

TEXAS DEPARTMENT OF TRANSPORTATION
COMMISSION MEETING

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

Thursday, May 26, 2011

COMMISSION MEMBERS:

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

STAFF:

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

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P R O C E E D I N G S

1
2 MR. HOUGHTON: It is currently 9:04 and I call
3 the regular May 2011 meeting of the Texas Transportation
4 Commission to order. Note for the record that public
5 notice of this meeting, containing all items on the
6 agenda, was filed with the Secretary of State at 4:30 p.m.
7 on May 18, 2011.

8 Before we begin today, please place all cell
9 phones and communication devices in the silent or off
10 mode.

11 We will open with comments from the
12 commissioners and we'll start with the late but great
13 Commissioner Meadows.

14 MR. MEADOWS: Thank you, Mr. Chairman, I do
15 appreciate it. And good morning to everybody.

16 We all know that one of the privileges that we
17 as commissioners enjoy is to have the opportunity from
18 time to time to travel this great state and to see
19 firsthand some of the transportation challenges that we do
20 have, but also see some of the successes that we've
21 enjoyed over the last few years. And earlier this week I
22 applied for and received a conditional visa to visit the
23 El Paso area from our colleague, Commissioner Houghton.

24 And you know, I will tell you I came away from
25 that experience recognizing that that community is a

1 wonderful example of a community coming together, local
2 leadership working with this agency which then, in turn,
3 has delivered some really needed infrastructure and really
4 improved dramatically the mobility of the community. And
5 I just think that's something that we need to acknowledge,
6 Ted. In fact, the El Paso area is a good example of
7 communities doing the right thing, coming together,
8 working together in a collaborative fashion and the result
9 is a solid result, it's exactly what we want, it's new
10 transportation infrastructure creating and improving the
11 quality of life, economic development conditions and all
12 the things that we know are important for communities.

13 I just would like to pause just for a second
14 and express my appreciation for the visa from Commissioner
15 Houghton, and also his assistant, Lauren Francis who
16 squired us around in style, Chuck Berry, Ray Dovalina, and
17 also Texas Parks and Wildlife employee, Ismael Vela who
18 actually piloted the tramway car to the top of the
19 mountain giving us a great aerial view. And if he hadn't
20 abandoned us and made us take the car back down by
21 ourselves, which there as a terrifying moment or two, but
22 we do appreciate Parks and Wildlife's participation in
23 that tour.

24 Anyway, thank you all very much. I think
25 that's it.

1 MR. UNDERWOOD: Bear with us. We all have our
2 own sense of humor. I'm trying to get my arms around
3 Bill's.

4 (General laughter.)

5 MR. UNDERWOOD: I also want to thank our Waco
6 staff, the district in Waco for the time and effort they
7 spent with me. I was there a couple of days ago and
8 really appreciated their willingness to work with the city
9 leaders. I want to thank the mayor and the staff of Waco,
10 their Chamber and other leadership of their economic
11 development, and I really enjoyed the tour of SpaceX.
12 That was amazing. For those of you that don't know
13 anything about the company, you need to look them up on
14 the internet. That's going to be a coming company in the
15 State of Texas. I'm impressed with it. They are
16 developing rockets to put up satellites. They're working
17 with the DOT, also working with the radio and satellite
18 phone companies. It was very impressive.

19 But thank you to Waco. It was the hospitality
20 that I've always come to enjoy and really appreciated it.

21 And welcome, everyone, this morning.

22 MR. HOLMES: Good morning and welcome.

23 Commissioner Meadows, the prince of El Paso
24 County can always provide a visa.

25 (General laughter.)

1 MR. HOLMES: Looking at this big crowd, you
2 would think that there's some pass-throughs on the agenda
3 today.

4 Thanks for coming.

5 MR. HOUGHTON: Just when you thought you were
6 out of the woods, she left again when she saw what was
7 going on up here. Oh, she's back again.

8 MS. DELISI: I can leave again if you want me
9 to.

10 MR. HOLMES: No, please don't.

11 MR. HOUGHTON: You're missing a lot of the fun
12 up here.

13 MR. UNDERWOOD: We were just about to adjourn,
14 Madam Chairman.

15 MS. DELISI: Okay. Well, is there a motion?
16 I'll recognize you for it.

17 (General laughter.)

18 MR. HOUGHTON: Thanks, everyone, for coming,
19 and like Commissioner Holmes was talking about, you wonder
20 what's on the agenda today to draw such a large crowd.

21 And Commissioner Meadows, it was a pleasure
22 having you out in El Paso and buying your dinner and that
23 was a treat also. It is fun when the communities come
24 together, but we took a page out of the book of the
25 Dallas-Fort Worth Metroplex and other communities,

1 Houston, as to how to get transportation projects done,
2 and that's how to get them done, Commissioner, is
3 collaboration and going in the same direction.

4 Thank you for coming out and look forward to
5 today's agenda. Madam Chair.

6 MS. DELISI: Good morning, everybody.

7 I just want to start off by making sure
8 everybody knows one of our employees, Brian Ragland, was
9 elected to the ERS board of directors which is a very
10 prestigious position.

11 (Applause.)

12 MS. DELISI: I wouldn't say it was an election,
13 it was a landslide. He won with over 50 percent of the
14 votes in a field of about five candidates, so
15 congratulations to Brian. I know our TxDOT employees will
16 be well represented by him, as well as we will.

17 MR. SIMMONS: He's in the back.

18 MS. DELISI: Congratulations.

19 So now before we go any further in today's
20 meeting, I want to point out that next month's commission
21 meeting on June 30 will be held in the Capitol Extension
22 auditorium because this floor of the Greer Building will
23 be under renovation. The meeting will begin at 9:00 a.m.,
24 as usual, and it will be streamed on the internet at
25 txdot.gov.

1 I just want to remind you if you wish to
2 address the commission during today's meeting, please
3 complete a speaker's card at the registration table in the
4 lobby. To comment on an agenda item please complete a
5 yellow card and indicate the agenda item on which you'd
6 like to speak. If your topic is not on the agenda, we'll
7 hear you at the end of the meeting during our open comment
8 period, and for those items please fill out a blue card.
9 Regardless of the color card, we do ask that you try and
10 limit your remarks to about three minutes.

11 Our first order of business today is approval
12 of the minutes of the April 28 meeting. Members, the
13 draft members have been provided in your briefing
14 materials. Is there a motion to approve those minutes?

15 MR. UNDERWOOD: So moved.

16 MR. HOUGHTON: Second.

17 MS. DELISI: All in favor?

18 (A chorus of ayes.)

19 MS. DELISI: The motion passes. And with that,
20 Amadeo, who looks a lot like Steve, I'll turn the agenda
21 over to you.

22 MR. SIMMONS: Thank you, Madam Chair,
23 commissioners.

24 As you know, Sunset is still being worked
25 through the process, and Amadeo is working on some last

1 minute things so I'm pinch hitting for him, so sorry you
2 have to put up with me.

3 But anyway, our first order of business is a
4 resolution recognizing one of our longstanding and well
5 respected employees of this department, and that's Doris
6 Howdeshell. So Doris, if you'd stand up so we can
7 recognize you, come to the podium, and we have a
8 resolution for you, and I could go on for hours of
9 personally thanking you for everything, but let me let the
10 resolution speak for itself.

11 "Whereas, the Texas Transportation Commission
12 takes great pride in recognizing Doris Howdeshell for her
13 outstanding service to the Texas Department of
14 Transportation after a distinguished career of nearly 32
15 years;

16 "And whereas, as director of the Travel
17 Information Division, Doris has been an influential
18 contributor to our world famous litter prevention
19 campaigns, "Don't Mess With Texas" and Adopt-a-Highway.
20 Both programs are known nationwide and have spread to
21 several other countries due to their success.

22 "Whereas, Howdeshell has been responsible for
23 producing and distributing travel literature, including
24 *Texas Highways*, the state's award-winning official travel
25 magazine. She also directed the activities at the twelve

1 TxDOT Travel Information Centers and helped provide audio-
2 visual services to assist the agency with its multimedia
3 efforts.

4 "Whereas, in 2006, Howdeshell was honored with
5 the Tall in Texas Award from the Texas Travel Industry
6 Association for her role in promoting tourism in Texas.
7 Three years later she received the renowned Bluebonnet
8 Award for her contributions to the Keep Texas Beautiful
9 Program and its vision to keep Texas the cleanest, most
10 beautiful state in the nation;

11 "And whereas, she has served on the board and
12 is chair of the Texas State Agency Tourism Council, is an
13 ex officio member of the Texas Tourism Board of Directors,
14 and was a member of the advisory board of AAA Texas;

15 "And whereas, Howdeshell is a testament to the
16 high caliber individuals our agency employs;

17 "Now, therefore be it resolved that the Texas
18 Transportation Commission does hereby extend the sincerest
19 best wishes to Doris Howdeshell in recognition for her
20 professional achievements and a career of loyal service on
21 behalf of the State of Texas and its citizens."

22 And it's actually presented today but it's
23 signed on April 28, last commission meeting.

24 Doris, we're going to miss you. You've done
25 some tremendous things for this department and made us

1 shine, and we want to thank you for it.

2 And at this time I'll turn it over to the
3 commissioners.

4 MR. MEADOWS: Doris, to start off I just want
5 to thank you and wish you the very best. Your
6 contributions have really impacted all of us and certainly
7 all Texans. Thanks.

8 MS. HOWDESHELL: Thank you.

9 MR. UNDERWOOD: I associate myself with my
10 colleague's remarks, and also, I always appreciate working
11 with you, and you will be missed. Thank you very much for
12 what you've done, and when I think of that department, I
13 will think of you.

14 MS. HOWDESHELL: Thank you.

15 MR. HOLMES: Doris, you and I have had the
16 opportunity to have a couple of dinners together at the
17 Governor's Community Awards. And for those of you that
18 haven't been to one of those award programs, it's an award
19 to the small communities around the state, and Doris is
20 known and loved throughout Texas. You've done a great
21 job. I was proud to be a part of those award ceremonies.
22 Thank you very much for all you've done.

23 MS. HOWDESHELL: Thank you, and thank you for
24 being there.

25 MR. HOUGHTON: Well, I associate you with the

1 "Don't Mess With Texas" program. How long ago is that,
2 that slogan?

3 MS. HOWDESHELL: 1986, 25 years.

4 MR. HOUGHTON: Twenty-five years. So you gave
5 birth to that also, right, the "Don't Mess With Texas"?

6 MS. HOWDESHELL: Actually, my predecessor, Don
7 Clark, was instrumental in hiring the ad agency that
8 created the slogan, and I've been involved in it for about
9 20 years.

10 MR. HOUGHTON: Trademarked it and the whole
11 works. Right?

12 MS. HOWDESHELL: Yes, sir.

13 MR. SIMMONS: On Madison Avenue.

14 MS. HOWDESHELL: Yes.

15 MR. HOUGHTON: On Madison Avenue?

16 MS. HOWDESHELL: Yes. We had signs on Madison
17 Avenue when "Don't Mess With Texas" was elected as the
18 nation's favorite slogan in 2006. We actually had a
19 parade down Madison Avenue. And I have to tell you this,
20 if anybody is going to have a blooper, it's going to be
21 me. We were on an open-air bus, the upper deck and we
22 were like throwing out "Don't Mess With Texas" T-shirts in
23 New York and I hit a cop right in the head.

