projections on the revenues to be generated
23 by the transportation reinvestment zone?

24 MR. RAGLAND: I don't have those specific
25 projections. I do know they are sufficient to repay this

1 loan. The process starts now where we assess the credit
2 worthiness of the security to negotiate the agreement,
3 but I do not know the projected revenues. I can get that
4 to you.

5 MR. UNDERWOOD: That would be good.

6 MR. HOLMES: Questions? Motion?

7 MR. UNDERWOOD: So moved.

8 MR. MEADOWS: Second.

9 MR. HOLMES: Moved and seconded. All in favor
10 say aye.

11 (A chorus of ayes.)

12 MR. HOLMES: Opposed?

13 (No response.)

14 MR. HOLMES: Motion carries.

15 MR. RAGLAND: Thank you.

16 MR. SIMMONS: Thank you.

17 The next item is item 10.a., a discussion on
18 the 2010 and 2012 UTP led by Mr. Barton, I believe. I
19 was concerned, he wasn't jumping up.

20 MR. BARTON: Again for the record, my name is
21 John Barton and it's my pleasure to bring this
22 information forward to you this morning. It's not an
23 action item but it is an important discussion item.

24 Our discussion this morning will center on the
25 public involvement process that we have been undertaking

1 related to updating the 2010 Unified Transportation
2 Program and the development of the 2012 Unified
3 Transportation Program. While the UTP lists the projects
4 we're developing, it also sets specific funding levels
5 that we anticipate over a ten to eleven year period of
6 time, depending on which document it happens to be, and
7 more to the point, it estimates how much money that we
8 might expect to put toward projects during that time.

9 The funding levels within a UTP are not
10 commitments or guarantees but rather they are -- if I can
11 quote James Bass, our chief financial officer -- simply a
12 plan that is based upon a forecast which is predicated on
13 assumptions. And sometimes those planned funding levels
14 obviously change, and when they do we have to make
15 adjustments to the UTP.

16 For the 2010 UTP, and that's what we're here
17 to discuss briefly this morning, I wanted to update you
18 on changes that we will need to make to the 2010 UTP. I
19 will have some slides in a minute but not quite yet.

20 The 2010 UTP covered the years from 2010 to
21 2020 and approximately \$775 million of potentially
22 available funds have been identified from that 2010 UTP.

23 To plan for the use of these funds, we've been meeting
24 with Texans across the state on how they would prefer
25 that we allocate those funds and get their comments on

1 this process. Earlier this week we had a public hearing
2 here in this room that allowed the public to comment on
3 those issues and we will continue to receive comments
4 until April 11, so the public dialogue continues as we
5 stand here today.

6 I'm sure that a lot of people would ask the
7 question where did this money come from, and it basically
8 came from two different areas. First, from the Texas
9 Mobility Fund which, as you know, is just a bond program
10 we have that is supported by revenues from our drivers
11 license fees, vehicle inspection fees, and other fees
12 like that, and the projects that were part of the planned
13 use of the Texas Mobility Fund are now costing us less
14 than we had originally planned, so some funds have been
15 identified through that process. As well as we have
16 revenues that have come into the fund higher than
17 necessary to pay off the required debt service for the
18 bonds that were sold. So when you combine those two
19 things together, there's about \$350 million in the Texas
20 Mobility Fund that could be made available to be used on
21 other projects.

22 The second source of this funding, or about
23 \$425 million, comes from the State Highway Fund, or
24 Fund 6, as we often call it, and it is there because
25 contractor payments that we've seen over the last year or

1 so have been slower than we anticipated so we haven't
2 been spending our money as fast as we thought we would.
3 And rather than building up a reserve of that cash to
4 make payments in the future, it's been suggested that we
5 could put that money to use today on projects and still
6 meet our obligations into the future.

7 In addition, the debt service required to pay
8 off the Proposition 14 Bonds that we sold we were able to
9 issue at a rate lower than anticipated, so we're not
10 having to spend as much money there. And then the
11 payments that we're making on the Pass-Through Toll
12 Program projects that we've already committed to are also
13 coming in slower than we originally anticipated because
14 those projects aren't moving forward as fast as we had
15 originally thought. So when you combine all that
16 together, there's approximately \$425 million of available
17 cash flow to move forward at this point in total.

18 So in total there's \$775 million available
19 that can be used that is uncommitted Texas Mobility funds
20 and these Fund 6 funds that are available because of the
21 reasons I just shared with you.

