TEXAS DEPARTMENT OF TRANSPORTATION

COMMISSION MEETING

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

Thursday, February 24, 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
Joanne Wright, Deputy General Counsel
Roger Polson, Executive Assistant to the
    Deputy Executive Director
JoLynne Williams, Chief Minute Order Clerk
## AGENDA ITEM

### CONVENE MEETING

1. **Public Hearing**
   - Project Selection Process and 2012 Unified Transportation Program (UTP) - Receive data, comments, views and testimony concerning the commission's highway project selection process and the development of the 2012 Unified Transportation Program

2. **Approval of Minutes** of the January 26th and January 27th meetings of the Texas Transportation Commission

3. **Discussion Item**
   - Discuss implementation of recommendations in the TxDOT Restructure Council report

4. **Aviation**
   - Various Counties - Award federal and state grant funding for airport improvement projects at various locations (MO)

5. **Public Transportation**
   - **Various Counties** - Award federal §5310 funds, Special Needs of Elderly Individuals and Individuals with Disabilities Program, and award transportation development credits for FY 2011 (MO)
   - **Various Counties** - Award federal §5311 funds, Nonurbanized Area Formula Program for FY 2011 (MO)
   - **Various Counties** - Approve changes to previous awards, and a new award to designated lead agencies of public transit projects which support continuation of coordinated regional public transportation planning for FY 2011 (MO)
   - **Various Counties** - Approve changes to public transit projects previously approved for funding from Texas' portion of the American Recovery and Reinvestment Act (ARRA) (MO)

6. **Promulgation of Administrative Rules**
   - Under Title 43, Texas Administrative Code, and the Administrative Procedure Act, Government Code, Chapter 2001:

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**ON THE RECORD REPORTING**

(512) 450-0342

**2/24/11**
a. Final Adoption

(1) **Chapter 7 - Rail Facilities (MO)**

(2) **Chapter 15 - Financing and Construction of Transportation Projects (MO)**
Amendments to §15.52, Agreements (Federal, State and Local Participation)

b. Proposed Adoption

**Chapter 1 - Management (MO)**
Amendments to §1.85, Department Advisory Committees (Advisory Committees)

7. **State Highway 99 (Grand Parkway)**
Various Counties - Authorize the portion of the State Highway 99 (Grand Parkway) project that is located in Harris County with CONSTRUCT authority, and authorize the executive director of the department to enter into agreements with the counties in which the Grand Parkway is located for the development, financing, construction, and operation of the Grand Parkway subject to the terms and conditions of the Market Valuation Waiver Agreement for the Grand Parkway entered into between the department and the counties (MO)
8. **Transportation Planning**
   a. Appoint two members to the Port Authority Advisory Committee (MO)
   b. Approve the Fiscal Year 2010 Annual Report on the Economically Disadvantaged Counties Program (MO)
   c. **Various Counties** - Concurrence with the Regional Transportation council of the North Texas Council of Governments' funding of construction and other project development costs of projects to be advanced through the use of payments received from the North Texas Tollway Authority for the right to develop, finance, design, construct, operate and maintain the SH 121 toll project from Business SH 121 in Denton County to US 75 in Collin County (MO)

9. **Toll Roads**
   a. **Travis and Williamson Counties** - Establish new toll rate tables on SH 130 Segments 1-4 and SH 45 Southeast based on the 2010 Central Texas Turnpike System Traffic and Revenue Forecast Report (MO)
   b. Establish a policy for the department to share in the revenue of a toll project when the department provides financial assistance from certain funding categories to pay for the costs of a toll facility of a public or private entity (MO)

10. **State Infrastructure Bank (SIB)**
    a. Authorize $60 million in unallocated state funds in the state highway fund to be deposited in the SIB and used to provide financial assistance for qualified projects (MO)
    b. Smith County - **North East Texas Regional Mobility Authority** (NETRMA) - Consider approving a revised loan term and interest rate for the SIB loan to the NETRMA in the amount of up to $39.2 million to pay for the construction of Segment 3B of Toll 49 that was previously approved in Minute Order 112475, approve the connection of Segment 3B of Toll 49 with a segment of the state highway system, and authorize the executive director to enter into related agreements (MO)
11. **Toll Equity**

Smith County - **North East Regional Mobility Authority** (NETRMA) - Consider approving a revised loan term and interest rate for the loan to the NETRMA in the amount of up to $90 million to pay for the development and construction of Segment 3B of Toll 49 that was previously approved in Minute Order a112498 (MO)

12. **Proposition 12 Bond Program**

a. Discussion on the status of highway improvement projects to be funded with the proceeds of general obligation bonds issued under Transportation Code, Section 222.004 (Proposition 12 Bond Program)

b. **Harris County** - Approve revisions to the limits of the US 290/I-610 project previously approved for funding with the proceeds of general obligation bonds issued under Transportation Code, Section 222.004 (Proposition 12 Bonds) (MO)

13. **Proposition 14 Bond Program**

**Williamson County** - Approve revisions to the limits of the SH 1905 projects previously approved for funding with the proceeds of State Highway Fund revenue bonds issued under Transportation Code, Section 222.003 (Proposition 14 Bonds) (MO)

14. **Transportation Development Credits (TDC)**

**Harris County** - Award TDC to the Houston-Galveston Area Council (HGAC) for a feasibility study of an I-69 Relief route serving the region, to revise its 2035 Metropolitan Plan and to update its Air Quality Conformity Determination concerning the feasibility of an I-69 Relief Route serving the port areas to the Houston/Galveston regions (MO) DEFERRED

15. **Obligation Limit Report**

Status report on the FY 2011 Obligation Limit, the actual obligations utilized through the current month, proposed remaining highway maintenance and construction contract letting for the fiscal year and an update on motor fuel tax receipts

16. **Contracts**

a. Award or reject contracts for maintenance, highway and building construction

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**ON THE RECORD REPORTING**

(512) 450-0342
17. **Routine Minute Orders**

a. **Donations to the Department**

(1) **Bridge Division** - Consider a donation from the Precast/Prestressed Concrete Institute (PCI) for a department employee's travel expenses to attend PCI's 2011 Committee Days in Chicago, Illinois on March 23-25, 2011 (MO)

(2) **Bridge Division** - Acknowledge a donation from the University of Buffalo for a department employee's travel expenses to speak at the University of Buffalo in Buffalo, New York on February 21, 2011 (MO)

(3) **Travel Information Division** - Consider a donation from the Arlington Convention and Visitors Bureau to provide food, beverages, admission and transportation to area attractions, by various sponsors, to the department for distribution to attendees of the 56th Annual Texas Travel Counselors Conference in Arlington on April 25-28, 2011, which the department is hosting (MO)

(4) **Waco District** - Consider a donation from HEB Grocery Company LP for the cost to design and construct two proposed signal modifications creating the fourth leg of the intersections of SH 317 with both FM 439 (Lake Road) and Sparta Road in Belton and within the department's right of way (MO)

b. **Eminent Domain Proceedings**

**Various Counties** - Noncontrolled and controlled access highways (see attached itemized list) (MO)

c. **Highway Designations**

(1) **Gregg County** - Extend the designation of FM 2275 along a new location from SH 300 to US 259 in the city of Longview (MO)

(2) **Travis County** - Designate FM 973 on a new location southeast of Manor and redesignate portions of SL 212 and FM 973 in and near the city of
Manor once construction of new alignment is complete (MO)

d. **Redesignation of Access Rights**

**Harris County** - Authorize the redesignation of access control along the I-10 westbound frontage road east of Bingle/Voss Road in the city of Spring Valley to move the sole access point on the frontage road for the property owned by Ten-Voss, Ltd. from its existing location to a new location (MO)

e. **Right of Way Dispositions and Donations**

(1) **Dallas County** - I-35E at Wintergreen Road in DeSoto - Consider the sale of surplus right of way to the City of DeSoto (MO)

(2) **Chambers County** - I-10 at FM 563 in Anahuac - Consider the sale of surplus right of way to an abutting landowner (MO)

(3) **Harris County** - US 59 at Hamilton Street in Houston - Consider the sale of surplus right of way to Metropolitan Transit Authority of Harris County (Metro) (MO) **DEFERRED**

(4) **Sabine County** - FM 1 at SH 184 in Bronson - Consider the transfer of surplus land and improvements to Sabine County (MO)

(5) **Tarrant County** - I-35W and SH 121 in Fort Worth - Consider the conveyance of surplus right of way to the city in exchange for new right of way from the city and the donation to the state of the difference in value, which is more than $500 (MO)

(6) **Webb County** - US 83 at Palo Blanco Street in Laredo - Consider the sale of surplus right of way to the City of Laredo (MO)

f. **Load Zones & Postings**

**Hamilton, Jack And Milam Counties** - Revise load restrictions on bridges on the state highway system (MO)

g. **Speed Zones**

**Various Counties** - Establish or alter regulatory and construction speed zones on various sections of highways in the state (MO)

18. **Executive Session** (none required)

**OPEN COMMENT PERIOD** (no commenters) 86

**ADJOURN** 86

**ON THE RECORD REPORTING**

(512) 450-0342 2/24/11
PROCEDINGS

MS. DELISI: Good morning. It is 9:04 a.m. and I call the regular February 2011 meeting of the Texas Transportation Commission to order. Note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Secretary of State at 3:35 p.m. on February 16, 2011.

Before we begin today's meeting, I just want to remind you to put your cell phones on the silent mode.

As is our custom, we'll begin with comments from the commissioners, and we'll start off with Commissioner Meadows.

MR. MEADOWS: Thank you very much, Madam Chair.

I know that we covered a lot of this yesterday, but I again wanted to just briefly acknowledge and recognize the good work that was done by our staff in the North Texas area and staff of TxDOT from all of the state that came in and enabled us to very successfully deal with two back-to-back extraordinary snow and ice events that happened to fall right in the middle of the Super Bowl.