24 (General laughter.)

25 MS. DELISI: I call that effective advertising

1 because I bet he never forgot "Don't Mess With Texas" at
2 that point.

3 Congratulations on a great career, and good
4 luck in your retirement.

5 MS. HOWDESHELL: Thank you. I appreciate that.

6 MR. SIMMONS: And Doris also led TxDOT's effort
7 when we hosted the AASHTO meeting in Fort Worth and the
8 WASHTO meeting San Antonio in 2001 and 2002, back to back,
9 and she did a great and outstanding job.

10 So Doris, thank you for your career, and I
11 think we're going to take pictures. Oh, I'm sorry,
12 comments. Doris, you have the floor.

13 MS. HOWDESHELL: Well, you know, I don't know
14 if I can make it through this.

15 The success that our division has had, whether
16 it's in "Don't Mess With Texas" or the magazine or the
17 information centers or our audiovisual group as well has
18 won a number of awards, including a Telly Award. I mean,
19 really all I did is kind of steered the rudder. The folks
20 in the division are the talented ones, and I think a
21 number of them are here today. If I might, I would like
22 for them to stand.

23 (Applause.)

24 MS. HOWDESHELL: As David Allex told me one
25 time, he said, You know, I had the fortitude to hire good

1 folks but more importantly I had the good sense to listen
2 to them. And I feel the same way about the folks in the
3 Travel Information Division.

4 And there's really no way that I can adequately
5 thank the leadership of this agency. I've had the
6 opportunity to work with a number of commissioners and
7 eight executive directors, and I have been given so many
8 opportunities. When I started there were not that many
9 women in the leadership and over the years I was given
10 opportunity to become a member of the leadership of this
11 agency when I was hired as the division director, and not
12 once was I ever held back because I was a woman. I have
13 been given exceptional opportunities here. Not once was I
14 held back because I was not an engineer.

15 I had the opportunity to work with some
16 fantastic people. They treated me terrifically with great
17 respect • my current leadership, all the way back to the
18 day that I was hired. I've had an absolutely fantastic
19 career. I've loved working in this industry, I've loved
20 working with the travel industry folks.

21 And I know you know David Alex well. I
22 visited with him this morning. I've known him for years
23 on the travel side, and folks in the travel industry are
24 like David. They're wonderful. They give their hearts to
25 what they do; they love the state. Those are the kind of

1 people I've had the opportunity to work with • your
2 stakeholders, in addition to the employees of this agency,
3 and I just want to thank TxDOT for that. Thank you.

4 (Applause; pause for presentation and photos.)

5 MR. SIMMONS: Our next item of business is a
6 discussion on the modernization initiative, and I'm going
7 to ask John Barton to come up at this time.

8 MR. BARTON: Good morning, Steve. I have a
9 presentation if we can pull that up.

10 Good morning, commissioners, Madam Chair. For
11 the record, my name is John Barton, the assistant
12 executive director for Engineering Operations, and I also
13 have the pleasure of leading this modernization effort
14 with the team that we put together.

15 I just wanted to share with you this morning a
16 brief update on the progress that we've been making on
17 this modernization effort over the past several weeks, and
18 specifically we'll be discussing the hiring of a change
19 management firm, some leadership training that we've been
20 able to provide to our management team, and then an update
21 on some communication efforts that we have underway and
22 ongoing with our employees and others outside the agency.

23 I think a copy of these slides are at your desk
24 if you need them.

25 As a brief overview, you'll remember there are

1 several reasons why we're hiring a change management firm.
2 First of all, the Restructure Council, who spent a great
3 deal of time looking into these recommendations,
4 recommended that a professional change management firm
5 should be hired to assist us with this complex and far-
6 reaching effort for the department. With more than 78
7 recommendations that are on the table, it's important that
8 the implementation of these be conducted in a way that is
9 well thought out and that we have a very well coordinated
10 plan to assist us in doing that, and so it's important and
11 valuable that we lean on the expertise of a professional
12 change management firm that has skills and expertise and
13 experience in these areas.

14 The process of hiring a change management firm
15 was one of the first steps that the modernization
16 leadership team undertook in this program. The request
17 for proposals, as you can see, was published on March 25.
18 We received three proposals in response to that request.
19 They were from Accenture, Deloitte and Kaepfel. After
20 reviewing the written proposals, we offered an opportunity
21 to each of these companies to present an oral presentation
22 to a selection team made up of members from the leadership
23 team, and based on the results of those presentations, we
24 asked two of those proposers then to come forward for
25 additional conversations during the negotiation process

1 with the selection group.

2 The final negotiations and selections were
3 conducted by a smaller team, and they did include, I
4 wanted to share with you, our new chief information
5 officer, Louis Carr, as well as our new chief
6 administrative officer, Dee Porter, and I felt it was
7 important that they were a part of that team in the review
8 of these two companies because of the fact that the
9 majority of the recommendations included in the
10 Restructure Council's report focus on areas and issues
11 that fall under the umbrellas of these two individuals in
12 their responsibilities within the agency.

13 Based on several factors, the selection team
14 determined that Kaepfel Consulting would offer the best
15 value to the department to assist us with this
16 modernization initiative, and Kaepfel, I believe,
17 definitely has what we were looking for and then some.

18 First of all, Kaepfel brings many years of
19 experience and valuable experience in process re-
20 engineering, change management and strategic planning.
21 They've successfully deployed those experiences by working
22 with large private sector companies such as General
23 Electric, Well Point, Liberty Mutual, Mutual of Omaha, and
24 USAA, to name a few, and they've also recently assisted
25 the Texas Department of Public Safety in their successful

1 reorganization initiative here in the State of Texas.

2 One factor that made Kaepfel attractive to us,
3 and stand out among the other proposers, is that they
4 intentionally customize their approach and the solutions
5 they bring forward to meet the needs of the department
6 rather than trying to wrap some predetermined approach to
7 business and model of doing that on our organization and
8 the initiatives that we have underway.

9 As we've all spoken about many times, the goal
10 of this has always been that the modernization initiative
11 would be driven by TxDOT employees and Kaepfel also
12 demonstrated that their approach to working with
13 individual companies and organizations is grounded on a
14 heavy involvement of the employees from those groups, and
15 so they're going to depend upon the department employees
16 as they work with us to identify work groups and help
17 develop action plans and implement changes that we move
18 forward with.

19 The recommendations that will be implemented
20 are certainly cross-functional and will cut across many of
21 the department's functions, and so Kaepfel has as part of
22 its approach a strategic partnership and access to many
23 experts in a wide variety of areas to come in and assist
24 us with any of these recommendations that we move forward
25 with.

1 Before I get into what Kaepfel will be doing
2 with us, let me just again state what they won't be doing.
3 I think that's important for us all to remember. We all
4 know that we've had a lot of reviews of the agency over
5 the last several years, from the Sunset reviews to the
6 outside audits that have been conducted, and finally, the
7 Restructure Council, and we all know that there are
8 improvements that are needed and those have been
9 documented, so the commission has made it clear to us and
10 as a team we've been adamant that Kaepfel will not be
11 focusing on the things that should be changed, they're
12 going to be focused on how we can move forward with the
13 changes that have already been identified that need to be
14 worked on.

15 And so they'll be helping us to identify the
16 most effective way to implement the recommendations from
17 the Restructure Council's report and to change the agency
18 in ways that will bring about long lasting and continued
19 improvements in our operations so that we can continue our
20 legacy as a leader of transportation, not only here in
21 Texas but in the United States.

22 Kaepfel will officially be beginning work on
23 June 1 and it's important that we note that this is a one-
24 year contract so the work that we will be doing with
25 Kaepfel and they will be doing with us will be moving

1 quickly but it will be very deliberate as well. In the
2 first 30 days, just to give you an idea of what we'll be
3 working on, Kaepfel will be working with the leadership
4 team and other employees within the department's
5 administration and other areas of the operations to
6 develop a high-level implementation plan for the entire
7 process. This high-level plan is due to be published by
8 June 30, so we have a few days, but not many, to work on
9 that. And this will serve then as a basis for a detailed
10 implementation plan of how we'll move forward with the
11 modernization effort, identifying goals and objectives and
12 how we'll work to move forward with each of the
13 recommendations.

14 Working with our employees, Kaepfel will also
15 be developing appropriate measures so we can gauge our
16 progress as we move forward and the effectiveness of our
17 implementation of the recommendations, and they'll also be
18 communicating and helping us communicate not only with our
19 employees but with external stakeholders as well which is
20 a vitally important part of this process.

21 As the modernization initiative really gets
22 underway, our department employees that will be forming
23 work groups will be working closely with Kaepfel to
24 develop detailed action plans for each of those
25 recommendations and how to move forward with their

1 implementation. This was a brief overview of what Kaepfel
2 will be doing for the next 12 months, and I'm very
3 confident that they, working with our employees, are up to
4 the task and will be successful in helping us accomplish
5 the intent of this modernization effort.

6 At this time I would like to introduce to you
7 the Kaepfel team. Scott Kaepfel is the principal of
8 Kaepfel Consulting, and he's here with us. Scott, if
9 you'll go ahead and stand up. He will be leading this
10 effort. He has a few of the members of his team, several
11 of the key members are shown on this slide, but Patrick
12 Davidson is here with us as well, who is going to be the
13 project manager for this initiative. Judd Maroney is here
14 as well, the communications manager and expert in
15 enterprise architecture. And then Tom Hawley is here as
16 well, who is the senior IT consultant. So these are just
17 a few of the Kaepfel team members that are with us today.

18 And at this time I would like to ask Mr. Scott
19 Kaepfel to come forward and share with you just a brief
20 few comments.

21 MR. KAEPFEL: Thank you for the opportunity to
22 help and assist the State of Texas. We're all San
23 Antonio-based but we have been helping large Fortune 150
24 companies across the country and across the globe, so
25 transformation of large companies and large organizations

1 is something that we specialize in.

2 So I just wanted to thank you and we will
3 definitely be keeping you guys abreast of all that we're
4 doing through John and his team, and we are excited to be
5 here.

6 We're taking a two-prong approach in the how.
7 There's always two prongs: there's the tactical approach
8 which is the things that we've got to get done
9 immediately, and then there's a long-term strategic
10 transformation and modernization efforts. So we'll be
11 helping John's team set the framework for that and that
12 will take the expectations up front. Modernization and
13 transformation of large organizations takes time but
14 that's a strategic tract of work and we'll set the
15 framework for that within the first year and it will be
16 the leadership of TxDOT that helps carry that forward.

17 Do you have any questions?

18 MR. BARTON: Scott, I thought they would ask
19 you how to pronounce your last name. The A is silent. He
20 shared that with me, so it is Keppel [phonetic] and it's
21 of German origin, so I'm sure some of you may want to
22 spend some time talking with Scott about his family
23 heritage and all their unique characteristics that that
24 brings. You know, you've got to give people credit where
25 credit is due.

