

TEXAS DEPARTMENT OF TRANSPORTATION

COMMISSION MEETING

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

Thursday, April 28, 2011

COMMISSION MEMBERS:

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

STAFF:

Amadeo Saenz, Executive Director  
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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P R O C E E D I N G S

1  
2 MS. DELISI: Good morning. It is 9:05 a.m.,  
3 and I call the regular April 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 3:21 p.m. on April 20, 2011.

8 Before we begin today's meeting, I just want to  
9 remind everyone to put your cell phones on the silent  
10 mode, please.

11 As is our custom, we'll open with comments from  
12 the commissioners and we'll start with Commissioner  
13 Meadows.

14 MR. MEADOWS: Thank you, Madam Chair. I guess  
15 I shouldn't have been surprised.

16 You know, I think all of us know that this  
17 wildfire season in Texas has been particularly  
18 catastrophic with much devastation and, in fact, loss of  
19 life and property, and the fires continue to burn. I'd  
20 like to take just a moment to acknowledge the fine work of  
21 over 1,300 employees of the Texas Department of  
22 Transportation that for the last several months have been  
23 directly involved in a support role and directly involved  
24 in a firefighting role fighting these over, as of

1 yesterday, 810 reported wildfires in the State of Texas.  
2 There have been, as of yesterday, over 1.4 million acres  
3 of Texas have burned.

4 We have committed -- the Texas Department of  
5 Transportation has committed 1,556 pieces of equipment in  
6 these efforts to contain these wildfires. We have  
7 supplied and consumed almost 15,000 gallons of fuel. In  
8 addition to that, we have employees that have been  
9 involved in providing roadblocks, traffic control. Our  
10 employees have directly been involved in constructing  
11 firebreaks.

12 It really is remarkable when you think about  
13 what this agency does beyond what is expected of them.  
14 Every year we confront major, major natural catastrophes,  
15 not just these wildfires. You think about the herculean  
16 effort, in fact, of these employees in hurricane events.  
17 Think about the ice and snow events we were talking about  
18 earlier this year. I continually am impressed and amazed  
19 at the effort put forth by these employees and I know that  
20 we all appreciate the work that they do for the citizens  
21 of Texas.

22 Thank you.

23 MR. UNDERWOOD: I'd like to associate myself  
24 with my colleague's remarks. I agree with you totally.

1 The average public doesn't realize the effort that our  
2 people put in, the hours that they put in, and the most  
3 important part is they don't do this begrudgingly, they do  
4 this because they love their job and they care about the  
5 state and they care about the citizens of the state, and  
6 it shows in the work that they do.

7 Also, I'd like to remind the driving public to  
8 look twice before you proceed. This is Motorcycle Safety  
9 Week and Month, and it's critical. With the high cost of  
10 gas, we're going to see more and more two-wheelers on the  
11 road, and just look twice before you pull out in an  
12 intersection and before you change lanes. It's important  
13 because these men and women deserve to be able to go home  
14 to their families.

15 And thank everyone for being here. Drive safe.

16 MR. HOLMES: Good morning. Commissioners  
17 Meadows and Underwood, I appreciate your comments.

18 It really has been an extraordinary last six  
19 months or so between snow and ice, wildfires, tornadoes.  
20 It's pretty remarkable what's going on and the burden that  
21 it puts not just on TxDOT, but all state agencies.

22 I know, Mr. Pickett, you guys are facing some  
23 of those issues over there too with how we fund some of  
24 these things, and it puts strain on individuals that

1 participate in it that are damaged by it and also on  
2 budgets. And we all recognize and appreciate the  
3 extraordinary efforts that are put forward.

4 We have some interesting things on the agenda  
5 today and appreciate seeing many of our friends here.  
6 Thank you for coming.

7 MR. HOUGHTON: I, too, associate with my fellow  
8 commissioners, and especially Commissioner Meadows in well  
9 done by our employees. It has been extraordinary.

10 In El Paso we suffered through about four days  
11 of sub-freezing, sustained cold that killed a lot of  
12 vegetation and wreaked havoc with utilities out in that  
13 part of the world. Now we're struggling through no rain.  
14 And our employees have met the challenge and will continue  
15 to meet the challenge because of their dedication and love  
16 of this state.

17 I want to welcome our mayor. Mayor Cook,  
18 welcome. And Representative Pickett, nice to see you here  
19 again.

20 Thank you.

21 MS. DELISI: Thank you, commissioners.

1 I just want to remind everybody in the audience  
2 if you wish to address the commission during today's  
3 meeting, please complete a speaker's card located at the  
4 registration table in the lobby. To comment on an agenda  
5 item, please fill out a yellow card and identify the  
6 agenda item. If you would like to comment on a topic  
7 that's not on the agenda, please fill out a blue card. We  
8 will take non-agenda comments during the open comment  
9 period at the end of the meeting. Regardless of the color  
10 of card, we do ask that you try and limit your comments to  
11 about three minutes.

12 Our first item on the agenda is a public  
13 hearing, and I'll ask Amadeo to open the public hearing.

14 MR. SAENZ: Thank you, Madam Chair.  
15 James Bass, our chief financial officer, will open a  
16 public hearing that is part of our new planning process in  
17 the development of the 2012 Unified Transportation  
18 Program. So James, all yours.

19 PUBLIC HEARING

20 2012 UNIFIED TRANSPORTATION PROGRAM (UTP)

21 MR. BASS: For the record, I'm James Bass,  
22 chief financial officer at TxDOT.

23 This is a public hearing on the Unified  
24 Transportation Plan, otherwise known as the UTP. The UTP

1 is a ten-year statewide plan for transportation project  
2 development. The purpose of this public hearing is to  
3 accept comments on the 2012 UTP.

4 The department opened a 30-day review and  
5 comment period back on April 8 when the notice of this  
6 hearing was published in the Texas Register, and written  
7 comments will be accepted until 5:00 p.m. on May 9.

8 Under the new planning rules that were  
9 effective back on January 1, just for your information,  
10 TxDOT also had a public hearing on the preliminary 2012  
11 UTP funding levels back on February 24. In addition,  
12 TxDOT held five regional public meetings for the  
13 development of this 2012 UTP, and those five meetings were  
14 held in San Antonio, Houston, Lubbock, Forth Worth and  
15 El Paso.

16 The draft 2012 UTP was posted on the TxDOT  
17 website on April 8, the same day as notice was published  
18 in the Texas Register, and as I said, we'll be accepting  
19 comments through 5:00 p.m. on May 9. And I believe there  
20 may also be people here who would like to provide comments  
21 to the commission today.

22 MS. DELISI: Thanks, James.

23 With that, I'd like to call up Representative  
24 Joe Pickett.

1 MR. PICKETT: Good morning, Madam Chair and  
2 commissioners.

3 First off, I wanted to respond to Commissioner  
4 Meadows' remarks about the floods, the freezes, the  
5 pestilence, the fires, and the legislature being in  
6 session. I did not take any offense to that. I agree  
7 wholeheartedly.

8 (General laughter.)

9 MR. PICKETT: I also want to propose at some  
10 point maybe a rule change where any member of the  
11 legislature who spends more than four or five hours with  
12 the executive director or anybody from TxDOT that they are  
13 to continue it as a buddy system until the legislator is  
14 finished for his or her day. We finished at seven minutes  
15 to 3:00 a.m. this morning.

16 I will be brief. You have a letter from me  
17 that I'd sent you regarding the reconciliation of  
18 Categories 5 and 7 in the UTP. I think we're all  
19 realizing that we need some better communication skills,  
20 tracking abilities, bringing in the MPOs a lot sooner. A  
21 lot of this was not even mentioned at some of the public  
22 hearings, and obviously, what I'm getting at is the fact  
23 that the reconciliation for several MPOs is a negative  
24 balance.

1           And in a nutshell, I've asked that under the  
2 circumstances with what has now been kind of a placeholder  
3 for some of the different funds out there for underruns,  
4 for the slower payments on contractor payments, anything  
5 surplus in the Mobility Fund that's been housed in  
6 Category 12, that we use that to make everyone whole.

7           And I know what that means, though. I know  
8 that that means that additional projects necessarily  
9 aren't going to be moved forward. I've been telling our  
10 MPO and our community that whatever the commission does  
11 with those funds in Category 12 now is not new money.  
12 We've been trying to get that across to people, that  
13 there's no call for new projects on whatever decisions  
14 that you make. But I think now with this reconciliation  
15 issue, I'm hoping that the commission will take this as a  
16 priority when looking at what your disposition is going to  
17 be with those Category 12 funds that are there.

18           I would also urge working with the MPOs, and I  
19 know that you've been reaching out in the last few days on  
20 coming up with a system of inclusion where this doesn't  
21 happen anymore. I know that some people think, well,  
22 people should have known and we don't always get to spend  
23 every dollar that we're told we have available to spend  
24 and we should have known, but those percentages, as you

1 know, are moving targets.

2 In El Paso we plan on doing a little bit more  
3 aggressive communication with our district and getting  
4 down to maybe a quarterly update and report on where we  
5 are with underruns and overruns instead of just having  
6 this come to a head, in this case, going back to 2004, now  
7 2011, and trying to dig out of this hole.

8 So again, thank you for your consideration.  
9 I'm going to be brief, and it's only because my foot hurts  
10 like heck. And the mayor is here from El Paso who wanted  
11 to come up and speak to you.

12 And again, Amadeo and Steve, thank you for  
13 coming out to El Paso yesterday. It was a big deal.  
14 Those of you who weren't able to attend, you probably got  
15 an update from Amadeo. There was so much kum ba ya there  
16 yesterday, it was amazing. I think the overpass swayed  
17 itself, and I don't know how J.D. Abrams was able to make  
18 that happen but I swear I looked up and it was swaying.

19 It was a big deal, it is a big deal, as I said  
20 yesterday, and I want to thank TxDOT for their  
21 participation in that as well. I remind political science  
22 classes that democracy is not quiet, so if there are times  
23 when we are louder than others and more stern than others,  
24 it's because we have positions that we really feel strong

1 about. But I do appreciate what TxDOT is doing these days  
2 and look forward to the debate on the Sunset bill  
3 tomorrow.

4 Thank you.

5 MS. DELISI: Thank you.

6 Mayor Cook.

7 MAYOR COOK: Chair, commissioners. I agree  
8 with Representative Pickett. As Mark Twain once said, no  
9 one's life, liberty or property is safe while the  
10 legislature is in session.

11 But I want to express my gratitude to the  
12 commission for the great support that you've given us for  
13 mobility and transportation projects in the past. It's  
14 been our pleasure to work with your administration, with  
15 TxDOT, with the Camino Real Regional Mobility Authority,  
16 our local municipal governments in order to make sure that  
17 we address mobility issues and transportation issues in El  
18 Paso, especially in light of the fact that we're growing  
19 so rapidly, going from 9,000 soldiers at Fort Bliss to  
20 34,000 soldiers in a period of five years.

21 Yesterday, as Representative Pickett mentioned,  
22 we did have the ceremony for the Liberty Expressway, Spur  
23 601, the largest pass-through toll project in the State of  
24 Texas, accomplished in a five-year period, something that

1 probably should have taken ten to fifteen years. It just  
2 goes to show when you really want to accomplish something  
3 and you put all your resources toward it that you can get  
4 it done and get it done quickly. I think that project is  
5 going to be a model for around the state.

6 But I must tell you that I am very concerned  
7 about some of the suggestions for the Category 5 and  
8 Category 7 funds, especially when we did our projects  
9 based upon the expectation that revenues and resources  
10 were going to be available to us from 2004 to 2010. We  
11 worked with that expectation, and then in retrospect to  
12 find out that the numbers really weren't correct and the  
13 suggestion is to make it all up at one time I think is  
14 extremely unfair to communities that are growing as  
15 rapidly as El Paso is growing.

16 But I have full faith and confidence that you  
17 will come up with suggestions that are less painful to us,  
18 whether it's as Representative Pickett mentioned, to dip  
19 into the Category 12 funds or some of the surpluses, the  
20 425 plan that you have. I'm sure that there's other ways,  
21 even if it's just to spread it out over a longer period of  
22 time, that would be more acceptable than to try to go back  
23 and make up for from 2004 to 2010 all in one fell swoop.

24 So what would the impact be to us if that is,

1 in fact, what happens? Well, number one it makes it  
2 extremely difficult for regional planners, like our MPO,  
3 and today we also have with us the chair of the  
4 transportation committee for the chamber of commerce, John  
5 Cordova. But if we are not able to come up with a  
6 solution to this, there are several things that are in  
7 jeopardy. One is our 2008 Comprehensive Mobility Plan,  
8 and you may recall this is a billion dollar plan over  
9 about a five-year period of time. If we start pulling the  
10 dominoes out of that plan, it's going to have a really  
11 significant impact to the City of El Paso and to our  
12 region in general.

13 The other thing that will happen to us, you may  
14 be aware that El Paso is in non-attainment, so when you  
15 start messing with the STP dollars, that impacts not only  
16 our quality of life but the quality of air that we  
17 breathe. The total impact to us, is my understanding, is  
18 about a little over \$17 million. That's going to be  
19 significant if we want to accomplish all of the  
20 transportation and mobility plans that we have.

21 So I would ask you to put your collective minds  
22 together and try to come up with a better solution than  
23 the one that is currently in the plan.

24 And God bless all of you for the work that you

1 do, and especially your employees. Thank you

2 MR. BASS: Just to give an update to the  
3 commission, staff expects or hopes to come to you at your  
4 May 26 meeting and ask for formal action on the 2012 UTP  
5 at that time. There's no vote or action required or  
6 requested of you today.