22 If you'll look at the information on this
23 screen, this is the recommendation that was shown to the
24 public through our public involvement process to date and
25 it is out there on our internet site. And if you'll let

1 me remind us all for a minute that this is in no way a
2 done deal, the commission hasn't taken any action, you're
3 not being asked to take action today, but I did want to
4 just share with you what we've been telling the citizens
5 across Texas as we've talked to them about this funding
6 distribution plan and to get their comment on it so we
7 can provide you all that information as you deliberate
8 this matter in the future.

9 This is the staff's recommendation and it
10 basically commits \$350 million towards the Grand Parkway
11 project that we've already talked about today and then it
12 takes the remaining \$425 million and distributes it
13 through a process that I'll describe in a minute.

14 As we've said over and over again, the
15 transportation needs around Texas are very heavy, they're
16 very extensive, and they far outweigh the funds that we
17 have available to address them, so every region in the
18 state, every community across the state have projects
19 that they would like to advance and we just don't have
20 the funding to do that.

21 Understanding that, I think it's also
22 important to realize that we can make incremental
23 progress to meeting the most pressing transportation
24 challenges that our state faces when funding
25 opportunities like this do arise, and that's what staff

1 has attempted to propose. By allocated \$350 million to
2 the Grand Parkway we can leverage what, in some people's
3 opinion, would be a relatively small amount of public
4 funds for a much larger return on investment because that
5 \$350 million could yield a project or series of projects
6 worth \$2-, \$3- or \$4 billion at the end of the day for
7 the Greater Houston area and obviously one of the most
8 populated regions of the state.

9 As we've talked about earlier, we have taken
10 this sort of approach on other significant projects
11 across the state. Some of those are like the North
12 Tarrant Express and the LBJ managed lanes projects in the
13 Metroplex where public funds were committed by the region
14 and the department's commission to those projects, and
15 they've realized over 400 percent return on investment
16 and in some cases even more than that. And as the
17 commission has committed funds to different projects,
18 you've taken into consideration opportunities to advance
19 many of these important projects when funds were
20 available.

21 The remaining balance of the \$425 million
22 which is suggested to be distributed as shown here, I
23 will just lay it out for you quickly, is \$100 million to
24 the eight largest metropolitan planning organizations in
25 the State of Texas based on the formula that we use to

1 distribute our Category 2 funds that they have gotten in
2 the past. We also are recommending that \$50 million be
3 distributed to the districts through what we call a
4 district discretionary program, just \$2 million to every
5 district. And then finally, \$275 to the districts and
6 MPOs to address their region's most pressing safety and
7 rehabilitation needs.

8 And the rationale for doing this as shown on
9 the slide is to put the money into those regions that
10 they can then put towards projects that they believe are
11 the most important to address their needs, so these would
12 allow local decision-makers to address their most
13 pressing needs based on their understanding of their
14 problems. This approach is based on some of the comments
15 that we've received during this public involvement
16 process. The public suggested that we should apply these
17 available funds to the types of projects that they have
18 been generated from. In other words, if bridge projects
19 were the ones that are slow paying out, we should put
20 more bridge projects out there. And using that logic,
21 when we looked at the work that we have out there and how
22 these funds became available, it was kind of an across-
23 the-board phenomenon.

24 So we looked at the 2010 UTP and when you
25 group those into larger categories, about 60 percent of

1 the funds in the 2010 UTP went to safety rehab and bridge
2 type projects, so consequently we're suggesting that \$275
3 million distribution. About 30 percent of the fund went
4 to mobility type projects, and, therefore, we're
5 suggesting the \$100 million distribution to the eight
6 larger areas using that Category 2 fund formula. And
7 then 10 percent was kind of discretionary fund and so
8 that's how we get to the \$50 million, if you will,
9 \$2 million apiece to each district to use at their
10 discretion. So using those general percentages, we came
11 up with these particular suggested allocations.

12 And it's important to note that we realize the
13 decisions that will be made regarding the use of these
14 funds has to be considered in the context of the larger
15 picture. These can't be considered just on these
16 decisions today, but it really needs to focus on the
17 historic use of funds in the State of Texas and the
18 methods and processes that we are using today and will
19 use into the future to balance out the addressing of our
20 state's varied transportation needs for all of our
21 communities, both rural and metropolitan, and not to view
22 them individually or in a vacuum because that often skews
23 your perspective on the facts related to these types of
24 things.