1 MR. HOLMES: Scott, do you want to reply to
2 that? There's rebuttal. Right?

3 (General laughter.)

4 MR. BARTON: There's a few of the commissioners
5 that would probably like to spend quite a bit of time with
6 you, based on what I know about the German culture. But
7 anyway, moving on.

8 MR. HOUGHTON: You're digging a hole.

9 MR. BARTON: I know it. I'm going to stop
10 digging. It's just getting deeper.

11 So moving on with the update, I would like to
12 just briefly mention the leadership training that we did
13 have the opportunity to be provided to us earlier this
14 month for our district engineers, our division directors,
15 our office directors, region directors, and then some of
16 the commission staff and administration as well. I think
17 it was a very valuable experience and it was time well
18 spent by all of us, and I know that some of you have
19 probably received feedback from your commission staff as
20 well as other people.

21 The training, I think, was important. It dealt
22 mostly with how to deal with change and understanding how
23 individuals react to different changes and how we can help
24 lead and model the appropriate approach to understanding
25 and moving forward with the change. There's still some

1 questions out there, quite a few, to be honest with you,
2 but at the end of it all I think we learned from the
3 experience. It seemed like all of us were supportive of
4 this initiative that you have asked us to embark on and
5 the journey that you've asked us to take in the
6 transformation of this agency, and everyone is ready to
7 participate in this and is eager to do their part to lead
8 this modernization initiative on your behalf and the
9 behalf of our employees and the citizens of Texas. So I
10 was very proud and pleased to be a part of that learning
11 experience.

12 In fact, many of the participants came up with
13 some talking points that they felt like they could use in
14 talking to others about this modernization and change
15 initiative. It's something that I think is very valuable.
16 They shared that back with leadership team, and we will be
17 using that to help craft our understanding and messages
18 about this transformation process in the days ahead.

19 On the communications front, just wanted to
20 share with you that we continue to keep our employees
21 updated through regular e-mails, for the most part on a
22 biweekly basis. We have also sent out a couple of pieces
23 of information to every member of the legislature. One
24 was just the first report on where we are and the
25 initiative itself; the second was to share with them that

1 we had made the selection of Kaepfel as the consulting
2 firm and to introduce them to the members of the
3 legislature. And we'll continue to update them on a
4 regular basis, and in doing so, we will provide,
5 obviously, that information to all of you before that
6 information is shared outside the agency.

7 In addition to that, we are continuing to
8 update the information that we have both on our internal
9 internet site, Crossroads, for all of our employees to
10 continue to have access to, as well as our internet site
11 at txdot.gov, so all of the people outside the agency that
12 are interested in this have readily available information
13 about this. And these regular communications have
14 generated a lot of good suggestions from our employees.
15 They are things that I think all of us can think about,
16 help us move forward with this transformation, as well as
17 some very specific recommendations on how we can improve
18 operations within the agency.

19 So I'm excited about the momentum behind this
20 and I just wanted to take a moment to thank those
21 employees who have been sending in their ideas and their
22 comments and their questions, and encourage them to
23 continue to do so. They're doing great work and they're
24 working hard and their participation and support of this
25 initiative is critically important.

1 So with that, I'll conclude my remarks, again
2 sharing with you how much the members of this leadership
3 team appreciate your support and confidence in us as we
4 work through this initiative. We now have a major piece
5 in place in the selection of Kaepfel as the consulting
6 firm to assist us with this effort. And at this time I
7 would be happy to answer any questions that you might have
8 or take any additional guidance that you might want to
9 offer me in addition to staying away from discussions
10 about German culture.

11 MR. UNDERWOOD: You anticipated my comment when
12 you decided to stay away from discussions about German
13 culture. I appreciate that, John.

14 MR. BARTON: Thank you.

15 MR. UNDERWOOD: Thank you for all you've done,
16 and we look forward to hearing from you gentlemen and
17 working with you in helping to make our agency better.
18 Thank you.

19 MR. BARTON: Thank you.

20 MR. SIMMONS: Thank you, John.

21 Commissioners, I'd like to move up agenda item
22 number 9 dealing with the Pass-Through Toll Program, and
23 ask Mark Tomlinson to come forward and make the
24 presentation.

25 MR. TOMLINSON: Good morning, Mr. Simmons,

1 commission members. My name is Mark Tomlinson, director
2 of the Turnpike Authority Division.

3 Item 9 selects pass-through toll proposals
4 submitted under the December 16, 2010, program call and
5 authorizes the executive director to negotiate the
6 financial terms of potential pass-through toll agreements
7 with selected public entity proposers.

8 I would like to thank the employees we had
9 involved in this program. As you know, it's very
10 competitive and we had an evaluation team set up that went
11 through in great detail all these projects and scored
12 them, prioritized them and set the program into its final
13 form. I'd like to thank Roger Beall with TTA, the program
14 manager for TTA. He's here today and did an excellent job
15 in his first program call.

16 The evaluation team was composed of Chris Cowen
17 from Construction, Cynthia Landez from Design Division,
18 Sara McCuistion from Finance, Lucio Vasquez from the
19 Turnpike Division, and a non-voting member but a key
20 member of the team, J.D. Ewald from OGC.

21 Also, I'd like to thank Mark Marek and Rene
22 Garcia for helping us transition the program to TTA from
23 Design Division. They have done an excellent job managing
24 the program and definitely helped us make the transition
25 work for the program.

1 The proposal deadline was March 1, 2011. We
2 had a total of 19 entities, a mixture of cities, counties
3 and regional mobility authorities proposing projects. We
4 had a total of 34 projects submitted, the total estimated
5 construction cost of those projects was about \$660
6 million. The program funding level established for this
7 call has been \$176 million so that has allowed us to
8 suggest to you that 17 projects can be selected today with
9 your approval.

10 Our plan moving forward: today we're asking
11 you to select the projects and authorize negotiation with
12 those proposers. In July we hope to come back to you with
13 the finalized agreements, the negotiated terms, and ask
14 for your approval then.

15 Exhibit A, I think in your packet, has a list
16 of the projects that staff is suggesting be selected.
17 There's also three projects that are held in reserve. We
18 hope to be able to successfully negotiate financial terms
19 with all of the selected proposers. In the case that we
20 can't, we have a prioritized list below them that we would
21 like to suggest moving into the program if we're
22 unsuccessful with any of the entities that are selected
23 there.

24 The total reimbursement estimated for the
25 program as it is in Exhibit A is about \$173 million. The

1 total project value or project cost we estimate is about
2 \$279 million, so kind of an additional \$100 million worth
3 of value, we think, to the state, and we certainly
4 appreciate the willingness of these entities to step up in
5 an extremely material way and help with the transportation
6 needs of the state.

7 So I'll just briefly mention the entities:
8 Central Texas Regional Mobility Authority, City of Fort
9 Worth, two projects out at Travis County, Parker County, a
10 grouping of four projects in the City of Terrell, City of
11 Frisco, City of Kaufman, Rockwall County, Hood County,
12 Hidalgo County RMA, City of Forney, Cameron County RMA,
13 and the City of Harker Heights.

14 So I'd be happy to answer any questions that I
15 can, but staff otherwise would recommend your approval of
16 the minute order.

17 MR. HOUGHTON: Is there a list that you can put
18 up on the screen so people can see them that are in the
19 audience?

20 MR. TOMLINSON: We can put them up there. It
21 shows the total amount of constructions. Of course, we
22 only reimburse construction costs, \$173 million, roughly,
23 but the total project cost estimate, we don't have the
24 total shown but it's about \$279 million.

25 MR. UNDERWOOD: Mark, that leaves about a

1 little over \$2 million. There was basically \$176 million.
2 Is that correct?

3 MR. TOMLINSON: Yes, \$176 million was the
4 program funding level that was set, so there's a little
5 space there.

6 MR. UNDERWOOD: Okay, thank you.

7 MR. MEADOWS: Mark, I'd like to just pause for
8 a moment and thank you and our staff who worked through
9 this process, and I think from what I see of the process
10 it's a good process. The criteria are clearly understood,
11 I believe, and it is a program, as you mentioned, we are
12 seeing in partnership delivered \$279 million in value for
13 a state investment of \$173 million, and so there's a real
14 gain, again, through partnership here. But maybe more
15 importantly to the people that drive these roads that are
16 going to have the benefit of the delivery is that they're
17 accelerated. The fact is that working together in
18 partnership we're seeing these projects delivered quickly
19 for the citizens of the state in addition to realizing a
20 significant gain in terms of total value delivered.

21 So thank you all for your good work on this.

22 MR. TOMLINSON: Thank you. And again, the
23 reason for mentioning the program manager and the members
24 of our team, they did the hard work that made this happen,
25 as you know.

1 MS. DELISI: Any other questions for Mark? If
2 not, then I'd like to start by calling up David Alex.

3 MR. ALLEX: Good morning. Commissioner
4 Meadows, you're a lucky man. I was denied a visa to El
5 Paso County.

6 MR. HOUGHTON: You may not want to speak any
7 further because we haven't voted yet, David.

8 MR. ALLEX: I can come by way of Juarez to get
9 into El Paso, you know.

10 (General laughter.)

11 MR. ALLEX: Good morning, Madam Chair and
12 members of the commission. It's a pleasure to be again
13 here before you.

14 With me is County Commissioner Benavides from
15 Cameron County and vice chairman of the CCRMA, John Wood.

16 Before I say my prepared comments, I did want
17 to make a real short comment about Doris. I have served
18 in volunteer leadership in just about every tourism
19 organization in this state, as chairman of the board, as
20 appointed by three governors, and I've never ever seen a
21 person working for a governmental agency that was more
22 privately oriented to the enterprise of tourism in this
23 state. So I'm telling this commission that it goes back
24 to the private-public partnership, we had a public partner
25 for 32 years who is indeed one of the best private

1 enterprise supporters in this state, and I congratulate
2 her and her dedication to her job, and of course, to all
3 of you for your leadership in leaving her there for the
4 last 32 years.

5 Having said that, before I make my comments
6 regarding the Pass-Through Program, I'd like to personally
7 report to you that the CCRMA is now in business. On March
8 14 we opened our first facility. We had an introductory
9 toll-free period of 60 days, on May 11 we started
10 collecting tolls, toll collections for the first segment
11 on SH 550, all electronic toll collection facility.

12 This is kind of interesting because we are the
13 first toll road collecting agency south of Austin in the
14 State of Texas. Now, I don't know whether that means
15 anything or not because we've still got to get there to
16 make some money on it. This could not have been done
17 without your support as well as the partnerships we have
18 with other agencies like TTA and CTRMA.

19 We are well on our way in doing exactly what
20 RMAs -- and I emphasize exactly -- what RMAs were
21 established to do which is to generate revenues for
22 additional transportation projects in our county, our
23 state and our region, and more importantly, to provide
24 local government more control with transportation
25 planning.