Those mean and women did a herculean job, truly, and kept those roadways open, and I know this commission and this state and all the residents of North Texas appreciate the work that those men and women did.

Thank you.
MR. UNDERWOOD: I associate myself with my colleague's remarks. I also want to thank Michael Morris for taking the time to come down and express the gratitude of the North Texas area.

Thank you.

MR. HOLMES: Good morning.

The TxDOT staff does yeoman duty on those kinds of events, Commissioner Meadows, not just the ice events around the Super Bowl but there's always a hurricane or two where they spend an amazing amount of time and energy and effort away from their families. These things tend to happen on holidays, for some reason, and major sporting events, and we appreciate all their hard work.

I'd also like to welcome a group from Brazoria County and Pearland. They've got a big delegation that's working the halls over in that granite building across the street, and I think Mayor Reid is here.

Mayor, would you like to come up and say a word or two? We appreciate all the hard work that you guys do in Pearland and it's a fast-growing metropolitan area just on the edge of Houston.

MAYOR REID: Thank you for giving us a chance to visit with you.

You're doing a superb job with the finances available and the growth of population that we're...
experiencing. In Pearland we're just a part of a growing population in the State of Texas, and we're going to have so much more to contend with. As the demographers say, we're going to be doubling our population over the next 20 to 25 years.

So it's a challenge for all of us, and I can tell you that the Pearland Day and Austin delegation and our group from the Pearland 288 coalition come to you now with a hand out but with a hand out for a partnership and a handshake, and we feel like we need to work with you as much as possible, and we appreciate all the work that you have done.

A particular comment on the TxDOT staff that you have in the Houston area. Delvin Dennis has been a superb leader there, he has worked hard, and something that you can be very proud of in executing your policy direction. And Amadeo has been very helpful in making us feel very comfortable in working with the resources that we have to contribute to the resources that you have and completing roadways not only in Brazoria County but in the Gulf Coast.

I'm on the transportation policy council which represents the eight-county area, and we are working hard to implement and stay within the guidelines that you have established and within the funding that is local, both
federal, state and local.

So thank you for giving us a chance to be here.

I'd like to ask permission for our delegation to stand, if it is possible.

Thank you for having us, thank you for what you do. We appreciate you so much. Thank you.

MR. HOLMES: Thank you, and welcome.

I'd also like to acknowledge Judge Moseley.

Jeff has amazing experience in county government, state government, now with the Greater Houston Partnership. We appreciate you being here, Jeff.

MR. HOUGHTON: And welcome to my friends from Pearland. It's been a couple of years since I've been down there, and I was just going to ask the mayor have they built the mainlanes on 288 yet, or is that big swath of green still there.

MAYOR REID: We're working on it.

MR. HOUGHTON: You're working on it.

It's a great community and I was fortunate to have the opportunity to spend about twelve hours in that a region one time a couple of years ago.

As we noted our staff and their abilities and capabilities in tough times of taking care of the citizens of this great state and the visitors that come in from out of state, while Meadows was stealing headlines with the
Super Bowl in Dallas, we were out in El Paso freezing to death and had record freezes for three consecutive days, I think below 8 degrees, up in the high desert which took down generation and pipes froze, but at the same time overpasses were kept clean and the interstate highway system and the state highway system we were able to traverse Interstate 10 and the state highway system.

To our people in far West Texas I want to congratulate them for keeping the motorists in the State of Texas safe and our visitors safe. So to our staff, again I echo the remarks of my fellow commissioners. And welcome to our visitors.

MS. DELISI: Welcome to everyone visiting with us today.

If you would like to address the commission during today's meeting, please complete a speaker's card at the registration table. If you want to comment on an agenda item, please fill out a yellow card. If you just want to speak at the open comment period, please fill out a blue card. Regardless of the color of your card, we do ask that you try and limit your remarks to three minutes.

Our first item of business today is approval of the minutes for the January 26 and 27 commission meetings. Members, the minutes have been provided to you in your briefing materials. Is there a motion to approve?
MR. UNDERWOOD: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

Our next item on the agenda is a public hearing regarding our project selection process, and I'll call on Brian Ragland, our Finance Division director, to conduct the hearing.
PUBLIC HEARING
PROJECT SELECTION PROCESS
and
2012 UNIFIED TRANSPORTATION PROGRAM (UTP)

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

This is the annual public hearing on the Project Selection Process and the Unified Transportation Program, better known as the UTP. It's being conducted in accordance with Transportation Code Section 201.602 and Title 43 Texas Administrative Code, Chapter 16.

Notice of this hearing was published in the Texas Register on February 4, 2011, and the department will continue to receive public comment until March 10, 2011.

The Project Selection Process lays the foundation for how projects are selected across the state. The UTP is a ten-year program that guides the development and authorizes the construction of roadway transportation projects as well as projects involving aviation, public transportation, and the state's waterways and coastal waters.

In your books, on the screen and available in the lobby are copies of a brochure which describes the
Project Selection Process and then also three additional pages. The purpose of putting this up on the screen is not for the audience to be able to necessarily read it but just to show what it looks like and give an idea of what's available to them.

The brochure contains a dialogue on the major steps involved in the Project Selection Process. It also contains a chart which shows the twelve categories and how projects are selected in each of those categories and how projects are typically funded in each of those twelve categories with federal, state and local dollars.

The separate handouts that are available, the first one shows a more detailed description of each of the categories and it also describes the aviation, public transportation, rail and waterway programs. And then there's another sheet that allocates the preliminary funding that you approved last month by year by category, and then there is a final sheet which allocates the preliminary funding levels you approved by region of the state. Again, I'm going to reiterate those are preliminary funding levels and are subject to change.

The commission recently adopted new administrative rules related to the planning and development of transportation projects. These rules became effective January 1. These rules provide guidance.
regarding public involvement related to the Project Selection Process and also the UTP.

    Just this month we conducted five public meetings, one in each of the department's four regions and then an additional meeting in El Paso. The meetings brought together TxDOT representatives, MPO representatives, local officials and members of the public in an open house style forum to provide information and discuss the Project Selection Process and the UTP development. A second public hearing will be held here on April 28, 2011 to address comments received on the draft 2012 UTP.

    That concludes my remarks for this public hearing, and there is no action required by the commission on this.

    MS. DELISI: Any questions of Brian?

    MR. UNDERWOOD: Did you say the second hearing will be in April? Is that right?

    MR. RAGLAND: That's correct.

    MS. DELISI: Thanks, Brian.

    MR. RAGLAND: Thank you.

    (Whereupon, at 9:15 a.m., the public hearing was concluded.)
P R O C E E D I N G S (Resumed)

MS. DELISI:  With that, Amadeo, I'm going to turn the agenda over to you. And for the audience's benefit, we're going to go a little bit out of order and take up agenda item 7 first. Go ahead, Amadeo.

MR. SAENZ:  Thank you, Madam Chair.

And to the people from Pearland, thank you. It was nice visiting with you last night. Appreciate the hospitality, appreciate the partnerships.

Commission, we're going to start off with agenda item number 7 that deals with the Grand Parkway, and John Barton will lead us on this and present a minute order to you on the development of the Grand Parkway.

MR. BARTON:  Thank you. Good morning, Madam Chair, commissioners, Director Saenz. For the record, my name is John Barton, and I do have the pleasure of serving the State of Texas as your assistant executive director for Engineering Operations.

We have an action item before you this morning to consider a minute order that would authorize CONSTRUCT authority on the Grand Parkway in Harris County for Segment E.

I have a brief presentation I would like to share with you first. This is just a map of the Grand Parkway which is an approximately 180-mile circumferential
route that would circle the Greater Houston area, encompassing roadway segments in seven different counties around the Greater Houston area. Many of you, obviously, are very familiar with this route, and I would just point out that on this map you can see segments that are shaded in gray, there's a segment of Segment D from US 59 northward to Interstate 10 on the west side of Houston that has been constructed and is currently under operations and has been for quite some time, and then Segment I-2, a portion of that, over in Chambers County from I-10 southward has been constructed and open to traffic as well.

In September of 2009, the seven counties, including Harris County and their neighboring counties, exercised their right to primacy for the development and construction of the Grand Parkway in their various counties. Since that time, two of the counties have taken actions to rescind those rights. Chambers County did so first several months ago, and recently Harris County rescinded their rights to develop portions of the Grand Parkway in Harris County.

In response to that, the commission has taken the responsibility for accepting that primacy and has directed staff to move forward with development of these particular roadway segments. Of course, Segment I-2 in
Chambers County is already open to traffic and we are in the process of now evaluating the projects in Harris County which is part of the reason for the minute order today.

As you can see, Segment D is in Fort Bend County and Fort Bend County is moving forward with the development of some overpasses along portions of Segment D. They have engineering firms selected and in place and performing the design work for a few of those overpasses, and they anticipate continuing that on the remaining overpasses later this year with a plan to move forward with the construction of those overpasses and the tolling of those elements in the next 18 to 24 months, as I understand it.

And the Montgomery County which has a portion of Segment G has decided at their commissioners court to accept unsolicited proposals for the development of Segment G. I think they're currently in the process of accepting those, and they did issue an RFP to seek out interest regarding the development of Segment G in Montgomery County.

So a status report of where we are today on Segment E that is the subject of this minute order. Harris County is completing the design work for the department. We have an agreement with them that we will...
reimburse them for those costs. We expect that they will complete their design work with their consulting teams and have that delivered to us by April of this year, so in a few weeks. They also will continue and complete the right of way acquisition for Segment E of the Grand Parkway. They have purchased about 44 percent of the property already.

They are in negotiations with one landowner that represents approximately 41 percent of the property, and they expect to close that negotiation soon. And then the remaining 15 percent they are in the process of making offers and negotiating, and they anticipate that by July they will have the right to occupy and use all of the properties and have the properties in fee title by January of 2012, if not sooner.