7 I believe, as Chairman Pickett pointed out, in  
8 the last couple of days I've asked if the representatives  
9 from the metropolitan planning organizations in Dallas-  
10 Fort Worth, El Paso, and Houston-Galveston, as well as our  
11 district engineers for those areas would be able to meet  
12 between now and May 26 so we can visit in more detail than  
13 we have before.

14 This is the first time this reconciliation  
15 process the department and MPOs have gone through it, so  
16 we'd like to meet to help ensure that everybody  
17 understands the process, see if we all can't work together  
18 to figure out a better solution to implement the results  
19 of that reconciliation process, and if we can then work  
20 together to develop a plan and a process going forward  
21 because I feel this is something that needs to be done  
22 more frequently than what we've done in the past, and then  
23 see if there are any other issues related with, I guess,  
24 specifically Category 5 and Category 7 that they might

1 like to have discussions on, and hopefully we'll have a  
2 resolution and a recommendation for you at your May 26  
3 meeting when we ask you to adopt the 2012 UTP.

4 MR. MEADOWS: James, that is clearly the  
5 direction that we need to go, and as you and I have had  
6 the opportunity to visit, and we certainly appreciate  
7 Representative Pickett and Mayor Cook for bringing this  
8 matter to our attention, as well as our staff bringing the  
9 matter to our attention.

10 I think everybody needs to know that this  
11 commission recognizes and shares the concern, we know what  
12 the concern is. We know clearly what the two questions  
13 are, and one is how do we avoid this situation from  
14 reoccurring in the future, which I think that we can work  
15 through, again, a collaborative process, as you've  
16 suggested, working with our MPO leadership in the state  
17 where this is not a dictatorial decision on our part, it  
18 is decision as a result of a collaborative effort with  
19 transportation leadership.

20 And then the second question is to be answered  
21 in the same fashion, utilizing the same process, and that  
22 is how do we resolve the current situation resulting from  
23 this reconciliation, and I really do believe that we'll  
24 come up with what is considered to be a very fair and

1 proper solution.

2           So we appreciate your input and we look forward  
3 to working with that MPO leadership to come up with the  
4 answers.

5           MR. BASS: And one thing, if I could, I'd like  
6 to echo a comment from the mayor. I think there's been  
7 some perhaps misunderstanding of this, but from my  
8 perspective, the MPOs have done nothing wrong here. They  
9 were allocated funds in the various categories, they  
10 worked with the districts to move forward and make use of  
11 those allocations. What we're now doing is going back and  
12 trying to reconcile those allocations to make sure that  
13 they match with what's actually happening or has happened  
14 in the federal system. So the MPOs have done nothing  
15 wrong in this circumstance, and if anybody ever suggested  
16 that, I apologize because that's certainly not the case.

17           MR. HOLMES: James, I agree with Commissioner  
18 Meadows, we need to have a collaborative effort to solve  
19 the existing problem, but we also need to reform the way  
20 we go forward in this process so that we don't have a  
21 mismatch because we have some that are over and some that  
22 are under. And I can see that it's -- what? -- out of the  
23 eight urban districts, we have three that are over and  
24 five that are under, and so we've got to balance that

1 under part as well.

2 MR. BASS: One of the things we've done to  
3 somewhat change the process -- and the detailed records  
4 are only available in the federal system going back to  
5 2004, but both of these programs I think actually started  
6 back in 1991 with ISTEA -- what we started doing on a  
7 quarterly basis now is showing and sharing with the MPOs  
8 and the districts all of the activity, whether it's from a  
9 change order, a project closeout, engineering services or  
10 low bid on a contract, all of the activity in those two  
11 different categories. And so if there is a question about  
12 why something was charged here or charged there, they'll  
13 be aware that it has been charged there so they can ask  
14 that question, whereas, before that wasn't necessarily  
15 seen.

16 MR. UNDERWOOD: As a little bit of a followup  
17 on that, James, this reconciliation, this needs to be  
18 done, not spread out. I know they don't want the pain but  
19 rather the pain be apportioned out to them, but I don't  
20 think we can do that and do a true reconciliation. Isn't  
21 that correct? We need to actually balance our books with  
22 the feds.

23 MR. BASS: Correct. One of the questions would  
24 be how best to do that and how soon does that need to be

1 done.

2 MR. UNDERWOOD: Okay. The next part to this is  
3 that we don't really know what's going to happen on the  
4 federal side yet. We're waiting to see what kind of  
5 transportation bill they have. Isn't that correct?

6 MR. BASS: Correct.

7 MR. UNDERWOOD: So this is almost a wish list.

8 MR. BASS: Correct. As I've said before, and  
9 thought about having T-shirts made up that say the UTP is  
10 a plan based upon a forecast based upon assumptions. And  
11 to highlight that, next month we will ask the commission  
12 to adopt a UTP for 2012 through 2021. There is no federal  
13 legislation that applies to 2012. We will be allocating  
14 planned dollars and allocations in Category 5, Category 7  
15 and others. There is no federal bill that covers 2012.

16 So part of this reconciliation process should  
17 recognize the fluid environment that we operate in and  
18 need to be nimble enough to operate in that environment  
19 that once Congress does act and we do have something for  
20 2012, we then need to make sure that our planning  
21 documents match up and reconcile with what Congress  
22 actually does on the federal side, and we need to have a  
23 process in place to do that on a routine basis moving  
24 forward.

1 MR. UNDERWOOD: That was going to be my  
2 challenge to you. I appreciate you reading my mind. I  
3 just wanted to challenge staff that it does need to be  
4 fluid because we don't know what's going to happen year-in  
5 and year-out with Congress, and we really need to work  
6 with our stakeholders, with the MPOs, and part of that is  
7 understanding where we are and where we're going, but we  
8 need to -- Representative Pickett, I'm going to call you  
9 Chairman.

10 MR. PICKETT: Call me Joe.

11 (General laughter.)

12 MR. UNDERWOOD: All right, Boss. I'll call you  
13 Boss. You dictate what we do up here.

14 But it's really important that this process is  
15 fluid, that as they make changes that we can act with them  
16 and not react. I feel like we're reacting right now and  
17 we don't have a game plan that's going to work well. Am I  
18 saying that right?

19 MR. BASS: I would agree, and I think hopefully  
20 through the meetings over the next month, and hopefully  
21 that will continue going forward, that we can develop a  
22 game plan going forward with our partners.

23 MR. UNDERWOOD: As you used the word fluid, it  
24 really needs to be fluid to be able to make changes. The

1 whole point is we want to keep going in this direction.  
2 We may have to shift this way or that, depending on what  
3 happens to us, state or federally, but we need to be able  
4 to get to the goal so that Mayor Cook doesn't come up here  
5 wide-eyed and has to go back to his constituents and say,  
6 you know, I was just kidding, we're not going to do this,  
7 or yes, we're going to get a chance to do it but it will  
8 be 400 years from now. I'm being facetious, group, don't  
9 get too excited. But my point is we don't know how long  
10 it's going to take.

11 MR. BASS: Yes, sir.

12 MR. UNDERWOOD: Anyway, thank you. Appreciate  
13 what you do. And thank you for being here, Mayor.

14 Boss Pickett, it was good to see you, sir.  
15 Thank you for being here. And I see it really is a tough  
16 legislative session when you come limping in here. I  
17 thought that man is fighting hard. Take care.

18 (General laughter.)

19 MR. HOUGHTON: I don't have anything to ask  
20 you. You and I had our conversation this morning.

21 And I will assure the El Paso delegation and  
22 all others that James and his crew are fast behind this,  
23 and how this came about is because this now resides in  
24 James's area and there is a reconciliation going on as to

1 how we keep these moving pieces together.

2 I was unable to attend the ceremony yesterday  
3 of 601, and it is amazing what can happen when everyone is  
4 singing off the same sheet of music. Now, there may be a  
5 couple of shrill voices in the choir every so often, but  
6 we have a unanimity in El Paso with the MPO, with the city  
7 council, and I think business leadership on building  
8 transportation assets. And it's to the great credit of  
9 two of the people sitting in the room who have served as  
10 chair of the MPO, Representative Pickett and Mayor Cook,  
11 and I want to thank them for their leadership and their  
12 dedication.

13 We have been trailblazers, Representative  
14 Pickett, on the transportation reinvestment zone which is  
15 now active. We're getting ready to award a couple of  
16 projects, hopefully. I'm not signaling any award,  
17 Counselor. But I would hope at the end of the day we will  
18 award those projects, but that is then a transportation  
19 reinvestment zone and it kicks in and operates. To the  
20 credit of Representative Pickett, that was part of his  
21 legislation several years ago, and Mayor Cook, your  
22 leadership on city council, as well as the MPO.

23 The Spur 601 is the largest pass-through and I  
24 was on the commission when that happened, as well as, I

1 think, you, Ned, when that happened. And it was a  
2 challenge by Governor Perry to the Department of Defense  
3 that said if you come, we will build it, and by darn, did  
4 we build it. \$356 million facility, 7.1 miles, you do the  
5 math. And we saw, Commissioner Holmes, the Corps of  
6 Engineers move quickly on environmental clearance, and I  
7 say that to Commissioner Holmes because he's got a project  
8 that he'd like to see move quickly with the Corps. So  
9 it's amazing what happens when everyone is headed in the  
10 same direction.

11 And thank you for the leadership, Joe. And  
12 Mayor Cook, thank you very much. Roy Gilyard on running  
13 the MPO, I appreciate your dedication too.

14 So with that, I think we'll get this thing  
15 resolved, and I appreciate you all showing up here today.  
16 Thank you.

17 MS. DELISI: If there's no other comments, I  
18 want to ask one last time is there anybody else who would  
19 like to make comments in this public hearing?

20 (No response.)

21 MS. DELISI: So if there's no other input  
22 concerning the UTP, I'm going to close the public hearing.

23 (Whereupon, at 9:35 a.m., the public hearing  
24 was concluded.)



1 my name is John Barton, and I have the pleasure of working  
2 as your assistant executive director for Engineering  
3 Operations.

4 If we can get the slides up, I have a few  
5 slides that I would like to run through with you, and I  
6 think, commissioners, you have a copy of this presentation  
7 before you.

8 This morning I would like to share with you a  
9 brief update on the progress that we've made on this  
10 modernization effort to date, and specifically we'll be  
11 discussing these items: the development of a statement of  
12 purpose on this initiative, an update on the  
13 implementation efforts that we have underway for several  
14 of the activities and the recommendations you approved  
15 last month, an update on our efforts to hire a firm to  
16 assist us with change management, and an update on our  
17 communication efforts and what we are hearing from our  
18 employees and others as we move forward.

19 Since we began this journey back in March, many  
20 of us have been asked and are asking ourselves what the  
21 purpose and goal of this entire initiative is, and it's  
22 important, I believe, that we all understand why we are  
23 undertaking this effort and that it's not simply because  
24 you, as the commission, have asked us to do so. So after

1 a lot of discussion, listening to the thoughts and  
2 comments from our district engineers, division directors,  
3 office directors, region directors at a meeting we had  
4 earlier this month here in Austin, talking to you as the  
5 commission and hearing from several of our employees, the  
6 team developed a statement that we hope will clarify what  
7 the purpose of this modernization initiative is and that  
8 we hope will be able to resonate with our co-workers and  
9 with all of us as we move forward.

10 So the question about why are we working on  
11 this effort to modernize TxDOT needs to be answered, and  
12 as we started to answer this question we recognized that  
13 we needed to start from understanding that it's our  
14 employees, both those that currently work with us today  
15 and those that have worked for this agency in the past,  
16 have done and are doing an outstanding job. And many of  
17 you mentioned some of the great work that they have been  
18 doing recently in responding to emergencies across the  
19 state.

20 The hard work that these individuals have put  
21 into this agency, their dedication and the excellent work  
22 that they do has earned the department the reputation of  
23 delivering the best transportation system in the world,  
24 and we recognize that and have talked about it. And as we

1 move forward we know that it's going to be these employees  
2 that help lead us successfully to modernize this agency.

3 We are facing many new challenges, as you have  
4 pointed out over the past several months, as the world  
5 around us has changed, and we've undergone reviews by the  
6 Sunset Commission, the Restructure Council, and we've  
7 learned from those that the public expects more of us now  
8 than ever before, while at the same time the gap between  
9 the resources we have to do those things and the resources  
10 we need to do those things gets larger every day, and on  
11 top of all of that, the way that society and all of us as  
12 individuals and the business community engage one another  
13 and expect to be engaged is changing dramatically.

14 So all of these things combined suggest that we  
15 must change the way that we conduct our business in order  
16 for us to continue to fulfill our role and responsibility  
17 as the leader of transportation here in Texas. And by  
18 doing this, the accountability processes that we talk  
19 about and the transparency issues that, in fact, you just  
20 discussed related to the UTP, will improve and that will  
21 help serve to regain the confidence and trust in this  
22 agency that we all desire and seek.

23 So as we move forward through this process, we  
24 wanted to ensure that we understood some guiding

1 principles that we would adhere, and everything that we do  
2 as part of this effort, it's important that we will rely  
3 on these principles as the cornerstones of any plans that  
4 we put in place or any changes that we make. And they're  
5 shown here on this slide; I'll just briefly mention them.

6 It's basically that we believe that we must  
7 value the contributions of all of our employees from all  
8 levels of the agency and from all areas of the agency, and  
9 we need to ensure that we maintain an open and ongoing  
10 dialogue between the leadership, the commission, the  
11 administration and our district engineers, division  
12 directors and region and office directors, with our  
13 employees, with our partners in the industry and with the  
14 public and the legislature.

15 It's also important that we emphasize the broad  
16 and meaningful public involvement process that you have  
17 encouraged us to work on with TSU and others to understand  
18 our customers better and to improve our service to them  
19 and strengthen our decision-making processes.