1 In addition to this first segment of SH 550, we
2 have the second portion of this project currently under
3 construction. Our goal is to have it in operation by late
4 2011, but I've just been told it will be 2012, but we'll
5 have it done less than a year from now.

6 Our last and final piece in this segment is a
7 critical connection between US 77/83 connecting to the
8 Port of Brownsville. The CCRMA has completed the design
9 on this last phase which will be referred to as the
10 ultimate facility from 77/83 all the way to the Port of
11 Brownsville which will open up about 3,000 new industrial
12 park facilities in cooperation with the Port of
13 Brownsville.

14 I urge your support for our application to fund
15 these direct connectors in this round of the pass-through
16 funding programs. We are working diligently to fund this
17 project and numerous other projects in the Cameron County
18 area. We have a place to look at alternate financing
19 methods that include every tool made available to us by
20 the legislature and this body here.

21 With a pass-through commitment from this
22 commission for the direct connectors and working to
23 generate long-term revenue, we can continue to keep
24 focusing on congestion, safety and mobility related
25 projects in the Rio Grande Valley of Texas, but more

1 importantly, as important, creating new jobs for the
2 citizens of our valley.

3 One of the things that our philosophy has been
4 in the last 5-1/2 years while I've had the pleasure of
5 serving as chairman, we as a board are not looking at
6 tomorrow but to the next generations to come. If
7 anything, we want to be remembered as being ahead of the
8 power curve in the 2030 and 2040 area rather than being in
9 catch-up mode on infrastructure, international trade,
10 education and economic development. As a team, all of you
11 here and the CCRMA, will do just that.

12 Thank you so very much.

13 MS. DELISI: Thanks, David.

14 Commissioner Karen Huber.

15 MS. HUBER: Commissioner Karen Huber, Travis
16 County commissioner, Precinct 3. Good morning, Madam
17 Chair and commissioners.

18 I will make my comments brief but I felt like
19 it was important to come and comment on a project in my
20 precinct, the improvements to FM 1626. There are three
21 reasons why I think this effort is significant, the first
22 being that this project addresses some serious congestion
23 that we've had in this part of the county for a very long
24 time. Secondly, it connects to a pass-through project
25 already in place in Hays County on 1626. It is the middle

1 piece between that segment and an ongoing project that
2 TxDOT has on FM 2304. And thirdly, and what may be most
3 important, is what's already been discussed by this group
4 is the partnerships. Good partnerships, good projects in
5 many ways, as you mentioned, are dependent upon the people
6 and the relationships and the diligence with which they
7 work on these.

8 Travis County historically has not been
9 interested in applications for pass-through financing. I
10 have championed this project since I've been in office,
11 and I feel -- and he didn't ask me to do this -- our
12 district engineer, Carlos Lopez, has worked very closely
13 with Travis County to elevate the interest of working on
14 these pass-through projects, and I believe that these are
15 the kinds of things that need to happen in the future and
16 I'm hopeful that you can see more efforts with Travis
17 County to partner on these things. This particular
18 project, Travis County would be putting in \$8 million of
19 about the \$12 million that's required for it.

20 So I want to thank you for consideration of
21 this project; it's much needed. And I also have to add
22 I'm from Harlingen, Texas. I don't know how that puts me
23 in the mix with this border discussion, but I thank you
24 for your consideration of this.

25 MS. DELISI: Thank you, Commissioner.

1 Judge Mark Riley.

2 JUDGE RILEY: Chair, commissioners, Mr.
3 Meadows, especially hello to you, neighbor, and thank you
4 for your service, each one of you.

5 I find it interesting but very exciting,
6 everybody is talking about partnerships, and I'm just
7 going to touch on that briefly again because we're here
8 today because of the partnerships in our community, we
9 started from the ground up in '08, passed a bond election
10 in November of '08, first transportation bond ever for
11 Parker County, in the amount of \$80 million, passed with a
12 60 percent approval rate. We sold our bonds in April '09,
13 turned dirt in May of '09, we continue to be ahead of
14 schedule; thanks to the economy, under budget like
15 everybody else seems to be on construction projects. Just
16 recently broke ground on the Ric Williamson Memorial
17 Highway which is our western loop, and we're very pleased
18 with that.

19 But I want to thank TxDOT. Maribel Chavez has
20 been instrumental in helping maintain our partnership.
21 She has been extremely helpful, providing guidance and
22 suggestions all the way through. And we hear in the media
23 about all the negatives we all have in whatever government
24 project we're working on, we don't hear much about the
25 positive things and the good things going on. And across

1 the State of Texas TxDOT and local entities are doing the
2 right thing by working together.

3 Thank you. Whatever the outcome of the vote
4 is, we're going to continue to work with TxDOT and we
5 appreciate it.

6 MS. DELISI: Thanks, Judge.

7 JUDGE RILEY: And at your place you'll find our
8 annual report that we put out each year. This is our
9 second. It has some good information in it. I know
10 you'll take it on vacation and enjoy it.

11 (General laughter.)

12 MR. MEADOWS: Judge, thank you so much for
13 coming.

14 Fellow commissioners, Parker County really has
15 stepped up to the plate, \$80 million for that county. And
16 I've enjoyed your report, I do see it every year, the
17 second year, saw it last year. It really is impressive
18 what you all have done recognizing those local needs, and
19 I'm glad we've been able to partner with you all. I think
20 it's been a very solid partnership, and you're really now
21 yielding results. I'm sorry I wasn't able to make the
22 groundbreaking the other day on the Williamson bypass, but
23 I know that several of our other staff members here in
24 Austin were present. And we appreciate what you're doing.
25 Thank you.

1 JUDGE RILEY: Thank you.

2 MS. DELISI: Thanks, Judge.

3 And, finally, John Wood.

4 MR. WOOD: I'd like to ask Commissioner
5 Benavides to join me.

6 MS. DELISI: Sure, absolutely.

7 MR. WOOD: Good morning, Madam Chair, members
8 of the commission. My name is John Wood. I serve as the
9 vice chair of the Cameron County Regional Mobility
10 Authority, and with me is Sofia Benavides, county
11 commissioner for Cameron County.

12 Over the course of the last six years, the
13 Cameron County Regional Mobility Authority, Cameron
14 County, the commissioners court, and TxDOT have worked
15 hand in hand to prioritize and leverage funds for critical
16 projects to address our transportation priorities. It
17 seems that partnership is the topic of the day today, and
18 that's the way it should be, it should be that way every
19 day, and we certainly appreciate everything TxDOT has
20 done.

21 I was on the county commission when we created
22 the Cameron County Regional Mobility Authority, and I've
23 seen it evolve into a first class organization. We have
24 with us today our two staff members, our organization has
25 two full-time staff members, and they're kind of full-

1 time, we also share them with the county, Pete Sepulveda
2 and David Garcia, in the audience. So we work lean and
3 mean and we get things done. We appreciate your help on
4 that.

5 We're working on many projects, some toll and
6 some non-toll. We oversaw and completed one rail project
7 and are working on another, and we are working through the
8 environmental stages on several other projects to get to
9 the construction phase. One of our goals, as you all
10 know, is to get an interstate to the Rio Grande Valley,
11 and I know that all of you are committed to seeing this
12 happen. And we are almost there in terms of dollars, one
13 by one, piece by piece. We need to continue to focus on
14 this long overdue project.

15 One of the items on the Pass-Through Toll
16 Program that we're discussing now is the direct connector
17 from 77 to State Highway 550. This is an integral part of
18 US 69, the future US 69, so we can start signing it so we
19 can get transportation moving from Corpus Christi, our
20 section from Corpus Christi all the way to the U.S.-Mexico
21 border.

22 On behalf of the RMA and Cameron County and the
23 commissioners court, Commissioner Benavides, I ask you to
24 continue to keep this project and all these projects, the
25 I-69 project and all the other projects in the State of

1 Texas in the forefront. And I have left you with a copy
2 of a power point and also another presentation that we've
3 been asked to provide to you, a power point on what we're
4 doing in the Cameron County Regional Mobility Authority
5 and what the cost for the segments for I-69 from Corpus
6 Christi to the Rio Grande Valley and to the border along
7 with Mexico.

8 I appreciate all of your hard work, all of your
9 effort and all of your energies, and I know that
10 Commissioner Benavides is very appreciative of everything
11 you do.

12 MS. BENAVIDES: I bring you greetings from
13 Cameron County, from our county judge, Judge Cascos, and
14 from each of the other commissioners, and we thank you for
15 all the hard work that you do and for having given
16 consideration to our request, and we hope that you will
17 vote favorably for it.

18 Thank you so much.

19 MS. DELISI: That's all the people we have
20 signed up. Are there any questions of Mark? No? Then is
21 there a motion?

22 MR. HOUGHTON: So moved.

23 MR. UNDERWOOD: Second.

24 MS. DELISI: All in favor?

25 (A chorus of ayes.)

1 MS. DELISI: The motion passes.

2 MR. SIMMONS: Thank you, Mark.

3 Our next item we'll move back to our regular
4 agenda and it will be item number 4 dealing with award of
5 funds in our Public Transportation area.

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

9 Agenda item 4 awards \$40,000 in Federal Transit
10 Administration Section 5304 Program funds to the Central
11 Texas Council of Governments to conduct regional
12 coordinated transportation planning activities as required
13 by the State Legislative Code and federal program
14 guidelines.

15 With this award, all 24 planning regions of the
16 state are receiving funds from the department to conduct a
17 comprehensive update to regional coordination plans
18 originally adopted in 2006. These updates will ensure
19 that all areas of the state will continue to be eligible
20 to receive federal funding from three very important
21 programs administered by TxDOT: Section 5310, Elderly
22 Individuals and Individuals with Disabilities; Section
23 5316, Job Access Reverse Commute; and Section 5317, New
24 Freedom Programs.

25 Staff recommends your approval of this minute

1 order.

2 MS. DELISI: Is there a motion?

3 MR. HOLMES: So moved.

4 MR. UNDERWOOD: Second.

5 MS. DELISI: All in favor?

6 (A chorus of ayes.)

7 MS. DELISI: The motion passes.

8 MR. GLEASON: Thank you.

9 MR. SIMMONS: Thank you, Eric.

10 The next item is final adoption of rules
11 regarding our Traffic Operations, specifically the Crash
12 Records document, so Carol Rawson will make that
13 presentation.

14 MS. RAWSON: Good morning. For the record, I'm
15 Carol Rawson, director of the Traffic Operations Division.

16 This minute order proposes final adoption of an
17 amendment to the existing Crash Records rules to allow
18 police officers to use an alternate form for reporting
19 motor vehicle crashes to the department. This alternate
20 form includes the reporting codes which should simplify
21 the reporting process for some agencies that have had
22 difficulty in using the standard form. Law enforcement
23 agencies will be able to use the existing form or the new
24 form at their option. The proposed amendment was
25 published in the February 11 edition of the Texas Register

1 and a public hearing was held on March 10. We received no
2 comments.

3 We recommend approval of this minute order.

4 MR. HOUGHTON: So moved.

5 MR. UNDERWOOD: Second.

6 MS. DELISI: All in favor?

7 (A chorus of ayes.)