25 So to illustrate the point I'm trying to make,
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1 let me share with you some of the facts that I believe we
2 should all think about as we consider this process. This
3 particular slide shows a history of the lettings, if you
4 will, for the department over the last 36 years which is
5 the time period that we have readily available records
6 on. And I need to point out that these numbers do
7 include from fiscal year 2008 forward the use of some of
8 the toll revenues in the Dallas District, about
9 \$670 million. So when you look at these numbers, and
10 specifically for the Dallas District, about \$670 million
11 of those funds came from that State Highway 121 regional
12 toll revenue account, and that needs to be understood as
13 we look at this.

14 But when you see this distribution over the
15 last 36 years, you'll see that about \$83 billion has been
16 distributed for highway construction projects, and the
17 process that we've been using and the approach that we've
18 been taking has allowed us to develop and maintain this
19 world class transportation system that we're proud of
20 here in Texas. So to me, it's an indication that these
21 practices have been reasonable and while nobody is going
22 to agree that they got all the money they needed or they
23 even got their fair share, it certainly indicates that
24 it's been a successful historic approach to doing this.

25 And so when you look at the details what

1 you'll see is about 14 percent of our funding has gone to
2 West Texas, and about 24 percent of it has gone into the
3 North Texas metropolitan area, about 12 percent of it has
4 gone into South Texas and about 23 percent has gone into
5 the Southeast Greater Houston area. So when you look at
6 that information it's important to realize that as we
7 move forward that's the type of balance that perhaps
8 should be achieved to continue this type of approach.

9 If you look at a shorter interval of time than
10 this 36-year period of time, certainly there's going to
11 be situations where one area of the state may be ahead or
12 behind over a brief period of time, but I believe that
13 it's important to recognize we need to step back and look
14 at the longer history to really understand the processes
15 that we've used to ensure fairness and equity as we make
16 decisions today and as we look at making those decisions
17 into the future.

18 So I believe that we've heard that from our
19 public, we've heard that from our elected officials, they
20 want to make sure that we have a fair and equitable
21 approach to things, and if we aren't careful we can get
22 caught up in the near-term rather than looking at the big
23 picture, but we also need to ensure that as we make
24 future decisions that we have to ensure that fairness and
25 balance.

1 So I just wanted to share with you that as
2 we've looked at the use of these additional funds in the
3 recent past, stimulus money, Proposition 12 money,
4 Proposition 14 money, without looking at it in great
5 detail, it looks like the commission has done a really
6 good job of trying to maintain that balance. About 10
7 percent of that funding appears to have gone to West
8 Texas, about 27 percent of that has gone into the North
9 Texas area, about 10 percent in the South Texas and
10 Valley area, and about 20 percent over in Southeast
11 Texas. So it looks like you've been able to make a good,
12 fair and equitable assessment of these matters over the
13 last several years.

14 But a couple of final thoughts on this would
15 just be that we need to remember that as we distribute
16 funds as you consider this opportunity and into the
17 future, perhaps, if we get additional Proposition 12 Bond
18 proceeds or other funds from the legislature, that we
19 need to make sure that we are preserving the integrity of
20 this fairness and this equitable distribution.

21 And it's important to remember that as we make
22 future adjustments to the Unified Transportation Program,
23 either this one or the 2012 UTP, that we need to get
24 public input on the process, not only because it's
25 required but because it's the right thing to do. We need

1 to use a transparent process and a reasonable one that
2 people can understand and support and that they believe
3 determines the best use of the funds for addressing the
4 state's major transportation projects and balancing the
5 addressing of those issues across the state and across
6 our priorities.

7 The second part of the discussion, real quick
8 this morning, is to talk about the 2012 UTP that will
9 cover the years 2012 through 2021. We have conducted
10 five public meetings on this across the state, we did
11 that in February. We've been planning and are going to
12 conduct a public hearing on that matter on April 28 here
13 in this room to get comments on the draft 2012 document,
14 and ultimately our plan is to bring that document to you
15 for your consideration and approval in May at your
16 commission meeting.

17 So as a reminder to the audience, the funding
18 levels within the 2012 UTP are about \$26 billion to be
19 distributed across the categories in that ten-year period
20 of time. If you'll recall, that's a little bit higher
21 than the 2010 UTP for a variety of reasons that we can
22 certainly provide you more details on if you would like.
23 And as I mentioned earlier, we've been working with the
24 public to get input on this particular UTP, and not
25 because it's, again, required but because it's the right

1 thing to do. And we've been hearing from them that they
2 would like to have us address things in a fair and
3 equitable way.

