

TEXAS DEPARTMENT OF TRANSPORTATION

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

10:30 a.m.
Thursday,
June 26, 2013

COMMISSION MEMBERS:

Ted Houghton, Chair
Jeff Austin III
Jeff Moseley
Fred Underwood
Victor Vandergriff

STAFF:

Phil Wilson, Executive Director
John A. Barton, Deputy Executive Director
Jeff Graham, General Counsel
Rose Walker, Chief Clerk
Kristen Webb, Assistant Chief Clerk

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P R O C E E D I N G S

1
2 MR. HOUGHTON: It is 10:30 a.m., and I call to
3 order the June 26, 2013 workshop of the Texas
4 Transportation Commission.

5 Note for the record that public notice of this
6 meeting, containing all items on the agenda, was filed
7 with the Secretary of State at 3:57 p.m. on June 18, 2013.

8 I ask that, before we begin today's meeting,
9 you please place all cell phones or communication devices
10 in the silent or off mode.

11 If you wish to address the commission, a
12 speaker's card needs to be filled out, either yellow on an
13 item or a blue one for the open session.

14 Before I turn the mike over to Director
15 Wilson -- I think I do turn the mike over to you. Right?

16 MR. WILSON: Thank you, Mr. Chairman.

17 I would like to ask Deputy Executive Director
18 John Barton to come forward and provide a quick safety
19 briefing.

20 MR. BARTON: Good morning. Thank you,
21 Chairman, members of the commission, Phil. Appreciate the
22 opportunity to begin this meeting with a note on safety.
23 I appreciate the acknowledgment that many of us have for
24 the loss of one of our employees yesterday. I think that
25 the commission members may share something about that.

1 So moving on, I would ask all of us to remember
2 that there is nothing more important in what we do in our
3 daily lives, both professionally and personally, than
4 attending to the safety of ourselves, those we love and
5 care the most about, and others around us. And while
6 today I don't expect that we will have any issues, we do
7 have several guests with us so I wanted to just briefly
8 share with you that if we are asked to take shelter
9 because of a weather-related event this morning, we would
10 exit this room, enter into the foyer near the elevators
11 and use the stairwells on either side of the elevator to
12 go to the basement and take shelter there in the basement
13 or in the stairwells themselves.

14 If you're asked to evacuate the building, that
15 would be announced from the dais or from one of the
16 microphones here at the front of the room, and we would
17 leave this building. I would suggest that we walk towards
18 the corner of Congress and 11th Street, safely cross 11th
19 Street to the Capitol grounds, and gather on the south
20 side of the Capitol so that the emergency response
21 personnel would be able to safely enter our building.

22 If there is a medical emergency, I would
23 encourage all of you to seek assistance from our guard
24 station. We do have a first aid kit there as well as a
25 defibrillator, if that is necessary, and if we need to get

1 other assistance, they will be able to call 911 for us.

2 And then I would simply close by sharing with
3 you that as we begin to wrap up this month and enter into
4 July of 2013, a couple of reminders. The 4th of July
5 holiday week is always a joyous time for us to celebrate
6 the independence of our country and the sacrifices many
7 have made to allow us to enjoy those freedoms. We also
8 need to do it in a safe and wise manner, so I would
9 encourage everyone, if they are traveling, to do so
10 safely, to avoid drinking while driving. And also to
11 share with you that historically July is one of the most
12 deadly months on Texas roadways and we need to travel
13 safely at all times but especially be attentive during the
14 month of July.

15 That concludes my safety briefing and I
16 appreciate the opportunity. Thank you.

17 MR. HOUGHTON: Thank you, John. I'm going to
18 go out of order a little bit here. As John mentioned, we
19 did lose an employee yesterday, *Ciro A. Lozano* from El
20 Paso, who was killed on duty performing his duties as an
21 employee of the Texas Department of Transportation. At
22 this time I'd like to just take a few moments of silence
23 to remember *Ciro* and especially remember his family. He
24 leaves children, I believe four and two years of age, and
25 a wife. So if you can just remember him for a few

1 seconds.

2 (A moment of silence was observed.)

3 MR. HOUGHTON: Thank you.

4 We will open the meeting with comments from our
5 commissioners, and our commissioner to tee it up from the
6 Metroplex, Arlington, Texas -- right, Victor --
7 Commissioner Vandergriff, you're up.

8 MR. VANDERGRIFF: No comments.

9 MR. HOUGHTON: Okay. Commissioner Moseley,
10 none?

11 MR. MOSELEY: Chairman, good morning. I'm just
12 looking forward to the work session. It really is a
13 historic time, and historic in that we are given some
14 money for strategic investment in the state, so I look
15 forward to that discussion. I want to say thanks to
16 everybody that's here today to participate in that
17 discussion. It's a wonderful time for us to get a sense
18 of how to best invest these funds.

19 Thank you, Chairman.

20 MR. AUSTIN: Mr. Chairman, I concur with
21 Commissioner Moseley's comments, and I think as we begin
22 looking at these investments, there's going to be, I
23 anticipate, some different discussions, some open
24 discussions, and there's more than one right answer, but I
25 do know we've got to keep Texas moving, and I look forward

1 to working.

2 Thank you to the staff that's gone to great
3 lengths to prepare and make the presentations so we can
4 have some good dialogue about the future of
5 transportation. We have a lot going on, and we have a lot
6 of challenges from ports to airports to roadways,
7 maintenance to make sure we are addressing all those
8 needs. Again, there's more than one right answer and more
9 than one right approach.

10 MR. UNDERWOOD: I'd like to be able to not wear
11 this ribbon. I'd like to say that we went one day on our
12 highways with not having a fatality.

13 And that being said, I want to welcome our
14 guests and look forward to the conversation we're going to
15 have today.

16 MR. HOUGHTON: Thank you, commissioners. I
17 would also be remiss if I didn't recognize our esteemed
18 former chair of the commission, Deirdre Delisi is in the
19 audience to take notes and see how we are doing here as a
20 commission, I believe. Welcome, Deirdre.

21 Now I will turn the balance of the agenda over
22 to you, Phil.

23 MR. WILSON: Thank you, Mr. Chairman and
24 commissioners.

25 Our first item will provide an overview of the

1 83rd Legislative Session. This discussion item will be
2 presented by senior State Legislative Affairs
3 representative, Jerry Haddican. Jerry.

4 MR. AUSTIN: Jerry, how late were you up last
5 night?

6 MR. HADDICAN: About 1:30.

7 MR. AUSTIN: Good morning.

8 MR. HADDICAN: Good morning. I'm Jerry
9 Haddican, senior state legislative representative for
10 State Legislative Affairs.

11 I have a three-part discussion. Two parts are
12 in the power point that will be up in a bit, but wanted to
13 talk just a little bit about what led up to session. What
14 we do, in particular State Legislative Affairs, but we are
15 very integrated with the rest of the department and really
16 appreciate the high level of coordination and teamwork of
17 our colleagues, and then also talk about the legislative
18 priorities which we identified in discussions with you and
19 your predecessor.

20 Just to begin off, when Phil started and when
21 SLA was first formed out of the division Government and
22 Public Affairs, Phil made it a high priority to visit with
23 members, both in their districts and in Austin. At the
24 same time he asked us to enhance our visibility across the
25 street. We had a very different tone this session. The

1 department was not really discussed, it was more policy
2 and funding issues, and I think Phil's leadership and
3 direction on that really set a tone. The underlying theme
4 there was that we wanted to be a resource.

5 I'd like to say we had a quorum of
6 commissioners who went through the nominations process.
7 You certainly carried that same tone, and again, that
8 leadership really helped make us not the object of
9 discussion but the policy and funding, and I think that's
10 something that we can all appreciate. So thank you for
11 that.

12 Just to give you a rough idea with some
13 numbers, we tried to keep some metrics during the session.

14 We were present at 52 hearings with witnesses. Most of
15 the witness testimony was done by Phil, James and John,
16 who are very adept at delivering both the substance and
17 being responsive to members. But also, in addition we had
18 15 people who were present as witnesses before 52
19 different hearings, to give you an idea of our involvement
20 across the street in terms of testimony.

21 We kept some rough numbers in terms of the
22 conversations we had about legislation, and that number,
23 which is a low number compared to the number of actual
24 conversations we had about legislation, was 800. And I
25 have to recognize my colleagues in State Legislative

1 Affairs who are seated in this row. If you wouldn't mind
2 standing.

3 (Applause.)

4 MR. HADDICAN: So to breathe life into that
5 number, those conversations require a high level of
6 judgment and nuance and factually accurate and rapid
7 information, and I think that went really well. The
8 legislature is the ultimate judge of that, but I was proud
9 to work with them and play a part in that.

10 In addition to that, at Phil's direction -- and
11 the project that Trent, my counterpart, led -- we put
12 together a TxDOT 101 educational series, again being a
13 resource for the legislature. Each office was hand-
14 delivered this, and again, the State Legislative Affairs
15 team was able to do that in a fairly rapid amount of time,
16 and they also drafted the information in conjunction with
17 the divisions and offices. That's good but what was nice
18 to hear was the feedback from the offices saying we really
19 appreciate the effort that you made and that they found
20 the document helpful.

21 In addition to that, Phil, John, James and
22 Scott Haywood met with each new member of the legislature.
23 We started, particularly in the House, with a high level
24 of turnover, new members, and they each sat down early in
25 the session, really in a three-week period, and visited

1 with them, again, with a member of our team in State
2 Legislative Affairs.

3 One of the things that Scott asked us to do was
4 to move from a paper-based system to a more electronic
5 system. He was patient with me on that because I'm not as
6 technologically savvy as he is. But one of the first
7 decisions we made helped save the department \$2,000 by
8 going to a more electronic system. In another step we
9 took, we used to produce 26 binders like this each week,
10 we cut that down to eight, but I think we enhanced our
11 effectiveness by using e-binders. So we're in the
12 transition of trying to preserve what's good but also move
13 into a more paperless way to deliver information
14 internally.

15 I want to thank Federal Legislative Affairs and
16 Coby's team, particularly Robin Ayers. They really picked
17 up the slack, so to speak, in terms of casework which is
18 what we do on a day-to-day basis, handling over 160
19 casework issues and nearly 20 letters which is another
20 sort of daily task we have, but I want to thank them. And
21 again, Robin Ayers led that effort.

22 We conducted multiple staff meetings -- we had
23 a website --I want to thank Michael Sledge and his team --
24 that was dedicated to the 83rd Legislative Session, had
25 seven podcasts posted there. I want to thank Brent

1 Dollar. Seven podcasts with legislators, mostly what they
2 talked about was funding and safety. Those were issues
3 they wanted to talk about but I hope that was a benefit to
4 not only the department but the public to hear legislators
5 in their own words talk about the session.

6 At this point I'll move into the second part of
7 the discussion, kind of putting some numbers around what
8 we do day to day, starting in November. The first slide
9 shows how many bills were filed, we had 5,950, and you can
10 see the comparison, roughly what the legislature filed
11 compared to 2011. The 2007 and 2009 figures show a
12 historic trend. It tended to be that the legislature
13 increasingly filed more bill each session, but it seems
14 like things have leveled off. It's anybody's guess if
15 that will continue.

16 Moving on to the next slide, we tracked 26
17 percent of all of the bills filed which is roughly the
18 same percentage as we've tracked in previous sessions.
19 Each bill that we track, monitor and analyze is given an
20 office of primary responsibility. Again, it's talking
21 about how much we work with the other divisions.

22 At this point I'd like to just call attention
23 to OGC. We rely tremendously on them, they're very
24 patient with us. In addition to providing accurate and
25 very quick legal opinions, really do a wonderful job

1 understanding what we do, and want to thank Jeff Graham,
2 and particularly Leonard Reese for leading that effort,
3 and wouldn't be right not to talk about what they do, not
4 only the numbers but the complexity of the bills that they
5 are involved in.

6 Here's just a slide showing how many of the
7 bills that we track were actually passed into law. The
8 vetoes, Governor Perry's vetoes really didn't impact us.
9 There were two bills that were vetoed but they were of
10 little consequence, so we were really unscathed in terms
11 of the veto announcements.

12 Of the bills we have, 348 had fiscal analyses.
13 John or James reviewed each and every one of those fiscal
14 analyses. Sometimes multiple ones would come in on short
15 deadlines, sometimes very late at night, over the weekend,
16 and appreciate working with them and what we learned in
17 terms of working with them on the review of the fiscal
18 analyses.

19 Here are the commission priorities. Again,
20 these were developed with each of you and your
21 predecessors. We got a request from Governor Dewhurst in
22 the beginning part of this year, and in February Phil
23 responded to that letter outlining these as the topics
24 that were legislative priorities. Also Senator Williams
25 had inquired about this, and Chairman Phillips. I think

1 you are all familiar with these and I'll just move on to
2 how that translated into legislation.

3 SJR2 died with a bang last night. This was a
4 discussion that was a last effort by the Senate at the
5 very end of the regular session. It seems to be that this
6 is where the legislature feels comfortable, given the
7 votes. We had 405 votes in the House and it requires a
8 two-thirds majority. No word yet on whether the
9 legislature will be back again and whether transportation
10 will be added to the call, but we'll be following that
11 carefully.

12 There are a number of bills filed that would
13 dedicate revenue but 3664 was the most dramatic. This was
14 Representative Darby's bill -- who, by the way, did a
15 podcast on transportation funding. He wound up pulling
16 the bill down, and actually, when he pulled it down he
17 said, I'm going to reserve this to the special session.

18 So I think what this does, regardless of
19 whether there's another special, we are in an ongoing --
20 as you know -- discussion about funding, and it's going to
21 be whatever happens or doesn't happen at this point will
22 set the tone for next session.

23 The State Infrastructure Bank, this is
24 something we began working on in the summer, and I really
25 want to thank OGC again, but also Ben Asher, his group,

1 James, but in particular Rebecca and Nancy for all of
2 their work. This did not go well from a legislative
3 standpoint, but we left no ground unturned. This team
4 that worked on this, Patrick Muraida on our State
5 Legislative Affairs team, really did great work, short
6 turnaround time. The will was not there, the legislature
7 did not have an appetite for debt.

8 And Chairman Houghton, I appreciate your
9 counsel as this went through, as well as Commissioner
10 Meadows' counsel during his tenure, in terms of managing
11 this. I think we managed it extremely well, but it just
12 wasn't in the cards this time.

13 Comprehensive development agreements, this was
14 a team led by Chuy Gonzalez in State Legislative Affairs,
15 Russell Zapalac. They made many, many trips to the
16 Capitol and explained this. Senator Nichols and Chairman
17 Phillips took this bill very seriously from the get-go.
18 They were concerned about its passage and at first I
19 thought they were being overly cautious, but really, when
20 you looked at the vote in the House on the conference
21 committee report, there were 51 members who voted against
22 it, so I think their approach was highly coordinated and
23 very impressive to watch them work. Behind the scenes,
24 Jack Ingram really did a lot of work and was an invaluable
25 resource in the Office of General Counsel.

1 On energy sector impacts, this really came up
2 at the end of session. You are aware that we put a
3 request for \$1.6 billion in our LAR request. That turned
4 out to be \$450-. With six days left in the session with
5 Senator Williams carrying HB 1025, in a matter of days
6 that money was slashed in half, \$225 million for the state
7 system and \$225 million for county roads that we will have
8 a grant program to administer, and John and Lauren Freriks
9 in State Legislative Affairs and Trent have already
10 started working on the implementation of that. That was
11 tied to the second bill, SB 1747.

12 And I really want to thank in these efforts,
13 even before these bills began to germinate, Dan Paschal,
14 who has been involved in this issue from over a year
15 before the session started in his prep work, he's followed
16 it from start to finish and really shows a high level of
17 coordination, worked very well with us and kept us
18 informed, and I want to thank Dan for that.

19 On environmental review, this was something
20 that Carlos Swonke and Jay Bond in State Legislative
21 Affairs worked on. This bill really went through quickly,
22 did not have opposition. Very early on, Phil and Trent
23 met with House members, particularly the House sponsor,
24 Linda Harper Brown, had very positive discussions, did a
25 lot of education, and that really made this a smooth

1 process. Carlos Swonke has already started leading the
2 effort and has a plan in place to begin the implementation
3 of that bill which was effective immediately.

4 On toll enforcement, we began last summer with
5 our partners in the RMAs and TTA and HCTRA, had a lot of
6 positive discussions, really constructive dialogue, and we
7 really benefitted from that. Those positive conversations
8 led to positive conversations with the Senate sponsor,
9 Senator Watson and Chairman Phillips. And we now have in
10 place -- you have in place three key tools. You can
11 publish names -- we couldn't do that before -- of people
12 who have not paid their bills. And for the people who are
13 repeat offenders, the people who continually use the
14 facility but refuse to pay, we can impound their car after
15 one time when they use the road the second time they
16 violated, they can have their car impounded and also their
17 vehicle registration blocked.

18 One of the nice things about this bill is that
19 Senator Watson and Chairman Phillips were very thoughtful
20 about how they addressed due process concerns. So in
21 addition to everything that's in place now, there's
22 additional notifications to make sure that people aren't
23 caught blindsided and that we're really targeting those
24 people who are chronic violators.

25 The last issue normally goes first, and in

1 light of yesterday's loss, I think it's particularly
2 poignant to talk about it. SB 510, in particular, but
3 also HB 2204 were bills that John Barton had heavy
4 involvement in and really was instrumental in explaining
5 these bills and talking to Chairman Nichols who carried SB
6 510, and Chairman Phillips. Very positive effort, really
7 went through the legislature smoothly. Also, in State
8 Legislative Affairs, Sarah Matz worked on both of these
9 issues.

10 It is very nice -- it's more than nice, it's
11 very encouraging to see how your emphasis, your renewed
12 emphasis on safety has spilled over to the legislative
13 leaders. They appreciate it, they think it's significant.

14 When I hear Chairman Phillips say that safety is the most
15 important thing, I think it just really conveys your
16 message to a different audience and shows that he's trying
17 to assist in the department emphasizing its priorities.
18 For example, he began the first Transportation meeting by
19 Chairman Houghton and Phil were there, and he asked John
20 Barton to come up and give a presentation on safety to the
21 whole committee, because he said, That's what you do in
22 your meetings and that's how I want to start our
23 discussion here. I can't emphasize that enough.

24 I mean, we're pleased that these bills will
25 help improve the safety of the department, but not

1 satisfied in terms of what more could be done, and I think
2 they really share that attitude that we always need to be
3 looking at what we can do.

4 I wanted to call your attention to the variable
5 speed limits bill 2204. This is something that Chairman
6 Pickett carried in the House, and it was filed in a normal
7 time but it went through the process rather late, so it
8 was kind of under the radar, but this is a tool that would
9 help you in terms of safety. It's a pilot program, it was
10 reduced to a pilot program on the House side, but it will
11 really put you on the cutting edge. A few other states
12 have used this, and also internationally this has been
13 used to improve safety, so very excited to see how you
14 might put that in place.

15 And that's all I've got, if you have any
16 questions.

17 MR. AUSTIN: I just have a couple of comments.
18 One, on the toll enforcement, I know there was a lot of
19 work that went into this, and I'd like to compliment the
20 different tolling entities, because what this has done for
21 the citizens of the state, it will eliminate confusion,
22 bring some consistency among the tolling entities, as we
23 work to try to bring consistencies in other areas as well.
24 So there's a lot of things that will help.