8 MS. DELISI: The motion passes.

9 MR. SIMMONS: The next item is a proposed rule,
10 and Carol will also be making that presentation regarding
11 Safe Routes to School.

12 MS. RAWSON: Once again for the record, I'm
13 Carol Rawson, director of the Traffic Operations Division.

14 This minute order proposes preliminary adoption
15 of an amendment to the existing Safe Routes to School
16 Program rules which deletes the existing definition of
17 "political Subdivision." As currently defined, the term
18 includes only cities and counties and limits participation
19 in the program to those entities; however, there are other
20 types of political subdivisions, such as municipal utility
21 districts, that also have the need for these types of
22 funds to improve the health and the safety of school-age
23 children in their jurisdiction. This proposed change will
24 allow any entity in Texas that is considered a political
25 subdivision to participate in the Safe Routes to School

1 Program.

2 We recommend approval of this minute order.

3 MR. HOUGHTON: So moved.

4 MR. UNDERWOOD: Second.

5 MS. DELISI: All in favor?

6 (A chorus of ayes.)

7 MS. DELISI: The motion passes.

8 MR. SIMMONS: Thank you, Carol.

9 The next item is a proposed rule, Chapter 27,
10 regarding our CDA Program, and John Barton will be making
11 that presentation.

12 MR. BARTON: Good morning. Again for the
13 record, my name is John Barton.

14 The minute order that is before you at this
15 time, commissioners, proposes the adoption of amendments
16 to the rules concerning conflict of interest and ethics
17 policies related to the department's comprehensive
18 development agreements.

19 Under Transportation Code 223.209, the
20 commission is required to adopt rules, procedures and
21 guidelines governing the development of comprehensive
22 development agreements and negotiations to promote a fair
23 and open process for private participation in projects and
24 to promote confidence among those participations that it
25 is a fair and open process.

1 The minute order before you addresses
2 specifically 27.8 which prescribes the conflict of
3 interest provisions and the communications restrictions in
4 these particular rules to promote and provide a fair and
5 unbiased comprehensive development agreement procurement
6 process, and to ensure that the highest standards of
7 ethics and fairness are administered in these processes
8 and programs.

9 The changes to 27.8 are necessary in order to
10 reduce the impacts that we currently are experiencing on
11 the availability of a sufficient number of qualified firms
12 to participate as part of proposing teams for
13 comprehensive development or public-private partnerships,
14 and at the same time protecting the integrity and fairness
15 of the Comprehensive Development Agreement Program.

16 So the two changes specifically, one clarifies
17 that all the provisions that are in this particular
18 subsection apply not only to a consultant or sub-
19 consultant but to the individual employees of those firms
20 that participate in the performance of any service
21 associated with these activities for the department.

22 And then secondly the change to Section
23 27.8(c)(3) provides that if the department determines, and
24 specifically the executive director, that the performance
25 of a service by a consulting firm associated with a

1 project raises a conflict of interest, that the
2 prohibition or restriction for participating in one of the
3 teams being considered for a public-private partnership,
4 that period ends when all the work that they've performed
5 on that particular project has been completed and provided
6 to the public and to other entities so that information is
7 publicly available.

8 So in other words, if we have a firm that is
9 preparing, let's say, the schematic or environmental
10 document for a project that we are about to move forward
11 with trying to develop a comprehensive development
12 agreement or public-private partnership around, that firm
13 is precluded from participating in any teams that are
14 seeking the public-private partnership until the work that
15 they have done is completed and made publicly available to
16 all entities in the public.

17 The reason for that change is that we had
18 currently a one-year prohibition, and because of that,
19 many of the firms that were working on these projects
20 could not be a party firm to the larger groups on the
21 public-private partnership program and we were starting to
22 experience difficulties in teams forming to compete for
23 projects under the public-private partnership.

24 So with that, I'll conclude my remarks and
25 explanation of this proposed minute order and would

1 move -- recommend your adoption. And I'll be happy to
2 answer any questions that you may have.

3 MR. HOUGHTON: Do you want to make the motion?

4 MR. BARTON: I tried but I remembered that's
5 not my responsibility.

6 MR. HOUGHTON: So moved.

7 MR. UNDERWOOD: Second.

8 MS. DELISI: All in favor?

9 (A chorus of ayes.)

10 MS. DELISI: The motion passes.

11 (General talking and laughter.)

12 MR. SIMMONS: Thank you, John.

13 The next item is a report on the Internal
14 Compliance Program which I'll give to you. For the
15 record, I'm Steve Simmons, deputy executive director of
16 TxDOT, and I'll be making this presentation in my capacity
17 as the department's internal compliance officer.

18 Since November 2007, we've been working on
19 developing an ICP program for the department with a
20 mission to prevent and detect criminal conduct and
21 otherwise promote an organizational culture that
22 encourages ethical behavior and a commitment to compliance
23 with the law.

24 Since our last update in November 2010, we've
25 had a lot of accomplishments. The employee training has

1 been completed for 2011 and we're starting to work on the
2 next year's training. We have updated the new employee
3 orientation section dealing with our ethics. The
4 commission has completed their annual training
5 requirement. In addition, we've had our new members of
6 the administration, Louis Carr and Dee Porter, go through
7 the training, and we've also presented the change to our
8 rules regarding the reporting to the commission to go
9 annually since we now have the Audit Subcommittee that
10 we're reporting to quarterly.

11 We've created a new awareness poster and we
12 continue to add new items to our ethics for our partners
13 that we do business with. Specifically, we've proposed
14 some rules regarding clarifying language in regards to
15 who's required to have training, and we've also added the
16 entities that receive traffic safety money from the
17 department as requiring this. We continue the risk
18 assessment for the department, but again, we're waiting
19 until we see the direction of the modernization as well as
20 the sunset bill comes out of how we shift into the next
21 gear in order to move this forward. Lastly, we made our
22 presentation to the Audit Subcommittee yesterday.

23 And with that, I'll see if you have any
24 questions.

25 MS. DELISI: Any questions?

1 MR. HOUGHTON: I do want to talk about one
2 aspect of it. There's always a focus on the negative side
3 of it, but on the positive side of this in the last
4 quarter, Steve, and correct me if I'm wrong, there were 65
5 reported incidents or supposed incidents, 10 were
6 substantiated, out of the 10 maybe three or four were
7 egregious, and the point is we have 12,000 employees here
8 and I have to hand it to our management team for managing
9 the process, spreading the word from a compliance
10 standpoint. I think we're doing pretty darn good from an
11 oversight when you have that few type of substantiated
12 incidents in a large, large agency like this.

13 So my hat's off to the management team for
14 monitoring and educating our employees as to the
15 compliance and ethical issues that we face every day.
16 Congratulations to them, Steve, and to the folks in this
17 room that are part of that process and listening.

18 MR. SIMMONS: Thank you, Commissioner. And not
19 only that, but those 10 were over a four-month period, so
20 it's not an everyday occurrence.

21 MR. UNDERWOOD: Exactly, and of the 10, three
22 were the same instance, so actually there basically were
23 seven instances. Isn't that correct?

24 MR. SIMMONS: Yes, sir.

25 MR. UNDERWOOD: So I associate myself with my

1 colleague's remarks. I agree with you, Ted, our people do
2 a great job.

3 MR. SIMMONS: Thank you, commissioners.

4 With that, we'll move on to item number 7
5 dealing with our Strategic Research Program, and this
6 deals with appointing members to our Strategic Research
7 Program Advisory Committee. Rick Collins will make the
8 presentation.

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

12 The minute order before you appoints five
13 members to the Strategic Research Program Advisory
14 Committee, and this commission recently adopted amendments
15 to Title 23, Texas Administrative Code, Section 1.85
16 regarding department advisory committees to provide for
17 the creation of this committee. And each one of the five
18 members recommended for appointment has experience as a
19 private sector executive whose company is a major user of
20 the transportation system, or is a technical expert with a
21 broad base of transportation knowledge, or they have
22 national standing and credibility in the transportation
23 field.

24 We recommend approval of this minute order.

25 MR. HOUGHTON: So moved.

1 MR. HOLMES: Second.

2 MS. DELISI: All in favor?

3 (A chorus of ayes.)

4 MS. DELISI: The motion passes.

5 MR. SIMMONS: Thank you, Rick.

6 The next item is the annual Inspection Report
7 of the Central Texas Turnpike System, and Mark Tomlinson
8 will be making that presentation.

9 MR. TOMLINSON: Good morning again. Mark
10 Tomlinson, director of the Turnpike Authority Division.

11 Item 8 accepts the fiscal year 2011 Central
12 Texas Turnpike Program annual Inspection Report, as
13 required by our indenture of trust.

14 As you know, the system is composed of three
15 main roadways: Loop 1, State Highway 45 Southeast and
16 State Highway 130. This is the fourth annual inspection
17 of the system since it opened to traffic. The overall
18 condition of the CTPP is very good. The system's primary
19 feature, its 65 miles of roadway, is in like new condition
20 with only minor deficiencies noted. The roadway elements
21 achieved an overall score of 96 out of 100, so very high
22 score. No single element achieved a score less than 80
23 with the exception of cracking which in concrete pavement
24 rated a score of 79 overall. The cracking observed was
25 not thought to be in excess of what would be expected and

1 allowable in that type of pavement system.

2 The 2011 annual inspection also shows all the
3 buildings, all the facilities to be in very good condition
4 as well. The bridges are inspected under the Federal
5 Bridge Inspection Program. All are reported in good
6 condition.

7 So I see you have the copy of the report. If
8 you have any questions about that, I'd be happy to try to
9 answer them; otherwise, staff would recommend your
10 approval of the minute order.

11 MR. SIMMONS: Mark, I always hate to correct
12 you, but you said that the condition was very good but I
13 read that the report says it's excellent.

14 MR. TOMLINSON: And I certainly don't mind
15 being corrected in that way.

16 MR. HOLMES: So moved.

17 MR. MEADOWS: Second.

18 MS. DELISI: All in favor?

19 (A chorus of ayes.)

20 MS. DELISI: The motion passes.

21 MR. TOMLINSON: Thank you.

22 MR. SIMMONS: The next item is item 10 dealing
23 with Proposition 14 Bonds, and Mr. Barton will be making
24 the presentation.

25 MR. BARTON: Thank you, Mr. Simmons. Again for

1 the record, my name is John Barton.

2 The item before you, commissioners, at this
3 time is a minute order that would approve additional
4 funding for three specific projects, two safety projects
5 and one mobility project under the Proposition 14 Bond
6 Program. We do have very few dollars left and these are
7 important projects that the staff would like for the
8 commission to consider advancing. I'll just briefly
9 describe the three projects.

10 The first project that's shown on the exhibit
11 to the minute order is a project in the Bryan District on
12 State Highway 6. It is a project to convert some two-way
13 frontage roads to one-way frontage roads in the area of
14 Navasota.