They are also continuing to work with the U.S. Army Corps of Engineers to seek the permit required for this project and they anticipate, based on the work they've done, that they will receive that permit no later than June of this year.

So that's kind of the status of where we are on Segment E.

In response to your approval of development authority for all of the portions of the Grand Parkway in Harris County last month at your commission meeting, you
asked us to move forward with a plan to develop that and I wanted to just briefly share with you where we are.

The Houston District and our East Region are moving forward with the mapping of the right of way that's necessary for Segments F-2, G and F-1, all those being in Harris County, and the work there will be to complete the right of way mapping processes, monument the property and start the process of getting appraisals put in place so we can begin the acquisition process of those properties.

They also will be working with the East Region and Houston District to go out on a solicitation to hire consulting engineers to complete the schematic design work for Sections F-1, F-2 and the portion of G that's in Harris County. We'll do that immediately, and as we get those consultants onboard, we'll finish the schematic design work, first on Segment F-2 and then on Segment G and F-1 so we can be prepared to go to final design work on those projects rapidly.

In terms of right of way acquisitions, I wanted to point out that there is an earmark that was assigned to Segment G of the Grand Parkway. Congressman Brady solicited that on our behalf and got that into the federal authorization in 2005, I believe. The earmark is for approximately $11.2 million and it is specifically to be used for right of way acquisition and environmental
mitigation and preservation activities on Segment G, again which is partially in Harris County and partially in Montgomery County.

So Director Saenz has been in conversation with Montgomery County Judge Sadler and has issued a letter to him offering to enter into an agreement like we have with Harris County for the protection of those rights of way so that we can make sure that as development continues to occur those rights of way are protected through the platting process, and then to move forward with the use of this earmark funding to perform some environmental protection and right of way acquisition processes on Segment G.

So the minute order before you today specifically would authorize the department to have CONSTRUCT authority for Segment E of the Grand Parkway in Harris County which would allow us to continue the development of final design work with the county and to get the project ready to take bids on so that we can progress in the most timely manner. This benefits not only the state but obviously the traveling public in the Greater Houston area by enhancing the mobility of our system in that area, increasing safety and allowing us to continue to try to reduce air pollution and enhance the quality of life in this particular area of the Greater
Houston area.

With that, the staff would recommend your approval of this minute order, and I'll be more than happen to answer any questions that you might have at this time.

MS. DELISI: Members, we have several people signed up to speak. Before I call them, do you have any questions of John?

MR. HOLMES: Just one quick question. John, this focuses on E, but in point of fact, there's a little piece of G that is involved in some of this work, the mapping work, and then in some of the design and construction work there's a piece of D as well, and so that would be included in the CONSTRUCT authority.

MR. BARTON: That is correct. I appreciate you pointing that out; I was negligent in mentioning that. This is for the segment of the Grand Parkway from just south of Interstate 10 northward to US 290 which does include a small portion of Segment D that is in Harris County, and that envisioned project would build the connections from south of Interstate 10, over Interstate 10 and then northward to US 290 with connections to both Interstate 10 and US 290.

MR. HOLMES: And there are two direct connects now being built, but this would include the bridge over 10
and then some additional direct connects.

MR. BARTON: That is correct. At Interstate 10 and the Grand Parkway, yes, sir.

MR. HOUGHTON: How hard would it be to get a map put up of the Grand Parkway?

MR. MEADOWS: Could you put the map up when you're describing that, please?

MR. BARTON: I'm sorry. I don't know if a laser pointer would work here on this particular screen, but I can use the mouse over here perhaps.

MR. HOLMES: One of the interesting things is that portions of at least seven segments are actually in Harris County, and we tend to focus on E, F-1 and F-2, but there are other pieces, I-2 which is built, D, a piece of G and a little piece of H. And is there any part of A? I mean, we really don't exactly know where A is likely to be. Right?

MR. BARTON: That is correct.

MR. HOLMES: I think maybe there might be a little piece of A.

MR. BARTON: There may be Commissioner Holmes. I don't believe that under the current preliminary analysis that there is. I think it's all in Galveston County.

MR. HOLMES: It's all in Galveston County.
MR. HOUGHTON: We're talking about E?

MR. BARTON: Yes. The project that we were just talking about, and I apologize for not bringing up the map, as you see this gray area of Segment D that's been built and that we've been talking about is just south of Interstate 10. Of course the roadway now connects to Interstate 10, and we have a project that is building two direct connectors from I-10 to the portion of the Grand Parkway that's already in place and open to traffic.

This construction for Segment E that I was referring to is really a portion of Segment E and D, as Commissioner Holmes rightly pointed out, and it would start here just south of Interstate 10 and build an overpass over Interstate 10 and then this route along Segment E till its intersection with US 290 here in the greater Cypress-Barker area. And there will be direct connections with the Grand Parkway here with US 290 as well as additional direct connections from the Grand Parkway of Interstate 10 to Interstate 10. So the project will start just south of Interstate 10 and move forward to US 290 north.

MR. HOUGHTON: With the thought of moving then on to F-1, F-2 and G.

MR. BARTON: Yes, sir. And the sections that we've accepted primacy on from Harris County, again start...
here at the Harris County line just south of Interstate
10, and then travel on E, F-1, F-2 and G to the Harris-
Montgomery county line.

MR. HOUGHTON: Where is the proposed new Exxon
world headquarters?

MR. BARTON: As I understand it, it is west of
Interstate 45 and north of the proposed Grand Parkway
alignment. It would be in this area here, generally. I
do not know specifically but it would be generally in that
quadrant.

MR. HOUGHTON: Thanks, John.

MS. DELISI: Thanks, John.

First I'd like to call up Senator Tommy
Williams.

SENATOR WILLIAMS: Good morning, commissioners.
Thank you for allowing me to come and visit with you
today. For the record, my name is Tommy Williams. I'm
the state senator from District 4, so Segments G, H, I-1
and I-2 all are within Senate District 4, and I'm also
chair of the Senate Transportation and Homeland Security
Committee.

As you know, the Grand Parkway project is an
important road project for the Houston region and for our
state, and having that loop that passes around Houston,
whether it's the third or fourth loop depending on where
you start counting them, is very important in that it will help reduce congestion and facilitate economic development in the Houston region.

As chairman of the Senate Transportation and Homeland Security Committee, it's one of my very highest priorities to see that the Grand Parkway is built, and it's my intention to introduce legislation that will permit TxDOT, if it so chooses, to enter into a public-private partnership to construct the Grand Parkway. We're working on drafts of that already and we've already begun visiting with the members of the delegations that would be affected to enlist their support.

I look forward to working with you as we move this project forward. I'd be glad to try to answer any questions if you have some for me.

MR. UNDERWOOD: Just wanted to thank you, Chairman, for taking the time from your busy schedule with all that you've got going coming up here, and I understand how important it is to you, sir.

SENATOR WILLIAMS: Well, thank you, Mr. Underwood. I appreciate that a lot. Thank you.

MR. HOLMES: Thank you.

MS. DELISI: Next I'd like to call up Representative Bill Callegari.

MR. CALLEGARI: Thank you very much.
My name is Bill Callegari. I'm state representative from District 132. I appreciate the opportunity to visit with you and to talk about this Grand Parkway project.

Segment E from I-10 to 290 is entirely in my district. It's extremely important, obviously, to my district and to the entire Houston area, so I would really like to encourage you to move forward as quickly as possible on this project, not just that segment but the entire Grand Parkway project because of its great importance to the progress of the Houston area, particularly the area that we've talked about, the proposed project east of I-45.

I think it's urgent that we get moving as quickly as possible, and I'd be extremely happy if you were to tell us that it will go out for bids next month. So whatever we can do to encourage and make that easier for you, we'd like to do.

And I also want to echo Commissioner Holmes's concern about the access to I-10. That's extremely important to us. I'm on that highway quite a bit when I'm in my area and it's getting to be quite a bottleneck, and I think it's urgent that we get it started as soon as possible.

So again, I encourage you to move forward with the entire Grand Parkway project but particularly Segment
E is important to me and I think to all of us. So thank you very much. I'd be happy to answer any questions?

MS. DELISI: Any questions? Thanks, Representative.

MR. CALLEGARI: Thank you very much.

MS. DELISI: Jeff Moseley.

JUDGE MOSELEY: Good morning, Madam Chair, members. Thank you for this chance to just bring a few remarks related to the Grand Parkway.

And may I also just say thank you for what you do at TxDOT. We appreciate deeply your service to the state, and the Greater Houston Partnership supports a strong TxDOT, so we look forward to working with you in this upcoming session.

The Grand Parkway is a strategic corridor, 180 miles as it will be finally completed, and the Houston area is really depending heavily on this. You work with the demographics and you know that Texas will double in population over the next 30 years, from 25- to 50 million. Our regional economy today is $440 billion, I think the state's economy is about $1.2 trillion, and this corridor will literally serve the economy of Texas as much as it serves our region.

We're very, very optimistic about the future of
Texas and Houston, one of the reasons being that the port is gearing up in 36 months to receive super cargo container vessels as Panama opens its new lane that will allow nonstop shipments of these vessels from ports of call like Shanghai, and Pusan and Yokohama. So literally the Port of Houston which serves today the second largest city and region, San Antonio, and the third largest city and region, Dallas, will literally be serving mid-continental America between the Rocky Mountains and the Ohio Valley.

And I'll end on this note, the port that Chicago depends on is Seattle, and Houston is literally half the distance plus you don't have to go through the Rockies, so the calculus starts to work very well, plus the rail is already in place. So Grand Parkway is a strategic corridor that serves not only our region but the state's economy, and as we'll appreciate when the Panama Canal opens, it will serve the national economy.

Thank you so much for what you do and letting me come to bring this statement.