20 We also need to incorporate more modern and  
21 emerging technologies in our business practices and  
22 processes and that, of course, will improve our  
23 performance as well as promote accountability, and we're  
24 excited about Louis Carr's leadership that he will bring

1 to this particular area.

2 And then as we move through all of this, we  
3 need to think multimodally and consider the value of all  
4 modes of transportation in forming future transportation  
5 solutions. And by committing to these principles and  
6 applying them to the work that we do, we are confident  
7 that this effort will be successful.

8 So now I would just like to briefly share an  
9 update on the status of a few of these efforts that we  
10 have undertaken to implement the six recommendations you  
11 approved at last month's commission meeting, and those  
12 recommendations are reflected on this slide.

13 Following your approval to move forward with  
14 these recommendations, the leadership team discussed these  
15 at a meeting we had earlier this month and assigned one of  
16 the team members as a sponsor, if you will, of these  
17 recommendations, and those are shown on this slide. The  
18 sponsors are tasked with working with an appropriate  
19 division director or district engineer, region director or  
20 office director to begin the process of implementing these  
21 recommendations, and those assignments are shown here on  
22 this slide.

23 I will be working with Dee Porter and Coby  
24 Chase to look at how we restructure and separate our

1 government relations and communications functions so that  
2 each can be stronger, and Teresa Lemons is also going to  
3 be assisting on this as we move forward.

4 In looking at how we can create and strengthen  
5 what we've already created as a single office to manage  
6 our Historically Underutilized and Disadvantaged Business  
7 Enterprises, George Ebert will be working with Dee Porter  
8 to look at that and work with those employees in that  
9 newly created office and the other employees around the  
10 department that have interest in this particular area to  
11 ensure that it moves forward effectively and efficiently.

12 Focusing on the right-of-way acquisition  
13 process and how we can improve the timeliness of that,  
14 Lonnie Gregorcyk will be working with John Campbell as  
15 they create and identify a group to focus on this and  
16 identify ways to improve those processes and reduce the  
17 time it takes to acquire rights of way.

18 On our environmental review process, one that  
19 has received a great deal of attention over the last  
20 several years, and most importantly, I guess, over the  
21 last several months as the legislature has been in  
22 session, Carlos Lopez will be working along with Eric  
23 Gleason and Dianna Noble to investigate how to work on  
24 improving these processes and reducing the time it takes

1 to review and approve our environmental documents. And  
2 we'll be bringing in others from across the agency,  
3 perhaps outside the agency, that are experts in this field  
4 to bring forward best ideas on how we can streamline and  
5 improve those practices and build on the work that has  
6 already been done in some of those areas.

7 And then lastly, in looking at how to eliminate  
8 our Business Title and Classifications Committee and move  
9 those functions into our Human Resources Division and  
10 other areas of the department, George Ebert and Lonnie  
11 Gregorcyk will be working on that as they are the two  
12 primary leads in this particular area within the  
13 department.

14 Each of these sponsors have already met with  
15 the leads that were identified on that previous slide for  
16 the recommendations, and they've begun the process of  
17 identifying what the next steps will be, developing action  
18 plans for moving forward with those, and most important of  
19 all, deciding on how to create employee workgroups to  
20 focus on these recommendations.

21 The approach we're taking is that the district  
22 engineer, division director or office or region director  
23 identified will serve as the lead on the recommendation,  
24 or the point person, if you will, and the sponsor from the

1 leadership team will be there to help guide and support  
2 that effort and to assure that they have the resources  
3 from the leadership team and the administration and the  
4 commission to assist them in moving forward.

5 Employee participation is the most critical  
6 part of any of these efforts and our employee workgroups  
7 will be the success that we can enjoy in these areas. To  
8 help with the formation of these workgroups, the  
9 leadership team drafted some guidelines on how those  
10 employee workgroups might be structured and the roles and  
11 responsibilities that they might have, and what is  
12 expected from them in terms of work products and  
13 performance measures, and we felt like this would be  
14 helpful and useful to these groups as they are formed to  
15 help them measure their effectiveness on these efforts as  
16 we move forward.

17 These employee workgroups are going to be  
18 responsible for coming up with the ideas, the innovations,  
19 the creativity for developing these plans, and then making  
20 decisions on how to implement these recommendations. So  
21 these are going to be great opportunities for our  
22 employees, as I said, to be innovative and creative and to  
23 be involved in finding solutions to the issues that they  
24 work on every day.

1           We're going to pilot these guidelines that  
2 we've identified with these first employee workgroups and  
3 then make modifications as may be necessary based on  
4 feedback that we get from these employee workgroups as we  
5 establish future and other workgroups as we move forward.

6           One of the six recommendations that you  
7 approved last month was to move forward with the hiring of  
8 a change management firm, and I wanted to report to you  
9 that we have made significant progress in this area. We  
10 received three responses to our request for proposals.  
11 Those were from Deloitte, from Accenture, and from Kappel.  
12 The evaluation team met with and evaluated all of those  
13 proposals and then had presentations from each of these  
14 groups made to us earlier this week, and we are currently  
15 in the process of going through the scoring of those  
16 particular activities and we expect to be moving forward  
17 with negotiations in May.

18           Our goal is to have that negotiations process  
19 completed and have someone onboard by the end of May, and  
20 while that's an aggressive timeline, with the pace at  
21 which we're currently moving we think that that will be  
22 possible.

23           Our first employee workgroup that was formed  
24 was the communications workgroup, and they have been hard

1 at work to craft a communications plan for us to use  
2 throughout this effort. This is a very important piece of  
3 this initiative and the workgroup is doing a great job and  
4 I wanted to share that with you. They are identifying  
5 ways that we can more effectively communicate with our  
6 employees and others and engage them in this process.

7 We have received a lot of emails and questions  
8 from our employees through the email address that we  
9 created already for this effort, and we really appreciate  
10 those employees taking time to share their comments and  
11 ideas with us and we would encourage them to continue to  
12 do so as we move forward. We are responding to each and  
13 every email and will continue to do so, and we have and  
14 will use the input that we're receiving from them in  
15 helping us identify ways to improve processes.

16 We have received a lot of great ideas and  
17 suggestions already and are providing those to the  
18 individuals working on each of these recommendations and  
19 will continue to pass that information along to other  
20 workgroups. It's important that we understand we really  
21 need everyone to share their thoughts and suggestions in  
22 this process for this to be as successful as it needs to  
23 be.

24 Based on some of the emails that we have

1 received and the comments and questions that were  
2 contained in those, we developed a list of frequently  
3 asked questions and answers to some of those more commonly  
4 asked questions. This was a great idea that the  
5 communications workgroup came up with and that list of  
6 frequently asked questions and answers is now featured on  
7 our Modernization Crossroads site for all of our employees  
8 to have access to, and we'll continue to compile and  
9 update a list of frequently asked questions and answers as  
10 we move forward with this process. And it's just one  
11 example of how our employee workgroups are coming up with  
12 great ideas that can help us improve and move forward on  
13 this process.

14 I'll conclude my remarks by just sharing with  
15 you again how much our leadership team appreciates the  
16 support and confidence that you have in the work that  
17 we're doing on this modernization initiative. We know  
18 that our employees are going to do a great job leading  
19 this effort for you and that through this process, at the  
20 end of it all, TxDOT will be able to modernize the way we  
21 do business, improve on our business practices and  
22 procedures and be a better agency than we are today which  
23 is a great agency becoming even better.

24 So with that, I'll be happy to take any

1 comments that you might have or answer any questions that  
2 you may have of me at this time. Thank you.

3 MS. DELISI: Thanks, John.

4 MR. SAENZ: Thank you, John.

5 Agenda item 3b, commissioners, John Sabala with  
6 our Strategic Policy and Performance Management Office is  
7 going to lead a discussion or a followup discussion  
8 dealing with vehicle mileage fee systems. If you recall,  
9 TTI did provide us an update on their research project and  
10 you had asked some additional questions, and this is a  
11 followup presentation by John.

12 MR. SABALA: Good morning. I'll be filling in  
13 for Mary Meyland today to introduce this agenda item. For  
14 the record, my name is John Sabala. I'm with the  
15 Strategic Policy and Performance Management Office.

16 This agenda item is an update on activities in  
17 other states to advance the study of vehicle mileage fees.  
18 We have two presenters this morning and just a bit of  
19 background before I introduce them.

20 The increasing use of fuel efficient and  
21 alternative fuel vehicles and a \$315 billion gap in Texas'  
22 funding needs identified by the 2030 Committee has shown  
23 that the fuel tax is quickly becoming inadequate as a  
24 long-term transportation funding source, and one

1 alternative being studied by other states is a vehicle  
2 mileage fee which is assessed on every mile driven on a  
3 roadway rather than per-gallon used.

4 In early 2010 TxDOT sponsored a vehicle mileage  
5 fee exploratory study by TTI to assess if and how these  
6 vehicle mileage fees could be implemented in Texas. TTI  
7 researchers interviewed stakeholders, technology experts  
8 and the general public to get feedback on the challenges  
9 and opportunities with these fees. The study also  
10 recommended some implementation models for how such a  
11 system might operate in Texas.

12 In December 2010 TTI briefed this commission  
13 the findings and their recommendations. At that time this  
14 commission sought more information about the role the  
15 states can play in developing such a system and requested  
16 an update on ongoing activities elsewhere.

17 Here today to provide that update we have Ms.  
18 Ginger Goodin of the Texas Transportation Institute.  
19 She's a senior research engineer with TTI in Austin and  
20 has led research in mileage-based user fees since 2006,  
21 including the exploratory study she presented in December.  
22 She's also working with Battelle as a principal  
23 investigator for the FHWA exploratory research on  
24 technology options for the collection of road-user fees.

1           And we also have Mr. Ben Pierce who is with  
2 Battelle and has more than 18 years of experience in  
3 setting the impact of policy and technology options on the  
4 transportation system. He does policy analysis for FHWA  
5 and is a project manager for a current user fee demo study  
6 going on at Minnesota DOT.

7           I'll have them do their presentations and  
8 afterward I'll be happy to take any comments.

9           MS. GOODIN: Good morning. Thank you for the  
10 opportunity to come back and give you some more  
11 information about what's going on around the country in  
12 the area of vehicle mileage fees. I want to try to keep  
13 my part of it as brief as possible and just give you a  
14 pretty high level overview of the activities. I think  
15 you'll be very interested to hear what Ben Pierce has to  
16 say about the Minnesota pilot project that we'll be  
17 launching in July. I think that John has given a pretty  
18 good overview of the context of why this is being  
19 explored, so I'll kind of go through this pretty quickly.

20           The idea of vehicle mileage fees, as I  
21 mentioned in December, is something that has been talked  
22 about by a number of national level commissions,  
23 Transportation Research Board, as a transition from the  
24 fuel tax which is a good proxy right now for road use but

1 will be less sustainable and less equitable in the long  
2 term, and so there are a number of different research and  
3 testing activities that are going on across the country.  
4 This does represent a significant change over the way that  
5 transportation revenue is generated. Right now there's  
6 significant institutional challenges, public acceptance  
7 and political issues, and so there are a variety of  
8 activities to begin exploring how this might work.

9           Let me just talk to you a little bit about the  
10 research and testing activities in other states. First of  
11 all, the I-95 Corridor Coalition has been looking at the  
12 implications of the administration side of a mileage-based  
13 fee system in a multi-state environment. This is really  
14 getting beyond the technology questions and looking more  
15 at the administrative functions, costs, institutional and  
16 legal issues. Right now their current activities consist  
17 of a case study of a three-state implementation, Maryland,  
18 Delaware and Pennsylvania, where they're looking at system  
19 plans, cost estimates, interagency agreements and federal  
20 and institutional interface.

21           The Nevada DOT pilot test is a three-phase  
22 study. They've concluded their background research,  
23 they've done some outreach in both the Reno and Las Vegas  
24 area, and their goal is to look at a replacement of the

1 state fuel tax. They are now embarking on a technology  
2 test in the Reno and Las Vegas area. The model, the best  
3 that we understand at this point, is a pay-at-the-pump  
4 approach with an automatic odometer reading technology.  
5 This will be ongoing this year with an evaluation in 2012.

6 Colorado DOT is just in the early stages of  
7 awarding a contract to a team that will look at developing  
8 a pilot concept, so again, they don't have much  
9 information other than they're beginning that exploratory  
10 activity.

11 And then you're going to hear more about the  
12 Minnesota DOT road fee test which is probably the most  
13 technologically advanced system that's being considered at  
14 this point.

15 I did want to talk a little bit about Oregon  
16 which is the pioneer by conducting the first pilot project  
17 in the 2005 time frame. Right now they have a bill that  
18 is moving through the legislature that proposes an actual  
19 implementation of a per-mile fee on electric vehicles and  
20 plug-in hybrids. This would also allow opt-in by other  
21 vehicles. The bill includes a 1.43 cents per mile rate  
22 and this would be an odometer-based approach which would  
23 allow electronic reading of the odometer. It's been  
24 passed out of the House Transportation Committee, it's now

1 under consideration by the House Revenue Committee in the  
2 State of Oregon.

3 I want to talk a little bit about what's going  
4 on at the federal level. Many of you are familiar with  
5 the University of Iowa national study. Right now this is  
6 under review. It's a two-year study that was completed in  
7 2010 but the final report is under review by US DOT and  
8 we're looking forward to its release.

9 I think you heard from Dr. Paul Hanley at the  
10 Transportation Forum back in 2010, but just briefly, 2,600  
11 participants in 12 states, including Texas and the Austin  
12 area. They are looking at a way to replace the federal  
13 fuel tax with a GPS-based system on the participant's  
14 vehicle that tabulated miles and reported to a billing  
15 system. The participants were sent a statement, there  
16 wasn't actually payment that happened, but it provided an  
17 opportunity to get some feedback from participants on  
18 whether they had a favorable impression of such a system.