4 They've also brought up specific projects. I
5 think I have to share those with you in fairness to
6 everybody that shared their comments. We've gotten
7 letters in support of State Highway 135 in the Kilgore
8 area, State Highway 183 in the Irving area -- actually
9 there's a piece of legislation that is focused on that --
10 for the expansion of US 190 in the Killeen area around
11 Fort Hood, and so those are some of the specific projects
12 that people have asked about and supported.

13 But I think the underlying theme we've heard
14 from the comments from the public is that they want their
15 funds to be targeted towards the state's highest priority
16 projects and initiatives, they want us to advance
17 projects that have already been identified and worked on
18 for some time rather than coming up with new projects,
19 and they want us to ensure a balance across the regions
20 and communities across the state.

21 I believe that we've managed to do that in the
22 development of the draft 2012 UTP, I think that's what
23 we're attempting to do with the use of this potential
24 available funding out of the 2010 UTP, and by putting
25 funds towards a very important project, the Grand

1 Parkway, and leveraging that potentially with other funds
2 to deliver that project would certainly address one of
3 our state's higher priority projects. By also allocating
4 the \$425 million worth of funds in the manner that we
5 have suggested or a revision of that, it would help us to
6 address in a fair and equitable way the state's
7 transportation priorities of addressing congestion in our
8 urbanized and metropolitan areas, addressing safety and
9 system preservation needs and looking at statewide
10 connectivity.

11 I think when we talk to our citizens and we
12 consider their thoughts, we engage them in the process,
13 then we come up with good plans, and that's what we have
14 and will continue to do in this particular process, with
15 an ultimate goal of building the transportation system
16 that they want and deserve here in Texas.

17 So with that, commissioners, I'll conclude my
18 remarks and I appreciate the opportunity to update you on
19 this, and I would be more than happy to either entertain
20 your questions or to get direction from you or to hear
21 comments that you would like to share.

22 MR. HOLMES: Any questions or comments?

23 John, I think this is an excellent
24 presentation. I think it's probably important in this
25 column to add another column that shows what those

1 percentages would be without the 121 funds because I
2 think most people that are really focused on that,
3 considering that they might live in the Metroplex, are
4 going to do the math anyway. So I would like to see it.

5 MR. BARTON: I appreciate that comment and
6 direction, and I think if you would allow me to take this
7 opportunity to share my sincere appreciation for
8 Commissioner Meadows' guidance on this whole process. I
9 have turned to him for advice and comment, and he shared
10 that comment with me. I wasn't prepared to do that
11 today.

12 MR. MEADOWS: It was a short time ago.

13 (General laughter.)

14 MR. BARTON: It was a short time ago, it was.
15 But in seriousness, throughout this whole public
16 involvement process, Commissioner Meadows has been very
17 engaged and he's helped keep me focused on making sure
18 that we can explain the process, that the process is well
19 thought out, and that it has the fairness and equity that
20 we all know we desire to have in the process.

21 MR. HOLMES: Well, I think you've heard me
22 make the comment that in the four years that I've been
23 here I've never heard of a city/community/district say
24 that they were over-funded. Right? Everybody thinks
25 that they are slightly underfunded or maybe significantly

1 underfunded. But this kind of proves the point that
2 there's been a fair and equitable distribution of funds
3 available around the state.

4 I think there are a couple of other points to
5 be made. One is that occasionally within a short time
6 period there will be a disproportionate funding to
7 address very large projects, whether they're in a major
8 metropolitan area or whether they're like Interstate 35.
9 And it can skew the numbers in a short time frame, but if
10 you look at it over a long time frame, those things work
11 themselves out and it becomes a balanced program. And I
12 think that's what this chart indicates.

13 I'd like to make one other comment and
14 question. On the distribution of the \$425 million that
15 staff is recommending, that's Category 1. Is that
16 correct?

17 MR. BARTON: We used three different formulas,
18 if you will. We used the Category 2 formula to get the
19 \$100 million distributed to the eight MPOs.

20 MR. HOLMES: I'm sorry. I mis-spoke. The
21 \$275 million.

22 MR. BARTON: The \$275- we used the Category 1
23 formula which is our rehabilitation formula.

24 MR. HOLMES: And the uses of those funds, if
25 they are federal funds, are prescribed by the federal

1 statute, is that correct, or federal rules?

2 MR. BARTON: There are limitations on the use
3 of some of those funds if we choose to categorize them as
4 Category 1 funds. One of the thoughts would be that
5 while we use those formulas to get to a number, that the
6 commission could put all of those funds in the most
7 flexible category, Category 11, and then you would not be
8 restricted in their use, and that way local community
9 leaders, working with our district engineers, could
10 decide how best to use those funds.