25 And also, for these roads that are toll roads,

1 there's a revenue source, and that revenue is going to
2 extend the capacity of that road, go for operations,
3 maintenance, and as those roads can support themselves,
4 that gives us other monies that we can take and reapply
5 towards maintenance, et cetera. So I really applaud the
6 collection efforts. Being a banker, it's all about
7 accounts receivable collecting. So thank you, and thank
8 you to members of the legislature.

9 One other thing just on the SIB. You know, one
10 question I receive quite a bit, and I'm sure my colleagues
11 do as well, how can we advance a project in our community.

12 And I think one of the greatest tools is the State
13 Infrastructure Bank. And I think there's been some
14 misinformation. I know with many of the new members that
15 come up, this was an opportunity that when I was asked
16 tell us about the SIB. I think we have an opportunity
17 between now and the future, whenever this might be
18 considered again, is to share how it's being used.

19 You know, if you look at the geographic
20 diversity of I'm going to call it the loan portfolio,
21 you've got not only geographic, large, small, rural areas,
22 cities, counties, municipalities. It is a great tool that
23 can be used for different purposes. We've also been asked
24 for things, what if, could we help our ports, could we
25 help some of our railroads, could we help some of the

1 airports. Well, we don't have the capacity to do that,
2 and it's unfortunate that we can't help those entities,
3 those cities, those municipalities to do that, and maybe
4 at some point that might come in the future. But I think
5 we have a great opportunity, working with your office,
6 with James and Ben's office, to talk about that portfolio
7 that we have and how we've been able to help advance many
8 projects in local communities.

9 MR. HADDICAN: I think you're right, and I
10 think that there is an appreciation among those who have
11 used it and see the benefit, but getting that
12 understanding to a broader group of legislators and staff,
13 once you start to talk about that, they realize that it's
14 something that you wrestle with in terms of using limited
15 resources to meet high demand, basically. And I
16 appreciate you kind of recognizing that and encouraging us
17 in that direction.

18 MR. AUSTIN: Thank you all for what you've
19 done.

20 MR. MOSELEY: Chairman, I wanted to again add
21 to some of the comments thanking Jerry and his team. I
22 really heard a lot of good things about how we were able,
23 working through our staff here, to respond to inquiries on
24 a very complicated topic: how do you fund mobility. And
25 so I appreciate so much the work done by Phil Wilson and

1 each of you who are participants in this last session. I
2 also appreciate deeply the leadership that we saw Senator
3 Nichols, Senator Williams, Chair Phillips, the leadership
4 in the House and the Senate, to run towards this very big
5 issue of how to provide more funding for roadways.

6 Do you sense that there's a possibility of
7 another special that might come back and pick up on this
8 topic?

9 MR. HADDICAN: I think any time the governor,
10 whoever the governor is --

11 MR. WILSON: Jerry, you're doing a great job.

12 MR. HOUGHTON: Jerry, do you want to hedge any?

13 MR. HADDICAN: I guess time will tell.

14 (General laughter.)

15 MR. HOUGHTON: That's a good hedge, Jerry. You
16 don't have to answer that question. You did a very nice
17 job.

18 MR. MOSELEY: It was a friendly question.

19 MR. HADDICAN: It's on everybody's mind.

20 MR. HOUGHTON: Any other questions?

21 MR. MOSELEY: Thank you, Chairman.

22 MR. HOUGHTON: Thanks. Jerry, TRZs, did they
23 get fixed in this session? Did we extend TRZs to ports
24 and things like that?

25 MR. HADDICAN: Yes. There were four bills on

1 TRZs, and the details of that and how that shaped up,
2 there was progress, I think in some it was progress but in
3 working through those bills there was clear opportunities
4 for additional progress.

5 MR. HOUGHTON: Additional progress and
6 additional projects too, more opportunities from September
7 1 on. Correct?

8 There was a small innocuous bill on the
9 registration fees for about three counties, a bracketed
10 bill?

11 MR. HADDICAN: Yes. Interestingly, going into
12 session there were two counties that had an optional fee,
13 and then during session there Bexar, El Paso and Webb
14 counties were included in that prior legislation. For the
15 most part that was fairly, I wouldn't say under the radar,
16 but it was fairly quiet, there was not a lot of attention
17 paid to that. But in the larger funding discussion, that
18 was some movement to the positive to, as we would say,
19 deliver projects and take advantage of the time we have
20 now to put those things in place.

21 MR. HOUGHTON: And those dollars are paid to,
22 the new reg fees, they're paid to the RMAs which is a big
23 paradigm shift -- in my opinion it is -- of those three
24 different counties.

25 Anything else?

1 MR. AUSTIN: Let me go back. You brought up
2 the TRZs, and there were some bills that went through that
3 will help some of the ports. If they see a revenue
4 stream, which I feel they will, they can't come back to us
5 to borrow from the SIB right now to help them advance that
6 project.

7 MR. HOUGHTON: No, it's not legal.

8 MR. AUSTIN: So if there was new construction
9 going into one of these ports, that's really good for our
10 state, it brings enhanced revenue to the state, enhanced
11 jobs, we don't have a tool right now that we can help
12 those ports advance those projects. Where will they go?

13 MR. HOUGHTON: The bank, your bank. You don't
14 have those kind of restrictions that we have. We don't
15 have that legal capacity.

16 MR. AUSTIN: But that could have been an
17 opportunity and a tool for us to help with the State
18 Infrastructure Bank to help those ports.

19 MR. HOUGHTON: That was part of the legislation
20 that we asked about with the SIB is to extend those
21 credits to the ports and other transportation modes.

22 Any other questions of Jerry?

23 (No response.)

24 MR. HOUGHTON: Jerry, I want to thank you,
25 especially taking my call last night about 12:30, trying

1 to get a clarification, you know, what the heck happened.
2 But also your staff, congratulations to all for a job well
3 done. It was 180 degrees from two years ago. And Phil,
4 that goes to your leadership also. But thank you all very
5 much for what you've done for this agency and department.

6 MR. HADDICAN: And there are two people I
7 haven't mentioned, although they're probably desperately
8 in need of a break from me, Trent -- I mentioned him
9 briefly -- but really want to thank him and Scott Haywood,
10 very wise counsel.

11 It was a variety of bills and you know the
12 communications we had, but I felt very comfortable calling
13 on you. You had a very supportive approach, so that
14 success doesn't come without your leadership and true
15 concern that the department be in a better spot. So thank
16 you.

17 MR. HOUGHTON: Thank you very much.

18 (Applause.)

19 MR. WILSON: Next we begin our discussion on
20 maintenance, some of our new capacity needs, safety
21 challenges, state highways, municipalities and a broad
22 range of topics that face transportation across the state
23 in the next year, five years and decade. I think we've
24 got a really great presentation and conversation started
25 for the commission to work in our work group today, and

1 I'd call on Deputy Executive Director John Barton to lead
2 the discussion. He will be joined by Chief Planning and
3 Project Officer Russell Zapalac and Director of Planning
4 Marc Williams. John.

5 MR. BARTON: Thank you, Phil. And again,
6 Chairman and members of the commission, we're honored to
7 have an opportunity to share some information with you,
8 take your questions, receive your comments, and generally
9 have an open dialogue with the commission on some very
10 important and critical issues facing the department and
11 the State of Texas in the arena of transportation.

12 And the first one is a discussion about the
13 funding availability for our maintenance and new capacity
14 challenges here in the State of Texas, and Russell is
15 going to start us off leading the conversation on the
16 first few points of the conversation. And we wanted this
17 to be kind of an open dialogue, so both Marc and I may be
18 interjecting, and if it's all right, I would like to ask
19 James Bass, our Chief Financial Officer, to join us as
20 well, because we want to be able to respond to your
21 questions.

22 MR. HOUGHTON: Is he in the room?

23 MR. BARTON: I'm sure he will be down here
24 briefly, so we'll go ahead and get started while JB-2 is
25 making his way down to the front of the commission hearing

1 room, and I'll turn it over to Russell to get us started

2 MR. ZAPALAC: Thanks, John.

3 As John indicated and Phil indicated, we really
4 want to take a tag-team approach on this discussion this
5 morning, and we want this presentation not to be so much a
6 presentation but a discussion. I am going to start it
7 off, John is going to follow up in maintenance and kind of
8 system conditions, and Marc and James are going to talk
9 about the UTP and funding. So with that, we'll kick it
10 off here.

11 I think as all the commissioners and most
12 people who live in the state realize, Texas has the
13 largest and probably the most diverse highway system in
14 the nation. When you look at the number of lane miles we
15 have up there, the number of bridges and the amount of
16 right of way that we have, it's hard to get your mind
17 around 195,000 lane miles. To give you kind of a picture
18 of what that is, that's an eight-lane highway that
19 stretches all the way around the equator, the complete
20 circumference of the earth. That is a huge amount of
21 asphalt/concrete that the TxDOT family maintains.

22 When you look at the number of bridges we have,
23 52,000, if you stacked those bridges end to end in a two-
24 lane configuration, they would stretch from San Francisco
25 to Boston, from coast to coast, an elevated structure.

1 It's kind of mind-boggling when you think about it.

2 When you think about the amount of right of way
3 that our maintenance crews actually maintain, it's the
4 size of two Rhode Islands or one Delaware. It's a huge
5 amount of right of way that we actually have our team out
6 there working on a daily basis to maintain for the
7 citizens of Texas.

8 MR. MOSELEY: Chairman, on that note, I'm just
9 curious, since throughout the state there's a wonderful
10 wealth of minerals, oil and gas coming up, but I just
11 wonder where our million acres are primarily located, and
12 if by chance some of these million acres would have oil
13 and gas revenues coming off of them.

14 MR. HOUGHTON: I can answer part of that. In
15 my prior life, before here, I was on the School Land
16 Board, General Land Office, and anything under our
17 highways is owned by the state School Land Board for the
18 benefit of the children of the State of Texas. So yes,
19 the answer is we do have assets, especially in the Permian
20 Basin, and now in the Eagle Ford and in the Barnett over
21 those assets.

22 MR. MOSELEY: And I appreciate the school fund
23 account. I think it maybe helps us also, as we talk about
24 funding for roads, if we can show that some of our assets
25 are generating these revenues, maybe it gives us another

1 angle. Thank you.

2 MR. HOUGHTON: How many centerline miles of
3 toll roads do we have?

4 MR. BARTON: Centerline miles?

5 MR. HOUGHTON: Yes, or just lane miles?

6 MR. BARTON: It's about five-tenths a percent
7 of our total system, a half a percent.

8 MR. HOUGHTON: A half of percent.

9 MR. BARTON: Yes. It's in the order of
10 magnitude around 500.

11 MR. AUSTIN: And Phil, Mr. Chair, don't we also
12 have some water rights too?

13 MR. WILSON: Yes. But I think we ought to get
14 through this.

15 (General laughter.)

16 MR. HOUGHTON: Onward

17 MR. ZAPALAC: Not only do we have a very big
18 system but we also have a very unique system, from
19 fracture critical to specialized bridges, to miles of
20 rural roadway system that connects our communities, to
21 five-level interchanges in our metropolitan areas.

22 As such, working with the MPOs, we've developed
23 seven strategies to prioritize the needs and how we
24 basically move forward on these projects and look at the
25 system. Those include safety and preservation, addressing

1 the top 100 congestion, interstate, trade and economics,
2 rural connectivity partnerships and leveraging our
3 funding.

4 The strategies are also in line, as you can
5 see, with the goals of the department in maintaining a
6 safe system, addressing congestion, connecting Texas
7 communities, and best in class state agency. As we
8 advance maintenance and mobility projects, we use these
9 strategies as the basis for our investments in the future.

10 MR. MOSELEY: Chairman, if I could go back to
11 the slide that showed the Texas transportation system.
12 There was one number on there that we've talked about at
13 the commission, and this one right here talking about the
14 centerline miles and the lane miles, when we ask the
15 question what is the asset worth, and yesterday in some
16 discussions, I think what I heard was at \$2-1/2 million
17 for an average expense of a lane mile times this 195,000,
18 that it gives us a close or approximate value or the
19 highway system at about \$500 billion. Is that correct?

20 MR. ZAPALAC: That's correct, without the right
21 of way. That's just the physical asset.

22 MR. MOSELEY: So I just think it's a wonderful
23 thing for us to get a sense of this magnificent investment
24 that's been made by the taxpayers over a series of decades
25 is now about a half a trillion dollars. And then I guess

1 we can talk about the maintenance of that as we get into
2 today's discussion

3 MR. ZAPALAC: As everybody in the room knows,
4 our funding levels have not been able to keep up with the
5 growing demands of the Texas highway system. On average,
6 we have more than 1,000 a people a day moving into Texas,
7 and that growth is certainly pressuring our aging
8 transportation system. For the last several years, the
9 commission has been balancing congestion improvement with
10 maintenance of these facilities, and even in 2009 -- and
11 we'll come back and talk about this a little bit later in
12 the presentation -- in 2009 we actually reduced our
13 maintenance funding allocations and moved that money into
14 capacity and mobility type improvements in the state.

15 MR. BARTON: And Russell, if could just add a
16 couple of points. As you look at these photographs, I
17 think it's interesting that staff prepared these factoids
18 for us, those are real photographs of roadways here in
19 Texas, and congestion levels on Interstate 35, I would
20 venture to guess that that was not a peak period, it was a
21 heavily traveled portion of the day, but those are real
22 traffic volumes that we see in the Metroplex and in
23 Houston, here in Austin, San Antonio, El Paso, and
24 communities around the state.

25 The depiction of the rural roadway, that is the

1 bulk and backbone of the transportation system here in
2 Texas, in many people's eyes might be seen as okay, the
3 grass looks like it's relatively clean, the road is not
4 potholed and patched, but if you'll notice, it does have a
5 lot of crack sealing. And so what that tells me, as the
6 professional of an asset management priority, is that our
7 roads are getting heavily congested, and that's a
8 challenge that's growing every day, and that some of our
9 roads that are still in good shape are showing signs of
10 their age and the condition that we're soon to see be more
11 prevalent.

12 So I just found these two pictures to be very
13 relevant and tell the story in a visual way that sometimes
14 we often don't realize

15 MR. ZAPALAC: And I think as John indicated,
16 we're deferring a lot of our maintenance. This facility
17 may have been overlaid or chip-sealed earlier than it
18 would have normally been if we hadn't deferred some of
19 that funding in the past.

20 MR. VANDERGRIFF: I want to ask a question.
21 2009, obviously you started diverting \$500 million per
22 year to mobility projects. Why? I know some of you
23 weren't there.

24 MR. BARTON: We're going to cover that in just
25 a minute and kind of give a history of why that happened,

1 Commissioner Vandergriff. It's one of the most relevant
2 questions for today's discussion, and I appreciate you
3 asking it. So if you would, in about two more slides, I
4 believe we'll get to that point and we'll try to give a
5 fulsome answer to that question.

6 MR. VANDERGRIFF: I'll wait

7 MR. ZAPALAC: From both maintenance and
8 mobility impacts are safety on our system, and as you can
9 see from the graphics up there, it's very telling. In
10 2009 we saw a drop in the number of fatalities on our
11 system. People driving less due to the economy was
12 primarily the reason for that, however, as economic times
13 improved, in 2011 we're starting to see a trend of
14 increasing fatalities. In 2012 we had right at 3,400
15 people that died in crashes on the Texas roadway system.
16 That reflected an 11 percent increase over the previous
17 year. For 2013 we're trending along those same lines.

18 This is probably one of the most difficult
19 things that we deal with. Under Phil's leadership and
20 John's leadership, the Traffic Division has done a great
21 job in getting the word out. Our Click It or Ticket
22 program, our drunk driving programs have really done good
23 things as far as informing the people and helping to get
24 the word out on safety in the state and helping to prevent
25 fatalities, but we're still losing too many people.

1 One of the things -- and John, you help me out
2 here -- I think Texas A&M did a study not too long ago and
3 looked at 600 projects, plus or minus, smaller projects, I
4 think they totaled about \$785 million, and on those
5 projects, what they found for that investment we saved 183
6 lives and close to 800 debilitating injuries by just doing
7 those projects. That was close to a 20-to-1 return on the
8 investment for those projects. So safety is critical,
9 dollars invested in safety is critical. We can do
10 something to make our roads safer.

11 MR. HOUGHTON: Go ahead, Commissioner
12 Underwood.

13 MR. UNDERWOOD: No, no, you were first.

14 MR. HOUGHTON: No. Go right ahead.

15 MR. UNDERWOOD: You're the leader of the pack,
16 I'm just following the train.

17 MR. HOUGHTON: All right. Let me ask you a
18 question. John, wasn't that part of a \$600 million safety
19 program, the Ogden safety program?

20 MR. BARTON: It was, Chairman Houghton. Those
21 were the projects out of the two \$600 million safety bond
22 programs that Senator Ogden and Representative Pickett
23 helped advance and that this commission pushed our staff
24 to work on. And so we looked at the projects that had
25 been completed and had a three-year history after

1 completion that we could look at crash data on, and we
2 compared that history to the three years prior to the work
3 being done, and as Russell pointed out, we found we were
4 saving 183 lives per year -- per year for the next 20 to
5 30 years while those improvements are in place.

6 That \$780 million, roughly, investment for
7 those projects brought about an economic cost savings to
8 the State of Texas of over \$15 billion. That's money that
9 people won't spend in the hospital, lost time away from
10 work, paying for funerals, those sorts of things. So your
11 decisions to help promote that program and to allow that
12 investment -- and that's what this conversation is really
13 about, how do we spend the money and where do we spend it.

14 MR. HOUGHTON: Let's boil it down. Define
15 safety.

16 MR. BARTON: Safety improvements are projects
17 that provide for the elimination of a hazard, for better
18 driving environments so that people can operate safer.

19 MR. HOUGHTON: Such as?

20 MR. BARTON: So eliminating a hazard would be
21 taking maybe an overpass where two roads cross today and
22 eliminating the opportunity for people to run into each
23 other because now one road goes over the other. It could
24 be the installation of a traffic light and left-turn lanes
25 at intersections where before it was a four-way stop and

1 perhaps no left-turn lanes. It could be the installation
2 of one of the most impactful we've had, median barriers,
3 whether they're cable median barriers or concrete median
4 barriers, to keep people from crossing over and hitting
5 each other head on. So those are the types of things that
6 eliminate the hazard.

7 We also have investments that are just to make
8 the roadway surface rougher, not in terms of ride but in
9 friction so that people don't slide off the road during
10 wet weather and those sorts of things. It can improve
11 visibility through lighting so that people can see the
12 roadway in certain environments, maybe chevrons which are
13 signs on the side of the road to let people know there's a
14 curve and they can navigate that curve more safely.

15 And it's also education. Russell mentioned the
16 Click It or Ticket program, the Don't Drink and Drive
17 program. Our child safety restraint training program
18 where we teach parents and grandparents, aunts and uncles,
19 brothers and sisters how to safely put a child in a
20 restraint so that if there is a crash, they won't be,
21 hopefully, hurt, and even worse, killed. So it runs from
22 education to eliminating the hazard.

23 MR. HOUGHTON: Of the fatality rate in the
24 State of Texas, what of those attributed to alcohol?

25 MR. BARTON: Of the fatal crashes we're seeing

1 today and have for the last few years, about 35 percent
2 are related to people that are under the influence of
3 drugs or alcohol while driving.

4 MR. HOUGHTON: What is lack of seatbelt
5 restraint?

6 MR. BARTON: Lack of seatbelts is alarming.
7 When somebody dies because of an event that could have
8 been avoided for seatbelts, it's half of the people. Over
9 1,000 people a year are dying simply because they weren't
10 wearing their seatbelt. And that just is a mind-boggling
11 statistic for me because it's such an easy thing to do.