19 The goal is to look at replacing the federal  
20 fuel tax. The rate that they used on an average was \$.09  
21 cents, and the preliminary results that we've heard from  
22 that study is generally favorable impression of the system  
23 by participants, that privacy, which we've heard about in  
24 Texas at a significant level, was also important but the

1 participants did want an ability to audit their statement  
2 and know what they were driving kind of on a trip basis.

3           Although it's not up on the slides here, I do  
4 want to mention that the federal administration budget  
5 proposal includes a request by the Federal Highway  
6 Administration for \$20 million for fiscal year 2012 to  
7 establish the Surface Transportation Revenue Alternatives  
8 Office at FHWA that would focus on mileage-based user  
9 fees. It also recommends \$300 million in the next six-  
10 year reauthorization to look at such activities as system  
11 functionality, system design, communication and outreach  
12 and large-scale field trials.

13           Just to kind of bring it back to Texas, as John  
14 kind of recapped, when we finished our study and reported  
15 that in December, we reported that there was a number of  
16 concerns raised by the public about this type of system,  
17 those being privacy, administration and the cost of  
18 administration and enforcement. We also found that most  
19 Texans, at least that we talked to, are unclear about how  
20 transportation funding works, and that poses a significant  
21 hurdle to moving to a new system. But there is a  
22 recognition that the fuel tax is not going to be  
23 sustainable in the long term. We heard from our  
24 stakeholders that a more direct user fee approach should

1 be considered and we did hear from both stakeholders and  
2 our focus group participants that electric vehicles seem  
3 to be a logical starting point.

4           So our suggested course of action was an  
5 implementation on electric vehicles that could serve as a  
6 demonstration to see if the public concerns could be  
7 addressed, and to kind of set a foundation for beginning  
8 to address some of the outstanding policy questions: What  
9 would that mileage rate be? Would this be a replacement  
10 for the fuel tax or a supplement? How would you address  
11 commercial vehicles? So what we proposed from the  
12 research was an implementation that would actually charge  
13 electric vehicles, not plug-in hybrid, just all electric  
14 vehicles, with an odometer-based system and an opportunity  
15 to opt in to a high tech option. That way they could  
16 discount their out-of-state miles.

17           I do want to talk very briefly about House Bill  
18 1669, sponsored by Representative Linda Harper Brown. The  
19 bill was filed in a way that was consistent with the  
20 research recommendations in terms of electric vehicle  
21 implementation. Through the process there have been a  
22 number of substitutes that have been proposed, and  
23 yesterday one of those substitutes was passed favorably  
24 out of committee. Basically what it's done, it's gone

1 from what we had suggested down to more of a traditional  
2 pilot project, not an actual implementation. It would be  
3 focused on the Metroplex area to kind of keep it in a  
4 contained area, but it would look at an odometer reading  
5 approach without any opt-in high tech opportunity. So  
6 that's the status now, and I think we may be able to  
7 answer some questions if you have any further questions  
8 about that or the recommendations.

9 But what I'd really like to do, unless there  
10 are any questions about clarification on any of the  
11 information from around the country, I'd really like to  
12 turn it over to Mr. Pierce to talk about the Minnesota  
13 test. Any questions?

14 MR. PIERCE: Good morning. First of all, I'd  
15 like to say thank you for letting me come and speak with  
16 you. We're obviously very excited about what we're doing  
17 in Minnesota so I welcome the chance to talk about it.

18 A few things before I go into Minnesota. You  
19 heard a little bit about me, you probably don't know my  
20 company, Battelle. We're the country's largest nonprofit  
21 R&D firm but we like to stay in the background so that's  
22 why you haven't heard of us. We're one of the largest R&D  
23 contractors at the federal level, so this sort of  
24 technology evaluation sort of is in our home court, so to

1 speak, of things that we work on. So you've probably  
2 encountered us lots and lots, you just may not have  
3 realized it.

4 With that, let's talk about Minnesota. It all  
5 started in Minnesota back in 2007. They had, for lack of  
6 a better way of putting it, a road legislator came in one  
7 day and put this one sentence statement out there and they  
8 passed this bill. And what it was was to set aside \$5  
9 million to conduct a pilot project for technologies that  
10 would allow for the future replacement of the gasoline tax  
11 with what they call a fuel-neutral mileage charge. So  
12 this happened very quickly in 2007, and the project I'm  
13 going to talk about here is just a reflection of this.

14 So once the MnDOT got ahold of this and they  
15 started figuring out what they wanted to do, they had a  
16 few guiding principles of what this pilot should be. So  
17 one of the things that they wanted to do is make sure they  
18 leverage off-the-shelf products. They don't want to do  
19 things like what Iowa did; they don't want to have some  
20 proprietary system; they don't want a complex installation  
21 in the vehicles; they wanted something very  
22 straightforward, very simple.

23 They did not want to have to maintain roadside  
24 infrastructure. They don't want to hang radios on poles

1 and put them by the interstates, so that was another  
2 guiding principle. If they're going to have put something  
3 in a vehicle, they want it to do more than just one thing,  
4 they want it to do more than collect mileage-based user  
5 fees, another guiding principle.

6 And then for this demonstration certain things  
7 they wanted to have addressed. They wanted to have  
8 thought given and address privacy, equity, enforcement,  
9 evasion, administrative costs, who would really opt in to  
10 a high-tech solution, who wouldn't, those kinds of things.  
11 So all of that is sort of wrapped into this demonstration.

12 What we are doing, we at Battelle? Well, we're  
13 the developer and the implementer, so what we've done for  
14 MnDOT is we've developed a software and hardware solution  
15 to actually do mileage-based user fees, and what we've  
16 chosen is a Samsung Galaxy S Smartphone. It's an android-  
17 based phone. We could have chosen an iPhone; we could  
18 have chosen a Blackberry. We just had to pick one, and  
19 this is the one we picked. So our in-vehicle device you  
20 can go to Best Buy and buy it; you can go lots of places  
21 and buy one of these. We don't care what carrier you're  
22 on. In fact, if you want to use an android-based tablet  
23 versus a phone, fine. So that's sort of how we solved the  
24 don't-want-custom-stuff-in-the-car problem.

1           So what we're going to do in Minnesota is we've  
2 developed the software, and we are going to deploy the  
3 software for a one-year period in 500 participants'  
4 vehicles. They're going to basically install the phone in  
5 their car and use it for six months at a time, every  
6 participant will get it for six months, and our study will  
7 have three waves over the one-year period.

8           So some thoughts about operational concept. I  
9 like to talk about this because I know every time I go and  
10 talk to a state DOT they always ask me what's the concept,  
11 so here it is in the Reader's Digest version. The way  
12 it's being implemented in Minnesota it's a discounting  
13 system, and what I mean by that is everyone is going to  
14 have to pay the road use fee, if you use the road you're  
15 going to have to pay it, so we have to get people over  
16 that hurdle. So in Minnesota when we talk to them in  
17 focus groups and whatnot we say: Look, you're going to  
18 have to pay, so accept it; now let's talk about options.

19           So the way that we've approached it is a  
20 combination of low-tech and high-tech, similar to what was  
21 proposed that Ginger just talked about here in Texas.  
22 Low-tech approaches we're doing odometer readings before  
23 they get the equipment and after they get the equipment,  
24 so the thought is you get charged per your odometer

1 reading, you may get charged 2-1/2 cents a mile, some flat  
2 rate.

3 But if you choose to opt in with technology, a  
4 smartphone, if you can essentially prove that you drove on  
5 off-peak times, you drove outside the state, you drove on  
6 a rural highway at two o'clock in the morning, you'll pay  
7 less than the flat rate, you'll pay half a cent per mile,  
8 you'll pay a penny a mile, or if you drive in very  
9 congested times maybe you'll pay a little more unless you  
10 disable your device.

11 So that's sort of the how it's being proposed  
12 and how we're going to implement it in the demonstration.  
13 It's sort of like filing your federal taxes. If you want  
14 to take the standard deduction you probably won't get as  
15 much money back; if you tell us a little bit more about  
16 how you travel, you can get more money back, you end up  
17 paying less. So that's sort of the guiding principle in  
18 terms of operational aspects to it.

19 In terms of the overall system, in terms of  
20 hardware and software, it's pretty straightforward. We're  
21 going to give them all a smartphone, I'd say it's an  
22 electronic odometer. So MnDOT has established fee zones  
23 based on -- geography, whether or not you're in the State  
24 of Minnesota -- what kind of car do you drive? Do you

1 drive a heavy duty truck? Do you drive a hybrid? Do you  
2 drive a sedan? -- time of day, day of week, on and on and  
3 on. And so we have all these categories and there's a fee  
4 associated with miles in each one of those categories.

5 So our onboard device accumulates mileage in  
6 each one of those categories, and so after it accumulates  
7 that mileage in each category, once every 24 hours it uses  
8 a cellular connection and sends this to our back office  
9 infrastructure. So what we know is for a given person we  
10 know how far they drove on an interstate, how far they  
11 drove on an arterial, how many times and how far did they  
12 drive in rush hour. What we don't know is where, so we  
13 know how far they drove, just not where they drove. So  
14 that's sort of how we get around privacy, we're collecting  
15 miles, no locations.

16 MS. DELISI: But do people really believe that?

17 MR. PIERCE: You know, it's interesting, I  
18 think people do. We've done some focus groups in  
19 Minnesota -- now it's Minnesotans so we have that going  
20 for us -- but generally speaking what usually happens in a  
21 focus group is you get one person and they'll say: Well,  
22 I guess I'm carrying the phone anyway and I guess the  
23 phone knows where I am so it's really not that much  
24 different. So then one person and then everybody else is

1 kind of like oh, okay. So you get the initial knee jerk  
2 reaction of oh, no, we can't do this. And then once you  
3 explain to them they're going to pay so they've kind of  
4 got to realize they're going to pay one way or the other,  
5 then people start to say: Well, I could get more back;  
6 okay, let's do that.

7 MS. DELISI: Well, I guess my point is I've got  
8 my iPhone right here, you read stories in the newspaper  
9 saying there are now apps where I can go and find out  
10 everywhere I've been for the last year.

11 MR. PIERCE: Absolutely.

12 MS. DELISI: And so if I can find out, somebody  
13 else knows it. I guess Apple is being sued now for that  
14 very technology. So I guess when I say do people believe  
15 it, do they really believe that people don't know where  
16 you're going? I guess I could turn that around and say  
17 they already know where they're using this to assess your  
18 fee for your vehicle use.

19 MR. PIERCE: What I like to tell our  
20 participants is it's a discounting system. If you don't  
21 want to use the phone in your car, don't, we don't care.  
22 If you don't want to aggregate miles, fine, you'll just  
23 pay the flat rate. So if you don't want somebody to know  
24 that you're going over to your mother-in-law's to get

1 dinner that night or whatever the case may be, just don't  
2 take your phone or turn it off, or we have a setting in  
3 our application that you turn off. So it's not like the  
4 Google or the iPhone that you've heard about where it's  
5 some secret file that's buried on the phone. You have to  
6 very actively opt in.

7           So here's essentially what we're putting in  
8 people's cars. I've already talked about what I call our  
9 little mini tablet, it's really a Samsung Galaxy S  
10 Smartphone. We've disabled the phone features; we've  
11 disabled the messaging. They can't text or phone while  
12 they drive. As you can imagine, that's kind of a big deal  
13 for MnDOT not to have distracted driving. And then we  
14 have what I call the little blue dangle. That ties into  
15 your onboard diagnostic port and what we do with that is  
16 we pull the VIN from your vehicle's onboard computer; that  
17 way we know we're in the right car. So if you take our  
18 phone and go to somebody else's car we know you're in  
19 their car, not your car, so we can aggregate the miles  
20 accordingly. And the rest of it is just typical hardware  
21 mounting stuff that you get whenever you have to plug  
22 something into your car.

23           Mileage-based user fee, we have on the device  
24 different things you can do, you can navigate with it.

1 We're not doing anything with the navigation; we're just  
2 letting them, if they want to use navigation they can use  
3 navigation. Our system will overlay on top of the  
4 navigation. We'll give them the current fee for the road  
5 that they're on. When they're done with their trip we  
6 give them an estimate of how much that trip cost them. I  
7 say it's an estimate because we do all the fee  
8 calculation, the official fee calculation at the back end,  
9 we don't do the official work on the phone, so we just  
10 transmit miles, not fees to the back office, but we do  
11 provide that feedback of how much that trip cost. And  
12 ultimately, where it would be heading is that would be  
13 built into the navigation that before you go on your trip  
14 you can choose to navigate with the cheapest route or the  
15 fastest route or whatever.

16 The other kind of neat thing that we're doing  
17 in Minnesota outside of what we're doing in the vehicle is  
18 what we're doing in the back office. We are using a  
19 cloud-based computing service where we're using  
20 Microsoft's Azure Cloud to host all of our data, and  
21 that's opened a lot of doors for us. It's very easy for  
22 us to add new waves, new people, it's a nice solution to  
23 not having to maintain a large databank of computers which  
24 can be very pricey. For anyone who's ever managed a TMC,

1 you know that maintaining all those computers is  
2 expensive.

3           The other difference that we have in Minnesota  
4 is that real money will change hands. We will invoice our  
5 participants; they will be expected to pay the fee. Now,  
6 we will give them funds up front that should take them  
7 through their six-month period so that they should have no  
8 out-of-pocket expenses, so to speak, but if they're like  
9 my wife, she'll spend it as soon as she gets it and then  
10 they'll be expected to use their credit cards or write a  
11 check or bring cash and pay their fees on a monthly basis  
12 after that. So it's not exactly real money but it's  
13 pretty darn close. And again, from that we hope to learn  
14 how willing people are to actually do this.