MS. DELISI: Thanks, Judge.

George Purvis and Anthony Francis.

MR. PURVIS: Good morning, commissioners. It's my pleasure to be here this morning representing the Katy Area Chamber of Commerce, and we as a group have been long
time supporters of the Grand Parkway, especially Segment E.

And we just want to voice our continued support, and just acknowledge that in January of this year the Katy area was identified by the Cadbury Report as the number one fastest growing area in the country. And we feel that Segment E is a vital component to continuing our growth. We've been blessed with an outstanding school district and with the plans for this corridor to develop in the future, we feel that it's important to move forward on this project as quick as possible.

And we just thank you for the opportunity to speak with you this morning and voice our support for the project. And I'd be remiss if I didn't thank you for the direct connector project at I-10 and 99. When that's done, it's going to help a lot because traffic is a nightmare at that intersection.

Thank you.

MR. FRANCIS: Good morning, Madam Chair, commissioners. I'm here on behalf of the Katy EDC I'm representing the Executive Committee. And to echo Mr. Purvis's thoughts on behalf of the Katy EDC, I want to support as well as commend you guys for supporting us down in the Katy area.

I feel a little bit kind of melancholy this
morning because I'm here with the Pearland delegation but of course representing the Katy EDC and Mr. Lance LaCour. So on behalf of Katy EDC, thank you very much for your time.

MS. DELISI: Thank you.

Mary Evans.

MS. EVANS: Good morning, Chair Delisi and members of the commission. My name is Mary Evans and I'm the president of the Cy-Fair Houston Chamber of Commerce.

The expansion improvements to US 290 Hempstead corridor and the construction of Segment E of the Grand Parkway are two cornerstone components in the solution to the severe mobility problems facing the residents and businesses in the Cy-Fair area.

Cy-Fair Houston Chamber of Commerce was supportive of the waiver of primacy by Harris County over the Grand Parkway segments within its boundaries and was supportive of enabling the Texas Department of Transportation to begin construction of Segment E of the Grand Parkway as soon as possible. Key to this construction is the allocation of funds to Segment E.

On behalf of the businesses and on behalf of the 600,000-plus residents and the Cy-Fair Houston Chamber of Commerce respectfully request and strongly urge you to preserve the allocation of these funds for the
construction of Segment E on the Grand Parkway.

We work with Delvin Dennis in the Houston office, the staff is great. We appreciate all that you do. And Commissioner Holmes, thank you for all that you do to help us as well. Thank you.

MS. DELISI: Roger Hurd.

MR. HURD: (Speaking from audience.) I yield my time to Ted Nelson.


MR. NELSON: Madam Chair, members of the commission, Director Saenz. My name is Ted Nelson. I work for Newland Communities and I am here today representing the West Houston Association and speaking about the Grand Parkway. On behalf of the association, I urge the commission to authorize the Harris County portions of the Grand Parkway for immediate design and construction authority.

I want to really take a quick stroll down memory lane because this roadway didn't just come on the radar. 180 miles placed on the map in 1968, I believe was the first time that roadway got there. Segment D, 59 South to I-10 West, was the first segment that was partially completed and that was in 1994. The City of Houston's planning department indicated the need for the
roadway as being in the '90s and beyond, so we barely made getting the first segment done then. The usage of that roadway which connects the spokes of the wheel has proven to be extremely important in the overall mobility of the Greater Houston area.

And I recount this timeline to demonstrate the long-term place of the parkway in the planning and transportation and mobility projects in the Greater Houston region. It was and is planned as an integral part of the region's mobility system and now is the time for it to move forward. We believe it will be a huge asset for the region's mobility, and as a tolled facility it will greatly benefit the Texas Department of Transportation.

Based on the preliminary census numbers from the 2010 Census, the Greater Houston region grew by more than 110,000 persons per year during the decade from 2000 through 2009, and the Grand Parkway will significantly address the mobility needs of the Houston region well into the future as we continue to grow from 6 million to more than 10 million people.

Now, there's been much street talk about the role that a possible ExxonMobil facility may have on this project. This facility may or may not come to fruition. We actually hope that it does very much. But it certainly was not the driving force behind the City of Houston's
planning department when they put that roadway on the map in 1968. I would like to suggest it was foresight and vision that were the driving forces for the parkway in 1968. And it is not what has driven those of us who for decades have believed that the region's economic vitality and quality of life are always enhanced with the execution of well planned mobility projects.

Thank you.

MS. DELISI: Thank you very much. That concludes all of our speakers. No one else has signed up. Correct? Okay.

John.

MR. BARTON: Again, staff would recommend your approval of the minute order.

MS. DELISI: Questions for John?

MR. HOUGHTON: I just want to make a comment. The first comment the Chair leaned over to me and just said, I wasn't born in 1968.

MS. DELISI: The road is older than I am. That makes me feel good.

(General laughter.)

MR. HOUGHTON: The second comment, I want to congratulate and recognize the guy that has worked on this with focused tenacity is Commissioner Holmes. Congratulations in advance.
MR. HOLMES: Commissioner Houghton has worked on it very hard for a long time, and I move approval.

MR. HOUGHTON: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

Congratulations, Commissioner.

Before we move on to the agenda, members, I notice Representative Armando Martinez is in the room. I'd like to ask him to come up. He's one of our newest members of the House Transportation Committee. I'd like to invite him to the podium.

MR. MARTINEZ: Good morning, Madam Chair and members. It really is an honor to be here. My name is Armando Martinez. I'm state representative from District 39. And I was not born in '68 either, so don't let the bald head fool you. I was actually born in '76.

(General laughter.)

MR. MARTINEZ: But it is a great honor to be here with you. I've been trying to get on Transportation for the past three sessions and I guess the fourth one is the best because now I do sit on Transportation.

I mainly wanted to come up here just to congratulate you all on the hard work that you all do every day for the State of Texas and improving the roads.
for Texas, especially Amadeo. Amadeo has been a great friend and a leader.

And I just want to let you know that I am there to work with you. If there's anything I can do from my position to assist TxDOT, I am surely there for you, and I mean that with all sincerity.

So with that I just want to say thank you, may God bless you and may God bless Texas.

MS. DELISI: Thank you for coming by. We really appreciate it. And we'll be seeing you in your hearing room once a week, every week.

MR. SAENZ: Every Wednesday morning.

MS. DELISI: All right. Amadeo, I'm going to turn it back over to you.

MR. SAENZ: Thank you, Madam Chair. We're going to go back to the agenda and the next item on the agenda, number 3, is a discussion item that I have asked John Barton to lead.

If you recall, last month we had a report from the Restructure Council on an implementation plan and you directed me to look into options of how we could get this thing started. Of course, we've moved forward with one of the first recommendations that we were moving forward is to getting our chief information officer and our chief administrative officer. I have completed the interviews.
We're still crossing a couple of t's and dotting a couple of i's with respect to reference checks and other requirements that we have to bring them onboard, but I hope to be able to have those two people onboard in the next two weeks. This will get our leadership team in place.

The next thing is it is very important as we move forward to make the changes in the department, to get the department to change is to make sure that we have good leadership in that area, and of course, that leadership should be from the top, and in coordinating with Chair Delisi, I have recommended and would like to have John Barton, the chief engineer, kind of be our change leader. And we're going to find a title for John, we just haven't figured it out yet.

So John and I have been working on several fronts based on the direction we got last month, and I've asked John to give us a status report of where we are with respect to the restructuring of the department and the change management of the department.

John, congratulations.

MR. BARTON: Thank you, Director Saenz. Again for the record, my name is John Barton and I do have the distinct privilege of serving the State of Texas now as the change leader for the department if the commission so
chooses to give me that privilege.

I am honored to have been chosen by the commission and Director Saenz for this very important role, and I realize how important it is to the success of the Department of Transportation as well as the entire transportation industry here in Texas that we successfully go through this revitalization initiative to modernize our agency.

I also want to express a deep appreciation for the support that our employees have shown throughout this process and for this initiative. That support has been recognized and shared with you by the Restructure Council, as well as Grant Thornton, when they've made their reports to the commission. And we all know that our employees are our most valuable asset and I certainly commend them for their commitment to excellence and for their commitment to the success of this organization and of this effort.

Amadeo asked me to briefly update you where we've been heading in response to the recommendations of the Restructure Council that they provided to you during last month's commission meetings, and we did take action to begin moving forward immediately.

In this current date we're in the process of procuring an outside change management expert or experts to assist us in this process. They'll assist this
leadership group that we'll put together as well as the
staff from across the department and others outside the
agency in the development and implementation of the
recommendations that you choose to move forward with.

We also will be identifying a change leadership
team, as Mr. Saenz noted, that will consist of key TxDOT
management employees from across the agency and all
business sectors to assist us in leading this initiative.
We will be providing training on leading organizational
change to all of the members of the department's senior
management. That's all of our regional directors,
district engineers, office directors and executive
management, as well as to our employees across the state
in the future on how to manage change so that our senior
management team leaders can be in leadership positions for
this change initiative.

And we will be developing a formal
implementation strategy, as was recommended by the
Restructure Council, that will enumerate the priorities of
our efforts, the timelines for accomplishing them, the
milestones that we will try to achieve, and the
performance measures that we will utilize to help us
monitor our progress.

We will also work to establish a reliable
method of two-way communication between all the parties
involved in this, our employees and others that are
working on it, and continuing working on the ongoing
implementation of the Restructure Council's
recommendations that can be implemented in the short term
as this plan evolves.

Directly, Mr. Saenz has already mentioned it,
but he has moved forward with the process of hiring a new
chief administrative and human resources officer as well
as a new chief information officer, and these new
leadership members are important to help us organize our
agency to be better aligned to accomplish the mission that
we have as a state agency.

And as we move forward with this process and
initiative, we will, of course, remain committed to
reporting our progress to the commission, to our employees
and to our public to allow them to understand where we are
in our implementation process and the progress that we are
making.