12 MR. HOUGHTON: Those two statistics alone are
13 mind-boggling.

14 MR. BARTON: The third one that just really is
15 alarming, and we've spent a lot of time on focus and
16 education, because of this commission's leadership and
17 Phil's leadership, is distracted driving, whether that's
18 texting or talking on a cell phone, for those of us that
19 have hair, combing our hair while we're driving, shaving
20 our beards, putting on makeup, reading magazines. And we
21 all laugh and say: Well, that's just silly, people don't
22 do that. Unfortunately, I look and observe a lot while
23 I'm driving and the stark reality, based on recent
24 research, is that one out of every ten cars on our highway
25 system at this very moment is being driven by somebody

1 that is either texting or reading a newspaper, one in
2 every ten.

3 MR. HOUGHTON: Go ahead.

4 MR. UNDERWOOD: You notice I didn't even move
5 my lips but the questions came out.

6 One last thing, John, or maybe Russell, maybe
7 you can help me on this, when you talk about the
8 fatalities or fatality rate on our highways, where are the
9 majority of them taking place? Is it in the urban areas
10 or the rural areas?

11 MR. BARTON: You know, it's an interesting
12 split, it's about 50-50. Half of our fatal crashes occur
13 in rural areas and they are by people that it's a single
14 vehicle, they run off the road and hit something or flip
15 their car. So about half of our fatal crashes occur in
16 rural areas, and about half occur in our urbanized and
17 metropolitan areas.

18 MR. UNDERWOOD: Because I thought it was a
19 little bit more like 60-some-odd percent in our rural
20 areas is the reason why I asked that, if I remember
21 looking at numbers.

22 MR. BARTON: And that's just sheer numbers of
23 fatalities. And so what we learn from that is there's
24 always this question: Should we invest in rural safety
25 improvements or in metropolitan/urban safety improvements.

1 And the answer is we have to invest in both, because while
2 there are lives being lost in metropolitan areas at the
3 same number, the rate in comparison to the amount of
4 traffic is higher in the rural areas. The number of
5 fatalities occurring is the same but the rate, based on
6 how much traffic is there, is higher.

7 MR. UNDERWOOD: Percentage-wise you have much
8 more fatalities in the rural areas. They don't have the
9 traffic, but when they do have the accidents, they have a
10 fatality, and part of that is because, I would think, the
11 speed. And I'm leading into another question. You know,
12 on some of your highways you were talking about the
13 different things we're doing to make it safer for the
14 driving public. You know, if you've got an intersection
15 where you have heavy traffic that's turning, 18-wheelers,
16 if you don't have a turning lane and they slow down on
17 this fast road, what happen?

18 MR. BARTON: Well, two things can happen:
19 someone can rear-end them, run into the back of them
20 because they don't realize that they are moving that
21 slowly, or a driver can make a decision to try to pass
22 them and in some situations, obviously, that's not safe to
23 do. So the installation of left-turn lanes at rural
24 intersections, and even right-turn lanes -- that's the
25 predominant movement -- are very cost beneficial safety

1 improvements.

2 MR. UNDERWOOD: And I'm saying that because
3 I've seen traffic just like coming off the interstate in
4 Midland-Odessa -- I think it's 158 -- as you pull off
5 that, literally traffic starts backing up onto the
6 interstate.

7 MR. BARTON: It does, and I actually have a
8 picture that I'll be showing later today of that very
9 intersection.

10 MR. UNDERWOOD: Okay. I'm sorry, I apologize.

11 MR. BARTON: No. I'm glad you point it out
12 because that is a safety concern.

13 You, as the commission, have led for the last
14 several years, and Phil, in his tenure with the department
15 over the last 20 months or so, has led is that safety is
16 paramount. And we don't just say it, we believe it and we
17 live it out. You wear these lapel pins not because it's
18 fashionable but because you are committed to safety. And
19 I can tell you that your staff and this State of Texas are
20 greatly appreciative of that.

21 MR. UNDERWOOD: Thank you.

22 MR. HOUGHTON: Onward

23 MR. ZAPALAC: Great discussion on safety.

24 One of the other things that we deal with on a
25 daily basis is congestion. Since 2001 we have seen

1 vehicle miles traveled in the state grow only about 15
2 percent. Considering that's ten years, that doesn't seem
3 like a lot. However, what we have seen is the motorists'
4 delay increase 44 percent which is huge, and I think
5 that's attributable to we're seeing more and more people
6 driving less in the rural areas and moving more into our
7 urban centers, our municipal centers, and that's cause
8 this congestion delay.

9 MR. HOUGHTON: How about those 1,000 people a
10 day?

11 MR. ZAPALAC: Those 1,000 people a day are
12 moving into primarily the metropolitan areas, they're
13 moving into that big triangle between Dallas, San Antonio,
14 Houston.

15 MR. AUSTIN: Will you go back to that slide,
16 please? If we were to insert another bar on there with
17 population and population growth, it wouldn't be flat-
18 lined, it would have a steeper curve. So as population
19 picks up -- and not everybody is going to be of driving
20 age, but as they become of driving age and you have more,
21 those congestion numbers, I would submit, in the long haul
22 are going to be even greater

23 MR. ZAPALAC: The next slide. You're exactly
24 correct.

25 So let's talk a little bit about what that 44

1 percent delay increase really means. On an annual basis,
2 it means the citizens of Texas are sitting in traffic for
3 an extra 472 million hours a year -- 472 million. That's
4 huge. It means that the citizens of Texas, the cost to
5 the citizens is \$10.1 billion in delay and fuel cost.
6 When you think about that, what's our budget, what's our
7 annual budget? Right at \$10 billion. So it's an amazing
8 number to think of what that cost of delay is.

9 And as we look at it, and look at 2008, if you
10 look at the pie chart, what you see is about 30 percent of
11 the roadways within the state are running at extreme,
12 severe or heavy congestion. When you look towards 2035,
13 that number jumps to almost 50 percent of the roadways
14 being congested. It's a huge number. By 2035 we will add
15 5 million new residents to the state. That's greater than
16 the population of Houston. We're going to basically lay a
17 whole new city down within the state, and all the
18 infrastructure needs, not just transportation but water
19 and other things.

20 MR. AUSTIN: Just for future reference is to
21 show that population line on top of it. Because written
22 is one thing to comprehend, but to see it actually plotted
23 with the cost would be another visual to continue to
24 illustrate the importance of it.

25 MR. BARTON: And I think, Commissioner Austin,

1 your point is very important to understand. And that
2 previous slide, if you did plot the population growth, it
3 would be steeper than the growth in traffic, but it would
4 likely be, if it was on relative scales, flatter than the
5 growth in delay. So what that tells me, as I think about
6 it, it's like sand through an hourglass, that is, you get
7 more and more sand trying to travel through that
8 bottleneck, the delay grows. So one additional vehicle
9 has an impact that is larger than the vehicle that was
10 before it because it's not a linear growth in delay, it's
11 almost an exponential growth in delay.

12 So as we get this 1,000 new Texas residents
13 each day, as people migrate towards the metropolitan
14 centers and places where there's economic activity, like
15 Midland, Ector County, maybe down in Zavala, some of those
16 other counties, that that delay is not a linear growth,
17 it's kind of an exponential growth. And that's the
18 challenge we're facing with trying to address congestion
19 in a timely manner.

20 MR. AUSTIN: And how do you add in the compound
21 factor? Because if you've got so much of this year, it
22 doesn't go away next year, it stays there, then you add on
23 top of it and keep adding.

24 MR. BARTON: That's right

25 MR. ZAPALAC: The other critical issue that

1 we're dealing with, besides congestion and safety,
2 frankly, is just the age of the Texas highway system.
3 Eighty-five percent of those 195,000 lane miles that we
4 talked about and those 52,000 bridges that we spoke of
5 earlier, 85 percent of those are older than 35 years.
6 That's an amazing number when you think of it, and it's an
7 amazing job that our crews do out there every day to keep
8 those facilities up and running and in good shape for the
9 citizens.

10 Since 1993, we have added very few additional
11 centerline miles in the state. The majority of our budget
12 has been going towards rehab of these facilities, towards
13 maintenance and towards congestion projects.

14 And with that, Commissioner Vandergriff, we're
15 coming back to the action that was taken in 2009. So
16 John.

17 MR. BARTON: So I think Commissioner Underwood
18 and Chairman Houghton will recall that in 2009 the
19 challenges were very similar, and as the commission looked
20 at our Unified Transportation Program and how to
21 distribute the available funds, we faced the challenge of
22 balancing our needs and the competing priorities and
23 issues, we wanted to make sure that we looked at our
24 mobility challenges and the growing congestion levels in
25 the State of Texas. We also felt like, Commissioner

1 Vandergriff, that we needed to honor commitments that we
2 had already made to projects that were under development
3 to address congestion in our major metropolitan areas.

4 The metropolitan planning organizations and
5 communities had spent time, effort and energy advancing
6 projects, and we felt as a group, both staff and at the
7 commission level, that we needed to think about that and
8 we needed to honor those commitments. We also worked very
9 collaboratively with the metropolitan planning
10 organizations and others outside the agency to think about
11 what do we do. But the reality was that our system was
12 still aging then, the congestion levels were growing, and
13 we needed to make a decision.

14 So we brought forward for the commission's
15 consideration this slide, and actually three scenarios.
16 Staff said: If we want to preserve the assets that we
17 have to the quality that we've been asked to and to
18 continue to improve that over time -- as a group in 2001,
19 working for the commission, a blue ribbon panel put
20 together a compact with Texas, if you will -- then we need
21 to invest in the preservation.

22 And that's what Scenario A was: put all
23 available funds that by state or federal law did not have
24 to be dedicated to other things, like congestion
25 mitigation and air quality or bridge replacement and

1 rehabilitation, into what we call Category 1, our
2 Maintenance category. And by doing so, we would be able
3 to continue to improve the condition of Texas's roads and
4 bridges.

5 We also said but on the other hand, these major
6 projects, these opportunities to address these growing
7 congestion issues that if left unaddressed strangle
8 communities, squelch economic development and growth, if
9 we want to honor those commitments and consider those, we
10 could have a balanced approach where put some money into
11 what we then called Categories 2, 3 and 4 to address
12 metropolitan, urban and statewide connectivity and
13 mobility challenges.

14 Ultimately, the commission chose to go with
15 what we called Scenario C, a balanced approach to put
16 money into the system to help preserve the assets. They
17 asked staff to be thoughtful and considerate of how we
18 could do more with less in terms of our preservation and
19 maintenance dollars, but also to continue that strong
20 partnership we had with our metropolitan planning
21 organizations and communities across the state to respond
22 to those needs through the advancement of projects like
23 the DFW Connector project in Dallas-Fort Worth, the North
24 Tarrant Express and LBJ projects, the continued
25 improvements of the Grand Parkway in Houston, as well as

1 improvements on Interstate 45, Interstate 10 and US 290,
2 here in Austin to do projects like the interchange of I-35
3 and US 290, or State Highway 71 -- we locally call it I-35
4 and Ben White. Those kinds of projects were continued to
5 be funded and advanced under this Scenario C.

6 And that's the decision that was made, and as
7 you said, Commissioner Vandergriff, the consequence of
8 that was that this funding category for maintenance,
9 Category 1, was reduced by projected a half a billion
10 dollars per year, \$500 million per year, over the life of
11 this forecasted program. And the reasons for that are the
12 commission, staff and the community representatives from
13 across the state felt like it was an appropriate decision
14 to balance our program and to not tilt the scales too far
15 one way or the other in trying to address these competing
16 priorities and needs.

17 MR. UNDERWOOD: John, weren't we honoring
18 commitments that we had made previous too, and this is how
19 we did that. And if I missed it, I'm sorry, didn't we
20 take money out of enhancement also?

21 MR. BARTON: We did not take money out of
22 enhancement.

23 MR. UNDERWOOD: Not take it out but we moved
24 it. Am I saying that correctly?

25 MR. HOUGHTON: You can't take it out.

1 MR. UNDERWOOD: Well, you can't. I'm sorry.

2 MR. BARTON: Prior to this, there was a
3 decision made by the commission at one time to rescind
4 some enhancement program authority when we had one of
5 these rescissions of federal funds, but we did not move
6 enhancement money, if you will, into any other area.

7 MR. HOUGHTON: I want you to make sure, this is
8 getting into the weeds, but I think it is real important
9 that when you look at maintenance -- and there was a setup
10 question earlier regarding safety, and if you look at
11 Categories 7 and 8, and even Category 6, you could
12 consider those maintenance too. They could be added into
13 Category 1.

14 MR. BARTON: That is correct, Chairman
15 Houghton, and we actually have a slide representing that
16 that I think Marc or Russell are going to go over in a
17 minute.

18 MR. HOUGHTON: There's no fine line, there's no
19 definite point at where one begins and one ends.

20 MR. BARTON: Absolutely right. And I think
21 this is an important message and point we'll reiterate a
22 couple of times during this conversation this morning.
23 While we have a category that's called Category 1 and we
24 title it Maintenance, when you look at our bridge
25 replacement program, that's to replace and rehabilitate

1 existing bridges, that is a maintenance funding category.

2 When you look at safety, almost all of that safety money
3 goes into improving an existing facility, making it last
4 longer and be safer. That has a maintenance aspect to it.

5 Even our district discretionary and strategic priority
6 projects, a lot of the benefit of those dollars invested
7 are benefits to making our system better, newer, higher
8 quality.

9 And then when you get to the major projects,
10 the metropolitan, urban and statewide connectivity and
11 mobility projects, more often than not, in fact, almost
12 always, with very few exceptions, we are rebuilding an
13 existing asset and making it wider. So we're taking an
14 old, for lack of a better term, worn-out facility and
15 completely rebuilding it, and then adding additional
16 capacity to it. So that rebuilding, taking that old worn-
17 out facility and making it new, obviously and clearly has
18 a strong maintenance or system enhancement component to
19 it.

20 MR. UNDERWOOD: But when you look at that,
21 John, what percent is that that you're doing compared to
22 just normal maintenance? I mean, do you see, what you
23 want to call it, our PMIS scores going up or down in the
24 future?

25 MR. BARTON: Our PMIS scores, for those that

1 aren't TxDOT-ese literate, that is our pavement management
2 information system, and it's the scores or ratings we give
3 to the condition of our roadways. With the current
4 funding revenues that are available to us, Commissioner
5 Underwood, without question they're going to erode over
6 time. There's not enough money in the system, regardless
7 of the decisions that are made, to dramatically improve
8 them. We may be able to, through a lot of intentional
9 efforts, flatline them, keep them relatively close to
10 where they are today and hopefully slow down the rate at
11 which they decline, but they are getting older each day,
12 just like we are.

13 The other part of your question was if you
14 rebuild, as an example, and the one that I think speaks
15 best to this is I-35 through Central Texas, a very
16 difficult and demanding challenge and decision this
17 commission made to invest almost \$2 billion in various
18 projects through the I-35 corridor, rebuilding all of that
19 interstate that was built originally in the early 1960s,
20 that will improve those pavement scores dramatically for a
21 significant period of time. But at the end of the day,
22 it's only 70 miles of our 80,000-mile system.

23 MR. UNDERWOOD: That's the point I was trying
24 to make. Our pavement scores will go up, but actually we
25 only covered 70 miles and we have how many lane miles in

1 Texas, 80,000?

2 MR. BARTON: Centerline miles we have 80,000.

3 MR. UNDERWOOD: Okay.

4 MR. HOUGHTON: You had an existing facility of
5 four lanes, two in each direction, you added a third, so
6 that's the new mobility to it.

7 MR. BARTON: Yes, and so the split there would
8 be about 67 percent of that investment was to rebuild an
9 existing asset, about 33 percent to build new.

10 MR. HOUGHTON: Thirty-three to add capacity.

11 MR. UNDERWOOD: One thing I don't know if our
12 audience understands, what steps did you go through when
13 we took \$500 million out of maintenance, what steps did
14 you go through to help where our pavement scores didn't go
15 down drastically? I know we received Prop 12, Prop 14
16 money that we were using, and that was helping pushing in
17 the maintenance, but that's one-time money. But what
18 things did you do to mitigate the deterioration of our
19 roads, so to speak?

20 MR. BARTON: Several things, and we'll again
21 reiterate these throughout this conversation, but we were
22 blessed with some one-time funding streams through the
23 Recovery Act, through Proposition 12, and those were funds
24 that we were able to use in some cases to improve the
25 condition of our existing roads and bridges. We also

1 tasked our staff to be focused on pavement preservation
2 activities, and through Howard Holland's, our director of
3 Maintenance, leadership, David Casteel, one of our former
4 members of administration, Toribio Garza, who was director
5 of our Maintenance Division then, and several of our
6 district engineers, particularly Lynn Passmore, a retired
7 district engineer from Brownwood, we focused a team of
8 experts on looking at how we were spending our available
9 resources and could we make different decisions to improve
10 or sustain the quality of our roads, knowing that there
11 could be consequences to that.

12 And that's what we've been doing. It's helped
13 us stretch those dollars further, but the consequence is
14 that certain things had to be deferred or done
15 differently. For instance, we are mowing our right of way
16 less often.

17 MR. UNDERWOOD: Two instead of three times.
18 Isn't that correct?

19 MR. BARTON: That's correct. And I think some
20 of the people here today would tell you they're not
21 particularly fond of that decision, but at the same
22 time --

23 MR. UNDERWOOD: I get the phone calls, I know.

24 MR. BARTON: -- it helped us keep our roadways
25 in better condition. We also are picking up our litter

1 less often. We have delayed the replacement and
2 rehabilitation of some of our traffic signals and signs
3 and striping of roadways. All those types of things,
4 through an asset management strategy, we have made choices
5 on, and that's really, I think, the point, there are
6 choices to be made. And as professionals, with your
7 leadership on policy issues, understanding where we are,
8 we can make those difficult choices and decisions to do
9 the best that can be done with the available resources.

10 MR. UNDERWOOD: Well, I agree with the chairman
11 that it should be a balanced effort as to how we go about
12 this.

13 A question for you. If you maintain a road you
14 spend about \$1, if you wait too late, you end up spending
15 seven times as much. Is that about the right number?

16 MR. BARTON: That's a rule of thumb. Deferred
17 maintenance can cost about seven times more to reconstruct
18 or significantly rehabilitate, and so we are very proud of
19 our preventive maintenance program and we understand the
20 value of those investments. And so our district engineers
21 and others, like Howard, do a great job in making sure
22 we're making wise decisions on those preventive
23 maintenance strategies.

24 MR. AUSTIN: John, let's talk about bridges for
25 a second. You shared with me last month I think we had

1 seven or eight bridges that are out, that have been wiped
2 out because of the energy sector, because of damaged
3 guardrails and things like that. This is budgeted, what
4 you see here, for normal wear and tear, the useful life of
5 an asset. Where do you take the money to repair bridges
6 like that out of these?

7 MR. BARTON: Commissioner Austin, the difficult
8 decision we have to make is when those assets are
9 impacted -- like you mentioned, and I'll show some
10 pictures today on some of those -- we have to take money
11 out of these categories, deferring work that we had
12 planned to do, to rebuild them. And in most cases we're
13 able to then seek damage claims against the insurance
14 companies of the people that caused the damage, but the
15 money that we get from that is delayed, and so it comes
16 back into the system to be reused for other things, but
17 it's usually anywhere from 18 to 24 months behind the
18 curve.