15           We think based on the initial indications we've  
16 seen in Minnesota, there was a press release a week or so  
17 ago about the study and their phone has been ringing off  
18 the hook -- I guess pun intended -- about people wanting  
19 to participate. It's been kind of amazing of the people  
20 that have come out and said yes, I'd love to do this.  
21 Certainly having the insurance industry with pay-as-you-go  
22 insurance, and Progressive right now, you may have seen  
23 their ads, they have a little dangle they put into the car  
24 and it tracks how you drive your car and you can get a

1 discount on your insurance, that's sort of mind set of the  
2 discounting is that we've certainly benefitted from that.

3 So in terms of our study, we have gone through  
4 most of what I'd call the planning and the development  
5 stages. Right now we're putting the final touches on and  
6 testing out the software, hardening it, and we expect to  
7 be in the field mid July, July 18, to be exact, and that  
8 starts our one-year clock. So it's coming up, we're  
9 pretty much just about ready to go. I will say that we  
10 have other states that have expressed an interest in  
11 adding on. It's not too late to do that if you want to  
12 pile on, but it's quickly becoming too late, so if you  
13 ever had that thought, now would be the time.

14 And that's all I really had. I'm willing to  
15 take any questions.

16 MR. HOLMES: When will you come back and update  
17 us on the results of the test study?

18 MR. PIERCE: Whenever you invite me. I'd be  
19 happy to come back.

20 MR. HOLMES: I mean, you'll need to be six  
21 months to a year into it. Right?

22 MR. PIERCE: We'll know lots of information in  
23 the first couple of months, so I would say in October-  
24 November we'll have a good sense of how it's going to go.

1 So we won't have the final results of the study but I  
2 think we'll have quite a bit of information fairly  
3 quickly.

4 MR. HOLMES: We look forward to hearing it.

5 MR. HOUGHTON: Do you know of any manufacturer  
6 of automobiles that are testing or thinking, R&Ding the  
7 idea of putting odometer reading in the vehicle that would  
8 transmit that to cell towers or something like that that's  
9 embedded? I mean, we've got GPS now; a lot of cars have  
10 GPS and tell you where you need to go and how you get  
11 there, and I would think -- let me let you answer that  
12 question.

13 MR. PIERCE: I think there has been talk about  
14 it. I have not seen automotive manufacturers sort of  
15 being really excited about doing that. I have not seen  
16 them really pushing that, to put a 3G chip, for example,  
17 embedded in their vehicle. I know there's been after-  
18 market devices and dangles and whatnot that plug into the  
19 OBD2 port, so I would think that would be where it would  
20 go long before it would ever go into a vehicle. That's  
21 just my opinion on that.

22 MR. HOLMES: Have you begun to address the  
23 different calibration for a passenger car versus an 18-  
24 wheeler?

1           MR. PIERCE: Yes. What our system allows you  
2 to do is you can set up as complicated a fee schedule as  
3 you want, including by type of vehicle, so you can go in  
4 and if you want four-door sedans to have a certain rate  
5 for all these other categories of fees, you can set that  
6 rate, if you want to have a tractor-trailer, 53 or  
7 whatever have a different rate, it's just changing the  
8 rate. The equipment will work in pretty much any vehicle  
9 as long as you have a power port and the ability to pull  
10 the VIN, so it's just a matter of deciding what the rate  
11 should be.

12           MS. DELISI: Well, how was the decision made to  
13 set the rates for peak, off-peak, where you're driving?

14           MR. PIERCE: Well, that's a good question  
15 because that's been a hot topic of debate in Minnesota,  
16 and what ultimately Minnesota has decided to do is even  
17 though we've built in the ability to have a very complex  
18 rate system, they're going to go with a fairly  
19 straightforward rate system for the demonstration. I  
20 think that ultimately the decision on rates would come  
21 down to people such as yourselves and legislatures. I'm  
22 the technology guy, I'm not the rate setter guy.

23           MS. DELISI: But Minnesota is piloting this for  
24 replacement?

1 MR. PIERCE: They're piloting it for  
2 replacement, yes.

3 MR. HOUGHTON: Of the state gas tax?

4 MR. PIERCE: Of the gas tax.

5 MR. HOUGHTON: State and federal?

6 MR. PIERCE: Well, they're trying to wrap it  
7 all into one but they're realistically only going to be  
8 successful for the state gas tax because that's what they  
9 have authority over.

10 MR. SAENZ: So in the calculation that you  
11 drive so many miles, there will be a subtraction of how  
12 much gas tax they might have paid? How do you track that?

13 MR. PIERCE: Well, for the demonstration we're  
14 kind of letting the gas tax sit out there by itself and  
15 our participants will pay at the pump just like everyone  
16 else. So the way we're kind of addressing that is and the  
17 thought is there's sort of a reconciliation at the end of  
18 the year between what your odometer says and what your  
19 distance fee would be and whatnot and your gas tax or your  
20 discounting of proving that you've driven miles on  
21 different kinds of roads at lower rates.

22 So ultimately, if they move forward it would  
23 have to be something along the lines of a more advanced  
24 discounting system that accounts for how much gas tax

1 you've paid, but they haven't got that far in their  
2 thinking process yet.

3 MR. SAENZ: That's where I was going is what  
4 system would you use to account for how much gas tax paid  
5 that could then be discounted if you replace it.

6 MR. PIERCE: Well, according to the  
7 legislature, this would be a complete and wholesale  
8 replacement for the state gasoline tax, so one day you  
9 would be paying the state gasoline tax and the next day  
10 you would be paying based on distance, so that  
11 reconciliation becomes easy. Now, I don't know if that's  
12 politically feasible or not.

13 MR. SAENZ: Collect both and then give them a  
14 discount.

15 MR. MEADOWS: How do you take into  
16 consideration, assuming there are tolled facilities, how  
17 are you going to account for that?

18 MR. PIERCE: Well, for the demonstration  
19 tolling is going to be tolling. This is not going to  
20 replace tolling because it is a discount system so there  
21 will be people that choose not to use technology, so you  
22 have to maintain the tolling systems, you're going to  
23 price based on certain road segments, high demand,  
24 whatever, but wherever you're using tolling will still

1 exist as a tolling operation.

2 MR. HOUGHTON: Do you have toll roads in  
3 Minnesota?

4 MR. PIERCE: Oh, quite a bit, HOT lanes and  
5 HOVs and congestion pricing.

6 MR. HOLMES: The switchover from one day to the  
7 next, from gas tax to VMT, that's a theoretical  
8 switchover, right?

9 MR. PIERCE: Well, that's more I would call  
10 ivory tower kind of thinking, it's never going to happen  
11 quite as easily.

12 MR. HOLMES: It can't happen that way because  
13 you can't literally physically do that with a vehicle  
14 fleet.

15 MR. PIERCE: Correct.

16 MR. HOLMES: When you think about the  
17 calibration between passenger cars versus tractor-trailer  
18 trucks, the passenger fleet has what, a 20 mile per gallon  
19 average, more or less, and the 18-wheelers are seven. I  
20 mean, you have a vast difference in charge plus you have a  
21 vast difference in the damage to the road system between  
22 those fleets. I mean, that seems like a pretty  
23 complicated calculation.

24 MR. PIERCE: Well, at the base level it's

1 actually not. I mean, essentially if you want to have a  
2 fuel-neutral tax, you take an individual car, you look at  
3 the average miles per gallon, you figure out what the  
4 average distance is that cars of that type drive in a  
5 year, and you just crank through that math and figure out  
6 what your fee per mile would have to be so that you  
7 collect the equivalent of what the gas tax.

8 Now, I made it sound real simple, and it is  
9 somewhat that simple, but cars are different so you'll  
10 have to account for different miles per gallon in  
11 different cars, and I think there will be a lot of effort  
12 done to tweak the rates so that they truly replace the gas  
13 tax, but I think it's not as challenging as it might first  
14 appear.

15 Thank you.

16 MR. HOUGHTON: I'll be anxious to see you in  
17 six months.

18 MR. PIERCE: Thank you.

19 MS. DELISI: Thank you, Ben. Thank you, Ginger  
20 and John. We'll wait for the next presentation.

21 MR. SABALA: I'll take any comments. No action  
22 was anticipated today, so thank you for listening.

23 MR. SAENZ: Thank you, John.

24 Okay, Commission, moving on to agenda number 4,

1 it deals with our aviation projects, and Dave Fulton will  
2 present a minute order dealing with federal and state  
3 grants.

4 MR. FULTON: Thank you, Amadeo. For the  
5 record, my name is David Fulton, director of TxDOT's  
6 Aviation Division.

7 This minute order contains a request for grant  
8 funding approval for eleven airport improvement projects.  
9 The total estimated cost of all requests, as shown in the  
10 Exhibit A, is approximately \$32 million. That includes  
11 \$22.8 million in federal funds, \$6 million in state funds,  
12 and approximately \$3.2 million in local funding.

13 A public hearing was held on March 24 of this  
14 year. No comments were received. We would recommend  
15 approval of this minute order.

16 MR. UNDERWOOD: I've got a question. Go ahead.

17 MR. HOUGHTON: It looks like McKinney, they're  
18 in here quite a bit on an annual basis, aren't they?

19 MR. FULTON: Well, they're one of the fastest  
20 developing airports in the Metroplex, yes, they are.

21 MS. DELISI: You'll get to ask them about it.  
22 They're here.

23 MR. HOUGHTON: Are they here? Do they want to  
24 comment?

1 MS. DELISI: I'll let the commissioner go  
2 first.

3 MR. FULTON: This particular project in  
4 McKinney is phase three of a major project for a new  
5 runway at McKinney.

6 MS. DELISI: Commissioner Underwood.

7 MR. UNDERWOOD: Question on the Gray County,  
8 help me on that one.

9 MR. FULTON: Which one?

10 MR. UNDERWOOD: Gray County for the heliport in  
11 Pampa. Is it another \$548,000 or just they missed it and  
12 it's \$48,000 more?

13 MR. FULTON: The original amount put in the  
14 rider was \$500,000. That's the first time we've had that  
15 happen and I think that was just somebody's ballpark  
16 estimate. When we got into the project and started  
17 designing it based on what would be required, and we've  
18 cut it back considerably to try to meet this level of  
19 funding, it was clear that the \$500,000 would not do the  
20 job. It's an emergency medical service which would be  
21 located there, would have 24-hour quarters.

22 MR. UNDERWOOD: I understand. This was  
23 Representative Chisum, I believe. Isn't he the one that  
24 put that in?

1 MR. FULTON: That's my understanding.

2 MR. UNDERWOOD: Okay. And bottom line was that  
3 was not going to be enough, you're going to need another  
4 \$48,000, that's what you're coming for basically.

5 MR. FULTON: The total project is going to be  
6 in an excess of \$1 million project.

7 MR. UNDERWOOD: That's what I wanted to hear.  
8 Okay.

9 MR. FULTON: Yes, sir.

10 MR. HOLMES: Dave, the Navasota project, is  
11 that the runway extension, or what is this?

12 MR. FULTON: It's actually a replacement  
13 runway. The current runway which is about 3,200 feet is  
14 not in good condition and would not suffice for heavier  
15 aircraft, so it's a brand new runway alongside the  
16 existing runway. It's a brand new 5,000-foot runway.

17 MR. UNDERWOOD: I want to finish up on the Gray  
18 too. I just had a thought, I wanted to make sure  
19 everybody understands that this is important, this  
20 heliport, to my fellow commissioners, because this is what  
21 they need for that rural area to be able to provide  
22 medical services to that area for about a 200-mile radius.

23 MR. FULTON: Primarily for the eastern side of  
24 the Panhandle.

1 MR. UNDERWOOD: Correct. I was not against the  
2 project by asking the question, I just wanted to make sure  
3 how the money was being spent, and it is needed. So thank  
4 you on that, Dave.

5 MR. HOLMES: I want to make sure I understand.  
6 It's not an extension of the existing runway.

7 MR. FULTON: It wasn't feasible to upgrade the  
8 existing runway, so we had to realign it.

9 MR. HOLMES: So you're building a new 5,000-  
10 foot runway.

11 MR. FULTON: Right. So the final product will  
12 be a new 5,000-foot runway.

13 MR. SAENZ: And Dave, the existing one is  
14 5,000?

15 MR. FULTON: 3,200 feet.

16 MR. SAENZ: So it's a new one adjacent to it  
17 but it's longer than the existing one.

18 MR. FULTON: We just realigned it. Since the  
19 original runway would have had to be reconstructed anyway,  
20 it was more advantageous to realign the runway and make it  
21 a total 5,000-foot landing strip.

22 MR. HOLMES: And it's the same directional  
23 runway, it's literally parallel.

24 MR. FULTON: Right.

1 MR. HOLMES: It's offset.

2 MR. FULTON: Offset maybe 10-20 degrees.

3 MS. DELISI: I'd like to call up Steve Gould.

4 MR. GOULD: Thank you, Madam Chair and the rest  
5 of the commissioners. My name is Steve Gould, for the  
6 record. I'm the airport director of operations at Collin  
7 County Regional Airport in McKinney.

8 And I just want to at this time kind of thank  
9 Dave Fulton and all his staff in the Aviation Division of  
10 TxDOT for all their hard work and help that they've done  
11 in helping us get this replacement runway established for  
12 us. And as he was saying, we're coming up on the final  
13 phase of the replacement runway that's supposed to be  
14 completed in December of 2012, possibly January of 2013.