I am very confident that this effort to
modernize our agency will be successful. I will commit to
you and to Director Saenz that I will do my dead-level
best and give all that I have to make this a successful
process. We will always encourage creativity and
innovation by all of our employees and people working on
this effort with us, including our outside change
management experts that we bring onboard to assist us in this process.

And as you have noted over and over again, the transportation challenges facing our state and this agency continue to grow and by embracing this initiative that you have embarked us on with an open mind and by involving all the parties involved, including our employees from across the department, our partners in the planning and transportation delivery process and this consultant management or management teams that we will bring in to help us, I'm confident that we'll respond in a way that will allow us to be best positioned to be successful for the benefit of all of Texas.

So again, thank you for this honor and privilege. Again, I will do my best to ensure that I won't let you down. And I will be happy to answer any questions that you might have.

MR. UNDERWOOD: John, congratulations. I hope you don't feel like the football player when the coach turned to him and said, The bus leaves at four o'clock, be under it. But anyway, congratulations to you, sir.

MR. BARTON: Thank you, sir. And I'll be sure to get on the bus and not under it when that time comes.

(General laughter.)

MS. DELISI: Thanks, John.
MR. SAENZ: Thank you, John, and appreciate you accepting and volunteering.

Agenda item number 4 deals with Aviation, and Dave Fulton will present a minute order with respect to the awarding of federal and state grants for our Aviation Improvement Program. Dave.

MR. FULTON: Thank you, Amadeo.

Good morning. For the record, my name is Dave Fulton, director of the TxDOT Aviation Division.

This minute order contains a request for grant funding approval for seven airport improvement projects. The total estimated cost of all requests, as shown in Exhibit A, is approximately $1.1 million: approximately $300,000 in federal funds, $600,000 in state funds, and approximately $200,000 in local funding.

A public hearing was held on January 20 of this year. No comments were received. We would recommend approval of this minute order.

MS. DELISI: Is there a motion?

MR. UNDERWOOD: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Dave.
Agenda item number 5 deals with public transportation and Eric Gleason will present several minute orders dealing with our Public Transportation Program. So Eric, if you can kind of just take them all in order and we'll run through all of them.

MR. GLEASON: So you want me to just go through all of them?

MR. SAENZ: No. Just go through each item and we'll do the vote. I won't interrupt you between items.

MR. GLEASON: Okay. Good morning. For the record, my name is Eric Gleason, TxDOT director of Public Transportation.

Agenda item 5.a awards approximately $3,700,000 in federal funds under the Federal Transit Administration Elderly Individuals and Individuals with Disabilities Program, otherwise known as Section 5310, and approximately 354,000 transportation development credits for various public transportation capital projects. The amounts in this minute order are consistent with the published FTA apportionments based on available funds under the current continuing appropriation resolution.

The formula for allocating Section 5310 funds is established in Title 43 of the Texas Administrative Code, Section 31.31. Following a reduction for state administrative expenses, the remaining balance plus
unobligated funds from previous projects is allocated to all 25 TxDOT districts for the selection of projects.

Transportation development credits have been requested by various transportation agencies to match federal funds for eligible capital projects, including fleet, information technology, preventative maintenance, purchase of service and equipment. Use of transportation development credits for these purposes supports the department's goals as currently defined in the Texas Administrative Code.

The department is responsible for public involvement and completion of a transit planning process to establish a network of transit services for elderly individuals and individuals with disabilities in their respective areas. Projects are selected based on need for service, available funding, cooperation and coordination with area stakeholders. Projects recommended for funding are listed in Exhibit A.

Last year services funded by this program carried over 1.5 million riders and traveled almost 7 million miles.

Staff recommends your approval of this minute order.

MS. DELISI: Is there a motion?

MR. UNDERWOOD: So moved.
MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. GLEASON: Agenda item 5.b awards approximately $12.9 million of available and an estimated anticipated total of approximately $20.1 million in federal funds under FTA Section 5311 Non-Urbanized Program to rural transit districts for rural public transportation purposes.

The amount available at this time for award reflects FTA apportionments for Fiscal Year 2011 funds consistent with the continuing appropriation resolution passed by Congress, minus a required 15 percent set-aside for Intercity Bus Program needs plus the remaining balance of previous fiscal year Section 5311 federal apportionments. The formula for allocating Section 5311 funds is established in the Texas Administrative Code.

There are 38 rural transit districts in Texas operating a fleet of almost 1,300 vehicles. Last fiscal year these systems carried more than 5 million riders and operated over 28 million revenue miles of service.

The services these transit districts provide are in many cases critically needed mobility options for transit-dependent individuals in the rural areas of the
state. They provide access to jobs, healthcare, education, shopping, recreation and social opportunities for persons who have no other means of travel available to them. Additionally, as Texas continues to grow in population and employment, rural transit districts are diversifying their service investments to attract commuters, helping to relieve congestion and improve air quality in congested areas of the state.

Staff recommends approval of this minute order.

MS. DELISI: Is there a motion?

MR. HOUGHTON: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. GLEASON: Agenda item 5.c awards approximately $204,000 of Federal Transit Administration funds from various federal programs for regional public transportation coordination planning activities, changing the recipient from a previous award and providing funding to a previously unfunded region of the state.

Regionally coordinated public transportation planning is a requirement under state statute as well as for several federal transit programs. The department has supported the effort for the past five years.
In August of 2010, the commission awarded funds to 22 regional lead agencies for work through Fiscal Year 2011. Since that time, transportation planning stakeholders in the West Central Texas regional planning area have notified the department that they wish to change their lead agency designation from the West Central Texas Council of Governments to the Central Texas Rural Transit District.

Additionally, transportation stakeholders in the Coastal Bend regional planning area have requested that the Transportation Coordination Network become the lead agency for the region with Jim Wells County acting as the fiscal agent for the effort.

Staff recommends approval of this minute order.

MR. HOLMES: So moved.

MS. DELISI: Is there a second?

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. GLEASON: Agenda item 5.d revises previous Federal Transit Administration Non-Urban or Rural Area Program ARRA award amounts and purpose for selected sub-recipients. There is no net change in total funding award.
The department continues to make adjustments with the rural ARRA program as some projects are completed with remaining balances and as other projects become clearer with respect to anticipated costs and purposes. In this instance, completed project residual balances from one agency are being reallocated to another agency to construct an operating facility, and two agencies are adjusting previous award amounts among different expenditure categories.

Texas continues to expend its rural transit ARRA funds at a greater rate than the transit industry as a whole. As of yesterday, we have spent approximately 76 percent of our funds, whereas nationally the overall expenditure rate for ARRA program transit funds is approximately 56 percent.

Staff recommends approval of this minute order.

MS. DELISI: Is there a motion?

MR. HOLMES: So moved.

MR. HOUGHTON: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. GLEASON: Thank you.

MR. SAENZ: Thank you, Eric.

Moving on to agenda item number 6,
commissioners, deals with the promulgation of administrative rules. Agenda item 6.a deals with final adoptions and under 6.a(1) Bill Glavin will present some rules for final adoption dealing with Rail Facilities.

MR. GLAVIN: Good morning, commissioners, Amadeo. For the record, my name is Bill Glavin. I'm the director of the Rail Division for the Texas Department of Transportation.

Due to the department's increasing responsibilities in rail transportation in Texas, the department created the Rail Division effective December 2, 2009. Therefore, the department is amending its rules relating to rail facilities and to correct statutory citations, to make non-substantive changes, and to reflect changes in federal regulations cited in the rules, however, there are several substantive changes relating to the contracting of rail operators and the leasing of rail facilities.

The minute order proposes the repeal of Section 7.1 and Section 7.13, adopting a new Section 7.13 and making amendments to Sections 7.10 through 7.12, Section 7.20 through Section 7.22, Section 7.30 through Section 7.42, all relating to rail facilities as codified under Chapter 7, Rail Facilities in Title 43 of the Texas Administrative Code, Part 1.
In regard to the contracting with rail operators and leases, Section 7.13, Leasing of Rail Facilities is repealed and replaced with a new Section 7.13. This revised section provides that the department may contract with the public or private entity to operate or lease a rail facility acquired or constructed by the department. The new section retains most of the existing language but clarifies that the department will use a competitive process for both contracts with rail operators and for leases.

It also adds provisions that exempt the department from the competitive process requirements for certain types of contracts such as when engaging in a competitive process with a rail operator for a period of less than 90 days would hinder unduly the department's ability to hire operators for short periods of time. Transportation Code Section 91.051, 91.052 and 91.0102 already exempt the department from the competitive bidding requirements when contracting with public entities.

Finally, when the department devotes all rail resources in a region for narrow purposes, for example, the purpose of economic development or safety, it may use its resources to develop the segment and lease it to an adjacent railroad without competition.

The first reading of these rules was at the
November 18, 2010 commission meeting where the commission authorized publication of the proposed rules for adoption in the Texas Register for the purpose of receiving public comment. These rules were published in the Texas Register on December 3, 2010. No comments were received during the 30-day comment period. If approved today, the rules will become effective on April 1, 2011.

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

MR. HOUGHTON: So moved.
MR. UNDERWOOD: Second.
MS. DELISI: All in favor?
(A chorus of ayes.)
MS. DELISI: The motion passes.
MR. SAENZ: Thank you, Bill.

Agenda item number 6.a(2) deals with Chapter 15, Financing and Construction of Transportation Projects, and David Casteel was supposed to present. Where is David? We will go ahead and set that aside for right now.

Let's move on to agenda item 6.b which deals with proposed adoption of rules, and Rick Collins will present some proposed rules dealing with the department's advisory committees and the establishment of a new advisory committee.

MR. COLLINS: Good morning. For the record, my
name is Rick Collins. I'm director of TxDOT's Research
and Technology Implementation Office.