19 So as those impacts occur, they're very
20 impactful: one, they disrupt traffic significantly for a
21 significant period of time, two, they're extremely
22 expensive, and three, we have to defer other work in the
23 immediate term because we have to pay for it up front and
24 then get reimbursed, if you will, by the insurance
25 companies over time.

1 MR. AUSTIN: And I want to parlay this into
2 another question. I think back to 2030 study that looked
3 ahead for new capacity, what we need to relieve
4 congestion, et cetera. Let's apply that 2030 study on
5 maintenance. In an ideal world -- and you're probably
6 going to get to some of this -- what do we need just to
7 maintain the system with the population growth, wear/tear,
8 obsolete capacity and what opportunity costs are we going
9 to have and what are we going to have to give up to fund
10 that?

11 MR. HOUGHTON: At what level?

12 MR. AUSTIN: At what level.

13 MR. HOUGHTON: What level do you want to
14 maintain.

15 MR. BARTON: Phil.

16 MR. WILSON: So we understand that this is an
17 engaged commission, so I would like John to go through
18 some of the deck and then maybe talk through those things
19 if you have some questions so we can get a fulsome
20 coverage, and then maybe go back, if that's at all
21 possible. That would be great.

22 MR. AUSTIN: That's fair.

23 MR. WILSON: Thank you.

24 MR. VANDERGRIF: So to make a point, before
25 asking any more questions, you want to go through the

1 deck?

2 MR. WILSON: Ideally, if that's okay, because,
3 Commissioner, I think a lot of what you want to address,
4 then you've got some facts and then you may want to then
5 come back and talk through after we go back. So if you
6 wouldn't mind letting John and Russell -- and James, can
7 you come up here also, please, next to Marc -- then we can
8 go through the deck and then take Q&A at that point in
9 time.

10 MR. VANDERGRIFF: I think that's perfect.

11 MR. WILSON: Great. Thank you.

12 MR. BARTON: So this next slide is just to
13 represent what the impact of the decision we made in 2009
14 really was. You can clearly see that prior to the 2009
15 decision, in response to an effort led by then Chairman
16 Johnny Johnson to strive toward getting 90 percent of
17 Texas's roads rated as good or better and 80 percent of
18 our bridges to be rated as good or better, the investment
19 decisions were in the neighborhood of about \$1.3 billion
20 per year in this Category 1, and through that investment
21 we were making strides towards getting to that point of
22 having 90 percent of our roads in good or better condition
23 and 80 percent of our bridges in good or better condition.

24 In 2009, and for the reasons I've already
25 mentioned, a difficult decision was made to balance the

1 program to continue to advance the multiple priorities and
2 challenges the state faced and because of that, our
3 funding in Category 1, again the maintenance category, has
4 been reduced to approximately \$800- to \$850 million per
5 year.

6 Now, the impact of that reduction, we've talked
7 about some of the things that we've done to offset it, but
8 I wanted to make sure I was clear on this, that through
9 these one-time funding opportunities like the Recovery Act
10 and Proposition 12, we've been able to offset the
11 reduction in Category 1 to a certain degree. So I don't
12 want anyone to believe that we've only been spending \$850
13 million on roadway pavement preservation type of
14 activities since 2009, we have had the benefit of those
15 additional funding sources to help us sustain the quality
16 of our roadways.

17 The consequence of that is reflected in this
18 particular slide. This is showing the percent of our
19 roads that were rated as good or better for the various
20 classes of highways that we have, from interstates all the
21 way through to our farm to market highways, and as you can
22 see, in 2010 we were, on a statewide average, at 87
23 percent of our roads being good or better.

24 There was a general decline in the quality of
25 those pavements from 2010 through 2012, predominantly in

1 the interstate and farm to market road systems as we
2 struggled with the reduction in investments in pavement
3 preservation, but quite honestly, we worked very well as
4 an agency, I believe, as an agency through your leadership
5 and the quality of our staff, to keep those reductions to
6 a minimal amount, only a half a percent drop in the
7 percentage that were good or better.

8 We had had the experts at the Center for
9 Transportation Research here at the University of Texas,
10 as well as the Texas A&M Transportation Institute over at
11 Texas A&M, look at our pavements, go out and test them
12 with their equipment and forecast what the deterioration
13 would be with the investments we were making in these
14 roads, and they had forecasted that they would have
15 dropped dramatically, below 85 percent of our roads would
16 have been in good or better condition. And the return on
17 that intellectual investment, where our men and women have
18 made strong and powerful decisions, actually has saved the
19 State of Texas billions of dollars, so I'm very, very
20 proud of that.

21 In 2013, as you can see, though, we did have a
22 spike in the quality or condition of our roadways, if you
23 will, to 88.3 percent good or better, and that can be
24 attributed to a lot of things, but most likely to the fact
25 that these investments from Proposition 12 and the

1 Recovery Act were being completed, those projects were
2 being built and completed, and those quality ratings were
3 then reflecting in the condition of our roadways.

4 So through the good investment decisions that
5 were made and the strategic planning efforts of our
6 districts, district engineers and their leadership teams,
7 I'm proud of the fact that we've been able to hold our
8 own, if you will, even in the face of a reduction in the
9 amount of money that has been invested in our maintenance
10 and preservation specific categories.

11 I think that it's been something that
12 Commissioner Austin just alluded to, Commissioner
13 Underwood and I have talked numerous times about it, and
14 each of you, as leaders in this agency, have thought of,
15 and that is the quality of the bridges her in the State of
16 Texas. We are proud to have more bridges in Texas than
17 any other state in the nation, and we're also proud to
18 have, in my professional opinion, the best quality bridges
19 in the nation.

20 There was a recent report that suggested that
21 we were third best because we had the third smallest
22 percentage of structurally deficient bridges, which is a
23 federal term that doesn't mean the bridge is unsafe, it
24 just means that it doesn't carry the load capacity that it
25 was originally designed for and it has to be maintained on

1 a regular basis to continue to serve the function it's
2 intended to serve.

3 What these two charts reflect, though, is that
4 through very wise and intentional decisions of this
5 commission to sustain the bridge funding for this state at
6 the level that it was originally, around that \$250 million
7 per year, in the face of all these other challenges,
8 because this is such a safety oriented issue, you've made
9 a decision to leave that funding at the \$250 million per
10 year level. Your leadership, deployed through your
11 professionals in our Bridge Division and in our districts,
12 have allowed us to dramatically decrease by 66 percent the
13 number of bridges on our state highway system that were
14 classified as structurally deficient since the year 2001.
15 That is an unbelievable accomplishment.

16 MR. AUSTIN: And John, just a clarification,
17 when you say on our system, TxDOT's system, that doesn't
18 include the county bridges.

19 MR. BARTON: That's correct.

20 Likewise, again on our system, the rating or
21 quality of those bridges has improved from 82 percent,
22 roughly, in 2001 to almost 90 percent as we sit here
23 today. This was a strategic goal of this agency and this
24 commission back in 2001 and we're proud that we've been
25 able to show this kind of improvement with that funding

1 investment decision that the commission has made.

2 Chairman Houghton, you just a few minutes ago
3 mentioned how important it is for us to understand the
4 fulsome view of the investments that we are making, and
5 this is a slide that was put together by the staff to
6 reflect the various categories that are within our Unified
7 Transportation Program, the investment levels that were
8 decided upon in the 2009 decision, and then to reflect, as
9 you mentioned, how much of those investment decisions
10 actually contribute to maintaining our system, preserving
11 that asset and making it a better quality asset.

12 And I think it's interesting to note that when
13 you look at the total investment in all categories, it was
14 about \$28.2 billion. It's estimated that about \$20.3
15 billion of those investments would contribute to a better
16 maintained, higher quality transportation system. And I
17 felt like this was a good representation of the point you
18 were trying to make and I think it's important for all of
19 us to understand. So even those investments in, as I
20 mentioned previously, Category 2, 3 and 4 at the time,
21 which most people saw as new capacity or mobility
22 projects, a large percentage of those investments actually
23 rebuilt an existing asset, make it higher quality and much
24 more long-lived, if you will.

25 So at this time I'd like pass the microphone,

1 if you will, or the presentation back over to Russell and
2 Marc to lead us through a few more points

3 MR. ZAPALAC: Marc, do you want to take this
4 one?

5 MR. WILLIAMS: Sure, I'll be glad to.

6 Following up on the discussion that John
7 covered in the previous slide where he stepped through
8 what the 2009 UTP funding levels looked like, this is a
9 very similar graph where we look at how those projects
10 resulted in investments into mobility and non-mobility
11 assets, and it tells a similar story. John's chart on the
12 previous slide kind of showed what the 2009 plan was, this
13 reflects how the projects were programmed and identified
14 by the districts and set up through the letting, and it's
15 really dollars out the door. And again, you can kind of
16 see a distribution that really shows kind of a two-
17 thirds/one-third split between investment in the mobility
18 side of making transportation improvements and investment
19 in what is kind of referred to as the non-mobility side,
20 and that includes maintenance, rehabilitation and
21 replacing some of our existing transportation assets on
22 our system.

23 MR. AUSTIN: Just a quick question. Are those
24 real dollars or are those inflation-adjusted?

25 MR. HOUGHTON: Real.

1 MR. WILLIAMS: Real dollars

2 MR. ZAPALAC: Commissioner Austin, one of the
3 things you might note there is that if you look at that
4 percentage -- and I think John mentioned it a little bit
5 earlier -- on the actual percentage we're probably running
6 between 65 and 67 percent on the split. When you look at
7 the planned number in the previous slide, we're probably
8 running, based on what we had planned, that's probably
9 right at 70 percent. So kind of the order of magnitude,
10 the ballpark of where we typically run seems to about a
11 two-thirds/one-third split on the rehab, maintenance
12 projects, replacement projects versus the actual new
13 capacity type projects, increased mobility projects.

14 MR. HOUGHTON: On the previous slide on your
15 graph, we had a whole lot of fun around here in 2005 and
16 2009.

17 MR. ZAPALAC: That one?

18 MR. WILLIAMS: Yes. We have a few other graphs
19 that expand on that.

20 MR. BARTON: Those were the good old days.

21 MR. HOUGHTON: Yes, those were the good old
22 days.

23 MR. WILLIAMS: Keep that in mind. We'll have
24 another slide or two that will show the outlook going into
25 the future, Mr. Chairman.

1 Again, expanding a little bit more on how some
2 of our major projects split out in terms of their total
3 project cost and the portion of those projects that went
4 to reconstruction, rehabilitation, non-mobility type
5 elements, and those that went to mobility. This graph
6 highlights about six of some of our higher profile
7 projects over the past couple of years. John referred to
8 the I-35 Central Texas project that is shown at the top
9 and the distribution that we show there. Looking at the
10 actual expenditures on the different types of
11 infrastructure improvements that were made, about \$1.8-,
12 \$1.9 billion of that investment there in the Waco District
13 was attributed to reconstruction and rehabilitating the
14 existing highway, \$625 million of the expense went to
15 adding the additional lanes.

16 And you can see similar types of ratios on
17 other projects and programs throughout the list. In all
18 instances, or most of them, about half or more than half
19 of the investment on these projects, that are often kind
20 of considered mobility type investments, went to
21 rehabilitation and reconstruction efforts, and we have
22 about a 65-35 overall split in the investment that just
23 went on these projects I particular.

24 John talked a little bit about some of the
25 efforts that went into maintaining our existing assets and

1 trying to do an effective job, do more with less, if you
2 will, in addressing some of our maintenance needs. And
3 John, did you want to touch base on these bullets?

4 MR. BARTON: Yes. Just to really briefly
5 recap, we started doing what we would call an intention
6 asset management plan. It's a four-year pavement
7 management plan each district is required to prepare and
8 have scrutinized not only by Howard and his team, but by
9 his peers. And I would like to also mention Howard has
10 recently stood up a pavement preservation office, if you
11 will, and hired, I think, a great hire for the department
12 to come back and work for us and lead that effort. Brian
13 Huntsinger is here today and I think taking good notes,
14 and we're excited about Brian coming back and leading that
15 effort for us.

16 As I mentioned, we did have some one-time
17 funding sources through Proposition 12, the Recovery Act
18 funding, Proposition 14, and those investments have been
19 very valuable and provided a great opportunity for us.
20 We've already talked about the contribution of the major
21 projects to the benefits of rehabilitating and sustaining
22 and rebuilding some of our systems.

23 We also have instituted maintenance peer
24 reviews where district engineers from different districts
25 will visit a colleague and review their program, look at

1 their roads with them and the leadership within that
2 district, learn best practices from them to share across
3 the state, and also to help identify opportunities where
4 they can improve their program. I think a testament to
5 the value of that approach is that we looked at the
6 pavement condition scores of the last seven districts that
7 were visited, had a peer review, in five of the seven
8 their pavement scores went up after their peer review when
9 they were able to learn from one another and share best
10 practices. A great program and I'm very proud of the
11 success of that, we're continuing it.

12 We also have had the opportunity, through your
13 difficult choices, to take some of our operating budget
14 and increase the amount we're putting into routine
15 maintenance, through our own employees and those of
16 contractors, to help mow the right of way, patch potholes,
17 that sort of thing, and that has helped us focus on
18 preserving our assets. And as I mentioned earlier, we've
19 made tough decisions to spend less on the roadside and
20 more on the roadway.

21 And the last thing is we've asked researchers,
22 construction companies, material producers to help us find
23 more innovative and effective materials that cost less
24 money to do more work. And one that I'll just mention,
25 because I'm so proud of it, is the use of recycled asphalt

1 pavement where we take some of these old pavements, grind
2 them up, put them back through a process and make new
3 pavements out of them. It helps reduce the cost, it
4 actually also makes those pavements last longer. And
5 through what we have affectionately termed Goldilocks
6 asphalt, a warm mix asphalt technology, we've been able
7 to, again, take a less expensive material, make it more
8 effective, last longer, it's not too hot and it's not too
9 cold, it's just right, that's why it's Goldilocks, and
10 it's also greener in that it reduces emissions that are
11 part of the old traditional hot mix arena. So those
12 innovations have saved money, allowing us to preserve our
13 assets better, and I'm just so proud of the district
14 engineers and our staff at the divisions who have come up
15 with those ideas.

16 MR. HOUGHTON: I'm going to interrupt you, and
17 this is my oversight and I apologize. But go back two
18 charts to the major project reconstruction mobility.

19 MR. BARTON: Yes, sir.

20 MR. HOUGHTON: I note that three of those are
21 in the Dallas District. Is that correct?

22 MR. BARTON: Three of those are in the Dallas
23 District, two in Houston and one in Central Texas.

24 MR. HOUGHTON: I'm not really worried about the
25 other two right now. But if not for, I think, on two or

1 three, for our partner at the RTC, these were not
2 possible. Is that an accurate statement?

3 MR. BARTON: That is correct.

4 MR. HOUGHTON: And he is here in the room.

5 MR. BARTON: That's correct. Michael Morris is
6 here, representative from the Regional Transportation
7 Council, North Central Texas Council of Governments MPO.
8 And it may be appropriate, either now or during the
9 discussion at the end of the presentation, to have Michael
10 to come forward and share his thoughts on this whole
11 discussion as well.

12 MR. HOUGHTON: I will hold him until the end.

13 MR. BARTON: Okay. Real quickly, I just wanted
14 to point out this is an interesting slide and I think it's
15 relevant to the total conversation. While we've been able
16 to sustain the health of our system fairly well under
17 these difficult times, we need to understand exactly
18 what's happening. And Phil brought this point home to me
19 and allowed me, inspired me to work with staff to put this
20 together because he understood that while it looks really
21 well and our asset management and preservation techniques
22 are doing a great job, on the left-hand side you will
23 notice two color-coded stacked bars, one representing the
24 condition of our roads in 2010, the one on the right, the
25 condition of our roadways in 2012.

1 What's interesting to note is the percentage of
2 our roads that are classified as very poor, over that
3 three-year period of time grew by about 9 percent, and the
4 percentage of our roads that are classified as very good
5 shrank or decreased by about 2 percent. So the worst
6 roads are getting larger, the best roads are getting
7 smaller, and the roads that are in between, good and fair,
8 are kind of increasing. So the middle is getting larger
9 and the two ends are getting one bigger and one smaller.

10 We have to be cognizant of this, we have to be
11 aware of it and focused on it. And there is a natural
12 aging, if you will, of a roadway that goes from being
13 brand new, very good, and over time you try to keep it at
14 that cusp between very good and good as long as you can
15 for the least amount of money as you can, and then at some
16 point when it goes beyond a point in the curve where you
17 can maintain it, it starts to decline to being fair, then
18 poor, then very poor. And we have to make difficult
19 decisions about those very poor roads and how far we let
20 them deteriorate before we invest the large dollar amounts
21 before we rebuild them to get them back to very good.

22 MR. WILSON: Commissioners, I think we have
23 several very important slides in here but I would call
24 this one out to you just as a thought process. As we're
25 going through this, John, if you'll maybe talk about the

1 student analogy which I think is very apt to what we're
2 looking like, and also what Commissioner Underwood
3 referred to, you get those 80 miles on I-35, well, your
4 scores looks really great, you get a 97-98, you're good
5 now. So maybe talk about the student and why this jumps
6 out at us.

7 MR. BARTON: So as we were thinking through
8 this as staff and talking about what we really needed to
9 try to convey, this particular issue brought to mind that
10 story that we've heard so many times where a school
11 district will brag about the fact that a larger percentage
12 of their students are passing some level, and even in a
13 state they'll say that we've increased the quality of
14 education because a larger percentage of our students are
15 passing some minimal threshold. And when you really look
16 at the information, what you find is that the number of
17 students making As consistently has shrunk and the number
18 of students that are making Fs consistently may have
19 shrunk but you've got a whole lot more B, C and D students
20 and really the students that are migrated toward the
21 bottom end of the C range is growing dramatically.

22 So we have to be cautious to make sure that we
23 fully understand the information, and I could roll back,
24 but one of our slides said that in 2013 88.3 percent of
25 our roads are classified as good or better, and in reality

1 it's because those middle bars are getting fatter, and
2 ideally, the blue would be 100 percent, but that is not an
3 attainable reality. So we've just got to make sure that
4 as Mark Twain said, there are lies -- I'll paraphrase it
5 slightly, darn lies, and statistics. And we need to make
6 sure that statistics don't trick us into a point of
7 misunderstanding what we are actually doing.

8 MR. WILSON: And for the commission's policy
9 consideration, as we have the conversation about how we
10 get as much to stay in green or blue and what it takes to
11 do that, I think that was being asked and we'll get a
12 response on that later on.

13 MR. BARTON: And from your professionals'
14 perspective, I think our real opportunity is to try to
15 keep our blue where we are today, maybe slightly less, and
16 get our green to be much larger, and that's what Brian
17 Huntsinger, Howard Holland, our district engineers are
18 going to be focusing on as we move forward.

19 MR. AUSTIN: We're going to be talking more
20 about the dollars, but bottom line is it's going to take
21 more dollars to sustain that, with more traffic and more
22 population growth.

23 MR. BARTON: And we are going to talk about
24 that, as you said, Commissioner Austin.

25 One last thing on this slide before I hand it

1 back over to Russell and Marc and maybe James to wrap up,
2 the chart on the right isn't as dramatic as it may appear,
3 it's more dramatic to me than it may appear to you on the
4 screen, but this is to just document and have evidence
5 that we are spending our resources differently, and so
6 while our pavement qualities overall have been sustained
7 and may be even up a little bit this last year, our
8 roadside and traffic control device quality is starting to
9 decline because we've chosen, we've made that mindful
10 conscientious decision to invest more in the pavement, we
11 even had it named, Pennies to the Pavement, and at the
12 detriment at the roadside and some of our traffic control
13 devices.