15 And other than that, that's all I really wanted  
16 to kind of establish, and I really hope that this  
17 continues to go fully through. It's part of a \$71 million  
18 capital improvement program that we've been going on with,  
19 and this is the last bit of the whole capital  
20 improvements. So if you have any questions?

21 MR. UNDERWOOD: I just want to clarify  
22 something too. Your area is one of the fastest growing  
23 areas of the state. Isn't that correct?

24 MR. GOULD: Yes, sir.

1           MR. UNDERWOOD: And this is a reliever airport  
2 for Love Field, for the DFW. I just want to make sure my  
3 fellow commissioners understand that. It's not a pie-in-  
4 the-sky. This is a definite need for the community and  
5 also for the state.

6           MR. GOULD: Absolutely, absolutely. And our  
7 goal is to become the premier general aviation airport in  
8 the Dallas Metro area. And as Commissioner Underwood was  
9 stating, it is continuing to grow at a vast rate and it is  
10 going to be a major necessity for what we're trying to do  
11 for our communities up there.

12           MR. UNDERWOOD: Now I'm going to put you on the  
13 spot. Do you really think, as Congressman Sam Johnson  
14 said, that you're going to get Southwest in there now?

15           MR. GOULD: It's --

16                    (General laughter.)

17           MR. UNDERWOOD: I'm teasing. I apologize.  
18 That's not fair to you. But thank you for being here and  
19 I appreciate all the hard work you do and I appreciate the  
20 hospitality last week. Thank you very much.

21           MR. GOULD: Absolutely. And thank you for  
22 coming to speak on Pete Huff's behalf last week. That was  
23 very appreciated.

24                    Thank you very much.

1 MR. FULTON: Commissioners, I might just add  
2 one comment about McKinney. Routinely there are corporate  
3 flights from McKinney nonstop to the Far East. Corporate  
4 aviation is a different ball game today, so I think that  
5 kind of paints the picture of what's happening there.

6 MR. HOLMES: What runway length is that?

7 MR. FULTON: 7,000.

8 MR. HOLMES: To go to the Far East.

9 MR. FULTON: Right.

10 MS. DELISI: Any other questions for Dave? If  
11 not, is there a motion?

12 MR. HOLMES: So moved.

13 MR. UNDERWOOD: Second.

14 MS. DELISI: All in favor?

15 (A chorus of ayes.)

16 MS. DELISI: The motion passes.

17 MR. FULTON: Thank you.

18 MR. SAENZ: Thank you, Dave.

19 Commission, moving on to agenda item number 5  
20 deals with the promulgation of administrative rules. 5a  
21 deals with final adoption, and 5a(1), Rick Collins will  
22 present a final adoption of rules for advisory committees.

23 MR. COLLINS: Good morning. For the record, my  
24 name is Rick Collins. I'm the director of the Research

1 and Technology Implementation Office for TxDOT.

2 This minute order adopts amendments to the  
3 rules in the Texas Administrative Code concerning  
4 department advisory committees. The rule creates a  
5 strategic research program advisory committee that will  
6 give advice and recommendations to the department on  
7 selection of strategic research topics and the selection  
8 of entities to carry out that research.

9 The commission, by Minute Order 112599, dated  
10 February 24, 2011, proposed the amendments and no comments  
11 were received, and staff recommends your approval.

12 MR. HOUGHTON: So moved.

13 MR. HOLMES: Second.

14 MS. DELISI: All in favor?

15 (A chorus of ayes.)

16 MS. DELISI: The motion passes.

17 MR. SAENZ: Thank you, Rick.

18 Agenda item 5a(2) deals with the rail  
19 facilities, and Bill Glavin will present this minute  
20 order.

21 MR. GLAVIN: Thank you, Amadeo. Good morning,  
22 commissioners. It's my pleasure to present the last of  
23 the minute orders for redirecting the rules for the newly  
24 established Rail Division. For the record, I am Bill

1 Glavin, the director of the Rail Division for the Texas  
2 Department of Transportation.

3           The department is moving the rules governing  
4 state safety oversight program for rail fixed guideway  
5 systems from Chapter 31, Public Transit, to Chapter 7,  
6 Rail Facilities, reflecting the change in the  
7 reorganization reflected by the creation of the Rail  
8 Division. It also amends the rules to correct statutory  
9 citations to reflect changes in federal regulations cited  
10 in the rules, eliminate ambiguities in the rules and  
11 improve the readability of the rules, and to make other  
12 non-substantive changes.

13           This minute order proposes adopting new Section  
14 7.80 through Section 7.88 for the state safety oversight  
15 program for fixed rail guideway systems to be codified in  
16 a new Subchapter E of Chapter 7, Rail Facilities in Title  
17 43 of the Texas Administrative Code, Part 1. It also  
18 proposes amendments to Sections 31.2, 31.3, 31.48 and the  
19 repeal of Sections 31.60 through 31.63 relating to rail  
20 fixed guideway systems state safety oversight to be  
21 codified under Chapter 31, Public Transportation in Title  
22 43 of the Texas Administrative Code, Part 1.

23           The first reading of these rules was at the  
24 January 27, 2011 commission meeting where the commission

1 authorized the publication of the proposed rules for  
2 adoption in the Texas Register for the purpose of  
3 receiving public comment. These rules were published in  
4 the Texas Register on February 11, 2011. No comments were  
5 received during the 30-day comment period. If approved  
6 today, the rules will become effective on May 19, 2011.

7 This minute order is presented for your  
8 consideration, and staff recommends approval.

9 MR. HOUGHTON: So moved.

10 MR. HOLMES: Second.

11 MS. DELISI: All in favor?

12 (A chorus of ayes.)

13 MS. DELISI: The motion passes. Thank you.

14 MR. GLAVIN: Thank you.

15 MR. SAENZ: Thank you, Bill.

16 Agenda item number 5a(3) deals with our Traffic  
17 Safety Program and ethics and compliance requirements, and  
18 Steve Simmons will present this minute order.

19 MR. SIMMONS: Good morning, Madam Chair,  
20 commissioners. For the record, I'm Steve Simmons, deputy  
21 executive director of TxDOT.

22 Before I get into this item, I want to share  
23 with you that I've had the honor of going to visit with  
24 many of our employees this week and still have a lot more

1 to go. I started the week off getting my picture taken  
2 with the Dallas Cowboy Cheerleaders. Yesterday I got to  
3 go to the groundbreaking of 601 which is a very  
4 outstanding project, visited with employees there, and  
5 then got a tour of the base and got to sit in an Abrams  
6 tank and simulators and things of that nature.

7 I have to admit that I always understood the  
8 magnitude of what was going on at Fort Bliss but until you  
9 actually get on the base and see what is going on, I've  
10 been able to drive 375 and 601 around the base and see the  
11 construction, but until you get in there and learn about  
12 it, you don't realize the magnitude firsthand. And it's  
13 not just the military installation that's getting the  
14 benefit but also the citizens of El Paso because it is  
15 being developed with the public in mind to be able to go  
16 on base and do purchasing and things of that nature.

17 So thank you for setting that up, Commissioner  
18 Houghton. It was a great learning experience.

19 So I'll let you decide whether my week is going  
20 up or down because now I'm here before you.

21 So with that, I'm here to present agenda item  
22 5a(3) which is, again, our steps forward in implementing  
23 the U.S. Sentencing Guidelines as well as improving our  
24 Internal Compliance Program.

1           I came to you in January of 2011 to present the  
2 draft rules for this item, and this deals with  
3 implementing an internal ethics and compliance program for  
4 our Traffic Safety Program and those entities that receive  
5 funding from the department for those functions. The  
6 proposed rules modify some of the sections to provide some  
7 currently used language for it, it also creates a new  
8 subsection and renumbers them, but the main crux of it is  
9 the addition of Subsection B which requires an entity to  
10 adopt and enforce an internal ethics and compliance  
11 program that satisfies the requirements of the 43 TAC,  
12 Section 1051 which is our Internal Compliance Program.  
13 The change is applicable only for grant agreements entered  
14 into after January 1 of 2010 in order to start  
15 establishing that.

16           Staff recommends approval of this minute order  
17 and I'd be happy to answer any questions.

18           MS. DELISI: Is there a motion?

19           MR. HOUGHTON: So moved.

20           MR. HOLMES: Second.

21           MS. DELISI: All in favor?

22           (A chorus of ayes.)

23           MS. DELISI: The motion passes.

24           MR. SAENZ: Thank you, Steve.

1           Agenda item 5b, Commission, deals with proposed  
2 adoption of administrative rules and we have John Barton  
3 presenting some proposed changes to our Contract and Grant  
4 Management rules for architectural and engineering  
5 contracts.

6           MR. BARTON: Thank you, Director Saenz. Again  
7 for the record, my name is John Barton.

8           The minute order before you this morning would  
9 propose amendments to Section 9.42 of the rules concerning  
10 our contracting for architecture, engineering and  
11 surveying services. The department procures those  
12 services in accordance with state and federal regulations,  
13 and the proposed amendments are to address the timing for  
14 the submission of some information that's required  
15 intended to clarify and refine the language to improve  
16 consistency in the interpretation and application of those  
17 procedures for firms that are submitting their  
18 administrative qualifications for our consideration.

19           We've heard from our partners in the private  
20 sector of the consulting industry, if you will, that a  
21 change that was made last year which was intended to help  
22 reduce the time it takes for us to close the negotiations  
23 and execute a contract from the time we actually  
24 advertised it has caused an unanticipated timing burden on

1 some of those firms that's associated with preparing and  
2 submitting the administrative qualification information  
3 that we require. The intent was not to place any  
4 additional burdens on anyone, and we certainly don't want  
5 to do that for those companies that wish to contract with  
6 the department.

7           So to address this issue, while still trying to  
8 make sure that we minimize the time it takes to enter into  
9 these contracts, we are proposing three changes. The  
10 first would be the deadline for submitting the  
11 administrative qualification information is proposed to be  
12 moved to a point that is now currently required to be  
13 submitted prior to submitting your package in response to  
14 the solicitation to a point after we've selected the firm  
15 to move forward with.

16           The second is to extend the time that their  
17 audited overhead rate is valid and in force with us. The  
18 current rules allow that to only be effective for 24  
19 months; this proposed revision would extend that to 30  
20 months.

21           And then thirdly, it would allow the use of an  
22 indirect cost rate for overhead purposes that the  
23 department's Audit Office comes up with when there are  
24 circumstances that would prevent a firm from attaining an

1 indirect cost audited overhead rate for their firm.

2 So by making these revisions we believe that it  
3 will address the concerns that have been raised to us by  
4 our private sector partners, and I would be happy to  
5 answer any questions that you may have, and would  
6 recommend your approval of this minute order.

7 MR. HOUGHTON: So moved.

8 MR. HOLMES: Second.

9 MS. DELISI: All in favor?

10 (A chorus of ayes.)

11 MS. DELISI: The motion passes.

12 MR. BARTON: Thank you.

13 MR. SAENZ: Thank you, John.

14 Agenda item number 6 deals with a change in the  
15 charter of our Audit Subcommittee, and Bob Jackson,  
16 general counsel, will present this minute order. Feel  
17 free to ask him a lot of questions.

18 (General laughter.)

19 MR. JACKSON: Bob Jackson, general counsel.

20 The commission chair created an Audit  
21 Subcommittee, appointing Commissioners Underwood and  
22 Houghton. Subsequently the commission adopted a charter  
23 for the Audit Subcommittee. Among many other things, that  
24 charter required the Audit Subcommittee to review the

1 charter annually and make any suggestions to the full  
2 commission. The subcommittee did just that at its meeting  
3 in February and is recommending one change.

4 The current charter requires the executive  
5 director to evaluate the Audit director annually with  
6 input from the Audit Subcommittee. The Audit Subcommittee  
7 would like to reverse that process so the subcommittee  
8 evaluates the Audit director with input from the executive  
9 director. This minute order makes that change to the  
10 charter.

11 Recommend approval.

12 MS. DELISI: Is there a motion?

13 MR. UNDERWOOD: So moved.

14 MR. HOUGHTON: Second.

15 MS. DELISI: All in favor?

16 (A chorus of ayes.)

17 MS. DELISI: The motion passes.

18 MR. SAENZ: Thank you, Bob.

19 Agenda item number 7, John Barton will come  
20 back and give us a presentation on the Prop 12 Bond  
21 Program.

22 MR. BARTON: Thank you. I apologize. I was in  
23 the back room talking to Steve about his U of H program  
24 for tonight and he was thanking me for wearing his school

1 colors today. So I apologize for doing that, and you'll  
2 have to bear with me.

3 MR. SAENZ: Hey, John, he's gone now.

4 MR. BARTON: For the record, my name is John  
5 Barton.

6 The minute order before you at this time,  
7 commissioners, would ratify a decision that you made  
8 previously on some funding for projects in the San Antonio  
9 District. If you will recall, as we neared the close of  
10 the American Recovery and Reinvestment Act window of  
11 opportunity to commit funding to projects, we felt it was  
12 necessary to move some funding from a previously selected  
13 project on US 281 at Loop 1604 onto other projects and to  
14 substitute those funds from the Recovery Act with funds  
15 from the Proposition 12 Bond Program.

16 We never did move that decision into the form  
17 of a minute order and so this minute order would just  
18 ratify that decision and those actions that have already  
19 been taken. Specifically, it reduces the amount of  
20 funding from Proposition 12 that was committed to a  
21 project on the Wurzbach Parkway and moves those funds onto  
22 the project at US 281 and Loop 1604 interchange.

23 So I would be happy to answer any questions you  
24 may have about the specifics of this minute order and

1 would recommend your adoption.