11 MR. HOLMES: That would seem to me to be an
12 appropriate approach to give more flexibility to the
13 districts rather than kind of pigeonholing through what
14 would be a federal process.

15 MR. BARTON: We can do that, and I've
16 discussed that with our chief financial officer, James
17 Bass, and if that's the desire of the commission, we
18 would include that in our recommendation as we consider
19 the comments that we get from now until April 11.

20 MR. HOLMES: I see various heads nodding.

21 MR. BARTON: Okay. Great.

22 MR. HOLMES: Further questions or comments?

23 (No response.)

24 MR. BARTON: Thank you, commissioners.

25 MR. HOLMES: Good job. Thank you, John.

1 MR. SIMMONS: Thank you, John.

2 The next item is 10.b. authorizing the project
3 selection process for the 2010 UTP, and Brian Ragland
4 will be up for the next few items.

5 MR. RAGLAND: Thank you. For the record,
6 Brian Ragland, director of the Finance Division.

7 This first minute order authorizes the project
8 selection process which was the subject of a public
9 hearing that we conducted here last month on February 24
10 at your February commission meeting. The public was able
11 to comment through March 10, but there were no comments
12 received. Exhibit A summarizes each category, the
13 project selection description for each category, and the
14 typical funding participations. And staff recommends
15 your approval.

16 MR. HOLMES: Questions? Motion?

17 MR. UNDERWOOD: So moved.

18 MR. MEADOWS: Second.

19 MR. HOLMES: Moved and seconded. All in favor
20 say aye.

21 (A chorus of ayes.)

22 MR. HOLMES: Opposed?

23 (No response.)

24 MR. HOLMES: Motion carries.

25 MR. SIMMONS: Brian, you can go ahead and

1 handle 10.c.

2 MR. RAGLAND: Item 10.c. is a minute order
3 that gives the department the authority to vary from
4 federal aid apportionment formulas when allocating funds
5 statewide. This is a minute order that you approve each
6 year. Exhibit A lays out the various programs for which
7 the variances may be needed when allocating funds, and
8 staff recommends your approval.

9 MR. HOLMES: Questions for Brian? Motion?

10 MR. UNDERWOOD: So moved.

11 MR. MEADOWS: Second.

12 MR. HOLMES: Moved and seconded. All in favor
13 say aye.

14 (A chorus of ayes.)

15 MR. HOLMES: Opposed?

16 (No response.)

17 MR. HOLMES: Motion carries.

18 MR. RAGLAND: Thank you.

19 Item 11.a. is the Obligation Limit report that
20 I present every month. This is the report that shows the
21 status of our letting versus the obligation limits for
22 the year, and then also reports on the status of motor
23 fuel tax receipts.

24 So year-to-date we've utilized \$676 million of
25 the letting caps and we've got the remainder in the plans

1 to let in the last five months of the year. So that's
2 basically all I have on letting caps. Unless you have
3 any questions, I can move on to motor fuel taxes.

4 Motor fuel tax receipts year-to-date are up
5 4.27 percent when compared to the same seven-month period
6 of last year. This is about 3.25 percent over what we
7 forecast so if you monetize that and if that increase
8 holds true for the rest of the year, we would be up about
9 \$70 million in motor fuel taxes for 2011. I'll also
10 mention that we're running about 2 percent year-to-date
11 over the 2008 figures which was the highest year we've
12 experienced so far, so that's very good news.

13 On the next page is the diesel and the
14 gasoline split. As you know, gasoline makes up about 75
15 percent of the total and diesel about 25 percent. Year-
16 to-date gasoline is up 2.8 percent and diesel is up about
17 9.3 percent.

18 And that's all I have on this report. There's
19 no commission action required. Happy to answer any
20 questions.

21 MR. HOLMES: Any questions?

22 (No response.)

23 MR. HOLMES: Thank you, Brian.

24 MR. RAGLAND: Item 11.b. is a quarterly report
25 that I present on the status of cash in the State Highway

1 Fund. This report does exclude things like bond proceeds
2 and the State Highway 121 account. It's the traditional
3 funding for the agency for which the activity is in
4 Fund 6.

5 On the first page of the report at the top is
6 a summary of the cash activity. We started off the year
7 with \$425 million, we've brought in about \$2.9 billion
8 plus, and we've expended about \$2.9 billion plus, so the
9 ending cash balance on February 28 was at \$37 million
10 above where we started the year at \$442 million.