14 So those are decisions that we have to reflect
15 on, we have to reevaluate, assess and continue to make as
16 we move forward.

17 MR. WILLIAMS: Thank you, John.

18 Moving on, commissioners. Chairman, this is
19 another one of these good old day graphs, it kind of shows
20 what we have been able to enjoy, how we've been able to
21 address some of our maintenance and mobility needs over
22 the past ten years or so, and begins to project out what
23 our current program levels are in our Unified
24 Transportation Program, and that is the plan. John showed
25 the 2009 graph of the UTP.

1 This is the outlook for funding over the next
2 ten years of what will be presented to the commission in
3 August as the 2014 UTP, and on that we show that the level
4 of our balance in the UTP, which is represented by the
5 gray line, is going to, under current funding levels,
6 decrease significantly, going to drop to around a \$3
7 billion level under current financial assumptions.
8 Underneath that line there is a remaining unallocated
9 balance in the UTP, and this next chart helps to kind of
10 show that.

11 MR. HOUGHTON: Let me stop you. In 2013 is
12 Grand Parkway in there, or in 2012?

13 MR. WILLIAMS: That amount of money that was
14 funded through state and federal, portions of the Grand
15 Parkway are represented in that chart, so a portion of the
16 Grand Parkway is represented in that.

17 MR. HOUGHTON: So it's not a true
18 representation if you take the word UTP off and say
19 statewide funding, you would add the Grand Parkway on top
20 of that in there somewhere.

21 MR. WILLIAMS: You could add the portion of the
22 Grand Parkway that was leveraged off of non-state and
23 federal sources. In addition, the same could be said for
24 NTE and LBJ, any time that we have an opportunity to
25 leverage additional funds from private sources.

1 MR. HOUGHTON: These are statewide funds, these
2 are not leveraged dollars or private sector dollars.

3 MR. AUSTIN: So it doesn't include TIFIA, it
4 doesn't include the local match, it doesn't include the
5 SIB or the TRZs, things like that.

6 MR. WILLIAMS: Yes.

7 MR. AUSTIN: So back to the chairman's
8 question, if you added those in there, that would show the
9 peak substantially higher.

10 MR. WILLIAMS: Yes.

11 MR. HOUGHTON: That's not statewide dollars.

12 MR. AUSTIN: Right.

13 MR. WILLIAMS: It does have local contributions
14 included in there.

15 MR. AUSTIN: Okay.

16 MR. WILLIAMS: I'll spend a little bit of time
17 on the portion of the graph that shows from about 2013 on.
18 The orange portion of that preceding chart represents
19 about \$2 billion in available program capacity that
20 remains in the UTP through FY '23. About \$175 million of
21 that is dedicated funding that has to go out by formula
22 into Categories 5 and 7. In fiscal years '13 through '15,
23 we estimate that there's about \$860 million of available
24 program capacity. Some of that is through remaining bond
25 programs. \$490 million is included in our FY '14 MAP-21

1 federal program capacity, and then about \$250 million in
2 what we consider our traditional federal program area.

3 Looking out from FY '126 through '23, we have
4 about a little over \$1.1 billion of remaining capacity. A
5 lot of it is in the federal and traditional program areas.

6 There's important assumptions about that. It assumes
7 federal programs will continue beyond FY '14 at no less
8 than historic Highway Trust Fund levels. That does not
9 include an uplift in highway program levels that might be
10 attributed to the higher level that we have today under
11 MAP-21, but it does assume that we would maintain what has
12 been our historic Highway Trust Fund capacity, and that we
13 would be primarily using federal program capacity with
14 required state match. All told, if you deduct the amount
15 that we have to distribute by formula, we have a remaining
16 amount of about \$1.9 billion in unallocated funds that are
17 anticipated to be available between FY '13 and FY '23.

18 One thing to caution about, particularly as we
19 look at the amount of money that's available near term in
20 FY '13 through FY '15 is a lot of that is still subject to
21 some fluctuations and changes. When we have fund transfer
22 requests that come through due to cost overruns, or at
23 times cost underruns, or when we deobligate funds, that
24 can cause some variability, some fluctuation in what we
25 project to be the amount of unallocated program capacity.

1 MR. AUSTIN: You mentioned cost underruns.
2 We've been averaging the last several months last year 6,
3 7, 8 percent. Last month was less than 1 percent. And
4 John, based on what you are seeing coming up, that's not
5 going to go down any more, is it?

6 MR. BARTON: I don't believe so. I think we're
7 seeing the prices rebound to a higher level because of the
8 growth of the economy here in the State of Texas, and so
9 our estimates will start to increase but I think that the
10 contractors will probably have to bid higher prices and we
11 won't be seeing these significant and consistent underruns
12 moving forward.

13 MR. AUSTIN: We haven't even heard from the
14 economist, James Bass, talk about the future of interest
15 rates and the impact either.

16 MR. BARTON: And I'd just as soon not, if it's
17 all the same to you.

18 MR. AUSTIN: He's been awfully quiet.

19 (General laughter.)

20 MR. WILLIAMS: We have an opportunity for Mr.
21 Bass to chime in as our CFO here. Talking a little bit
22 about some of the factors, and we touched on them just
23 previously, some of the factors that could reduce
24 available balances. The UTP, the financial forecasts in
25 the UTP are based upon assumptions, based upon estimates

1 that reflect our best understanding of where we are today,
2 and a lot of factors can change that as we go into the
3 future.

4 Factors that could reduce available balances,
5 as John mentioned and we discussed, significant increases
6 in highway construction cost indices for program projects.

7 When we assign a project in the UTP, it's based upon our
8 best estimate of how much that project is going to cost.
9 If projects begin to increase more than what we have
10 estimated, then that has to come out of the UTP when we
11 program some of those projects.

12 One of the projects that's included in the
13 amendment tomorrow for the June revision of the UTP is the
14 Big Spring Bypass. That was about a \$40 million project.

15 Due to circumstances associated with energy sector
16 pressures in that area, the cost overrun, the projected
17 cost overrun on that increased to about \$48 million, and
18 so we had to work with the districts to find some ways to
19 cover that additional cost, but there's some additional
20 fund transfer that has to occur out of the UTP to help
21 bridge that gap.

22 And so that's just a single example, there
23 could be more of those that could drive more pressure onto
24 our available funding in the UTP, additional increased
25 future funding distributions to maintenance or safety

1 program categories in the UTP and a drop in federal
2 funding levels or other revenue sources. We are assuming
3 that the federal government will continue to fund us at
4 Highway Trust Fund levels. It's dependent upon what
5 Congress may or may not do, and so that is a very
6 difficult thing to predict.

7 MR. UNDERWOOD: Marc, after watching the farm
8 bill, I agree with you. So thank you.

9 MR. WILLIAMS: There are factors that could
10 increase available balances in the UTP. Continuation of
11 federal funding at fiscally constrained program levels
12 after the expiration of MAP-21 at the end of FY '14,
13 MAP-21 expires at the end of next year. If Congress funds
14 our programs at MAP-21 levels, that could add about \$700-
15 to \$800 million a year to our construction program that
16 would be reflected in the UTP.

17 Opportunities to refinance our bond debt for
18 major projects such as the Grand Parkway, annual transfers
19 of unspent operating funds goes into our construction
20 program. When TxDOT is efficient in how we run our
21 programs, at the end of the fiscal year that excess funds
22 in our program strategies roll over into our construction
23 program.

24 Any unexpended funds, similarly, in right of
25 way could go and be added to our available unallocated

1 balances, and any further increases in federal or state
2 funding levels in the future that haven't yet been acted
3 upon, all of those could have a positive impact on what
4 we're projecting into the future. But we have to plan
5 with what we know to date, and that's what has been
6 reflected in the current Unified Transportation Program.

7 Did I skip over anything, Mr. Bass?

8 MR. WILLIAMS: So just to wrap up, we've talked
9 about a lot of things already and we know you may have
10 questions and comments for us to listen to and respond to,
11 but it's clear that to accomplish the goals that were
12 established by the commission and that blue ribbon panel
13 in 2001, we need about a billion dollars more each year in
14 our pavement preservation and bridge rehabilitation
15 program than we currently have the ability to fund.

16 We also need about \$3 billion a year to address
17 the growing congestion challenges of our state, and Phil
18 has done a good job of sharing that message with the
19 legislature and the public, it's been covered broadly over
20 the last several months. It's important to note, though,
21 that of that \$3 billion for congestion relief and
22 mitigation, about \$2 billion of that, if the percentages
23 hold, would help rebuild and aging assets and contribute
24 to that maintenance aspect of our program.

25 If we want to just hold the line, we thought it

1 was important for you to know this, we need about \$500
2 million a year just to keep the line held on our bridge
3 and pavement qualities, above and beyond what we're able
4 to fund today, to replace those one-time opportunities
5 that we've had recently and to help strengthen that asset
6 management program. That would bring the funding category
7 for Category 1 up to about \$1.3 billion per year, and we
8 know that that's a choice that could be made but it may
9 not be possible to make.

10 So we're going to have to have a continued
11 aggressive and intentional asset management plan. I
12 mentioned bringing on staff to do that. We are working
13 both internally and with some external resources to
14 develop a stronger total asset management plan and
15 approach to our program, and I'm confident that it will
16 continue to provide some real significant and meaningful
17 benefits to our system as well as help reduce the costs
18 associated with those things.

19 And at the end of it all, the point of this was
20 to try to describe the challenges for you, to give you an
21 opportunity to engage in a dialogue with us now, and to
22 understand that we have an aging system that has growing
23 demands placed on it, and that in order to address those
24 competing interests, it's important to have a balanced
25 program for the rehabilitation, preservation and operation

1 of our system, and keeping safety at the focal point of
2 all of those initiatives as we move forward.

3 So that's the presentation of this particular
4 part of this morning's discussion, Phil, and I think that
5 we'll be happy to try to respond to any or take any
6 comments that the commission may have.

7 MR. HOUGHTON: Do you have questions or
8 comments? None.

9 Michael, I told you I saved the best for the
10 end.

11 MR. VANDERGRIFF: I did have a couple. I
12 apologize, I waited till the end. John, you might be the
13 one who will want to walk me through this. I just had a
14 couple of questions just to kind of walk me through, and
15 again, I wasn't here during this time period so I'm just
16 looking for education.

17 But on slide 19 you've got the listing of kind
18 of the scenario that was presented at the time and
19 Scenario A and then what was selected, Scenario C, and so
20 strategic priority money of about a million and one,
21 Category 12, and then I'm just trying to tie numbers
22 together. Then when you go to page 20, you've got fiscal
23 year '13 through '15, \$860 million left and then another
24 untold amount, it goes to a different number of years,
25 '23, is \$1.16 million. Where does that tie to what's

1 there on page 12? Because that was a ten-year funding
2 outlook, how does that tie?

3 MR. BARTON: This is the funding outlook,
4 again, for ten years, and so how it ties, so what that
5 shows is that during the fiscal years '13 through '15
6 there's about \$860 million estimated through those various
7 sources. From '16 through '23 what we're suggesting is
8 that there's, again, about \$1.16 billion available to be
9 distributed. And so if I understand your question
10 correctly, Commissioner Vandergriff, in 2009 when we made
11 those investment decisions, we had forecasted out from
12 2009 through 2019 we would be funding Category 1 at about
13 \$850 million a year.

14 We sit here today, obviously four years after
15 that decision, and there's available resources to be had
16 to be put into someplace. It could be that they go back
17 into Category 1 to increase that from \$850 million per
18 year, which is kind of the forecast we have for Category 1
19 moving forward, to a higher level, or it could be used to
20 do additional congestion-relieving, safety, bridge
21 replacement projects, or it could be used in a multiple
22 ways in a balanced approach, if you will, for those
23 things.

24 So the numbers reflected here are based on our
25 current forecasted distribution of funds within the UTP,

1 and in Category 1 -- and I think, Marc, if you could flip
2 to the UTP numbers -- in this Scenario C they were going
3 to be just under -- this was for an eleven-year period of
4 time so they were just right at that \$850- to \$900 million
5 per year. As you consider future UTP updates, that number
6 can be changed -- and I'll ask Marc and James to correct
7 me if I'm wrong -- in the current Unified Transportation
8 Program and those that we've been bringing forward for the
9 commission's consideration, we've sustained Category 1 at
10 hat \$850- to \$900 million per year range.

11 MR. VANDERGRIFF: Well, I understand that. I'm
12 just trying to understand how like the money was
13 transferred out of maintenance -- which I'm fine with,
14 that was a good decision at that time -- and transferred
15 into really metro mobility, urban mobility, statewide
16 mobility and strategic priority.

17 MR. HOUGHTON: Hold on, Commissioner. It was
18 not transferred. We made a choice.

19 MR. VANDERGRIFF: I understand. I'm sorry,
20 poor choice of words.

21 MR. HOUGHTON: Yes. It's not a transfer.
22 There was a choice made -- and Fred and I were here at the
23 time -- which way do we go, so it was A, B or C. Do we
24 just shut down mobility, do we get out of the business of
25 building new mobility and we put everything in

1 maintenance.

2 MR. VANDERGRIFF: And as I said at the
3 beginning, I understand and appreciate that decision.

4 MR. HOUGHTON: The transfers did not take
5 place, it's which way do you go.

6 MR. VANDERGRIFF: Poor choice of words. You
7 had a budget or a projected amount of money.

8 MR. HOUGHTON: Which no leads us which way will
9 we go, based upon -- and we don't know, these numbers out
10 into the future do not reflect additional federal funds.
11 Correct?

12 MR. WILLIAMS: That's correct.

13 MR. HOUGHTON: It shuts it off, they're gone.

14 MR. VANDERGRIFF: I've got all that.

15 MR. HOUGHTON: So I would hope that's not a
16 reality, I don't think it will be a reality, or we'll have
17 a revolution, I think.

18 Go ahead, James.

19 MR. BASS: If I can add some background on the
20 2008-2009 time frame of really the introduction of fiscal
21 constraint to the UTP and then funds needed to be
22 reallocated. I think the commission at that time became
23 very aware of once money is allocated within the planning
24 document, there is a perception by a lot of our partners
25 of ownership, even though it's merely a planning document.

1 And so because of all the uncertainties, our largest
2 partner, Federal Highways, as Marc and his team works on
3 the next ten-year UTP, we know what we're getting from
4 that partner for one of those ten years.

5 And so the commission, back in 2008-2009, I
6 believe said we'll put the money in strategic priority so
7 then as the demands and the needs of the state change, the
8 commission over time will have the ability to allocate
9 those funds where those needs are over time. And I think
10 that's part of the output eventually of this discussion.
11 But the commission decided to keep the flexibility to be
12 able to efficiently and effectively address those demands
13 and needs as they change over time back in 2008 and 2009
14 is how I would describe it.

15 MR. UNDERWOOD: Because of previous commitments
16 too, James.

17 MR. BASS: Correct, particularly in the
18 mobility categories you discussed.

19 MR. UNDERWOOD: With the understanding that if
20 we received any additional funding that we would start
21 replacing that back into maintenance.

22 MR. BASS: Yes, sir, I believe that was the
23 discussion at the time.

24 MR. HOUGHTON: And again, let's understand that
25 there's a merging of maintenance and a merging of rehab.

1 It's balled together here and we have it separated because
2 we're mandated to separate it. Is that an accurate
3 statement? We're mandated to separate these by categories
4 by the feds.

5 MR. BASS: Correct. We follow the federal
6 categories in a lot of cases and the categories mean
7 different things to different people, and one of the
8 earlier slides showing some of the major projects and the
9 percentage of those that are going to preserve the system
10 that's already out there, I think would surprise probably
11 most people. And a number of people we deal with
12 externally, they see a lot of those projects as, quote-
13 unquote, mobility projects because that's a large reason
14 why we're doing those, but at the same time we're adding
15 capacity, the existing network is being rebuilt in
16 preserving the system, and so it's also addressing the
17 maintenance needs.

18 MR. UNDERWOOD: But I understand that, James,
19 and I don't mean to argue, but the cost of reconstructing
20 or maintenance and expanding of US 290, that's 30 miles,
21 was \$1.4 billion. That's more than the maintenance budget
22 Category 1, period. So we only got maintenance of 30
23 miles but we spent \$1.4 billion.

24 MR. BASS: Right. So I guess the point I would
25 say there is funding other than Category 1 that can be and

1 is utilized to address rehabilitation needs of the system.

2 MR. HOUGHTON: You would add the rehab to the
3 maintenance in some respects.

4 MR. BASS: Correct. And I believe on slide 13
5 it shows what that has been historically.

6 MR. HOUGHTON: You could call it shades of
7 gray.

8 MR. UNDERWOOD: And my theory is that -- we
9 discussed this before -- \$1 for maintenance or \$7 for
10 rehab, where are we going to find that happy medium.

11 MR. HOUGHTON: Well, and at some point in time,
12 Fred, you're going to have to, just because of the age,
13 you're going to have to replace it.

14 MR. AUSTIN: That's what you're facing in El
15 Paso.

16 MR. HOUGHTON: That's what we're facing on
17 Interstate Highway 10.

18 We just overrode Commissioner Vandergriff.

19 MR. VANDERGRIFF: That's all right.

20 MR. AUSTIN: There's a filibuster down here.

21 (General laughter.)

22 MR. VANDERGRIFF: No, I won't do that. I'll
23 reserve questions, but I want to make sure you understand
24 that I'm trying to be helpful, not hurtful, and I'm not
25 being accusatory or questioning in a negative way. I

1 think one of the challenges that we still have is people
2 really understanding exactly where the money is spent and
3 how decisions are arrived at, and it's helpful to the
4 commission, the chair and to the executive director and
5 the staff to try to boil that down into very simple terms
6 so that people really can understand it. And then just as
7 well as you have overcome the challenges of explaining
8 what you do operationally, I think we need to overcome the
9 challenges of what we do financially. Just that simple.
10 And so I'll reserve those questions.

11 MR. HOUGHTON: And this is probably not the
12 right thing to do but I'm going to say it anyway.
13 Rhetorical, when did we first designate a CFO in this
14 agency, what year?

15 MR. BASS: I believe that was 2005.

16 MR. HOUGHTON: That should be telling. We've
17 come a long way, baby, Victor, but we've got to come a lot
18 farther.

19 MR. VANDERGRIFF: And I totally agree with you,
20 Chairman. Having been around since 2007, you've
21 definitely come a long way and my hat's off to that, and
22 I've had the utmost respect for your CFO, always have.

23 MR. BASS: If I could comment. We obviously
24 welcome all of the commissioners' inputs and Mr. Morris,
25 as well. But I agree with you 100 percent, one of the

1 huge challenges that we face in discussing the financial
2 needs of the department is we have a number of people that
3 are familiar with the UTP, and it is a planning document
4 primarily focused on the award of projects. A number of
5 other people are familiar with the state's budget which
6 includes everything the department does, the planning, the
7 acquiring of right of way, and reflects the payout on
8 those projects. So they're prepared for different groups
9 under different externally created criteria, and people
10 obviously want to connect them but they are very
11 different.

12 And so look forward to working with you and all
13 the commissioners to help better align those and explain
14 those to our stakeholders.

15 MR. VANDERGRIFF: And as usual, you have
16 perfectly grasped what I was trying to drive at just a few
17 minutes ago.

18 MR. HOUGHTON: Michael, welcome.

19 MR. MOSELEY: Chairman, may I also just ask if
20 we agree that our asset is about \$500 billion, what would
21 be a best in class percent that corporations would use,
22 let's say, for maintenance. What would be just kind of a
23 best in class percentile, John?