The minute order proposes amendments to the
rules in the Texas Administrative Code concerning
department advisory committees. The proposed rule creates
a Strategic Research Program Advisory Committee that will
give advice and recommendations to the department on the
selection of strategic research topics as well as the
selection of entities to carry out that research, and
staff recommends your approval.

MS. DELISI: Are there any questions?

MR. HOUGHTON: So moved.

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Rick.

Commissioners, I'm going to go back to agenda
item 6.a(2) which is final adoption, and I will go ahead
and present that on behalf of David.

If you recall, we proposed rules that would
allow us to enter into contracts for some maintenance
functions with communities, with public entities, cities,
et cetera. We have gone through the process, have not
received any comments, and are now ready to finalize the
rules that would allow us to enter into contracts with
cities that would allow them to perform maintenance
functions such as sweeping and mowing.

Staff would recommend approval of this minute
order.

Anything else you want to add, John?

MR. BARTON: Just one thing. For the record,
John Barton.

Amadeo did a great job

(General laughter.)

MR. SAENZ: Staff recommends approval of this
minute order.

MR. HOUGHTON: So moved.

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Commissioners, this is a small
change in our operation but allows us to really expand on
the partnerships that we can, and where communities want
to do maintenance work above and beyond, it allows us to
combine forces, so this is a great minute order.

Commission, moving on to agenda item number 8
dealing with Transportation Planning, and Jim Randall will
present a minute order dealing with the appointment of two
members to the Port Authority Advisory Committee.

MR. RANDALL: Thank you, Amadeo. Jim Randall with the Planning and Programming Division.

Item 8.a, like you said, this minute order appoints two members to the commission's Port Authority Advisory Committee. The seven-member committee provides a forum for the exchange of information between the Texas Transportation Commission, the department and committee members representing the Texas port industry and others who have interests in Texas' water ports.

The two members need to be appointed to fill two of the Lower Coast positions. The following individuals are recommended to serve for three-year terms expiring on February 28, 2014: Eduardo A. Campirano from the Port of Brownsville, and Tony Rigdon from the Port of Victoria.

Staff recommends your approval of these appointments.

MR. HOUGHTON: So moved.

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Jim will also present agenda item 8.b, commissioners, that deals with the approval of the

MR. RANDALL: Transportation Code Section 222.053 requires the commission to report annually on the Economically Disadvantaged Counties Program to the governor, lieutenant governor and speaker of the House of Representatives. The annual report documents the use of matching funds and local incentives, as well as savings granted to counties participating in the program.

During Fiscal Year 2010, participating counties were granted over $2.4 million and relieved from local match requirements. Since the program's inception in 1998, the department has granted adjustments to over 700 projects totaling approximately $50 million.

Staff recommends approval of the Fiscal Year 2010 Annual Report, as shown in Exhibit A, and upon your approval the report will be presented to the governor, the lieutenant governor and the speaker of the House of Representatives.

MR. HOUGHTON: So moved.

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Jim. Good job.
Agenda item 8.c, Brian Ragland will present a minute order dealing with a request for concurrence with the Regional Transportation Council's projects dealing with State Highway 121 project.

MR. RAGLAND: Thank you, Amadeo.

For the record, Brian Ragland, director of the Finance Division.

This minute order is your concurrence of the updated work program of projects funded by the State Highway 121 sub-account and as selected by the Regional Transportation Council. Approximately $66.5 million in new projects are added to the work program. These projects are funded by cost savings on previously approved projects as well as additional interest earnings. The new projects are detailed in Exhibit A attached to the minute order. The total work program is financially constrained by the NTTA deposit plus the interest earned.

Staff recommends your approval.

MS. DELISI: Is there a motion?

MR. HOUGHTON: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Brian.
Agenda item number 9, commissioners, deals with Toll Roads. 9.a, Mark Tomlinson will present a minute order that establishes new toll rates for State Highway 130 Segments 1 through 4, and the 45 Southeast project here in Central Texas.

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

As Mr. Saenz noted, this minute order does establish new toll rate tables on State Highway 30 Segments 1 through 4 and State Highway 45 Southeast based on 2010 Central Texas Turnpike System traffic and revenue forecast report. The 2010 revenue update used for the remarketing of the first tier revenue refunding put bonds considered in the January 5, 2011 special commission meeting incorporated this 25 percent toll discount for trucks.

The updated T&R resulted in an overall increase in revenue, slight increase in revenue, and demonstrated roughly a 33 percent increase in truck traffic on these roadways that are an alternate to Interstate 35 through Austin.

If approved today, the new rates will become effective on March 1, 2011, and I'd like to emphasize that this does not end our efforts to bring more trucks to the
toll system. We continue meeting with the trucking industry and individual trucking companies to ask for their input about other incentives, other changes in the way we manage toll roads that might bring future further truck traffic to our toll system.

I'll be happy to answer any questions that I can, and staff would recommend your approval of the minute order.

MS. DELISI: Are there any questions?

MR. HOLMES: Mark, I assume the trucks that would be adding to 130 would be basically coming off of I-35.

MR. TOMLINSON: We believe that, yes, sir.

MR. HOLMES: That would be the primary source which would be a good thing on both counts.

MR. TOMLINSON: Yes, sir, it is.

MR. MEADOWS: Mark, I know very specifically that we have researched this subject and feel confident that, in fact, this will result in additional truck traffic shifting to this roadway. Is that correct?

MR. TOMLINSON: That is correct.

MR. MEADOWS: And you actually have quantified that and we know what that is, you've just expressed that. I think it's just important to note that our research would indicate, in fact, that that is the case.
MR. TOMLINSON: You're correct, that is the case.

MR. MEADOWS: And we'll be in a position to monitor this pretty closely over the next several months just to see if, in fact, that really is the reality and then be able to respond accordingly. Because we do have a goal of making sure that this facility parallel to Interstate 35 does function as it was intended to which is basically a traffic reliever.

And at the same time as we're looking at this, I think it's just important to note that we're looking at other incentives. That's correct, is it not?

MR. TOMLINSON: Yes, sir.

MR. MEADOWS: I think it's important to get on the record.

I think it's also important to recognize that you and this agency are very actively involved in developing a marketing strategy that would again result in us being able to meet the goal which is to shift more traffic to that facility. And I don't know what the status of that is, I hadn't heard anything about it in several months, but I'm sure I'll hear something about it soon. Would that be correct?

MR. TOMLINSON: It would be correct. We're working with GPA now. Yes, sir.
MR. MEADOWS: Thank you.

MR. HOLMES: Mark, on an associated issue, when is the projected completion of 130-5 and 6?

MR. TOMLINSON: The last I've heard, the November 2012 time frame, could be a little sooner but that is what their schedule indicates now, November 2012.

MR. HOLMES: Because that clearly will heavily impact it, or at least that's the expectation.

MR. TOMLINSON: Certainly so.

MS. DELISI: If there are no other questions, is there a motion?

MR. HOUGHTON: So moved.

MR. MEADOWS: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Mark. Good job.

Agenda item number 9.b deals with establishing a policy on the sharing of revenue from toll projects. James Bass had a discussion item yesterday and will present the minute order today.

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

As Mr. Saenz said, agenda item 9.b is a followup to our discussion item yesterday, and it would
establish a policy for the department to either share in
the revenue of a toll project or to receive repayment in a
toll project of a public entity when the department
provides financial assistance from certain statewide
funding categories for that toll project.

I'd be happy to answer any additional questions
you may have from yesterday, and if there are none, we
would recommend approval.

MS. DELISI: Are there any questions?

MR. HOUGHTON: So moved.

MS. DELISI: How about a second? Is there a
second?

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. MEADOWS: Mark me as opposed.

MS. DELISI: I'm sorry. What?

MR. MEADOWS: I'm against. Thank you.

MS. DELISI: Okay. There being four ayes and
one nay, the motion passes.

MR. SAENZ: Thank you, James.

James now will move on to agenda item number
10. James Bass will present a minute order dealing with
the State Infrastructure Bank.
MR. BASS: Currently in the State Infrastructure Bank we have pending loan applications that exceed the current available cash balance in the State Infrastructure Bank. This minute order would direct the department to deposit an additional $60 million into the State Infrastructure Bank. I'd be happy to answer any questions you might have.

MS. DELISI: Is there a motion?

MR. HOUGHTON: So moved.

MR. MEADOWS: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Agenda item 10.b, commissioners, deals with the North East Texas Regional Mobility Authority, and Brian Ragland will present agenda item number 10.b and he will also present agenda item number 11 because those are related.

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

This minute order revises the loan terms on the SIB loan that you approved in October to the North East Texas RMA in the amount of up to $39.2 million. The attorney general has some concerns with the previously negotiated eight-year term because it relies on the RMA's
ability to refinance at that time rather than pay in full. Therefore, the new loan terms call for the same 4.18 percent rate for the first eight years and then it's indeed plus 200 basis points for the next 20 years thereafter.

This minute also grants the required approval to connect the project to the state highway system. And staff recommends your approval.

MR. HOUGHTON: So moved.

MS. DELISI: Is there a second?

MR. MEADOWS: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. RAGLAND: Number 11 is a related minute order which revises the loan terms on the financial assistance you approved in November to the North East Texas RMA in the amount of up to $90 million. The reason for these changes is the same in the previous minute order in that the AG has concerns with reliance on the RMA's ability to refinance. Therefore, as in the previous item, the new loan terms call for the same 4.18 percent for the first eight years and then indexing it plus 200 basis points for the next 20 years.

And staff recommends your approval.
MS. DELISI: Is there a motion?

MR. HOUGHTON: So moved.

MS. DELISI: Second?

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Brian.

Agenda item number 12, commissioners, deals with our Proposition 12 Bond Program, and John Barton and Randy Hopmann will present a status report on the bond program.