2 MR. HOUGHTON: Just an update, John, on the  
3 project itself, 281 and 1604.

4 MR. BARTON: The US 281/1604 project is moving  
5 forward with construction. As you may recall, there has  
6 been some legal challenges that were offered. The judge  
7 recently ruled in our favor, if you will, in regards to  
8 the restraining order. The contractor is moving forward  
9 with completing the design, it's a design-build project  
10 that's being managed by the Alamo RMA, and construction is  
11 underway, so it's progressing well.

12 MR. HOUGHTON: Thanks.

13 MR. UNDERWOOD: You said they ruled in our  
14 favor or in favor of the MPO?

15 MR. BARTON: Well, in favor of the regional  
16 mobility authority and the Federal Highway Administration.

17 MR. UNDERWOOD: It wasn't in favor of TxDOT is  
18 my point.

19 MR. BARTON: Correct. In favor of the project.

20 MR. UNDERWOOD: Thank you.

21 MR. BARTON: The decision was that he did not  
22 feel like the restraining order was in order.

23 MR. UNDERWOOD: He didn't feel like there was  
24 any merit to it, if I read that correctly.

1 MR. BARTON: Correct.

2 MR. HOUGHTON: So moved.

3 MR. HOLMES: Second.

4 MS. DELISI: All in favor?

5 (A chorus of ayes.)

6 MS. DELISI: The motion passes.

7 MR. BARTON: Thank you.

8 MR. SAENZ: Thank you, John.

9 Agenda item number 8, Commission, deals with  
10 the Unified Transportation Program. There will be two  
11 minute orders. Brian Ragland will present the minute  
12 order one and then he'll follow it up with minute order  
13 two.

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

16 This first minute order updates the FY 2011  
17 funding allocations in the 2010 UTP. It takes the \$425  
18 million of Category 12 that you have previously approved  
19 and allocates it statewide. It also allocates \$350  
20 million from the Texas Mobility Fund to Houston for use on  
21 the Grand Parkway project.

22 The exhibit is laid out such that the first  
23 page is the current approved letting caps for 2011, the  
24 second page shows the allocation of the \$425 million

1 around the state, comes from a Commission Discretionary  
2 row and it goes to Districts and MPOs. The footnotes  
3 describe the methodology and the further allocation of the  
4 \$350 million of TMF to the Grand Parkway. And then the  
5 final page of the exhibit is the result of doing this.

6           If you recall from previous discussions, the  
7 \$425 million in Fund 6 is largely a result of a change in  
8 the assumptions in the cash forecast about how quickly  
9 projects were paying out. We were able to take advantage  
10 of some cash flow on the front end and put that into our  
11 letting.

12           In addition to that, we've identified the \$350  
13 million in the Texas Mobility Fund. That's a result of  
14 debt service being lower than we had anticipated and also  
15 projects coming in lower than we had originally  
16 anticipated, so that has freed up some funds for that.  
17 And it's my understanding that the Grand Parkway was  
18 selected as the recipient of these funds not only due to  
19 its return on investment on a much needed project in the  
20 Houston area, but also because of its statewide  
21 significance.

22           And with that, staff recommends your approval  
23 of this minute order and I'll be happy to answer any  
24 questions.

1 MS. DELISI: Are there any questions of Brian?

2 MR. MEADOWS: I really don't have a question  
3 but just a comment with regard to the \$425 million. I  
4 think it's been said several times but I think it's very  
5 important that we say it again today, and this is not new  
6 money.

7 MR. RAGLAND: It is not new money.

8 MR. MEADOWS: This is an acceleration of cash  
9 flow.

10 MR. RAGLAND: It's an acceleration. And I'm  
11 glad you asked, Commissioner Meadows. I meant to mention  
12 that we are very frequently on a monthly basis assessing  
13 how projects are paying out and we will be on top of it  
14 should that trend reverse and be able to gradually adjust  
15 to rectify the issue should it reverse.

16 MR. MEADOWS: That really is the point: should  
17 reverse, more than likely it will reverse. I mean, that's  
18 just historically, I think, been the case, and I think  
19 it's important for us to note that at this point because  
20 there may well be a point in the not too distant future  
21 where we will be having a little bit different  
22 conversation which is probably a more difficult  
23 conversation to have than it is freeing up available cash  
24 flow to fund projects. So I think that's just an

1 important thing to note.

2 MR. RAGLAND: It would depend on the extent of  
3 the reversal as to whether we would actually have to  
4 adjust significantly or just be able to gradually smooth  
5 out the process.

6 MR. HOUGHTON: You're going to talk to us  
7 later, or are you, as to the trends, where we are?

8 MR. RAGLAND: I am.

9 MR. MEADOWS: I think the other point I need to  
10 make at this point, just because I think there have been  
11 statewide a number of questions asked about the decision-  
12 making process which led to this recommendation that staff  
13 is making with regard to funding for the Grand Parkway, it  
14 is important to note again, and you've said it, but I  
15 think it's important to emphasize the importance of this  
16 project, the significance of it really truly on a  
17 statewide basis. I don't know if there's anything else  
18 that you need to add to that or want to add to that, but I  
19 think we do need to make sure that we are absolutely  
20 forthright in bringing forth and emphasizing the  
21 importance and significance of the project.

22 MR. HOLMES: Well said.

23 MS. DELISI: I've got two people signed up.  
24 Then at this time I'd like to call up Jeff Moseley.

1           MR. MOSELEY: Good morning, Madam Chair,  
2 members. My name is Jeff Moseley. I'm a resident of  
3 Harris County and serve as president and CEO of the  
4 Greater Houston Partnership. On behalf of our 2,100  
5 members of the Greater Houston Partnership, I am pleased  
6 to speak in support of agenda item 8a, the Unified  
7 Transportation Program which includes funding of the Grand  
8 Parkway Segments E through G.

9           This is a strategic corridor for the state and  
10 it will have a direct impact on the ability to grow jobs  
11 and paychecks for our state tax base. The completion of  
12 the Grand Parkway even could have an immediate potential  
13 impact of as many as 5,000 jobs in the short term and  
14 perhaps 15,000 jobs going forward. In addition, a  
15 completed Grand Parkway would provide connectivity for our  
16 outlying coastal areas and serve as a very effective  
17 evacuation corridor for one of the most productive and  
18 intensely populated regions of our state

19           We remind ourselves all the time in Houston  
20 that just 36 months from now the Panama Canal will have an  
21 expansion and include a new super cargo container vessel  
22 lane and this will really drive up the value of Houston as  
23 a logistics hub for the State of Texas. The Grand Parkway  
24 is going to be an essential component part to getting

1 goods to market through the Port of Houston. So the  
2 entire state benefits from the efficiencies and the  
3 economic impact of the Grand Parkway.

4 So again, we thank you for your consideration  
5 and approval of agenda item 8a of the Unified  
6 Transportation Program. Thank you, members. Thank you,  
7 Madam Chair.

8 MS. DELISI: Thank you.

9 Mary Evans.

10 MS. EVANS: Good morning, Chair Delisi,  
11 commissioners. My name is Mary Evans and I'm the  
12 president of the Cy-Fair Houston Chamber of Commerce, and  
13 I've been here three or four times and had the privilege  
14 to visit with you, so I'm glad to be back this morning.  
15 Thank you for allowing me to speak.

16 The Grand Parkway Segment E is needed now as a  
17 reliever facility, and I'm really following the comments  
18 of Jeff Moseley who said everything so well, so just bear  
19 with me, this is brief. But again, Segment E is needed  
20 now as a reliever facility. Future demands in Houston's  
21 western and northern growth ring will not abate, that's a  
22 fact. Without the Grand Parkway, the mobility demands  
23 will be met only by small sub-regional streets, leading to  
24 worsening traffic congestion and loss of productivity.

1           The Grand Parkway Segment E has undergone years  
2 of analyses of environment impacts and has received full  
3 approval of every facet of its environmental impact  
4 statement, as required by federal law. The northwest  
5 region of Harris County is supportive of the project and  
6 is grateful to the commission and TxDOT for its continued  
7 support. We know you have a hard job.

8           Thank you for allowing me to speak. And I did  
9 want to again thank TxDOT Houston District. I know Delvin  
10 Dennis was here this morning, does a lot of work with us.  
11 So thank you.

12           MS. DELISI: Thank you.

13           Are there any other questions for Brian? No?  
14 So is there a motion?

15           MR. HOLMES: So moved.

16           MR. UNDERWOOD: Second.

17           MS. DELISI: All in favor?

18           (A chorus of ayes.)

19           MS. DELISI: The motion passes.

20           MR. RAGLAND: Thank you.

21           Item 8b is related to John's previous minute  
22 order and his explanation. This minute order gives  
23 CONSTRUCT authority for the Wurzbach Parkway in Bexar  
24 County which is a four-lane divided highway on Wurzbach

1 from West Avenue to Jones Maltsberger. The roadway will  
2 serve as an alternative to 1604 and also 410 and therefore  
3 improve mobility.

4 And staff recommends your approval.

5 MS. DELISI: Is there a motion?

6 MR. HOLMES: So moved.

7 MR. HOUGHTON: Second.

8 MS. DELISI: All in favor?

9 (A chorus of ayes.)

10 MS. DELISI: the motion passes.

11 MR. RAGLAND: Thank you.

12 MR. SAENZ: Thank you, Brian.

13 Agenda item number 9 deals with State Highway  
14 99, the Grand Parkway. 9a, Jim Randall will present a  
15 minute order appointing a new member to the Grand Parkway  
16 Association.

17 MR. RANDALL: Good morning. Jim Randall with  
18 the Planning and Programming Division.

19 As Mr. Saenz said, this minute order appoints a  
20 member to the Grand Parkway Association Board of  
21 Directors. Section 15.85 of the Texas Administrative Code  
22 states in part that the commission will review an  
23 individual's application, financial statement and letters  
24 of reference and may appoint members of the corporation's

1 board of directors.

2 Hans C. Chris Olavson of Houston was originally  
3 appointed by the commission on April 28, 2005. Mr.  
4 Olavson has been nominated for a second six-year term to  
5 the board. He has submitted the required information to  
6 the department. Based on the review and consideration of  
7 all information filed with the commission and based upon  
8 the board's recommendation, it appears that the nominee is  
9 fully eligible and qualified to serve as a member of the  
10 board.

11 We recommend your approval of Mr. Olavson to  
12 the Grand Parkway Board of Directors with a term expiring  
13 April 28, 2017.

14 MR. HOLMES: So moved.

15 MR. HOUGHTON: Second.

16 MS. DELISI: All in favor?

17 (A chorus of ayes.)

18 MS. DELISI: The motion passes.

19 MR. RANDALL: Chris is in the audience if you  
20 want to say hey to him.

21 MR. SAENZ: Stand up, Chris, so we can see you.

22 MS. DELISI: There he is.

23 MR. RANDALL: Thank you.

24 MS. DELISI: Thank you.

1 MR. SAENZ: Thank you, Jim.

2 Agenda item number 9b, commissioners, also  
3 deals with the Grand Parkway, and it is to authorize Fort  
4 Bend County to develop the portion of the Grand Parkway  
5 within the county.

6 MR. TOMLINSON: Good morning, commissioners,  
7 Mr. Saenz. My name is Mark Tomlinson, director of the  
8 Turnpike Authority Division of TxDOT.

9 Item 9b authorizes the executive director to  
10 enter into an agreement with Fort Bend County for the use  
11 of state-owned right of way to develop, construct and  
12 operate the portion of the Grand Parkway toll project from  
13 US 59 to just north of FM 1093 as part of the county's  
14 toll road system.

15 The department and county have been negotiating  
16 an agreement under which the county agrees to fund,  
17 develop, design, construct, operate and maintain Segment D  
18 of the Grand Parkway project. Entering into this  
19 agreement will assist them in reducing project costs by  
20 limiting the cost to acquire right of way for this much  
21 needed project.

22 Staff would recommend your acceptance of the  
23 minute order.

24 MS. DELISI: Are there any questions for Mark?

1 (No response.)

2 MS. DELISI: I'd like to call up Bill Jameson,  
3 please.

4 MR. JAMESON: Thank you, Madam Chair,  
5 commissioners. I appreciate the opportunity to be here  
6 this morning. My name is Bill Jameson. I'm an advisor to  
7 the Fort Bend Grand Parkway Toll Road Authority, and I'm  
8 obviously here to speak in support of this agreement to  
9 move the project forward, but I wanted to spend just a few  
10 minutes, because I thought it would be important for the  
11 commission to hear exactly where we are on Segment D. You  
12 heard previously how important the Grand Parkway is to the  
13 Houston region, and of course, Segment D is a big part of  
14 that important arterial.

15 Kind of a brief history of Segment D.  
16 Segment D basically is in Fort Bend County. It's a 20-  
17 mile piece that really runs between Interstate 10 on the  
18 north and US 59 on the south. It's the only section  
19 really that had any development up until some small  
20 development on the east side of Houston, but back in the  
21 mid '90s, through a collaborative effort of TxDOT, Fort  
22 Bend County and major landowners, they put together a  
23 program to actually build part of the Grand Parkway.  
24 Major landowners donated right of way and put up \$360,000

1 a mile for engineering, the county contributed \$4 million  
2 to that effort to acquire right of way and engineering,  
3 and then TxDOT actually built part of it in frontage roads  
4 and part of it in mainlanes, but actually a route from  
5 Interstate 10 down to 59.

6 Obviously what's happened since then is  
7 tremendous growth on the west side of Fort Bend County and  
8 in that region, and if you saw the Grand Parkway when it  
9 was done 15 years ago and saw it today, you wouldn't  
10 recognize it. There's been tremendous growth.