24 MR. BARTON: The best in class, Commissioner
25 Moseley, I think if you looked at most large international

1 corporations or large businesses, they look at their net
2 asset cost to replace it and what they've invested in it,
3 and they try to spend at least about 1 percent per year in
4 the maintenance of that, just from a preventive
5 maintenance perspective. So if we have a half trillion
6 dollar asset, doing the simple math, that's a \$5 billion
7 per year preservation investment that if you were to have
8 a best in class, keep your asset at that top notch quality
9 operating level, that's what you would do.

10 Now, I'm not suggesting all companies do that,
11 but I'm suggesting that that's the level of investment
12 that a world class, best in class organization would do.

13 MR. MOSELEY: Thank you. Because I know that's
14 the spirit of this commission and historically we've
15 talked about how we're reaching to make sure our roadways
16 and bridges are in that category, and as Phil Wilson
17 described, making sure that we fight to keep our green and
18 blue bars growing. And so it just seems like as much as
19 we're asked what our needs are, and then with 1,000 people
20 a day and the extra demand for capacity and for the
21 maintenance, that it's kind of good to see a best in class
22 as it relates to maintenance by the corporate world. So
23 \$5 billion a year would get us there, Chairman, just to
24 take care of the demands of maintenance, then there's the
25 demands of capacity.

1 Thank you, Chairman.

2 MR. HOUGHTON: Michael, thank you for being
3 here, and I want you to just illustrate what we talked
4 about -- and we're picking on you a little bit --
5 regarding the projects and the participation by our
6 regional partners moving these projects forward.

7 MR. MORRIS: Mr. Chairman, for the record,
8 Michael Morris, director of transportation at the North
9 Central Texas Council of Governments, the MPO for Dallas-
10 Fort Worth. It is an honor to be with you.

11 I want to applaud what you're doing today and
12 not underestimate the time you're putting in. These are
13 billion-dollar decisions, they have implications ten,
14 twenty years into the future. Some of you may think this
15 is time well spent, some of you may not. This has huge
16 benefits for your staff and for the MPOs and the people in
17 the audience as consensus is reached and innovation and
18 technology transfer occurs. So I applaud you taking the
19 time today.

20 I was invited, along with the MPOs that are
21 here, in 2004 and 2009 to weigh in on the scenarios, and
22 we suggested that a balanced approach is the way to go,
23 and I think the misconception that is being discussed is
24 very important. It isn't capacity or maintenance that is
25 often debated, it's capacity and maintenance in what it is

1 we're suggesting in the balanced approach. And let the
2 picture just describe this for you. This isn't the
3 projects that were built, I mean, 121 isn't even on the
4 list, and State Highway 121 produced \$2 billion of non-
5 state, non-federal, local Dallas-Fort Worth revenue that
6 went back onto your system, largely to improve the
7 pavements and maintenance of your particular facilities.
8 Lots of it went to aging farm to market roads in Collin
9 and Denton counties.

10 So look at this particular chart, and I suggest
11 to you that we as staff -- and I'll include myself in
12 this -- we are not doing a good enough job to help you as
13 policy officials get out of this capacity versus
14 maintenance. All of those lines, Chisholm Trail, 383B,
15 North Tarrant Express, Airport Freeway, DFW Connector,
16 LBJ, 35E, US 75, the new 635 East, the Horseshoe, South
17 R.L. Thornton, Loop 9, 100 percent of these facilities are
18 tolled. Forget about if they're NTTA or not, we're
19 focused on our customers.

20 Those tolls do two things into the future that
21 we need to get into your accounting system. They maintain
22 all of these roadways forever, so by us initiating these
23 leveraged projects, these are items that won't come to you
24 in the future as needing revenue and these are revenues
25 that are coming into the future that aren't yet included

1 in something like a UTP, they don't need to be, but they
2 need to be accounted, Mr. Chairman, as you indicated, into
3 the revenue streams that you as policy officials and the
4 public see.

5 The second thing -- LBJ and North Tarrant
6 Express are classic examples -- you have level of service
7 kick-in strategies that force the capacity to be improved
8 on those particular facilities. So the CDA vendor has to,
9 by performance in your contract, build capacity into the
10 projects, not at your expense and not at our expense, it's
11 the expense that's already built into the project. So you
12 have out-year capacity elements that come into this
13 particular program.

14 So point number one, I think, is we need to do
15 a better job, and I should go back and drive a revenue
16 stream for you that shows you the maintenance on all these
17 particular projects and shows you the stepped-in capacity
18 improvements for all these particular projects, so that
19 you can see that when you in '04 and '09 went ahead with a
20 balanced approach, you went ahead and made some capacity
21 improvements. As John indicated to you, 65 percent of it
22 paid for the maintenance on those particular projects, but
23 I argue billions of dollars of revenue are coming in to
24 self-sustain those particular projects in the future. You
25 as policy officials should focus on the sustainability,

1 this is why it's so important. One way to sustain it is
2 to create the revenue on these particular projects and
3 they sustain themselves.

4 And I need to do a better job of laying that
5 financial forecast out to you so when these presentations
6 are given on the UTP, you can plug in those revenue
7 streams from DFW, Ashby is here, he can plug in the
8 revenue streams from Houston, so you get that add-on so it
9 isn't a Sophie's choice that often people try to put you
10 in, but it's a capacity-balanced approach that delivers
11 both of those particular suggestions.

12 If you could back to the presentation that
13 TxDOT gave. Can you transfer back to that. And thank
14 you, that slide came into TxDOT about 15 minutes ago and
15 it's already on the screen. If you could get me the
16 picture John described as the cracking in the rural cross-
17 section compared to the urban section early on in the
18 presentation.

19 MR. HOUGHTON: The I-35 shield?

20 MR. MORRIS: And again, I think we as staff
21 have to do a better job. The infrastructure performance
22 measures given to you is per lane mile, so let's just
23 assume -- this probably isn't a good assumption -- that's
24 a random shot of a rural section, probably a farm to
25 market road, and let's say that's a random shot of an

1 urban section. There's two lanes miles on the right side
2 and there's lane miles on the western side.

3 So the policy question I introduce to you is:
4 who is your customer, is it the asset or is it the user?
5 And I think this conversation needs to say, well, it's
6 probably both because you have to protect, Commissioner
7 Moseley, a \$500 billion asset. But frankly, one thing
8 that may go a long way to help you is to do a weighted
9 average of your pavement score based on how many customers
10 are on there, because that particular project on the
11 right, the capacity of that project is 600 vehicles per
12 lane per hour, that one on the left is 2,300 vehicles per
13 lane per hour. The one on the right may have a volume of
14 2,000 vehicles a day in that lane, the one on the left has
15 a volume of 23,000 vehicles in that particular lane.

16 So one thing that I think can mature the
17 conversation is to take the pavement management initiative
18 you have per lane mile, John wants to introduce a capital
19 asset inventory, one interesting performance measure would
20 be to take a weighted average of who the customers are and
21 see if, in fact, the customers drive your policy direction
22 in the future. I think they would drive you to a balanced
23 approach in the future because those customers are willing
24 to self-pay for additional capacity and the maintenance of
25 their system, in at least the Dallas-Fort Worth and

1 Houston and Austin metropolitan regions.

2 My last thought to you is every project we
3 build -- and I'm going to do this now in our region, our
4 districts do a good job as we recommend projects -- we're
5 going to present to our RTC the asset value at
6 construction or at reconstruction. I think as policy
7 officials you could say if John recommends to fix this
8 particular project, you should be proud of him because he
9 squeezed out pretty much all of that capacity. He may
10 have one asphalt overlay left in the one on the right.
11 But the reason why I'm so critical of the hundred most
12 congested projects -- which is often driven by the people
13 in the building across the street -- is it's too innocent,
14 too low a level of how sophisticated we need to be when we
15 pick a project.

16 When our projects come before you -- if you go
17 back to the map that we previously had -- those pavements
18 are done on those corridors. You want to travel 35W north
19 of Fort Worth, there's weeks left on that. The bridge
20 scores, that we worked so closely with John Barton on, on
21 the Horseshoe, on 30 and 35E, those bridge ratings are
22 sitting at 52 or 54. So I think we owe you what is the
23 asset value when we ask you to reconstruct a particular
24 project. That would be a good performance measure to say:
25 Look, here's the pavement score, it's in trouble, here's

1 the bridge scores, they're in trouble. So you as policy
2 officials have the ability to say: Look, we squeezed
3 everything we got out of that investment, we're making a
4 good investment at this particular point in time.

5 So to recap, at least to defend the balanced
6 approach previously, it's not capacity or maintenance,
7 it's capacity with sustained maintenance, especially if
8 people across the street take this leveraged approach. I
9 think we could do maybe a better job of adding vehicle
10 miles of travel, or asset cost. I think if you add asset
11 cost, I think you could include you better hurry up and
12 fix the Corpus Christi bridge because of asset cost, but
13 if you looked at it just as a bridge, it's one bridge
14 compared to a rural bridge. If you say we need 90 percent
15 of our bridges in good standing, it doesn't really speak
16 the value of taking the value of that Corpus Christi
17 bridge and saying, you know what, we need to make it a
18 priority to preserve that particular value. So
19 introducing asset value or taking a weighted average by
20 vehicle miles of travel, or something, I think would give
21 you a better picture.

22 And then finally, we shouldn't come forward and
23 build a project if we weren't good stewards of an asset
24 whose previous value has been fully utilized, and that's a
25 performance measure we should bring forward so you know

1 we're not bringing projects forward for capacity
2 improvements that haven't lived their previous useful
3 life.

4 So just listening and being part of the 2004
5 and 2009 invitation from the commission, I think we've got
6 to get away from capacity or maintenance and develop
7 innovation of capacity and maintenance. Because if you
8 went just maintenance -- and I think, Mr. Chairman, you
9 just said it -- you can't maintain things forever, at some
10 point they wear out underneath the pavement, and you
11 better have some balance with regard to capacity,
12 especially toll-producing revenues to sustain those assets
13 on their own over time. So I wanted to just bring those
14 observations.

15 MR. HOUGHTON: Any questions for Michael?

16 MR. MOSELEY: Chairman. Thank you, Mr. Morris,
17 for your statement. I guess, just again, to add to this
18 whole thought and to exaggerate a little bit to make a
19 point, but in a sense, historic data is not so relevant
20 because we find ourselves in a rather unprecedented time:
21 1,000 people a day, fracking, Panama Canal opening a new
22 shipping lane.

23 And so it would really be wonderful to continue
24 dialoging with our COGs, with our regional planners to get
25 a sense of where, as Wayne Gretzky was so famous for

1 doing, he knew how to get to where the puck was going to
2 be, and even though he was too small to win on hockey, he
3 became a champion because he had that mastered, and in a
4 sense, as we strategically invest in not only keeping our
5 roadways maintenance but adding that capacity, the
6 historic data may be misleading in a way. We probably
7 need to push ourselves to understand what the new demands
8 on our road system will mean.

9 Thank you, Mr. Morris, for being here.

10 MR. HOUGHTON: Michael, I also want you and the
11 staff to think about, we haven't talked about the economic
12 opportunity of the system, and especially economic
13 opportunity in the urban areas, and I say congested urban
14 areas, on what that means if you do not obviously maintain
15 your system but also plan for that growth that we're now
16 behind the curve on. So the economic opportunity is one
17 of those numbers out there that has to be quantified.

18 MR. MORRIS: If I could just comment, Mr.
19 Chairman. I did have the opportunity a half a dozen times
20 across the street to testify, and that is actually the
21 comment that I tried to drive home. If this state can't
22 have good statewide leadership and tax policy that brings
23 economic development to the state, in our region a million
24 people every decade, so five million in 50 years, three
25 million in the next 30, you can't have a successful state

1 policy which is unbelievably a successful economic
2 generator, and then leave to this side of the street, you,
3 to pick up the externalities of congestion and air quality
4 and safety and maintenance.

5 They need to bring across the revenue structure
6 to sustain that economic policy; otherwise, what will
7 happen is the value of that economic policy statewide will
8 deteriorate over time. When someone says, you know, this
9 air just isn't as clean as it was when my mother lived
10 here, and this congestion doesn't make Fort Worth feel as
11 great as Fort Worth used to feel. And it doesn't take
12 much. Defense contractors left Long Island 30 years ago
13 because the Long Island Expressway no longer provided
14 just-in-time delivery for workers and goods, and they
15 packed up and moved to Texas and St. Louis and Kansas City
16 and California, and there's no getting them back.

17 And this state has to be worried about that.
18 The externality of the quality of life that John described
19 in his safety briefing and the picture of these particular
20 individuals breathing or in injury is an unacceptable
21 consequence of the successful policy, why everyone is
22 working so hard to get you the revenue to sustain it. And
23 I think it is an economic fundamental element, Mr.
24 Chairman.

25 MR. AUSTIN: Michael, I want to say thank you

1 for always coming up here. You always bring a new level
2 of insight and really challenge us to think. But I don't
3 want to go without going to one of the slides that was
4 shown earlier, John, you went through looking at the
5 leverage we have. You know, we can focus on Dallas-Fort
6 Worth. Thanks to you, former Commissioner Meadows,
7 Victor, when you were at NTTA, you know, you look at the
8 regional partners to use the tools to make things happen.

9 I am a fan of toll roads, there are some that
10 are not, but without that additional capacity statewide,
11 just think what kind of mess we'd be in right now. And as
12 you talk about the sustainability of those revenues to
13 come back in and absorb the maintenance and operations and
14 future capacity of those, this state wouldn't be where we
15 are right now, even though I can still say we're behind,
16 but we wouldn't be where we are without those.

17 I want to separate, just go back to some of
18 your comments, set the toll assets, the revenue assets
19 aside, I think we've got to be careful because coming from
20 a little more rural area than where you are, we have a lot
21 of traffic because people still want to bypass Houston,
22 Dallas, Austin, and we've got to make sure that we are
23 maintaining adequate systems. We can look at it just with
24 the pure numbers and the statistics, and that's important,
25 but we've got to make sure we're balancing, looking at and

1 protecting our trunk system, because that is our Texas, if
2 you will, interstate system to make sure statewide that we
3 have the capacity to be able to move traffic safer and
4 some of the heavy oversized vehicles as well.

5 MR. HOUGHTON: You've been talking to Senator
6 Nichols a lot, haven't you, former Commissioner Nichols?

7 MR. AUSTIN: I've met him.

8 MR. HOUGHTON: Though you had.

9 (General laughter.)

10 MR. MORRIS: One of the things, Commissioner,
11 first of all, we appreciate the credit you give to our
12 particular region. That would have never happened without
13 the tools and the personnel in this particular building,
14 as well. It took sort of arrows locally, but CDA and
15 intellectual capacity in this building, and this building
16 is just as responsible for our success as we are in our
17 particular region. The district engineers and us took the
18 arrows and we needed things called public-private
19 partnerships and other tools and this office and this
20 commission stood behind us 100 percent, and that would
21 have never happened.

22 I suggest to you that -- and I don't want to
23 spend too much time on this, and I've mentioned it to you
24 before, Commissioner -- I think we've got to develop a new
25 form of partnership that doesn't just include toll roads.

1 So if you look at what this state legislature said, we've
2 got power plant capacities and electricity that are going
3 to be a problem, we've got water capacity in the future,
4 we've got transportation capacity, I think that's a
5 roadmap of creating new partnerships with people like the
6 urban regions in East Texas.

7 So East Texas, say, wants an Interstate 20
8 improvement. Well, how do we work hard to get you a
9 transportation improvement and somehow the state gets a
10 little more electric power grid reliability for businesses
11 to not have a manufacturing process that would have a
12 blackout, that creates a water source for potential urban
13 portions of the state, and can we have a mature
14 conversation about that without East Texas thinking evil
15 of the urban region and urban region thinking evil of the
16 electric companies, and so on and so forth. Are we ready,
17 as mature adults, to try to solve three of these items at
18 the same time? I think that's the new generation
19 partnership that doesn't involve toll roads.

20 MR. WILSON: Thank you, Michael. I think this
21 is a great segue to our next presentation. As staff, in
22 conversations with the commission and taking direction
23 from the commission, we've given a lot of thought to how
24 to best utilize our existing resources, how to capture
25 value, and how to maintain the system we've got where we

1 have connectivity, maintenance, and all the charges that
2 we have assigned.

3 So John, if you would start our next
4 presentation and go from there. Thank you, sir.

5 MR. BARTON: Thank you, Phil.

6 So as we think about these challenges and what
7 we can do about them, the commission and Phil have
8 challenged us with thinking through what opportunities we
9 might have to address our growing demand and perhaps
10 assign opportunities for the state as a whole to share in
11 these responsibilities in a more appropriate and equitable
12 way. And so one notion that's been talked about is
13 looking at the highways that lie within our largest
14 municipalities and what do they really mean, how do they
15 really function, and where should they more appropriately
16 be aligned.

17 Just a couple of facts that the staff put
18 together as we were evaluating this question is the fact
19 that about 10,000 of our lane miles lie within our larger
20 communities, those communities that are over 50,000 in
21 population, and that's a threshold that was selected
22 because it's how we determine communities that are
23 eligible to be metropolitan planning organizations. It's
24 also the population size that is the threshold between the
25 communities that are responsible for the maintenance of

1 their own traffic operations system and those below that
2 are not, and there are 59 of those communities here in
3 Texas and 10,000 of the lane miles of our highway system
4 lie within their incorporated boundaries.

5 About 6,900 of those lane miles are non-
6 freeways that are not integral parts of our statewide
7 connective system, if you will, they play more of a local
8 road responsibility and function. And if you were to ask
9 a citizen in those communities -- and I'll show some
10 examples of those momentarily -- is this a highway or a
11 city street, they would most likely say it's a city
12 street.

13 The state, the Department of Transportation,
14 because they currently are on the system, are spending
15 about \$165 million a year annually from our maintenance
16 and construction budgets to maintain and sustain those
17 roadways, using a term Michael just mentioned, so I wanted
18 to show you some examples of what we're talking about.

19 This is a map of the City of Austin, the
20 greater City of Austin community, and those red highways
21 are non-freeways, they are roads that have stop lights and
22 stop signs, some have overpasses but most do not, they
23 have uncontrolled access with driveways moving out onto
24 the roadways, if you will, and for all intents and
25 purposes they're seen as local thoroughfares. The ones

1 that are blue have the same characteristics, but as we
2 looked at we felt like it likely would be something that
3 was integrally important to be a part of the statewide
4 transportation system and would be something that a
5 traveler throughout the state would use, but those that
6 are red are more local road in nature.

7 And not to make it personal, but our executive
8 director, Phil Wilson, lives in a very nice subdivision
9 off of Ranch to Market Road 2222, out towards Lake Travis.

10 MR. HOUGHTON: Does it have a new overlay on
11 it?

12 MR. BARTON: It does not. It's the worst
13 maintained road in the entire district because we didn't
14 want to show any favoritism. No, it is a very nice road,
15 actually.

16 MR. HOUGHTON: Recently striped and mowed?

17 MR. BARTON: It is. It gets inspected
18 frequently, I'll just say that.

19 (General laughter.)

20 MR. BARTON: So it is more of a local road.
21 And so you look at that system and it does point out that
22 the average Texan probably wouldn't realize that that's
23 the extent of the state highway system here in the City of
24 Austin, so let me give you some examples of state
25 highways.