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

Agenda item 12.a will allow Randy Hopmann to provide a brief update and status report on the department's efforts to implement the priority projects you selected under the Proposition 12 Bond Program. So at this time I'd like to turn it over to Randy and allow him to make his presentation before we present the minute order.

MR. HOPMANN: Thank you. For the record, my name is Randy Hopmann. I'm the Tyler District engineer and I've been asked to monitor and manage the overall Prop 12 project development program and process, and it's my
pleasure to be with you this morning to kind of tell you where we are and what we've accomplished, and I'd like to do that right now.

As you recall, in November of 2009 this commission selected $1.7 million in construction projects to be funded with the Proposition 12 Bond funds, and then the LBB and the Bond Review Board actually approved $1.6 billion at that time in construction funds for the Prop 12 Program within the $2 billion umbrella. And of course, also they approved $150 million for Rider 56 which is consultant engineering funds for the top 100 congested roadways that we have in Texas, and then there's also the Prop 12 funds for right of way and consulting engineering as a part of the overall $2 billion program.

And here's how it kind of splits out. There were rehab projects, safety projects, mobility projects and corridor projects, as you recall, and $254 million of Prop 12 is being used for rehab, $16 million is being sued for safety projects, $341 million is being used for mobility projects, and then $920 million is being used for the corridor projects as you selected them in November of 2009.

Here is where we stand with the actual letting of those projects. Thirty eight of the rehab projects valued at $210 million have been let to contract.
are six remaining rehab projects valued at $44 million that we intend to take bids on in the coming months. One hundred percent of the safety projects have been let. There were ten projects and all those have gone to letting already at $16.8 million. And then on the mobility side of things, two projects have gone to letting already valued at $47 million. There are three remaining mobility projects that will go to letting in another month or two, and that's valued at $294 million. On the corridor side, two projects have let for a total of $265 million, and five projects remain in the coming months valued at $655 million.

Here is how we stand. The blue line that you see there was the original letting schedule when we started the program. You can kind of see how it kind of escalated right off the bat and then it sort of flattened out, and now we're beginning the escalation again as we move into the spring letting months and the summer letting months. Right now we have let $539 million to date as of the February letting, and we are $106-, $107 million under what the LBB and the BRB authorized us to be at this time.

And here's how those underruns all add up. On the rehab side we're about $30 million under the LBB/BRB estimate, and on mobility we're running about $12 million under the estimate, and on corridor projects we are $65
million under the estimate, and on safety we came in a little bit high, we're about $800,000 over the estimate. So overall, it's about $107 million is where we are below what we committed to with the BRB and the LBB.

Now here is kind of a pie chart. Let me explain this; there's a lot of information on here. Let's just sort of walk through it. If you'll look with me on the right-hand side, the consultant engineering authorization is $144 million. That includes the $112.5 million that the commission has authorized for Rider 56 plus consultant engineering numbers to develop the Prop 12 Program, so that all totals $144 million. The right of way authorization of $285 million, that work is underway and that was included a part of the original program and we are considering that as obligated.

And as I said earlier, we have actually let to date, through February letting, $539 million, and then we also have some preliminary engineering and construction engineering expenses totaling $98 million. The preliminary engineering is the cost to develop all of the projects included in the Prop 12 Program, and the construction engineering portion of that $98 million is to administer and build the projects that have let to date.

The remaining part of that chart on the side, the March letting we have about a $6 million rehab project.
planned for letting, April we pick up some mobility and
corridor projects, May is heavy on the mobility project
side, and June, July, August is a lot of the I-35 projects
all grouped in there.

So where we stand to date, as of today, we have
obligated just over $1 billion of the Prop 12 Program as
of right now through the February letting which means that
through the March letting and through the remainder of
this fiscal year, there remains about a billion dollars of
obligation, so right now the entire program is valued at a
little over $2 billion to wrap out the entire program.

Now, I do anticipate some continued underruns,
so we are definitely the beneficiaries of an economy that
is working in our favor as far as letting amounts, so I do
believe we will finish out the program under that $2
billion figure.

And that's all my slides. I'd be happy to
entertain any questions you may have.

MS. DELISI: Are there any questions?

MR. HOUGHTON: The $144 million in consultant
engineers costs and the PE/CE down at the bottom, is that
reflective of the $1 billion or the $2 billion?

MR. HOPMANN: The $2 billion. That's the
entire program.

MR. HOUGHTON: That's the entire program.
MR. HOPMANN: That's the entire program where consultant engineering expenses are anticipated. That is the $112.5 million that the commission has authorized for Rider 56, and the remaining amount is monies to hire consultants to do the planning and design work for the Prop 12 selected projects.

MR. HOLMES: Randy, the $106 million that we're running under estimate, to what extent is that under the estimate of the estimated construction cost versus just slower than expected letting?

MR. HOPMANN: Our lettings on the Prop 12 have been following the overall TxDOT lettings where the low bids are coming in about 7 or 8 percent under the engineer's estimate. The $106 million that we're under is actually relative to what the LBB and the BRB approved us at.

MR. HOLMES: So it's all attributable to the pace of letting. I see John shaking his head.

MR. BARTON: John Barton.

If I understood the question correctly, Commissioner, you were asking how much of the $106.8 million is attributable to underruns at the time we took bids versus how much is attributable to the pace of paying out on projects.

MR. HOLMES: Right, pace of paying out, or pace
of letting and then paying out.

MR. BARTON: And it's my understanding that this number represents the difference between our low bids that we received on the projects we've taken bids on to date and the estimate of those projects when we took those bids.

MR. HOPMANN: No. It's the difference between the low bid versus what the LBB and the BRB approved us at.

MR. BARTON: Is there a distinction between what the LBB/BRB approved us for on specific bids and what our actual estimate was?

MR. HOPMANN: Yes, because it's a moving dynamic. As we are developing the projects, the engineers are constantly adjusting their estimates to the latest bid prices. So the LBB approved it at this amount, our engineers are dropping their estimates because the unit bid prices are lowering, and then we actually have low bids that are coming in 7 to 8 percent below that amount.

MR. HOLMES: And the $2.1 billion was an LBB number or was that our engineering number?

MR. HOPMANN: That is the current estimate. It is not the LBB number, it's our current engineering estimates.

MR. HOUGHTON: What's the LBB number?
MR. HOPMANN: The LBB number, what they approved overall was $2 billion.

MR. HOLMES: And so if we're $106- under and we're, I don't know, halfway through or a little less, how do we square that? I'm having a difficult time kind of working that out. If the LBB approved $2 billion, our engineering estimate was $2.1- but to date we're $106- below the LBB number.

MR. HOPMANN: We're anticipating some continued underruns that are going to bring us in, the overall program, below the $2 billion fixed amount.

MR. HOUGHTON: Well, you're already $106- under.

MR. HOPMANN: Right. We anticipate more underruns.

MR. HOLMES: So if we're authorized at $2-, we're at $2.1- but the $2.1-, does that already take into account the $106- or not?

MR. HOPMANN: Yes, it does.

MR. HOLMES: Okay. Which means that we don't take $2.1- and subtract $106- from it.

MR. HOPMANN: No. It's already been deducted. We anticipate additional underruns to bring us below the $2 billion. That's correct.

MR. SAENZ: In total what will happen is as we
continue we will have some underruns. We'll get the
projects built that were selected and then we will have
enough money to go back and maybe select additional
projects to address some additional needs with Prop 12.

MR. HOPMANN: We could. The potential is
there. Yes, sir.

MR. HOLMES: Do we have any sense of what that
might be, or is this too early to make a guesstimate?

MR. HOPMANN: My guesstimate is that we're
going to finish the program with the current selected
projects under the $2 billion cap.

MR. HOLMES: How much?

MR. HOUGHTON: He's not going to say.

MR. HOLMES: Come on, Randy, go for it.

MR. HOPMANN: It's difficult to say, but as
you're going to hear Mr. Lenz make a comment here in his
presentation that overall this past month lettings came in
about 8 percent under the engineer's estimate, and I think
that's going to continue for a while longer.

MR. HOUGHTON: Even with fuel prices moving up?

MR. HOPMANN: Yes, I understand that, but our
estimates still came in under this month. It's something
we're going to have to continue to monitor and manage. We
have a fixed amount and we've got to develop the program
and deliver the program within that capped amount.
MR. BARTON: I think one additional piece of information to give the commission perhaps the best sense of where we stand in our ability to control these dynamics is that approximately $100 million of the remaining amount is for engineering work that is to advance projects, Rider 57 projects, as Randy referred to them. Those are the projects that we were asked to identify to address congestion on the top 100 roadway corridors and that sort of thing.

We haven't signed contracts for that engineering work, we won't sign contracts for that engineering work until we see the completion of the bidding process, and so out of that total of $2.1- that Randy has referred to, I believe it's approximately $100 million for that engineering services that we haven't committed to and we have the ability to pull back on if needed to stay within the budget.

MR. HOLMES: I hate to torture this, John, but if the $2 billion included the rider that said how much would be spent on engineering $150-?

MR. BARTON: That was our program; the rider did not require that.

MR. HOLMES: Okay.

MR. BARTON: And what we presented to the LBB was a budget for construction projects that were valued at
a little less than $2 billion at the time. The plan that we've always had moving forward was that plan was put together when prices were moving downward in a dynamic fashion, so rather than selecting $2 billion worth of everything and having to come back to you later saying we need to add $250 million worth of work, we picked $2.2 billion which included construction and engineering. We've held back on the engineering to see what the construction does, and so far they've been coming in under.

MR. HOPMANN: I do agree with Mr. Barton, the flexibility is there in that engineering number if it needs to be used.

MR. HOUGHTON: I may have missed the introduction here, Randy. Are you new to this? Where did you come from? I mean, all of a sudden, out of the blue you show up here.