15 If you've driven State Highway 6 recently, you
16 know that we have invested a great deal of resources
17 throughout Central Texas on this particular roadway to
18 expand it to a four-lane, divided facility from Waco all
19 the way south of College Station headed towards Houston
20 and have made great improvements. In the Navasota area
21 where it was already four-lane, divided, there is a
22 stretch of frontage road that was two-way because there
23 weren't frontage roads north of that particular location.
24 Now that we've built the new frontage roads with the
25 improvements to State Highway 6 north of this location,

1 for safety reasons we would like to convert those existing
2 two-way frontage roads to one-way.

3 And as many of you know, two-way frontage road
4 configurations are extremely dangerous, they have
5 conflicting traffic movements where the entrance and exit
6 ramps are coming on and off the mainlanes to the frontage
7 roads. Our records reflect and safety studies have shown
8 that they have a much higher crash rate and severity of
9 crashes than the one-way configurations. So this \$2.7
10 million will allow us to do this frontage road conversion
11 on State Highway 6 in the Navasota area, and I think is a
12 very important safety improvement and staff would
13 recommend your consideration of it.

14 The other safety project is on US 380 in the
15 Denton County area. It's part of the Dallas District.
16 This is to the west of Denton, and US 380 is a heavily
17 traveled roadway connecting US 287 in Decatur to I-35 in
18 Denton. It certainly runs further east and west than
19 that, but there's a great deal of traffic exchanging
20 between those two major north-south routes, and over the
21 last several years we've experienced an inordinate and
22 high number of crashes on US 380 between Decatur and
23 Denton.

24 You have committed funds to expand that to a
25 four-lane, divided facility from Decatur eastward toward

1 Denton, but the work was stopping at the Denton County and
2 Wise County line. This project would pick up there and
3 continue on to the east towards the city of Denton. It's
4 part of a larger plan to do two additional projects, this
5 one and one other, that will be funded regionally by the
6 funds that are made available to the North Central Texas
7 Council of Governments MPO.

8 And I know that there's been a lot of interest
9 shown in this project recently. Commissioner Meadows has
10 certainly been involved in the discussion of this project
11 and might have additional information to share about it.
12 But this \$20.5 million would help advance a very important
13 project and to provide a much safer facility, and as we
14 speak today, we have just as recently as six to eight
15 weeks ago had some extremely serious crashes out there and
16 I think resulted in the loss of some lives. So this is
17 something that is of great importance to the local
18 community, and of course, in my opinion and staff's
19 opinion, to the state as a whole.

20 The third project is a mobility project in the
21 city of Laredo in Webb County, and it is to construct an
22 improvement where Loop 20 intersects Spur 400. This is a
23 project that is important to the Laredo community and Loop
24 20 serves as kind of a relief route, if you will, around
25 the community to the I-35 traffic that is traveling to the

1 Texas-Mexico border and crossings and some of the
2 industrial activities on the west side of the city of
3 Laredo. We're asking that we put \$7 million of
4 Proposition 14 funds on this project to help advance it
5 and to move it forward to construction.

6 So with that, I would recommend your approval
7 of this minute order, and I'd be happy to answer any
8 questions you may have.

9 MR. HOLMES: Madam Chairman, please let the
10 record show that I abstain from the discussion and vote.

11 MS. DELISI: Okay, absolutely.

12 Do you have a question for John?

13 MR. HOUGHTON: A real quick question. Is
14 Highway 6 from Waco to south of College Station interstate
15 quality yet, or close?

16 MR. BARTON: It is four-lane, divided in all
17 parts except the pieces that are currently under
18 construction. It's interstate-like, it doesn't have full
19 control of access to the mainlanes which would be
20 interstate quality, but it is an improved rural four-lane,
21 divided roadway now, and as you know, Commissioner, for
22 many years it was a two-lane roadway in many areas.

23 MR. MEADOWS: John, I just have to make a
24 comment on this 380 because I don't think there is a
25 project in the state that any more fits the definition and

1 the intent of Proposition 14 funding for safety.
2 Certainly those statistical data suggest that this is a
3 project that must go forward, and your staff and the
4 Dallas District has made that happen and made it happen
5 very quickly.

6 We've got to express appreciation to
7 Congressman Michael Burgess, to Judge Mary Horn, to Denton
8 County Commissioner Andy Eads for really persevering,
9 bringing this to our attention, working with us through
10 this process, and we will see this project delivered and
11 dramatically increase safety in that stretch of roadway.
12 Thank you very much for that.

13 MR. BARTON: Thank you, Commissioner, and I
14 couldn't agree more. I appreciate you sharing that. And
15 it is a true partnership, this \$20.5 million is being
16 added to other funds that are being brought forward by the
17 local communities, the county is contributing to this and
18 the second project that I mentioned that will complete
19 that development all the way to I-35, so it's a true
20 partnership.

21 MS. DELISI: Thank you, John.

22 Is there a motion?

23 MR. HOUGHTON: So moved.

24 MR. UNDERWOOD: Second.

25 MS. DELISI: All in favor?

1 (A chorus of ayes.)

2 MS. DELISI: So let the record show there were
3 four ayes and one abstention. Thank you.

4 MR. BARTON: Thank you.

5 MR. SIMMONS: John, are you going to do the
6 next item also?

7 MR. BARTON: The next item I will be doing, but
8 I would ask your executive privilege to have this moved to
9 the end of the agenda. We are currently working on some
10 issues associated with it.

11 MR. SIMMONS: Let it be so.

12 MS. DELISI: Better do it quickly.

13 MR. SIMMONS: Yes, we don't have very many.

14 Our next item is we'll skip item 11 and move to
15 item 12 which is a preliminary approval of a SIB loan for
16 the city of Donna.

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

19 This minute order provides for preliminary
20 approval of a SIB application submitted by the City of
21 Donna. It's for \$607,000 and it pays for utility
22 relocation and right of way costs on a project on FM 493,
23 and staff recommends your approval.

24 MS. DELISI: Is there a motion?

25 MR. HOUGHTON: So moved.

1 MR. UNDERWOOD: Second.

2 MS. DELISI: All in favor?

3 (A chorus of ayes.)

4 MS. DELISI: The motion passes.

5 MR. SIMMONS: Thank you, Brian, and if you
6 would go ahead and do the Obligation Limit Report.

7 MR. RAGLAND: Thank you. This is the monthly
8 report I give to you on the status of the Obligation Limit
9 and also the motor fuel tax receipts.

10 On the first page which details the Obligation
11 Limit, you will see that the amount utilized through May
12 is a little over a billion dollars out of the \$2.1 billion
13 letting cap for the year. That might appear to be behind,
14 however, you'll remember that we added \$425 million just
15 last month and allocated that out to the districts. So
16 staff is working very hard to let the remaining amount of
17 the obligation limit by the end of the fiscal year.

18 And if there are no questions on that report, a
19 couple of pages over is the status report on motor fuel
20 tax receipts. For the month of May fuel tax receipts were
21 up 2 percent over May of 2010. That brings the year to
22 date running total to up 3 percent as compared to the same
23 months of last year. That's about 2 percent over our
24 forecast which equates to about \$50 million. However, I
25 will mention that vehicle registration fees are down in a

1 very similar amount, so we're running about even overall
2 if you take both of those into account. Receipts on motor
3 fuel taxes are in line with 2008 figures which were the
4 highest year that I'm aware of.

5 The next page splits out the fuel receipts
6 between diesel and gasoline. Diesel is up 7.8 percent
7 year-to-date and gasoline us up 1.9 percent year-to-date.

8 And that's all of my remarks and I would be
9 happy to answer any questions. No action required here.

10 MR. HOLMES: Brian, how much did you say
11 vehicle registration was down?

12 MR. RAGLAND: It's up 1 percent but we had
13 forecast around 4 percent, so it's down 3 percent from
14 forecast.

15 MR. HOLMES: From forecast as opposed to last
16 year.

17 MR. RAGLAND: Three percent equates to around
18 \$35 million.

19 MS. DELISI: On the deposits to the State
20 Highway Fund, you projected a 1 percent increase. What
21 was the projection of that 1 percent broken down by gas
22 versus diesel?

23 MR. RAGLAND: I believe the gasoline portion
24 was 0.5 percent and the diesel portion was 1.4, something
25 like that. The diesel, as I've mentioned in the past, is

1 tied to retail sales, the gasoline we haven't been able to
2 tie it directly to any index, so we took a conservative
3 approach and estimated it at half a percent, so that
4 weighted average equates to the 1 percent.

5 MR. HOUGHTON: On the motor vehicle
6 registration, is that new cars or all cars?

7 MR. RAGLAND: That's all.

8 MR. HOUGHTON: So my point is you're down. Are
9 people leaving the state or not re-registering their cars?

10 MR. RAGLAND: The latter could be true. I
11 think people are coming to the state, so either they're
12 delaying the registration of their vehicles or reducing
13 the number of vehicles that they have that they register.
14 We probably need to drill down into the reasons why and
15 work with the Department of Motor Vehicles on their
16 expertise to see why this may be occurring.

17 MR. HOUGHTON: Yes. That doesn't make a whole
18 lot of sense, unless May is a month where it's an off
19 month or there's less vehicles registered in May.

20 MR. RAGLAND: Well, it's year-to-date.

21 MR. HOUGHTON: Oh, it's year-to-date.

22 MR. RAGLAND: It's up 1 percent but it's down
23 from our forecast which is based on historical trends.

24 MR. HOLMES: Brian, the historical trend on
25 vehicle registrations, it's been running in the 4 percent

1 range?

2 MR. RAGLAND: Yes. We use the trailing three
3 years to estimate ours.

4 MR. HOLMES: Well, we had Cash for Clunkers
5 dialed into that which caused an unusual number of new car
6 sales.

7 MR. RAGLAND: That's true.

8 MR. HOUGHTON: If you turn one in and you're
9 buying another, it should be a wash.

10 MR. HOLMES: Well, it depends on what they're
11 doing with the used car too.

12 MR. RAGLAND: We'll make a point to look into
13 it and work with the Department of Motor Vehicles.

14 MR. HOUGHTON: Yes, there's something not right
15 with that, there's something missing.

16 MR. SIMMONS: Brian, when you buy a new car
17 don't you get a two-year registration too?

18 MR. RAGLAND: You do.

19 MR. UNDERWOOD: Brian, where do you get these
20 numbers from?

21 MR. RAGLAND: These are straight receipts from
22 the Comptroller's Office. These are cash deposits into
23 the fund. And vehicle registration receipts are not as
24 consistent as motor fuel receipts in that they rely on the
25 county submitting those receipts to the state, and the

1 county can sometimes play with the timing. So looking at
2 any one month, they can be sporadic.

3 MR. HOUGHTON: You're saying they may be using
4 this as carry or something?

5 MR. RAGLAND: They could.

6 MR. HOLMES: Brian, was there an unusual bump
7 or increase during the Cash for Clunkers time period?

8 MR. RAGLAND: I don't recall that; I don't
9 think there was but I don't recall there being a
10 significant bump. Was that 2009? I'm not remembering.

11 MR. HOLMES: Yes, it was 2009 and if they had a
12 two-year registration it could influence the numbers
13 positively and then delay it. So you might drill down and
14 see if there's anything you can figure out in that.