11 The first page also breaks down the actual
12 cash basis revenues and expenditures by high-level
13 classifications. Revenues are down by 6.1 percent from
14 where we forecast them to be in September, and
15 expenditures are down 7.2 percent from where we forecast.

16 The second page of the report shows our
17 variances from our forecast for both revenues and
18 expenditures and by those same high-level
19 classifications.

20 Happy to take any questions on any of those
21 individual items, and otherwise, that's all I have.

22 MR. HOLMES: Brian, the basic shortfall in
23 revenues comes from FHWA reimbursement of \$200 million?

24 MR. RAGLAND: It does.

25 MR. HOLMES: Can you speak to that?

1 MR. RAGLAND: That's tied directly to project
2 payouts, and if you recall last year project payouts were
3 much slower, very much slower than what we had forecast.
4 We have fine-tuned that this year but we are still seeing
5 a little bit slower payout than what we had projected.
6 Some of that is in construction but some of that is also
7 in engineering and right of way areas. I would point out
8 that we are vastly improved in our forecast from last
9 year based on the workday issue that we were able to
10 drill down and assess.

11 MR. HOLMES: And slower payouts doesn't mean
12 that they're not paid out, it just means that the payout
13 is delayed.

14 MR. RAGLAND: It just means the curve is
15 flatter than what we thought it would be and I'm told
16 they will catch up. The past couple of weeks we've
17 looked into the project development category because it
18 shows that it's down by 45 percent, and I've been assured
19 that the cash expenditures will catch up, it's just that
20 the work by the consultants, for example, and the work to
21 acquire right of way is a little bit slower than we
22 expected in the forecast. And that's not to say the
23 forecast did not assume correctly, as well.

24 MR. UNDERWOOD: I want to clarify something.

25 Slow payout does not mean we've paid slowly to the

1 people. Slow payout means we pay in a timely manner, it's
2 just the jobs are slow in coming to fruition.

3 MR. RAGLAND: Correct. And in some cases the
4 billings are slow. The work may be done and then the
5 billings don't come in.

6 MR. UNDERWOOD: That's not us doing the
7 billing.

8 MR. RAGLAND: Oh, no. It's external.

9 MR. UNDERWOOD: We're paying in a timely
10 manner, that's my point I want to make to the audience.

11 MR. RAGLAND: We are statutorily required to
12 pay in a timely manner or incur interest. So yes, sir.

13 No action required, and that's all I have on
14 that.

15 MR. HOLMES: Further questions?

16 (No response.)

17 MR. HOLMES: Thanks, Brian.

18 MR. RAGLAND: Thank you.

19 MR. SIMMONS: Thanks, Brian.

20 Our next item deals with our contract letting,
21 and I'll ask Russel Lenz to come forward.

22 MR. LENZ: Good morning, commissioners. For
23 the record, my name is Russel Lenz. I'm the director of
24 the Construction Division.

25 I'll be addressing item 12a(1) which is for
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1 the consideration of the award or rejection of Highway
2 Maintenance and Department Building Construction
3 contracts that were let on March 8 and 9 of this year.
4 We present a total of 39 projects today with an average
5 number of bidders per project of 5.41; the low bid value
6 was \$64,539,929.21; we had an overall underrun of 6.12
7 percent.

8 Staff has reviewed the projects and recommends
9 the award of all these maintenance projects.

10 MR. HOLMES: Questions? Motion?

11 MR. HOLMES: So moved.

12 MR. MEADOWS: Second.

13 MR. HOLMES: Moved and seconded. All in favor
14 say aye.

15 (A chorus of ayes.)

16 MR. HOLMES: Opposed?

17 (No response.)

18 MR. HOLMES: Motion carries.

19 MR. LENZ: Item 12a(2) is for consideration of
20 the award or rejection of Highway and Transportation
21 Enhancement Building Construction contracts also let
22 earlier this month on March 8 and 9. We present a total
23 of 48 projects; the average number of bidders was 6.35
24 per project; the low bid value was \$207,513,655.86 which
25 resulted in an overall underrun of 2.46 percent.

1 Staff recommends the award of all these
2 projects.

3 MR. HOLMES: I notice that you're really
4 tightening up your estimates against bids. Does that
5 mean that bids are coming up?

6 MR. LENZ: I think it's a combination of two
7 things: I think we're getting a little bit better, and I
8 think the futures and index prices we've noticed an
9 increase, so I think the two curves are coming together.