1 This is Lamar Boulevard. Many of us have
2 driven this road for a variety of purposes, maybe it's to
3 grab a bite to eat at the Sonic, as shown there, or maybe
4 it's to go out to The Broken Spoke for a night on the
5 town. But the point is this, those look like local
6 streets, most people perceive them as local streets, and
7 yet they are part of the state highway system. Burnet
8 Road and Martin Luther King, Jr. Boulevard are also a
9 couple of roads here in the City of Austin that are
10 technically state highways, and perhaps most often
11 perceived to be city streets and function that way.

12 Looking at the City of Lubbock as another
13 example, this is one that I think is a telling story as
14 well. Again, the red roadways are those that are part of
15 the state highway system that perhaps serve more of a
16 local roadway network, look like boulevards or city
17 streets. Blue are sections that are coming in from other
18 parts of the state and are the main way to get into and
19 around the City of Lubbock. And of course, the gray are
20 the freeways, the Marsha Sharp, the loop around Lubbock,
21 and those sorts of things.

22 But when you look at photographs of them, this
23 is 19th Street, what people in Lubbock would call 19th
24 Street, what John Barton calls Farm to Market Road 2255,
25 some refer to it as State Highway 114, but it looks like

1 the road I drive through my subdivision coming in and out
2 of work each day. If you turned 90 degrees to that, it's
3 crossing a road known as Slide Road which is a city
4 street, and the two pictures side by side make the point
5 that to the citizens of Lubbock they look the same, they
6 are functioning the same way, they serve the same purpose,
7 and in reality, they're local roads providing access to
8 their growing population for subdivision residential
9 access.

10 We thought perhaps it would be interesting to
11 look at Round Rock, another community here close in
12 Central Texas, and some of the roadways that are in that
13 area. This is a community that was much smaller in the
14 past, has grown rapidly over the last few decades, and
15 what's interesting to note is that Mays Street which is
16 State Spur 379, it's also called Business 35 because it
17 was part of the old Interstate 35 system, is shown there
18 on the left if you were looking at the ground. It's got a
19 speed limit of 40 miles per hour, again, center left-turn
20 lane, a lot of access to adjoining development, but if you
21 look at the photo on the right, that's Mays Street. It's
22 got all kind of business and residential development
23 around it, it's not what most people would have perceived
24 as a state highway, this is an urban corridor for a
25 growing urban community.

1 Not to pick on our commissioners, but I thought
2 let's look at the City of Tyler. I mean, if we're going
3 to talk about this, I thought you would want to be able to
4 answer the questions that might be asked.

5 MR. HOUGHTON: Two out of five isn't bad.

6 MR. BARTON: Two out of five isn't bad. And it
7 will be for everyone to know which community got left out
8 at the end of these slides.

9 But as you look at Tyler, again, it has a
10 circumferential loop, and we now are developing Loop 49.

11 MR. HOUGHTON: Wait. Tyler has a loop?

12 MR. BARTON: It does. It doesn't function very
13 well as a loop because it has a lot of driveways, but it's
14 also got a Loop 49, Toll 49 that's being built.

15 MR. HOUGHTON: That's the one down at the
16 bottom.

17 MR. BARTON: That's the one on the south, yes,
18 sir.

19 And so when you look at those roads coming into
20 the old loop, as we'll call it, you can see it's the way
21 that people get into Tyler from surrounding communities
22 and other parts of the state, but once you get into Tyler,
23 those interior highways again start to look more like city
24 streets. In fact, there are some of those that go down
25 through the downtown area of Tyler. So Front Street we

1 affectionately refer to as State Highway 31, and it
2 intersects Broadway which is a city street, and as you
3 stand there on that corner and take those two photographs,
4 you realize that to the citizens of Tyler and those that
5 visit it, they aren't any different, and yet one is a
6 state highway and one is a local road.

7 MR. HOUGHTON: There's a bank back there.

8 MR. BARTON: There is, there is a bank there,
9 and I think somebody in this room has some association
10 with it.

11 MR. HOUGHTON: Something to do with that bank?

12 MR. BARTON: That's right.

13 (General laughter.)

14 MR. AUSTIN: Could you go back to that previous
15 slide? Just a curious question, I look at Toll 49, the
16 section down at the bottom that's in blue that says
17 retained. You know, when we transferred that asset -- we
18 being TxDOT -- transferred that to the NET RMA, won't that
19 be their responsibility to maintain it?

20 MR. BARTON: It will, and that's a valid point.

21 These were just illustrative maps put together, but as
22 you mentioned, Commissioner Austin, that particular
23 portion of Loop 49 will be taken off of the state highway
24 system, it will be an asset owned and operated by the NET
25 RMA.

1 MR. HOUGHTON: Has it not already?

2 MR. BARTON: It has.

3 MR. HOUGHTON: It's already transferred.

4 Right?

5 MR. BARTON: Yes, sir.

6 And because Longview is close to Tyler, I
7 suppose, we thought we'd look at Longview as well. Again,
8 it has an outer ring road, if you will, and a lot of roads
9 coming into the downtown area. And so as you look at the
10 incorporated boundaries of Longview as it reaches out
11 toward White Oak, it's important to maintain that ability
12 for the public to have a state-owned and managed asset to
13 get to the community, but once they get there, they start
14 driving on roads like US 80 and Spur 502, and again, for
15 the average citizen in Texas they likely wouldn't perceive
16 or recognize those as a roadway that is a state level
17 responsibility but more as a local roadway.

18 And for some reason Houston was left out, and
19 so I'm sorry, Commissioner Moseley, I was intending to
20 have some slides reflecting the City of Houston, the
21 greater Houston area, but I will talk to it because I
22 think it's important because it is one of, perhaps, the
23 most stark examples of how some of these things do not
24 seem to make sense.

25 Many people here today and others that may be

1 listening or be aware of this at a later date have visited
2 the fair City of Houston, and if they are like me, their
3 family likes to enjoy what communities have to offer and
4 perhaps visited one of the most, I think, statewide well
5 known malls, The Galleria, which is on the west side of
6 downtown Houston. There is a farm to market road, FM
7 1093, I believe, is the number of that roadway, that goes
8 by The Galleria. Most people refer to it as Westheimer
9 and it is a farm to market road that travels far west of
10 Houston, but as it gets into the downtown Houston area, it
11 looks more like Sunset Boulevard than it does a farm to
12 market roadways, and so it is often the butt of the joke
13 that that is a farm to market roadway in one of the
14 largest municipalities in the United States of America.

15 And so those types of facilities do exist, so
16 at the end of the day, as we contemplated the question are
17 there parts of our network that make better sense to be
18 the responsibility of other government jurisdictions, why
19 would this be something a municipality would even want to
20 consider and why would this Department of Transportation
21 consider designating those as local roads and taking them
22 off the state highway system.

23 And of course, there are a lot of competing
24 interests here, but at the end of the day when a street
25 like Westheimer is the City of Houston's to control and

1 not the Department of Transportation's, they can allow the
2 driveways and access to those facilities as they feel
3 without going through the review and approval of the
4 department unless they were to exercise that authority
5 through expressed intent. They don't have to get our
6 approval to have special events. If they want to close
7 that roadway for a parade or some other activity, they are
8 able to do that without having to get our approval and
9 coordinate that with us.

10 They are also able to make decisions about
11 allowing and controlling on-street parking, and that is an
12 area that we often have long and difficult conversations
13 with communities about. When they want to do what they're
14 doing on their neighboring local street on one of the
15 roads that happens to be part of the state highway system,
16 and it's just not something that through our practices and
17 policies we allow.

18 They also often come to us asking to allow for
19 encroachments. It could be banners that say Welcome to
20 the City of Whatever, Sponsored by Whomever, and we're not
21 allowed to allow that and they want to do that. Or they
22 like to have their residents put their trash receptacles
23 out at the curb in our rights of way to be picked up, and
24 that's an encroachment that Federal Highways and others
25 have asked us not to allow.

1 They can allow for landscaping and greenbelts,
2 if you will, within those rights of way that we don't
3 allow today. If you built a building next to one of our
4 rights of way and the city requires you to have a 30-foot
5 green space, you're going to have to provide that on your
6 own property and not in our right of way, but if the city
7 owned it, they could.

8 MR. AUSTIN: So they could also add bicycle
9 paths.

10 MR. BARTON: They could, very much so. They
11 could also control the speed limits without the review and
12 approval of the commission. And then one of the things we
13 hear often is we would like to mow your right of way or
14 pick up that litter more often, but it's yours and it's
15 your responsibility, and they would have the opportunity
16 then to control those activities at the frequency and rate
17 that they chose.

18 So those are just some of the benefits that we,
19 as we thought about it, wanted to share with you. And
20 again, we were trying to answer the question are there
21 assets that may be more appropriately assigned to another
22 area of the government structure in Texas, and so that's
23 the information I had to share with you, and I'll be happy
24 to try to answer any questions that you may have.

25 MR. HOUGHTON: Questions?

1 MR. AUSTIN: Yes. John, let's talk about when
2 you say assigned. Would this be a transfer, potentially
3 or hypothetically, we would transfer that asset to the
4 city, to the county, and all rights associated?

5 MR. BARTON: If this is something we were to
6 pursue -- and it's not that it's not done today, these
7 types of things happen on one-off occasions today -- the
8 commission would take action to remove the roadway from
9 the state highway system, to remove that designation, and
10 our practice is to at the same time transfer any property
11 interests we have in the right of way to the local
12 municipality.

13 MR. AUSTIN: I'm a big believer in local
14 control, whether it be at the state level or the local
15 city, whatever level. One thought, say let's take
16 Broadway inside the city limits -- I'm going to use Tyler
17 as an example -- if we were to allocate that and give that
18 back to the city, one question they might ask is how will
19 that impact our MPO funding later, but the MPO funding is
20 really based on population by formula, not by lane miles
21 associated. But they would have greater control to be
22 able to widen it going towards downtown, there's a lot of
23 positive, curb cuts without having to come to us, and be
24 able to do it in a more expeditious manner.

25 MR. BARTON: And so a very important question

1 about those communities that are already MPOs, how would
2 it affect their ability to receive funding. And the
3 funding formula is predicated on a lot of things, and part
4 of it is the size of the system, but that is a formula
5 that was developed in cooperation with the metropolitan
6 planning organizations, and should this be an initiative
7 that the commission asks us to pursue, I think part of
8 that would be working with the MPOs to evaluate that
9 formula, the impacts this type of thing might have on it,
10 and to reassess it so that we hold harmless, if you will,
11 those communities from the consequences of this particular
12 initiative on funding for metropolitan planning
13 organizations.

14 MR. AUSTIN: And as you're saying that, I'm
15 reminded of one of the very slides that you showed when
16 you opened this morning of our priorities, and it's
17 connectivity, and I think one thing you look at inner city
18 traffic, yes we have a role, we want to be a partner in
19 that, but I think we also have a greater role for safety
20 and statewide connectivity, community to community. I
21 look at the farm to market system going to the county
22 seat, the trunk system connecting major cities, the
23 interstate system going through as we look at adding and
24 helping to relieve congestion in that capacity, maybe this
25 is an approach that I'd personally like to see you take a

1 look at. I think it's very innovative.

2 MR. VANDERGRIFF: Have you had any
3 conversations with communities out there, or is this just
4 coming to the commission first before there's any
5 conversation with potential communities who have roads
6 like this, like the ones in these examples?

7 MR. BARTON: Commissioner Vandergriff, this is
8 the type of conversation we have I think fairly frequently
9 with communities around the state. It's typically more
10 over one particular road than a system-wide approach. We
11 did not go out before today and engage the 59 communities
12 in Texas that met that threshold of being of a population
13 of 50,000 or larger. As the chief staff person over this,
14 I felt like it was more appropriate to gauge your reaction
15 to this notion and see if there was an interest in trying
16 to develop the understanding of this and maybe consider an
17 approach to doing this broader before I brought in the
18 rest of the communities because I wanted to make sure that
19 I wasn't getting ahead of the commission on anything.

20 MR. HOUGHTON: If the commission would permit,
21 I think we'd like to direct staff to bring back to the
22 commission in the August meeting a comprehensive plan as
23 to what roads, what communities and what that impact would
24 be, and communicate that.

25 MR. UNDERWOOD: And work with the communities.

1 MR. HOUGHTON: That's my last, communicate with
2 those municipalities, the 59 municipalities and identify
3 the assets.

4 MR. WILSON: Mr. Chairman, we'll take that on
5 and come back with a plan and start communicating.

6 MR. HOUGHTON: Are there any other directives?

7 MR. AUSTIN: Yes. I was going to say with
8 that, when we say work with the communities, I think it
9 would also be important to let the elected officials, the
10 county judges, the commissioners court and our state reps
11 and senators know that it's something that might impact
12 their region as well.

13 MR. WILSON: Yes, sir.

14 MR. BARTON: I would just like to note for the
15 record that my colleagues left me on this one, I can't
16 imagine why.

17 MR. HOUGHTON: And I see they left you on the
18 last one too.

19 MR. BARTON: I can't imagine why.

20 (General laughter.)

21 MR. WILSON: With that, that leads us to our
22 last agenda item, which I think in many ways is a good
23 wrap of the overall conversation and workshop we've had
24 today, from maintenance capacity, rehabilitation and
25 reconstruction in some of the municipalities because it

1 all, in many ways, we know works together. We have had a
2 tremendous economic development opportunity in this state
3 that we've all been a part of in some form or fashion,
4 whether in transportation, energy sector or other over the
5 past four years, and the Eagle Ford, in particular, and
6 now the Cline play have presented great things for Texas.

7 At the same time, as the commission well knows, we've
8 been presented some enormous safety challenges in the
9 energy sector that we particularly want to take some time
10 to discuss, to look at the art of what the commission may
11 consider addressing safety as it relates to
12 transportation, and have a conversation around that this
13 afternoon. John.

14 MR. BARTON: Thank you, Phil. And
15 commissioners, Chairman, this is an opportunity to talk
16 about something that is just a Texas success story, and
17 the energy sector, whether it's oil and gas or wind
18 energy, has brought about unprecedented economic benefits
19 to the State of Texas recently. The value that it is
20 creating is enormous and we are leading the nation in job
21 creation, economic growth and it's something we should all
22 be very, very proud of, and our responsibility is to
23 ensure that we sustain those activities moving forward.
24 And in doing so, as we started the day talking about
25 safety, ensure that we are intentional about facing the

1 safety and significant safety challenges that this
2 opportunity is bringing to us.

3 So I wanted to start by just kind of to give a
4 picture -- you know, a picture is worth a thousand
5 words -- and it's clear, as Commissioner Underwood had
6 pointed out earlier today, that as you look at this
7 photograph this is the photograph taken from one of our
8 traffic cameras of Interstate 20 and the loop in Midland,
9 and if you will notice to the top left-hand corner of the
10 photograph, the traffic that is backed up the ramp onto
11 the interstate, and as far as you can see into the
12 horizon, traffic is queuing up, waiting to exit the
13 interstate to get on the loop and to move into the Midland
14 community.

15 This photograph was taken just a few months
16 ago. This is the type of traffic and unprecedented growth
17 in traffic volume we are seeing in these energy areas,
18 whether it's the Permian Basin, the Barnett Shale, Eagle
19 Ford Shale, Haynesville Shale in East Texas or the Granite
20 Wash in the Panhandle, and now the exploding Cline Shale,
21 again in Central West Texas.

22 The mix in traffic has changed dramatically.
23 We have a large number of large trucks, but we also have a
24 lot of new passenger vehicles who are unfamiliar to the
25 area, they're unfamiliar to the roadway network, and

1 honestly, our local residents that have lived in these
2 areas for many, many years are unfamiliar with these
3 levels of traffic volumes.

4 When you look at it on a local road basis, this
5 is a line of trucks going in to service a hydraulic
6 fracking operation, traveling down a farm to market
7 roadway, and there's a couple of things that you would
8 grasp from this picture. One is just the overwhelming
9 number of trucks it takes to service this well, and had we
10 been able to get in a helicopter and take a picture of
11 that, that would have been a line of about 150 trucks.

12 MR. HOUGHTON: Where?

13 MR. BARTON: This was in the Yoakum, Karnes
14 County, actually Corpus Christi, Yoakum District, Karnes
15 County area.

16 It's amazing how many trucks are required to
17 provide the sand and water for the fracking of well
18 activities. The other thing is that you're saying is
19 well, they're all over on the left-hand side of a farm to
20 market road, I guess they're all from Europe. And the
21 answer is no, they're not. There's a huge failure in the
22 right-hand lane of that two-lane roadway, and so they've
23 taken a two-lane farm to market roadway and turned it into
24 a one-lane roadway because they could not do anything
25 else. This is the type of traffic associated with the

1 drilling of a single well across the State of Texas that
2 is being done with hydraulic fracking.

3 MR. MOSELEY: John, when you said they turn it
4 into, are you talking about the county, or who's
5 controlling the traffic?

6 MR. BARTON: I'm talking about the drivers of
7 the vehicles themselves. There's no designation that it's
8 one lane, it's just they're driving where they feel safe
9 that they can drive.

10 MR. VANDERGRIFF: Are we talking about the
11 drivers of the vehicles or the companies that are
12 distributing them on these roads, because the drivers
13 usually are contract laborers that just drive in and out.

14 MR. BARTON: And I guess the point I was making
15 when I say they are turning this into a one-lane road,
16 whether it's those trucks or those cars intermixed with
17 those trucks, people as they're driving down the road say:
18 I can't drive on the right side, it's in too bad a shape,
19 I'm going to drive on the left side.

20 MR. VANDERGRIFF: Where is this road, actually?

21 MR. BARTON: I believe that road was in Karnes
22 County.

23 MR. VANDERGRIFF: Okay.

24 MR. BARTON: This is a map showing the change
25 in the vehicle miles traveled in some areas of our state.

1 Those areas that are the lighter shade are areas where
2 we've seen little to no growth, less than 11 percent
3 growth over eleven years, but that's normal growth. About
4 1 to 2 percent per year is what we normally would see in
5 the State of Texas. Those that are the darker shades, the
6 orange and even the brown, are where we've seen increases
7 between 11 and 30 percent and some over 35 percent. In
8 fact, the darkest brown, some of those areas have seen
9 increases of more than 280 percent in the last eleven
10 years.

11 So if you live in Midland County, for example,
12 it's not unreasonable to expect that you may live on a
13 road that has three to four times as much traffic on it
14 today than it did ten years ago, and that's hard for most
15 people to comprehend.

16 MR. HOUGHTON: What kind of traffic?

17 MR. BARTON: The mix is predominantly large
18 trucks now, we've had a large increase in truck traffic,
19 and percentage-wise, that's been the largest increase.
20 But also, again, it takes people to drive these trucks and
21 to work on these sites, and so there's just many, many
22 more people living in these areas as well and there's been
23 a lot more passenger vehicles.

24 Our district engineer in Odessa made a comment
25 to all of us at an engineering meeting about six months

1 ago and he said, you know, I've been looking at things
2 with my staff and we've put our minds together and in the
3 last six months -- which would have been over the last
4 year from today -- they have seen, personally have noticed
5 license plates on vehicles from all 50 states of this
6 union, Hawaii and Alaska included. People from all over
7 the United States are moving to Texas in response to this
8 economic opportunity -- tremendous opportunity but
9 creating tremendous traffic and challenges.