15 MR. RAGLAND: We will. We'll take a hard look
16 at it. Thank you.

17 MR. SIMMONS: Thanks, Brian.

18 We'll move on to item 14 which is our contracts
19 and we'll ask Russel Lenz to come forward and make the
20 presentation.

21 MR. LENZ: Good morning. For the record, I'm
22 Russel Lenz, the director of the Construction Division.

23 Item 14a is for the consideration of the award
24 or rejection of Highway Maintenance and Department
25 Building Construction contracts let on May 3 and 4 of this

1 year. Today we are bringing forward 35 projects; the
2 average number of bidders per project was 4.43; the low
3 bid value of all projects together was \$34,209,223.13,
4 with an overall overrun of 7.45 percent.

5 Staff recommends the award of all maintenance
6 projects with the exception of a routine maintenance
7 contract in Travis County, 622463001. The project is for
8 pavement repairs throughout the Austin District. There
9 were three bids received but the low bid was 106.9 percent
10 over, or a value of \$1.05 million above the engineer's
11 estimate. We believe the increase in fuel and asphalt
12 prices, as well as the mobilization to remote parts of the
13 district had a significant impact on the bid, and we would
14 recommend rejection so the project can be re-evaluated and
15 repackaged.

16 In addition, there was a request for a bid
17 error on routine maintenance contract 622275001 in Smith
18 County. The project is for the repair of an existing box
19 culvert. There were nine bids received with the low bid
20 of 54.5 percent under the estimate. The apparent low
21 bidder requested a consideration of a bid error and in
22 that request, as they prepared their bid they indicated
23 that they failed to properly estimate the amount of labor
24 and equipment that was needed. In addition, they also
25 selected the wrong materials to do the work.

1 The request doesn't appear to meet the criteria
2 for ordinary care that's outlined currently in Rule 9.16
3 of the Texas Administrative Code, and consistent with our
4 previous recommendations, we recommend that we not accept
5 the request for the bid error and award the contract to
6 the apparent low bidder.

7 And with that, we're recommending the award of
8 all the maintenance contracts with the exception of the
9 previous identified one in Travis County.

10 MS. DELISI: If there's no questions for
11 Russel, then I'd like to call up Ken Janke.

12 MR. SIMMONS: That's 14b.

13 MS. DELISI: It's for 14b. We're on the wrong
14 agenda item. Sorry about that.

15 Is there a motion?

16 MR. HOUGHTON: So moved.

17 MR. HOLMES: Second.

18 MS. DELISI: All in favor?

19 (A chorus of ayes.)

20 MS. DELISI: The motion passes.

21 MR. LENZ: Item 14b is for the consideration of
22 the award or rejection of Highway and Transportation
23 Enhancement Building Construction contracts also let on
24 May 3 and 4 of this year.

25 There were 63 projects we're presenting today;

1 the average number of bidders was 5.6 bidders per project;
2 the low bid value was \$465,297,333.87. The awards are
3 split with \$281,801,173.23 comprising six projects that
4 are identifiable with mobility needs and \$183,496,160.64
5 split between 57 projects that are more readily
6 identifiable as preservation type projects.

7 There were two protests received for DMO
8 2011(997), a project in Coryell County. The project is
9 for a new location bypass at Copperas Cove. There were
10 eleven bids received with a low bid that was 13 percent
11 under the estimate. Two bidders protested the award of
12 the contract alleging that the apparent low bidder is
13 mathematically and materially unbalanced and Addendum 2
14 was unclear and incomplete.

15 In further discussion with one of these
16 contractors, they indicated that they now believe that the
17 Addendum 2 was clear and complete and our analysis
18 indicates the same. We've also looked at the suggestion
19 the low bid was mathematically and materially unbalanced
20 and we could not find evidence of that, and after
21 consideration of the bid protest, we're recommending the
22 award of that contract in the overall award recommendation
23 I'll make in a few minutes.

24 Our indications are that it's a good bid, and
25 staff recommends the award of all construction projects.

1 MS. DELISI: Questions for Russel?

2 (No response.)

3 MS. DELISI: All right. Then now I'd like to
4 call up Ken Janke.

5 MR. JANKE: Chairman, commissioners, Mr.
6 Simmons, Mr. Polson. My name is Ken Janke. It's another
7 German name. It's a Y or a J; it's spelled with a J. I'm
8 vice president of James Construction Group, the apparent
9 low bidder on the Coryell County project, and I'm here
10 today to review the protest for that project.

11 Our company spent two months bidding that
12 project. There was no material unbalance. The Addendum 2
13 which was issued in plenty of time, 48 hours prior to bids
14 due, was perfectly clear on how the job was to be bid and
15 awarded. It was not a late addendum. The addendum only
16 affected 26 bid items of the about 900 that were part of
17 that bid.

18 So I'm here today to support the recommendation
19 of the Waco District and also of the Construction
20 Division. They did a very good job in that addendum
21 clarifying some issues there and we were able to produce a
22 good bid.

23 Thank you.

24 MS. DELISI: Thank you.

25 Now I'd like to call up, and I apologize in

1 advance, Pat from James Construction Group, Pluenneke.

2 MR. PLUENNEKE: Another German name, sorry
3 about that.

4 Madam Chair and commissioners, I associate with
5 Mr. Janke. I'm Pat Pluenneke with James Construction
6 Group as well.

7 I think my associate, Mr. Janke, adequately
8 explained our position on the project. We feel like the
9 department did a good job in getting the information out
10 and giving everybody a proper chance of going through what
11 was required in evaluating that and providing the best bid
12 forward to the department. And we would appreciate your
13 consideration in awarding the project, and appreciate your
14 time this morning.

15 Thank you.

16 MR. HOUGHTON: So moved.

17 MR. HOLMES: Second.

18 MS. DELISI: All in favor?

19 (A chorus of ayes.)

20 MS. DELISI: The motion passes.

21 MR. LENZ: I'd like to also make reference,
22 there has been a couple of recent questions about the
23 current highway cost index. It currently is at 161.18
24 which is very similar to the index of October of 2005.
25 The reason that that's important that I'd like to mention

1 is simply the fact that we've seen an increase this past
2 month. While we see the market is showing some relative
3 ease, there's also an indication that there may be a
4 potential for escalation in bid prices and unit prices as
5 we move forward, and we are discussing this with the
6 districts and they are re-evaluating their estimates to
7 make sure they can bring the best price forward.

8 MR. HOLMES: Russel, the overruns in some of
9 those maintenance, was that in a particular material that
10 was being used, was it an asphalt or was it labor? Was
11 there any consistency in the overruns?

12 MR. LENZ: I have not seen a consistent
13 pattern. Most of the maintenance contracts do deal with
14 specific roadway type items, and asphalt being a primary
15 item. We have seen increases in asphalt prices, but we've
16 seen an increase overall as well, and we will continue to
17 pay particular attention to those units of work and work
18 with our districts to try and make sure that we provide
19 the best engineer's estimate at the time so we can do an
20 adequate job of planning.

21 MR. SIMMONS: It's the asphalt and the fuel.

22 MR. LENZ: Yes.

23 MR. HOLMES: Would you mind providing kind of a
24 sheet that gives a rundown on the highway cost index over
25 whenever it was indexed to a hundred to the current time

1 so we can kind of see that graph.

2 MR. LENZ: We'll be happy to do that.

3 MR. HOLMES: Thank you.

4 MR. SIMMONS: Thanks, Russel.

5 We're going to jump back to item number 11 now
6 which is the 2012 UTP.

7 MR. BARTON: Again for the record, my name is
8 John Barton and I'm here to present today a minute order
9 for the commission's consideration related to the 2012
10 Unified Transportation Program.

11 This minute order would approve the 2012 UTP
12 and authorize funding for all twelve funding categories
13 that the department uses to advance transportation
14 projects for fiscal year 2012 through fiscal year 2021.

15 And I'd like to recognize David Plutowski, our
16 UTP engineer. He has been leading this effort and the
17 update and the development of the 2012 UTP. Duane Wells
18 is with him, and Lanny Wadle, James Bass and Brian Ragland
19 and their entire team have worked tirelessly on this, as
20 well as our districts and regions in conducting the public
21 involvement processes. And they worked feverishly last
22 night to make some final revisions to the document and had
23 those out officially for the consideration today. Based
24 on some concerns raised by our general counsel today,
25 they've been working feverishly since early this morning

1 to make a change, and so this is the document that you're
2 considering. And I'll explain the changes that we had to
3 make this morning and those that we've made throughout
4 this process.

5 As you will recall, the commission adopted new
6 administrative rules governing our Planning and
7 Programming process that took effect in January of this
8 year and those rules did affect in many ways the Unified
9 Transportation Program. In one specific area it combined
10 the old Category 2 and Category 3 which were the
11 Metropolitan Mobility and Urban Mobility funds into one
12 Category 2, so now all 25 MPOs mobility funds flow through
13 the new Category 2.

14 It also created a new Category 3 which is the
15 area where we have all of our non-traditional funding
16 sources shown, that being the Proposition 12, Proposition
17 14 bond programs, the Pass-Through Toll financing, any
18 unique federal funding that we may be the beneficiaries
19 of, the regional toll revenues that are available to the
20 Dallas District, and any local participation to make sure
21 that those are clearly identified in a unique and special
22 category.

23 And we also eliminated the routine maintenance
24 functions out of this because those are handled in a
25 completely different fashion and in the new rules we did

1 not include those as projects to be considered under the
2 Unified Transportation Program.

3 We conducted five public meetings back in
4 February of 2011 regarding this matter, as well as two
5 public hearings, one in February, the other in April here
6 in this very room, and solicited public involvement
7 throughout the process via comments, cards and the
8 internet site, and open conversations with staff at the
9 district, division and region level.

10 The major changes that have been made to the
11 Unified Transportation Plan in comparison to the draft
12 that was put out at the beginning of this process in
13 January of 2011 are important to note, and I wanted to
14 share those with you, but first the broad range of public
15 comments we received can be categorized into a few
16 specific areas.

17 One, we had several comments about specific
18 projects. Many were promoting that we fund improvements
19 to US 190 in the Fort Hood area; others suggested that we
20 need to invest funding on Interstate 69 and the corridor
21 to make improvements for it; others promoted improvements
22 on State Highway 135 in East Texas, as well as State
23 Highway 31 in East Texas. And those are just a few
24 examples of project-specific types of things people
25 mentioned.

1 We also had people ask us to utilize the
2 available balance that's shown in Category 12 within this
3 draft Unified Transportation Plan to promote different
4 things: safety or mobility interests, perhaps rural
5 connectivity and things like that.

6 We also had comments from people that promoted
7 using more of our funds to leverage them against other
8 available funds through public-private partnerships or
9 toll roads, and we had on the other end people that
10 suggested we should not be investing any funds in toll
11 roads or public-private partnerships.

12 And then, finally, there were comments that
13 encouraged us to think about multimodal projects and
14 opportunities and specifically pedestrian/bicycle, and
15 those types of things.