10 MR. SIMMONS: A lot has to do with the price
11 of oil and fuel.

12 MR. HOLMES: And asphalt too.

13 MR. LENZ: And the Highway Cost Index is
14 creeping back up a little bit as well, which is the
15 indicator we look at.

16 MR. HOLMES: I also notice that you don't have
17 anything in the reject column.

18 MR. LENZ: Absolutely. Isn't it great.

19 (General laughter.)

20 MR. HOLMES: Any questions? Motion?

21 MR. UNDERWOOD: So moved.

22 MR. MEADOWS: Second.

23 MR. HOLMES: Moved and seconded. All in favor
24 say aye.

25 (A chorus of ayes.)

1 MR. HOLMES: Opposed?

2 (No response.)

3 MR. HOLMES: Motion carries. Thanks, Russel.

4 MR. SIMMONS: Only two more items,
5 commissioners. The next item is the routine minute
6 orders for your consideration. Don't know of any issues
7 that you may have but will be happy to answer any
8 questions on them.

9 MR. HOLMES: Questions? Motion?

10 MR. UNDERWOOD: So moved.

11 MR. MEADOWS: Second.

12 MR. HOLMES: Moved and seconded. All in favor
13 say aye.

14 (A chorus of ayes.)

15 MR. HOLMES: Opposed?

16 (No response.)

17 MR. HOLMES: Motion carries.

18 MR. SIMMONS: All right. Now we're going to
19 jump back up to the number two item in your heart and
20 that's an update on our CDA, or future to be known as PPP
21 projects. These are very important projects to the State
22 of Texas, they're very large, and we want to continue to
23 provide you the update on these projects so you know
24 where they're at.

25 Frank Holzmann has stepped up. You may be

1 aware that Bob Brown used to oversee these. Bob retired.
2 Frank has stepped up in an interim capacity, and we
3 appreciate that. He has with him Gary Moonshower,
4 Theresa Lopez, and of course, I saw Don Toner too out
5 there handling our right of way.

6 So Frank, thank you for stepping up and I look
7 forward to this report.

8 MR. HOLZMANN: Thank you. Appreciate it.

9 MR. SIMMONS: And sorry to keep you waiting.

10 MR. HOLZMANN: It's all good. It's always
11 good to be last and right before lunch, so it's a good
12 thing. We'll try to get through this quickly. I know
13 you have a lot to do today.

14 MR. SIMMONS: Go ahead, Frank.

15 MR. HOLZMANN: It looks like we don't have the
16 presentation available, but I'll just give you a brief
17 update on our projects.

18 We currently have four CDA projects that are
19 ongoing in the state right now. One is on State Highway
20 130, Segments 5 and 6, the other three are in the Dallas
21 area on the DFW job which are the DFW Connector, the
22 North Tarrant Express, and the LBJ project.

23 On State Highway 130 our developer is the SH
24 130 Concession Company which is a combination of Cintra
25 and Zachry. It's a \$1.38 billion project, about a

1 billion dollars in construction, right of way and
2 utilities, and about \$380 million in O&M. We received an
3 up-front concession of \$25 million on that project and we
4 have revenue-sharing estimated at about \$245 million over
5 the length of the project. No equity was required from
6 TxDOT.

7 We executed that contract in March of '07 and
8 right of way and design are already complete and
9 construction started in the spring of '09. We're about
10 67 percent complete with that project right now so we
11 should have it open by the end of next year, so we're
12 pretty excited about that.

13 Our other projects that we have, to kind of go
14 over some of the Dallas projects now. As I pointed out
15 earlier, there's three of them: our DFW Connector
16 project, our LBJ project on 635, and then our NTE which
17 is along 820, 183 and 121.

18 MR. SIMMONS: And commissioners, you do have
19 the presentation in your binder. I'm sorry that we don't
20 have it up.

21 MR. HOLZMANN: I apologize for that.

22 So to catch up on the DFW Connector, Northgate
23 Contractors is our design-build contractor on this
24 project, and that's a combination of Kiewit and Zachry.

25 It's a little bit over a billion dollars and it is a

1 design-build project. That contract was executed in
2 October of '09, work began in February of 2010. We're
3 about 30 percent done on both work and contract money.
4 Our estimated completion on that is in the year 2014.

5 It's the largest approved ARRA project in the
6 nation, and I'm happy to report that out of the \$250
7 million of ARRA money, all that money has been spent to
8 date, so we used up all the ARRA money that was for it,
9 so that's all good.