MR. HOPMANN: As I said, I've been asked to kind of oversee the Prop 12 Program, so that's what I'm doing on behalf of the administration.

MR. SAENZ: Something that falls under other duties as assigned by his supervisor.

MR. HOPMANN: That would be correct.

(General laughter.)

MR. SAENZ: We felt it was important that
someone manage the program to keep track of it.

MR. HOUGHTON: Are you managing from Tyler?

MR. HOPMANN: Yes, sir.

MR. HOUGHTON: Via the internet. Isn't it a magical thing?

MR. HOPMANN: I spend a lot of time in Austin too.

MR. SAENZ: Moving on, commissioners. Agenda item number 12.b deals with a minute order approving some revisions to the Prop 12 Program, and John Barton will present that minute order.

MR. BARTON: Thank you, Director Saenz. For the record, my name is John Barton.

The minute order that is before you would authorize revisions to the limits of a previously authorized project from the Proposition 12 Bond Program. This is specifically the project on Interstate 610 and US 290 in the Houston District, and the commission approved this project as one of the originally funded Proposition 12 Bond funded projects.

The minute order would revise the technical CSJs assigned to the project. It doesn't change the limits nor the amount of funding, it just allows us to show the appropriate project control numbers within our system and reflect those in the Houston-Galveston Area.
Council of Governments transportation improvement plan so that we can get federal approval to move forward with the projects.

So I would recommend your approval of this minute order and I would be more than happy to answer any questions you might have.

MR. HOLMES: So moved.

MR. HOUGHTON: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, John.

Moving on to agenda item 13, commissioners, dealing with our Proposition 14 Bond Program, and John Barton will present a minute order for a project in Williamson County.

MR. BARTON: Yes, sir. Again, thank you, Director Saenz.

This minute order would also revise the limits of a project that was previously approved under the Proposition 14 Bond Program. It's a project on State Highway 195 in Williamson County. It is a corridor that the commission selected for funding through the Proposition 14 Bond Program, and at the time the funding that was available was limited to a certain amount.
As this corridor improvement work has progressed, the first project that we took bids on underran significantly, and we felt like it might be an appropriate time to extend the limits of the remaining project to close that corridor. Without doing that, we'll have a gap. If you will imagine, we'll have a four-lane divided roadway on either end of the corridor and a short two-lane section in the middle.

And there's no additional money being assigned, it's simply a change in the limits of the project on State Highway 195 in Williamson County. And at this time I would recommend your approval of this minute order, and I'll be happy to answer any questions that you might have.

MR. HOUGHTON: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, John.

Agenda item 14, commissioners, we're going to defer at this time and move on to agenda item number 15 that deals with the Obligation Limit Report. We've got some coordination to do on agenda item 14 back with our Houston District folks.

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

This is the monthly report on the status of our obligation limit and then also the motor fuel tax receipts.

Year-to-date through February, which is the midpoint of the fiscal year, the total amount of the letting cap used is about $603 million. The remaining amount, excluding the unallocated recent addition of the $425 million, is scheduled to let during the last six months of the fiscal year.

Turning to the status of motor fuel tax receipts, for the first time in eleven months we had a decrease of .27 percent. So year-to-date we're up 4-1/2 percent which is 3-1/2 percent over what we had projected. Should that hold up, we would finish the year up about $75 million over what we had originally forecast.

However, I will mention that we've seen a lower amount than what we forecast for vehicle registration receipts, so there would be a significant offset of that motor fuel tax increase.

I'll also mention that I did a comparison to 2008 which was our highest year so far, and we're running right at about flat compared to 2008 year-to-date.

On the next page is the diesel and gasoline split. Diesel is up about 10 percent year-to-date, and
gasoline is up about 3 percent.

That's all I have unless you have questions for me on this.

MR. HOLMES: Brian, these lag two months. Is that right?

MR. RAGLAND: They do lag two months. Taxes are assessed at the distribution point, so the timing of gas prices going up, there's a two-month lag in any effect that that would have on your receipts.

MR. HOLMES: So we're not likely to see the impact of $100 oil in these numbers for a couple of months.

MR. RAGLAND: It depends on the supply at hand at the distribution point, whether they're buying or not buying. So that's hard for me to predict on what the supplies are. I'm hearing we're sitting on a lot at the distribution point, so it could be that there is not a demand right now for additional purchases of fuel, if that makes sense.

MR. HOLMES: Which means there could be a decrease sooner just because of demand.

MR. RAGLAND: Right.

MR. UNDERWOOD: Brian, I can't remember, do we do a correlation with how many more vehicles are on the road compared to how much gas tax we're collecting?
MR. RAGLAND: Not on the gasoline side. On the gasoline side we've attempted to do some correlations but we have never been able to pinpoint one that could be predictable going out into the future.

MR. UNDERWOOD: Just saying how many more new vehicles were registered yet our gas tax income went down.

MR. RAGLAND: Well, you've got the phenomenon of higher efficiency vehicles.

MR. UNDERWOOD: I realize. That's what I'm pointing towards.

MR. RAGLAND: Right.

MR. UNDERWOOD: That would be an interesting trend is that we increase vehicles by 300,000 vehicles a year yet our gas tax goes down. I wonder whether or not we're taking that into consideration when we do our planning as to what kind of income we're going to receive.

MR. RAGLAND: We do. I don't know at what level of detail. The gasoline side has behaved within a certain band over time and it really hasn't fluctuated that much, so we've been able to consistently predict the gasoline side. It's really the diesel that's had the wide swings and we've been able to correlate that to retail sales, and so our forecast contains a correlation to that retail sales index on the diesel side.

MR. UNDERWOOD: As one of my colleagues said,
that's the commerce part of it, though, less goods, less chance for the trucks. But I still feel like there needs to be some kind of correlation as to the vehicles to really prove the fact that as we get more -- which is going to be required by the CAFÉ, you're going to have more fuel-efficient vehicles. That's not going to stop the traffic, it's just going to lower our projected income over the next five and ten years.

MR. RAGLAND: We can take that and delve into it a little more. We have an economic firm that we contract with to help us out on our forecasts, and we'll talk to them about that.

MR. UNDERWOOD: Okay. Because my point is that we're seeing more and more vehicles yet we're not seeing that much of an increase in gas tax funds.

MR. RAGLAND: That's exactly correct. Yes.

MR. UNDERWOOD: Thank you.

MR. RAGLAND: Thank you.

MS. DELISI: Thanks.

MR. SAENZ: Thank you, Brian.

Agenda item number 16 deals with our contracts that are let this month, and Russel Lenz will present two minute orders, one on maintenance contracts and the other on our regular construction contracts.

So Russel, I'll turn it over to you.

ON THE RECORD REPORTING
(512) 450-0342
MR. LENV: Good morning, Madam Chair and commissioners. My name is Russel Lenz. I'm the director of the Construction Division. This morning I've got two minute orders I'd like to present.

Item number 16.a(1) is for the consideration of the award or rejection of Highway Maintenance and Department Building Construction contracts that were let on February 8 and 9 of this year. We present 24 projects today. The average number of bidders per project was six, the low bid value of all projects was $15,183,650.41, and we had an average overall underrun of 4.13 percent.

Staff recommends the award of all these maintenance projects.

MR. HOUGHTON: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. LENV: Item 16.a(2) is for the consideration of the award or rejection of Highway and Transportation Enhancement Building Construction contracts also let on February 8 and 9. We present 45 projects. The average number of bidders was 6.42; the average low bid value was $173,455,431.64. We had an overall underrun of 8.73 percent.
Staff recommends the award of all construction projects with the exception of one project. That project is in Ector County project number STP 2011(819)GHES. The project received three bids. The low bidder was 14.38 percent over. The project was for the construction of traffic signals and flashing beacons. An error was found in the plans and we recommend that the plans be redesigned and re-let.

And I'll be happy to entertain any questions.

MR. HOLMES: These were plans that we drew?

MR. LENZ: Yes, sir.

MR. HOLMES: So we have an error in our plans and we throw them out, and they have an error in theirs and we make them eat it. Right?

MR. LENZ: We try not to. I understand. It is a challenge, but that's what the Administrative Code says that we have to do.

MR. UNDERWOOD: Are you trying to say heads I win, tails you lose.

MR. LENZ: Maybe it's heads I win, heads I win. I'm not sure.

MR. UNDERWOOD: Okay.

(General laughter.)

MR. LENZ: It is a challenge, I grant you. I don't relish having to make those recommendations any more.
than you like to hear them.

MR. HOLMES: Thank you, Russel. Move approval.

MR. HOUGHTON: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: Thank you, Russel.

Agenda item number 17, commissioners, deals with the routine minute orders that we go through every month. I do want to call to your attention that agenda item 17.e(3) in Harris County dealing with a considered sale of surplus right of way on US 59 is deferred at this time.

Staff would recommend approval of all minute orders. We'd be happy to answer any questions on any individual minute order, but staff would recommend approval of all minute orders with the exception of the item that we deferred.

MR. HOLMES: So moved.

MR. UNDERWOOD: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

MR. SAENZ: That's all, Madam Chair.

MS. DELISI: This completes all the action.
items on the agenda. Is there anyone signed up for open comment?

MR. SAENZ: No, ma'am.

MS. DELISI: Is there any other business to come before the commission?

(No response.)

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

MR. HOUGHTON: So moved.

MR. HOLMES: Second.

MS. DELISI: All in favor?

(A chorus of ayes.)

MS. DELISI: The motion passes.

Please note for the record that it is 10:39 a.m., and this meeting stands adjourned.

(Whereupon, at 10:39 a.m., the meeting was concluded.)
CERTIFICATE

MEETING OF: Texas Transportation Workshop
LOCATION: Austin, Texas
DATE: February 24, 2011

I do hereby certify that the foregoing pages, numbers 1 through 87, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Transportation.

3/01/2010  
(Transcriber) (Date)

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