16 The changes that have been made to this
17 document that was first made available for public comment
18 in response to those comments and other things are as I
19 will note now. \$243 million were reduced from Categories
20 1, 2 and 11 and put into that undistributed area of
21 Category 12 due to changes in project lettings -- in other
22 words, we were able to accelerate some projects into this
23 current year so they moved out of future years, those
24 sorts of things.

25 We also increased the unallocated portion in

1 Category 12 by \$470 million because we had an increase in
2 our federal obligation authority or the federal funds that
3 we now believe will be made available to us because
4 Congress has enacted a continuing resolution to keep
5 funding levels at a higher level than can sustain with the
6 revenues that are coming in which was how we had built the
7 plan to begin with.

8 We also went through a reconciliation process
9 on Category 5 which is the Congestion Mitigation and Air
10 Quality Program, and Category 7 which is the Surface
11 Transportation Program for Metropolitan Mobility and
12 Maintenance and worked with those MPOs to look at those
13 things. And I wanted to share with you that the document
14 reflects that reconciliation.

15 Staff is going to recommend, I'm going to
16 recommend, that we move forward with the approval of this
17 but that we continue to work with our metropolitan
18 planning partners that are affected by this reconciliation
19 to work out a resolution. There are still some unanswered
20 questions and I think it's important that we build
21 consensus on how to address that and come back to you with
22 an update to the UTP later this fall in the September-
23 October time frame to address that.

24 Three specific things that I think are
25 important to note and wanted to share with you. We

1 switched some funding anticipated for a few very important
2 projects and moved them into Category 12 which will now be
3 funded with federal and state funds. We moved a project
4 on Interstate 35 in the Waco District, estimated at about
5 \$190 million, originally approved by you to be funded with
6 Proposition 12 funds, and we are now recommending that it
7 be funded through our state and federal funds, and I'll
8 explain why in just a minute.

9 There's another project on Interstate 35, same
10 situation, funded originally with Proposition 12, has not
11 gone to letting, we are recommending that it be funded
12 with state and federal funds out of Category 12, estimated
13 at \$155 million, and then a \$18 million project in San
14 Antonio as well.

15 The reason for moving these from Proposition 12
16 funded projects to the state and federal funded projects
17 is because Congress has told us that they will give us the
18 authority to spend more federal money. We need to have
19 these projects which are on federally eligible roadways to
20 consume that additional money, giving us back that
21 Proposition 12 Bond proceeds then to put on other projects
22 at your choosing, and so we maximize the use of those
23 federal funds.

24 And it also will give us and put us in a
25 position to have an opportunity to at the end of each

1 fiscal year, what we call the August redistribution,
2 states that have not been able to use all their federal
3 funds, the federal government collects all those funds and
4 then they redistribute them to states that have used all
5 their federal funds, by making these moves we will be able
6 to ask for \$100- or \$200 million from that reconciliation
7 process, and if we're successful in getting it, then we
8 will, in addition, have an additional \$100- to \$200
9 million of more federal funds than we would have
10 otherwise.

11 So these strategic moves from these projects
12 being in Proposition 12 funding to state and federal
13 funding will give us the flexibility to use all of our
14 federal funds and then perhaps get even more federal funds
15 from other states that have not been able to do so. So
16 that's one of the changes that we have proposed in this
17 Unified Transportation Program.

18 We also took out the local participation and
19 included it in this Category 3. We think it cleans things
20 up so that people know where their dollars are going
21 specifically and they don't just get lost in the bigger
22 category analysis.

23 And then we removed two programs from the
24 Unified Transportation Program, one the Safe Routes to
25 School Program, the other our Crash Records Information

1 System. We put money into those programs but we don't
2 take bids on them, they're not contracts that gentlemen
3 like Mr. Janke can bid on, and so we just felt like it was
4 a little bit misleading to have them included in the UTP
5 so we've moved them out of those funding analyses.

6 And then finally, I would share with you that
7 we originally had the Pass-Through Toll Program projects
8 in this document, and we moved them out at my direction
9 yesterday because I felt like that those are programs that
10 are done through other minute orders and were not
11 necessary to be in here. General Counsel counseled me
12 this morning that that was probably an inappropriate thing
13 to do, so staff had to undo my mistake from last night and
14 they worked to put those back in, so this document
15 includes those and that revision is in before you as the
16 exhibit for your consideration today.

17 So with that, I'll conclude my remarks. I'll
18 be happy to answer any questions you may have. This is an
19 important moment and certainly an important document. We
20 anticipate updating this Unified Transportation Program on
21 an annual basis, probably would be in the March time frame
22 most years, and again, would look at probably this fall
23 coming back to amend this version, if you choose to
24 approve it, by updating our financial situation based on
25 the projects that let throughout the remainder of this

1 fiscal year and what those actual obligations have turned
2 out to be, so kind of finalizing the books for fiscal year
3 2011 and reflecting those reconciliations, and then
4 correcting the reconciliation issue on Category 5 and 7
5 with our metropolitan planning partners.

6 And I would recommend your approval of this
7 minute order and I'll be happy to answer any questions you
8 may have.

9 MR. UNDERWOOD: John, I want to understand.
10 You're asking us to vote on this UTP program with the
11 understanding that you're going to go back and work with
12 the MPOs to make sure that we do what we promised
13 previously. Is that correct?

14 MR. BARTON: Yes, sir. As we worked with them
15 on the Category 5 and Category 7 funding reconciliations,
16 there's still unanswered questions for three of the MPOs
17 that are potentially impacted in a negative way. The MPOs
18 that are in those categories, we've met with all of them
19 and we've been able to resolve all the questions with the
20 exception of these three MPOs, so we feel like we need to
21 continue those conversations, and can work over the next
22 month or two to come up with a solution and a proposal to
23 bring forward when we amend this UTP in the September-
24 October time frame.

25 MR. UNDERWOOD: And the reason why I'm saying

1 this, also I'd like to make sure as you look into this
2 restore some of the maintenance funding that we've taken
3 out over the years. Are you able to do that too as we do
4 this, as we move forward with this UTP plan?

5 MR. BARTON: Commissioner Underwood, I think we
6 can. And I failed to mention it, and I appreciate the
7 question to give me that opportunity. If you look at the
8 Category 12 sheet that's in this analysis, you'll see that
9 there is about \$2 billion over the ten-year period of the
10 UTP that falls in what we are calling unallocated Category
11 12 funds. Those are funds that after we've met all the
12 commitments required by federal and state regulation in
13 the other eleven categories, we've given the minimum
14 amounts necessary, those funds were left over, and in
15 response to the public's comments about multimodalism and
16 other things, the commission now has the opportunity to
17 take that \$2 billion over that ten years and use it to
18 advance important projects.

19 So if it's the direction of the commission,
20 staff can look at how we might utilize that \$2 billion
21 over the ten years to respond or to address maintenance.

22 MR. UNDERWOOD: If you would look into how we
23 can replace a lot of the maintenance money that we've
24 taken out of that, and also look at a reasonable approach
25 to how we're going to deal with the rural connectivity,

1 and I'm talking about Highway 69, Ports to Plains, see if
2 there's ways that we can get that involved in this
3 process, please.

4 And also, our metropolitan mobility projects,
5 they should all be part of that \$2 billion as we go
6 forward. Will you be able to do that now, John?

7 MR. BARTON: We can do that. If it's the wish
8 of the commission, we can work with our partners at the
9 MPOs and county and city levels to come up with a plan on
10 the use of that and bring it back for the commission's
11 consideration.

12 MR. UNDERWOOD: If you would.

13 I'd request of my fellow commissioners do you
14 all have any reservations with that? Fair, Bill?

15 MR. MEADOWS: Absolutely. To me, clearly
16 there's an opportunity here. Let's begin with that,
17 that's the good news. You know, the next question is what
18 process are we going to employ to make decisions with
19 regard to allocation of funding, and that's really
20 Commissioner Underwood's point. I mean, he brings up very
21 specific important projects, but I want to step back from
22 that one step and say, okay, once again, what process do
23 you all employ that's an inclusive one that really does
24 bring us to a point where we make good decisions based on
25 a lot of stakeholder participation and involvement.

1 And that's what you've said. I obviously
2 endorse it, encourage it, and look forward to us having
3 the opportunity to make some good decisions.

4 MR. BARTON: We will be happy to do that, and
5 by working with those partners, again, the metropolitan
6 planning organizations, some of our industry
7 representatives, as well as identified stakeholders, we
8 can put forth ideas and concepts that then we take through
9 a public involvement process that would be necessary to
10 amend the UTP and do that in the fall of this year as part
11 of that process.

12 MR. HOLMES: Also in the process of doing that,
13 if you would look at, and you referenced it a minute ago,
14 look at how you can utilize funding on federally approved
15 projects that can free up some state money for state
16 projects that would not otherwise have to go through the
17 federal process. I think that would be a valuable
18 exercise.

19 MR. BARTON: Yes, sir, and we certainly will do
20 that.

21 MS. DELISI: All right. Thanks, John.
22 So is there a motion?

23 MR. HOUGHTON: So moved.

24 MR. HOLMES: Second.

25 MS. DELISI: All in favor?

1 (A chorus of ayes.)

2 MS. DELISI: The motion passes.

3 MR. BARTON: Thank you.

4 MR. SIMMONS: Thank you, John, for pinch-
5 hitting for Mr. Bass on that item.

6 With that, commissioners, our final item is the
7 routine minute orders dealing with donations, eminent
8 domain, load zoning, speed zoning, et cetera.

9 MS. DELISI: Is there a motion?

10 MR. HOUGHTON: So moved.

11 MR. HOLMES: Second.

12 MS. DELISI: All in favor?

13 (A chorus of ayes.)

14 MS. DELISI: The motion passes.

15 This completes all the action items on the
16 agenda. The commission will be recessing into executive
17 session in a few minutes, but before we do I would like to
18 take any open comments. Are any speakers signed up?
19 There are none.

20 So at this time we will recess to meet in
21 executive session under Government Code Section 551.074 to
22 deliberate on the search for a new executive director and
23 for a new internal auditor for the department.

24 (Whereupon, at 10:51 a.m., the meeting was
25 recessed, to reconvene this same day, Thursday, May 26,

1 2011, following conclusion of the executive session.)

2 MS. DELISI: The meeting of the Texas
3 Transportation Commission is reconvened. For the record,
4 the time is 11:31 a.m.. The commission has concluded its
5 executive session.

6 Is there any other business to come before the
7 commission?

8 (No response.)

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

11 MR. UNDERWOOD: So moved.

12 MR. HOUGHTON: Second.

13 MS. DELISI: All in favor?

14 (A chorus of ayes.)

15 MS. DELISI: The motion passes.

16 Please note for the record that it is 11:31
17 a.m., and this meeting stands adjourned.

18 (Whereupon, at 11:31 a.m., the meeting was
19 concluded.)

C E R T I F I C A T E

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MEETING OF: Texas Transportation Workshop

LOCATION: Austin, Texas

DATE: May 26, 2011

I do hereby certify that the foregoing pages, numbers 1 through 86, 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.

(Transcriber) 6/02/2011
(Date)

On the Record Reporting
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