10 We're spending about a million dollars per day
11 on that, we're able to ramp up close to that during the
12 summer, so moving a million dollars worth of equipment
13 and dirt is a lot, and we've got a lot of progression
14 going on on that project. And in your handouts I think
15 you have some pictures of some of the progress that you
16 see in there.

17 I'm going to move on to the North Tarrant
18 Express project which is, once again, along 820, 183 and
19 121. Theresa Lopez is our project manager for that and
20 she's doing an outstanding job for us keeping that job
21 moving forward.

22 The North Tarrant Express Mobility Partners,
23 or NTEMP, which is a combination of equity members of
24 Cintra, Meridian Infrastructure Finance and the Dallas
25 Police and Fire Pension System. That's a \$2.55 billion

1 project, about \$2.1 billion in construction, right of way
2 and utilities and O&M around \$450 million. We did
3 require some public funds in the amount of \$573 million.

4 That contract was executed in '09, notice to
5 proceed was in December of '09. The right of way
6 acquisition and design are underway at the present time.
7 There's been some construction ongoing at the 35 and 820
8 interchange and at the 183 and 121 split. Those are the
9 two major areas right now that they're working on.

10 NTEMP also, since they took over the
11 maintenance of the facility, they were actually involved
12 with the ice plan that we ran into in February. They
13 were actually out there with their snow plows, assisting
14 to keeping the roadways clear and keeping motorists
15 moving.

16 And I'll also give you a quick update on the
17 NTE master development plan. NTEMP, our developer for
18 the NTE project, presented a ready-for-development
19 submittal in May of 2010 for the development of Segments
20 3A and 3B which are along 35W near 820. There should be
21 a map in your handouts. Project agreement should be
22 ready in the summer of 2011 if the necessary legal
23 approvals are there. We're looking at doing 3A, as I
24 pointed out, with the project agreement; 3B will be a
25 design-bid-build project. 3B is the one in green and 3A

1 is the one in blue.

2 And lastly, the LBJ Express, and Gary
3 Moonshower is heading that up as our project manager.
4 He's doing another outstanding job of keeping that
5 project moving forward and starting to get some work
6 underway on it.

7 The developer on that is the LBJ
8 Infrastructure Group. Cintra, Meridian Infrastructure
9 and the Dallas Police and Fire Pension System are once
10 again our equity members on that, similar to the NTE job.
11 That's a \$3.2 billion project with construction, right of
12 way and utilities of about \$2.7 billion and operations
13 and maintenance estimated at \$500 million. Required
14 public funds on that job was \$490 million.

15 We executed that contract in September of '09,
16 our notice to proceed on it happened in December of this
17 last year, and construction just started. So the right
18 of way is already acquired for that project, the design
19 is going underway. As I pointed out, since they just
20 started on it, you're seeing some tree-clearing taking
21 place along that, there's some structures work going on,
22 and they're starting to adjust utilities and put in the
23 noise wall.

24 In addition, since they have maintenance
25 responsibility on 635, they also assisted us with the big

1 ice storm that we had in February and did a really good
2 job with that.

3 So hopefully that was quick and brief, as Mr.
4 Simmons asked me to do.

5 MR. SIMMONS: Thank you, Frank. And I do
6 appreciate the hard work that you and Gary and Theresa
7 and Don have put in on these projects.

8 And commissioners, we will make sure this
9 presentation is put on our website since we weren't able
10 to have it here so the public can see the tremendous
11 progress that's being made on these projects. I'm real
12 impressed with the 130 progress as well as the DFW
13 Connector and seeing progress start on NTE.

14 And with that, commissioners, unless you have
15 questions of staff regarding this, that's all the items
16 we have before you.

17 MR. HOLMES: Any questions?

18 MR. UNDERWOOD: No, sir.

19 MR. HOLMES: That completes all the action
20 items on the agenda. Is there anyone signed up for the
21 open comment period?

22 MR. SIMMONS: No, sir.

23 MR. HOLMES: Is there any other business to
24 come before the commission?

25 (No response.)

1 MR. HOLMES: If not, I'll entertain a motion
2 to adjourn.

3 MR. UNDERWOOD: So moved.

4 MR. MEADOWS: Second.

5 MR. HOLMES: Moved and seconded. All in favor
6 say aye.

7 (A chorus of ayes.)

8 MR. HOLMES: Opposed?

9 (No response.)

10 MR. HOLMES: Motion carries. It is 11:43.

11 Thank you very much. We're adjourned.

12 (Whereupon, at 11:43 a.m., the meeting was
13 concluded.)