11 Under Senate Bill 792 in September of 2009,  
12 Fort Bend County elected to take primacy to develop  
13 Segment D as a toll road, and the first thing that the  
14 county did was to create the new toll road authority. So  
15 the Fort Bend County Grand Parkway Toll Road Authority is  
16 a completely separate authority from the one that was  
17 previously done where the county has built some other toll  
18 roads. And that was really necessary under Senate Bill  
19 792 to make sure that all the funds that were collected on  
20 the Grand Parkway, all the expenditures really remain  
21 separate from the existing toll road system. So it is a  
22 separate toll road authority, it is accounted for  
23 separately and will be run separately.

24 Since we took primacy in September of 2009, we

1 created that toll road authority, we updated the schematic  
2 plan and did new cost estimates which now are estimated  
3 under our current proposition about \$122 million worth of  
4 construction, what we call Phase 1. We engaged Wilbur  
5 Smith to conduct a complete investment grade traffic and  
6 revenue study, and we received that study on April 18,  
7 just a few weeks ago. We awarded design contracts for the  
8 design of the first two bridges, the first two overpasses  
9 that would start completion of the toll road portion of  
10 the Grand Parkway. And subject to approval of this  
11 agreement today, the county and the toll road authority  
12 has approved another \$7 million worth of design for the  
13 remaining overpasses.

14 Now, under Senate Bill 792 and the terms and  
15 conditions, we're obligated to do Phase 1 which is really  
16 ten overpasses. There are subsequent phases to come, but  
17 even in Phase 1 we're actually building not just the  
18 overpasses but building about eight miles of mainlane  
19 construction on the Grand Parkway. So you'll have a  
20 complete facility from US 59 all the way to Interstate 10.  
21 The portion from US 59 to 1093, about 12 miles, will be  
22 tolled, and the other portion that was built by TxDOT and  
23 will be un-tolled.

24 So we've spent about \$3 million since we took

1 primacy to move the project forward. We intend to let the  
2 first construction contracts in July of this year and to  
3 follow thereon with the remaining contracts to complete  
4 the facility by January of 2014. We're in the middle of  
5 right now the financing. It will take about a \$170  
6 million bond issue to do the program, and we're fully  
7 committed and the county is fully committed to sell bonds  
8 to fund that program and complete it by early 2014.

9 We've accepted, as it says in the agreement and  
10 was explained earlier, total responsibility for the  
11 construction, for the maintenance and the operation of  
12 that portion from US 59 on the south to Westpark Toll  
13 Road, or FM 1093 on the north, and we're fully committed  
14 to do that. We're also fully committed to do what we call  
15 Phases 2 and 3 of Segment D of the Grand Parkway which  
16 will be direct connectors at FM 1093 and to do Phase 2  
17 which would be the completion of the mainlanes, and we  
18 estimate that construction in today's dollars at about \$80  
19 million. So we'll have \$140 million in this first phase,  
20 probably \$80 million as the need arises to complete the  
21 other phases.

22 The agreement itself I think pretty well spells  
23 out our obligations. I want to personally thank the  
24 Houston District staff and the Austin staff and the East

1 Region group for really working on this agreement  
2 diligently and helping us move it along so that we could  
3 meet the schedule. And under Senate Bill 792, we're  
4 required to start construction on this project within two  
5 years of when we took primacy which will be September this  
6 year, and we're fully well into that and doing that and  
7 will meet that schedule.

8 I think it's important to recognize that this  
9 is just one segment of the Grand Parkway. You just heard  
10 about what an important facility this is for the Houston  
11 region, and I think what we're doing in Fort Bend County  
12 will not only help the whole growth of west Fort Bend  
13 County and move that traffic but really make a huge  
14 difference in the whole regional transportation network in  
15 Houston.

16 And so I would urge you to approve the  
17 agreement, we'll give notice to proceed on these other  
18 design contracts tomorrow if we get the agreement approved  
19 today. And once again, we thank you for your  
20 consideration.

21 MR. HOLMES: Bill, before you sit down, just to  
22 amplify one of the points you made, Fort Bend organized a  
23 separate toll entity for the Grand Parkway in part, and  
24 I'm looking to you or maybe Joe B. Allen for confirmation,

1 to keep it separate so that excess revenues would be  
2 contained within the Grand Parkway. I think that's an  
3 important point. It also applies to TxDOT on its portions  
4 of the Grand Parkway where it has accepted primacy, but I  
5 wanted to reaffirm that in the context of approving this  
6 motion. I know that to be the case but I think it's  
7 important to state in a public setting.

8 MR. JAMESON: Absolutely, Commissioner. The  
9 commitment and under the agreement, really under 792, Fort  
10 Bend County created this new authority so that the money  
11 could be accounted for separately, and in fact, would stay  
12 on the Grand Parkway for further improvements to the Grand  
13 Parkway project, whether it be in Segment D or other  
14 portions of the Grand Parkway.

15 MR. HOLMES: There was one other point I wanted  
16 to clarify. You said that Fort Bend accepted primacy on  
17 the section of Grand Parkway from 59 up to 10. In point  
18 of fact, it's accepted primacy for all of the segments of  
19 the Grand Parkway in Fort Bend County.

20 MR. JAMESON: Yes, sir. That's absolutely  
21 right.

22 MR. HOLMES: You didn't leave out C, did you?

23 MR. JAMESON: No. C is another segment from 59  
24 going south.

1 MR. HOLMES: Did Delvin want C?

2 MR. JAMESON: No. I'm sure he was glad to give  
3 us C, Commissioner. We did, we took primacy on all the  
4 segments of the Grand Parkway that were in Fort Bend  
5 County. C is a little different situation today, as we  
6 all know, but it is certainly under the purview of Fort  
7 Bend County at this point.

8 MR. HOLMES: Right. And just to further  
9 amplify the current situation, there are currently three  
10 segments of the Grand Parkway that are quite active, with  
11 two more to come, D from Fort Bend where you have taken  
12 primacy and are actually moving forward on D, TxDOT moving  
13 forward on its sections that have been returned by Harris  
14 County, and TxDOT moving forward on I-2 which was returned  
15 by Chambers County. And at this point the balance is  
16 really still under study. Is that basically correct?

17 MR. JAMESON: I think that's right,  
18 Commissioner, as best as I understand it.

19 MR. HOLMES: Thank you.

20 MR. JAMESON: Thank you.

21 MS. DELISI: Thank you very much.

22 Any other questions?

23 MR. HOLMES: So moved.

24 MR. HOUGHTON: Second.

1 MS. DELISI: All in favor?

2 (A chorus of ayes.)

3 MS. DELISI: The motion passes.

4 MR. SAENZ: Thank you, Mark. Thank you, Mr.  
5 Jameson.

6 Agenda item number 10, commissioners, deals  
7 with the State Infrastructure Bank, and Brian Ragland will  
8 present two minute orders dealing with the State  
9 Infrastructure Bank.

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

12 This first minute order grants final approval  
13 to a SIB application from the Camino Real Regional  
14 Mobility Authority, or CRRMA, in an amount up to \$6  
15 million for the Loop 375 (Northeast) mainlane extension  
16 project.

17 The application was originally submitted for up  
18 to \$20 million but the finances on the project now only  
19 call for \$6 million or less. The loan will be supported  
20 by a TRZ and a pledge from the City of El Paso.

21 And staff recommends your approval.

22 MR. HOUGHTON: So moved.

23 MR. HOLMES: Second.

24 MS. DELISI: All in favor?

1 (A chorus of ayes.)

2 MS. DELISI: The motion passes.

3 MR. RAGLAND: The second minute order grants  
4 final approval to a SIB application from the CRRMA in an  
5 amount up to \$20 million for the direct connector project  
6 at Loop 375, also known as Joe Battle Boulevard, and FM  
7 659, also known as Zaragoza Road. This loan will also be  
8 supported by a TRZ and a pledge from the City of El Paso.

9 And staff recommends your approval.

10 MR. HOUGHTON: So moved.

11 MR. HOLMES: Second

12 MS. DELISI: All in favor?

13 (A chorus of ayes.)

14 MS. DELISI: The motion passes.

15 MR. SAENZ: Thank you, Brian.

16 Now Brian will continue and present agenda item  
17 11 which is the Obligation Limit Report that, Commissioner  
18 Houghton, you were inquiring about.

19 MR. RAGLAND: Thank you.

20 This is the monthly report on the status of the  
21 Obligation Limit as well as how motor fuel taxes are  
22 faring year to date. Year to date through April we've  
23 utilized \$764 million of the letting cap and the remainder  
24 is planned to let during the remainder of the fiscal year.

1 The allocation on that first page did not presume your  
2 approval of the prior minute order which allocated the  
3 \$425 million, so this chart will look much different next  
4 month when that \$425 million is allocated across the  
5 districts and the MPOs.

6 If you don't have any questions on the letting  
7 figures, I'll move on to motor fuel taxes. The receipts  
8 from April compared to April of last year were down 4-1/2  
9 percent; however, I will mention that that percentage  
10 appears high and misleading. There was an anomaly that  
11 occurred in April of 2010 where \$5 million was refunded to  
12 the fund from excess enforcement funds that the  
13 Comptroller uses, so that affected the denominator, and if  
14 you take out that \$5 million, the number would be negative  
15 1.6 percent.

16 Year to date we're up 3.2 percent overall which  
17 is a little over 2 percent above our forecast, and if that  
18 was to hold up for the full fiscal year that would mean an  
19 additional approximately \$45 million to the fund from what  
20 we forecast. I think the next couple of months will be  
21 telling because we're getting to the point where the lag  
22 from the fuel receipts based on gas prices going up, we'll  
23 be able to see the effect.

24 MR. HOLMES: And Brian, the forecast would be,

1 if it continued at this pace, \$45 million over what we  
2 forecast. Correct?

3 MR. RAGLAND: Correct.

4 MR. HOLMES: What would it be over last year,  
5 over actual last year?

6 MR. RAGLAND: Approximately \$65- to \$70 million  
7 because we forecast about 1 percent which is about \$20- to  
8 \$25 million.

9 If there's no questions on the overall page,  
10 the next page shows the split between diesel and gasoline.  
11 Diesel is up 8.56 percent year-to-date over the same  
12 period last year, and gasoline is up 2.1 percent year to  
13 date.

14 And that's all I have on this report. There's  
15 no action required. Happy to take any questions. Thank  
16 you.

17 MR. SAENZ: Thank you, Brian.

18 Agenda item number 12, commissioners, deals  
19 with our contracts, and Russel Lenz will present two  
20 minute orders concerning this month's letting, both in  
21 maintenance and in construction contracts.

22 MR. LENZ: Good morning. Thank you, Mr. Saenz.  
23 For the record, I'm Russel Lenz, the director of the  
24 Construction Division.

1 I'm presenting item 12a today for the  
2 consideration of the award or rejection of Highway  
3 Maintenance and Department Building Construction contracts  
4 let earlier this month on April 5 and 6. We present 37  
5 projects today. The average total number of bidders per  
6 project was 3.73; the low bid value was \$51,475,104. We  
7 had an overall underrun of 1.89 percent.

8 Staff recommends the award of all maintenance  
9 projects with the exception of one project, that being in  
10 Bexar County. It's identified as RMC - 622298001. That  
11 project received five bids, with the low bidder being  
12 16.67 percent, or \$135,265 below the engineer's estimate.  
13 The project is for the planning and PFC inlay of a roadway  
14 in San Antonio. An error was found in the plans and we  
15 believe it would be in the best interest of the department  
16 to redesign and relet the project; therefore, we're  
17 recommending rejection of the bids for that project.

18 And I'll be happy to answer any questions.

19 MS. DELISI: Is there a motion?

20 MR. HOUGHTON: So moved.

21 MR. HOLMES: Second.

22 MS. DELISI: All in favor?

23 (A chorus of ayes.)

24 MS. DELISI: The motion passes.

1           MR. LENZ: Item 12b is for the consideration of  
2 the award or rejection of Highway and Transportation  
3 Enhancement Building Construction contracts also let on  
4 April 5 and 6. We present a total of 55 projects today.  
5 The average number of bidders was 5.36 bidders per  
6 project; the low bid value was \$278,823,966. The awards  
7 were basically split between \$194,928,304 on six projects  
8 for mobility type construction work, and the remaining  
9 \$83,895,662 on 49 projects more closely related to  
10 preservation type work. We had an overall underrun of  
11 11.69 percent.

12           And staff recommends the award of all  
13 construction projects.

14           MR. HOUGHTON: So moved.

15           MR. HOLMES: Second.

16           MS. DELISI: All in favor?

17           (A chorus of ayes.)

18           MS. DELISI: The motion passes.

19           MR. SAENZ: Thank you, Russel.

20           MR. LENZ: Thank you.

21           MR. SAENZ: Commissioners, agenda item number  
22 13 deals with our routine minute orders. Staff would be  
23 happy to answer any question on any particular item, but  
24 staff would recommend approval of all routine items with

1 one motion.

2 MS. DELISI: Is there a motion?

3 MR. HOUGHTON: So moved.

4 MR. HOLMES: Second.

5 MS. DELISI: All in favor?

6 (A chorus of ayes.)

7 MS. DELISI: The motion passes.

8 MR. SAENZ: Thank you. There is no executive  
9 session.

10 MS. DELISI: This completes all the action  
11 items on the agenda and there is no one signed up for open  
12 comment. Is there any other business to come before the  
13 commission?

14 (No response.)

15 MS. DELISI: There being none, I will entertain  
16 a motion to adjourn.

17 MR. UNDERWOOD: So moved.

18 MR. HOLMES: Second.

19 MS. DELISI: All in favor?

20 (A chorus of ayes.)

21 MS. DELISI: The motion passes.

22 Please note for the record that it is 11:11  
23 a.m., and this meeting stands adjourned.

24 (Whereupon, at 11:11 a.m., the meeting was

1 concluded.)