10 So I wanted to make sure that we don't deviate
11 from the real issue here which is safety. This is a
12 sobering chart of information. These are just the five
13 worst counties in the State of Texas, comparing growth in
14 fatal crash rates, these are fatal crash rates from 2008
15 to 2012. And in Goliad County, which is in the Eagle Ford
16 Shale, they have seen a growth of 1,422 percent, an
17 increase of 14 times in fatal crash rates. Now, granted
18 in 2008 there weren't a lot of fatalities due to vehicle
19 crashes in Goliad County; today I can't say that same
20 thing, 14 times as many crashes as there were just a few
21 years ago.

22 Winkler County in the Permian Basin, they
23 didn't have any fatal crashes in 2008, none at all, and as
24 we sit here today, they're 616 percent higher. Now,
25 granted that's only six or seven fatalities, but in a

1 county like Winkler where there aren't a whole lot of
2 people to begin with, that's a devastating and
3 unprecedented reality. McMullen County, another example
4 of such significant growth.

5 So the point of this is that while this
6 activity is tremendously beneficial, we have a huge
7 responsibility to ensure that we are doing everything we
8 can to sustain the system and to do it in a way that
9 promotes safety. And I know that Judge Bradford and
10 Commissioner Donnelly are here from the Permian Basin, I
11 saw them earlier today and one of them is still here, and
12 they could attest to this from a personal note as well.

13 So I wanted to show you what I'm talking about
14 in terms of safety. It has to do with the traffic volumes
15 but it also has to do with the system conditions. This is
16 a picture of a typical roadway in our areas that are being
17 impacted by wind and oil and gas industry activities.
18 Again, tremendously beneficial but the truck volumes are
19 much higher and much more significant than we ever
20 anticipated, and so the roads were not designed to sustain
21 that kind of traffic.

22 This is the frontage road of Interstate 35
23 between San Antonio and Laredo. It is troubling for me on
24 multiple levels: one, as a professional responsible for
25 the system in Texas, it's an embarrassment; two, the

1 safety of that roadway is unquestionably bad; and three,
2 as a father and a husband, I would not want my family to
3 have to drive on that roadway. Safety is of paramount
4 concern.

5 Commissioner Moseley, Commissioner Austin, you
6 talked about the bridge impacts, I know that I've visited
7 with all of you about these. It is anecdotally an issue
8 that we face almost daily. I could get the statistics
9 together if it would help, but I can assure you that there
10 hasn't been a week gone by in several months where we
11 haven't had at least one bridge hit and damaged, and some
12 so significantly they've been closed for months. I get to
13 update our friend and colleague, Commissioner Underwood,
14 on a consistent basis about a bridge outside of Snyder and
15 another one in the Abilene area that have been hit and
16 closed for quite some time as we are rebuilding them.
17 These impacts are real. They not only hurt the capacity
18 of the system but it causes significant damage.

19 MR. HOUGHTON: Got a question.

20 MR. MOSELEY: Chairman, as it relates to this
21 point in the presentation, as well as the previous slide
22 showing the impact to the roadways, there is a question
23 related to the legal weight of trucks that are using our
24 roadways and our bridges. And we sometimes will look at
25 the Department of Public Safety as a diversion, but

1 perhaps we ought to more fully embrace our relationship
2 with DPS and look towards a stronger enforcement of our
3 existing laws to protect our bridges and roadways and have
4 more open dialogue with DPS about how they can serve the
5 interests of the taxpayers of the state by more
6 thoughtfully helping us keep these roadways and bridges
7 protected from overweight.

8 MR. UNDERWOOD: John, do you want to address
9 that? Because that's one of the things we did,
10 Commissioner Moseley, as we would go around to these
11 energy meetings, we actually had the DPS there, what can
12 we do, what can the communities do to help address this
13 issue. Am I saying that right, John?

14 MR. BARTON: You are, Commissioner Underwood,
15 and it's something that I am personally very proud of.
16 Phil has met with Director McCraw, Steve McCraw over at
17 Department of Public Safety. He has introduced us to key
18 staff members, in particular Major Norlo, who is over
19 their commercial vehicle inspection program. And as
20 Commissioner Underwood pointed out, we have worked with
21 the Department of Public Safety and other local law
22 enforcement agencies, as well as local communities, to do
23 several things. DPS is putting together the strike forces
24 to go into these areas and target inspections of
25 commercial vehicles. Communities are coming forward and

1 helping provide land adjacent to some of our highways
2 where we can build inspection pads for them to be able to
3 safely pull traffic off and inspect them.

4 Communities are also stepping in with their
5 hotel and motel industry partners and saying: Look, we
6 know that these rooms are at premium, they're a high-
7 priced commodity because they're so precious, but we've
8 got to get our law enforcement men and women in here, and
9 Commissioner Donnelly and others have pushed the hotel
10 industry to open up their rooms for the law enforcement
11 community to be able to stay there so they can work around
12 the clock. There's a lot of good things happening there.

13 But your point is a great one, Commissioner
14 Moseley, and we must continue to step up the enforcement
15 so that we don't have these over-height vehicles getting
16 off their prescribed routes, hitting bridges, we don't
17 have extremely overweight vehicles running inappropriately
18 on roadways and damaging them, and that enforcement
19 component is a very important part of our strategy to
20 continue to sustain this operation.

21 MR. UNDERWOOD: I was disappointed you didn't
22 have a picture of Sweetwater where the truck took out the
23 columns of the bridge.

24 MR. BARTON: Well, I am an emotional man, as
25 you know, Commissioner Underwood, and I get teary eyed

1 every time I see it, so I chose not to put it up.

2 MR. UNDERWOOD: Okay, I appreciate that. But
3 it really would be a graphic for this audience to see, I
4 promise you.

5 MR. BARTON: It would. It took it completely
6 out.

7 MR. MOSELEY: Chairman, it does take us, the
8 more we see demand for capacity on our road system, it
9 takes us into an uncomfortable discussion on managing the
10 asset, and of course, law enforcement is a strategic
11 partner in that discussion going forward. I happened to
12 be in Austin day before yesterday when a truck shut down
13 the entire I-35 southbound system, and believe me, it was
14 hard to drive from UT campus to the Omni Hotel because of
15 the diversion of traffic into the city.

16 And I just wonder what it would be like,
17 Michael Morris, for us to start sending bills to companies
18 saying: You're vehicle and what you did to the economy of
19 our region and the budget impact by shutting down our
20 economy is this. Because it's very real dollars and
21 cents, and then you see what's happening to our roadways
22 because of perhaps not enough enforcement on overweight
23 vehicles just pounding the infrastructure, there's a very
24 real cost to the taxpayers and to the economy.

25 MR. BARTON: Well, your point is a very well

1 taken one, Commissioner Moseley, and I took a task, an
2 assignment out of that. We can have our staff calculate
3 the road user cost impact of the truck that caught on fire
4 on Interstate 35 at Riverside earlier this week. That's
5 math, easy math to do. The number is going to be
6 shocking, I can guarantee you that. It's not going to be
7 in the millions, it's going to be in the tens, if not
8 hundreds, of millions of dollars worth of impact. It's
9 going to be a significant number. We'll get that number
10 for you, a great homework assignment.

11 I wanted to show also that why we talk about
12 these things, again, from a safety perspective, the
13 condition of the roadway is important, not only in how
14 much traffic is there but the quality of the road, and
15 we've talked about that. And this just shows that as you
16 look around the state of Texas, those darkest areas are
17 where we've seen a 5 percent or greater decline in the
18 condition of our pavements over the last four years, and
19 the dashed lines represent the various shale formations.
20 And as you can see, the Eagle Ford Shale, the Permian
21 Basin, the Barnett, Haynesville and Granite Wash all have
22 areas in and around them where we've seen these declining
23 pavement conditions.

24 Some areas of the state where the activities
25 are less have been able to sustain themselves, thus, our

1 ability to overall sustain our system at a relatively good
2 level of condition. But we do have some areas that are
3 seeing things like this: miles and miles of roads that
4 were really too narrow for this high volume of truck
5 traffic to begin with, that are now maybe seven feet wide
6 from the centerline over the edge of the asphalt, and so
7 people are having to travel with one wheel or one wheel
8 off the pavement, or worse, two wheels on the pavement,
9 one on the left side of the yellow stripe and one on the
10 right side of the yellow stripe. And these are two
11 different roadways but these are not uncommon photographs
12 that we would see around the state.

13 MR. MOSELEY: These roads were designed for how
14 much weight?

15 MR. BARTON: These roads were designed probably
16 in the 1940s and '50s and the legal load there was less
17 than 60,000 that they were designed for.

18 MR. MOSELEY: So the legal limit would be
19 80,000?

20 MR. BARTON: The legal limit today, for all
21 intents and purposes, Commissioner Moseley, is 84,000.
22 It's 80,000 and they can get a permit called a 20/60
23 permit or a weight tolerance permit that lets them run at
24 84,000 pounds legally.

25 MR. MOSELEY: And then in reality, how much are

1 these trucks running in weight?

2 MR. BARTON: You know, I think the Department
3 of Motor Vehicles and DPS can give us those numbers. I
4 would say a significant portion of them are likely running
5 at 90,000 pounds or greater.

6 MR. MOSELEY: Thank you.

7 MR. VANDERGRIFF: I want to make sure you
8 understand from my former heritage, and making sure that
9 I'm taking care of the truckers, that a lot of that weight
10 is put on by the shippers or the destination points that
11 the truckers either take the haul or they don't, and
12 they're the ones, unfortunately, in the legislation that
13 are usually bearing the brunt of it where they're not
14 really the decision-makers that actually you need to get
15 at.

16 MR. UNDERWOOD: And also, they don't even know
17 the actual weight what's put on.

18 MR. VANDERGRIFF: That's correct, oftentimes.

19 MR. UNDERWOOD: Unless they were to go by a set
20 of scales, other than that, they don't know, they just
21 know they've got a job.

22 MR. HOUGHTON: Let's get down to the fine.
23 What's the fine overweight?

24 MR. BARTON: The overweight fines, there was
25 legislation to consider increasing them this last session

1 that did not pass, but the fines, typically, for
2 overweight are in the \$500 range.

3 MR. HOUGHTON: And what's the value of that
4 shipment getting to that location?

5 MR. BARTON: It ranges, but it's significantly
6 more than that.

7 MR. HOUGHTON: So it becomes a business
8 decision.

9 MR. MOSELEY: Cost of doing business.

10 MR. AUSTIN: And this is not just the energy
11 sector, this is the timber, you've got a lot of other
12 sectors as well.

13 MR. BARTON: Correct.

14 MR. HOUGHTON: It's just a business decision at
15 some point in time.

16 MR. BARTON: The interest I had in showing this
17 was just to show that it does create significant safety
18 issues, and I think that those conditions would exist
19 whether the trucks were legally loaded or not.

20 The consequence is that -- again doing the top
21 five list, if you will -- we've had five counties, all of
22 them in one of the areas where there's been energy
23 development, whether it's oil and gas or wind energy --
24 Hansford County there in the middle is probably as much
25 wind energy as it is oil and gas energy -- we've seen

1 significant declines in our pavement conditions.

2 The one that sticks out the most to me is, of
3 course, Karnes County at the top. In 2010, before the oil
4 and gas production started to blossom, about 87 percent of
5 our roads were in good or better condition. That's a good
6 county, that means those men and women were doing a good
7 job and we were putting in significant resources to
8 maintain it. Today they are at 58 percent or less, and
9 that, again, is just an alarming reality that we are
10 facing.

11 So the magnitude of the challenge to take care
12 of these safety concerns is significant. We put in \$40
13 million at the commission's direction to address these
14 issues, and I think everyone here that was involved with
15 that, whether they're a TxDOT employee, county
16 commissioner, judge or others, would say that wasn't near
17 enough to even do what was needed to be done in the
18 immediacy of the issues.

19 The legislature has authorized \$225 million to
20 be put into state roads, as well as \$225 million to be put
21 into county roads, and that's a program we'll be working
22 on to deploy rapidly, and it will be helpful to address
23 these situations and to improve the safety of these
24 particular roadways, but it certainly won't meet the
25 needs. We know that we have over \$400 million worth of

1 work on the shelf, ready to go, as the money is available,
2 and we also know that we need another \$600- to \$700
3 million each year just to address the ongoing challenges
4 that this economic growth is creating for us. And that
5 was a calculation performed by the Texas A&M
6 Transportation Institute before we even understood the
7 magnitude of the Cline Shale, so it's likely to be even
8 larger than that.

9 So when we focus on safety and we ask what can
10 we do, what can we do to ensure that we're not putting
11 people, whether it's the business and commercial industry
12 or local residents, in harm's way, just some things I
13 wanted to point out to you. Right now we're receiving
14 about 1,500 requests for new driveways associated with
15 wind, oil or gas industry activities on an annual basis,
16 each year about 1,500 new driveways are being requested.
17 A lot of them are on roadways that look like this already,
18 because that's where additional exploration and production
19 for wind, oil or gas may be possible. Those roads aren't
20 safe for the traffic that's traveling on them today, much
21 less the additional traffic that would be generated if we
22 had more activity there.

23 So as we look at the safety issue, one thing
24 that's possible is our current access management rules
25 allow us to say: If you're going to request that

1 driveway, give us a traffic impact analysis, tell us how
2 much traffic is going to come to the table, what is going
3 to be generated, and let us assess that against the
4 system, can the roads that you're asking to have access to
5 support that level of traffic and do it safely. It's not
6 something that's uncommon, we do it often.

7 If a mall is to be built in downtown Austin and
8 wants access to the frontage road of Interstate 35, we ask
9 them to prepare a traffic impact analysis, we look at it,
10 and then we tell them: Well, you can't have this driveway
11 because it's going to cause safety issues at this entrance
12 or exit ramp or maybe at an intersection. And they then
13 have the opportunity to come in and say: Well, we'll pay
14 for these things, we'll fix that intersection, we'll
15 provide that traffic light, we'll help move that ramp to
16 another location. And if they do those things and when
17 those things are done, then we can allow that access to
18 occur and they can then develop and create their economic
19 opportunity.

20 The same thing could be applied to these areas.
21 We could look at those traffic impact analyses, ask
22 industry to do them and say it's not safe for you to have
23 that access, to create that level of traffic on this
24 roadway, and allow them an opportunity then to
25 thoughtfully consider how to address that safety concern

1 so that we aren't putting them and others in harm's way
2 unintentionally. It would have to be on a very specific
3 basis, each site would have to be engineered and looked at
4 individually, it's not something you can just unilaterally
5 go out there and say, but what's interesting is that by
6 doing this we'd be able to address those safety concerns.

7 And as we look around the nation where this
8 type of thing that is happening in other states, one thing
9 that was exciting for me to learn is that in other states
10 the industry has faced these challenges already and
11 collaboratively, cooperatively they've come together and
12 said, you know, it may be that it's John drilling in one
13 location, Phil in another location, Commissioner Underwood
14 in another, Chairman Houghton in a fourth, but we're all
15 in this area.

16 And so they would get together, evaluate those
17 traffic impact analyses and come forward to the state or
18 the county and say these are improvements that need to be
19 made to this road for this to be safe for all of us, this
20 is the plan we have, they put it in place, they have it
21 delivered, and then they're able to go in there and build
22 those driveways and conduct those activities, and safety
23 is preserved all the while which is, at the end of the
24 day, what we're trying to accomplish.

25 I also wanted to just success that it's

1 possible, we talked about the bridge impacts, we already
2 do damage claims on those, we look at the situation, we
3 say that truck and that driver carrying that load hit this
4 bridge. It's pretty easy to find them because they're
5 usually still stuck under the bridge. Occasionally you
6 have to chase them down the road where they to get away
7 limping along, but most of the time they're stuck under
8 the bridge so we know who did it, and we go through that
9 damage claim process.

10 In areas where we already have these
11 activities, it's possible we could do the same thing. We
12 could go out there and monitor those activities, we could
13 look to see are those trucks, legally loaded or not, are
14 they driving on or off the edge of that road in a
15 negligent way, causing this damage, and if they are,
16 perhaps seek legal remedies through a damage claim
17 approach.

18 We could look at load posting our bridges and
19 roads. The pictures I showed you, as a professional, we
20 could get our pavement people to look at it and
21 substantiate it, but I think it's likely that we should be
22 putting up signs that say this road under its current
23 condition has been consumed, the pavement structure has
24 been worn out, we've been using that term this afternoon.
25 We need to post it, nothing over 40,000 pound can safely

1 travel this road. Give the public, give the industry
2 notice that it's not safe to operate those larger, heavier
3 vehicles out here. We need to get to smaller vehicles,
4 lower level of weight. That's something we could look at.

5 And then, of course, as a last resort, in some
6 cases we may need to look at taking some of these paved
7 roads and converting them into unpaved roads. Now, that
8 is a stark reality that no one wants to see, and as your
9 chief engineer, it's difficult for me to say. My
10 predecessors, as we faced this challenge in the Barnett
11 Shale in the early part of this millennia, we talked about
12 it, and their comment was: Not on my watch, I don't want
13 to be the chief engineer of this state when we have to
14 start taking paved roads and turn them into gravel roads.

15 Well, I don't want to be the chief engineer in this state
16 where we don't do that and people's safety is put into
17 jeopardy. In some situations that may be what we have to
18 do.

19 Why would an unpaved road be safer than an
20 unpaved road? It's easier, cheaper to maintain, and
21 honestly, people drive slower. And one of our district
22 engineers from one of our metropolitan communities told me
23 something last week that it was a sound bite that caught
24 my attention. He said, The safest part of the day in my
25 downtown metropolitan community is about eight o'clock

1 a.m. because everybody is driving so slow they can't hurt
2 themselves. You know what, an unpaved road is slower than
3 a paved road and maybe that's the way to improve to safety
4 in some, not all of these situations.

5 So I'll wrap up and ask for your feedback,
6 comments and questions, and just basically saying that
7 these concerns about safety are real. Russell started
8 this morning sharing with you that 3,399 people lost their
9 lives on roads in Texas last year. Commissioner Underwood
10 started this meeting by saying he wished there was a day
11 that he could recall and celebrate where no one lost their
12 life on a road in Texas. That hasn't happened since
13 November 7, 2001.

14 Safety in these areas is a huge concern.
15 Commissioner Donnelly, Judge Bradford, others from all
16 over the area of those areas and others have told me:
17 John, what are we going to do to stop these crashes from
18 occurring? That's what this conversation was intended to
19 be about. We've got this tremendously beneficial
20 industry, it's growing, we need to sustain it, but we have
21 to make decisions to improve the safety of these roadways
22 because the impact they're having on our transportation
23 system is significant and the safety of these roadways is
24 declining, and it's our responsibility to talk about it
25 and it's my responsibility as your chief engineer to bring

1 the point to your attention.

2 So that's the end of my presentation and I'll
3 be happy to answer questions or take your direction.

4 MR. HOUGHTON: Let me ask you operationally how
5 you would implement this program. We have the post-
6 production drilling is soon to be. How do you go back and
7 tell these folks: Unsafe, you need to pay for it, it
8 needs to be improved and it needs to be paid for. How
9 does that process work as to the pre and the post?

10 MR. BARTON: So for areas where we already have
11 activity that's taking place and driveway accesses that
12 have been approved, we would have to assess the current
13 condition of the system and the impact that each of those
14 driveways and the traffic associated with them is having
15 in that area of the driveway, and if it's unsafe for that
16 traffic to operate in that area and the character and
17 impact of that has changed, we can go back to those who
18 already have permits and say we're going to have to revoke
19 that permit or we're going to have to restrict its use to
20 something less than what's happening today because it's
21 just not safe. And define the safety issues so that they
22 have then the opportunity to understand what needs to be
23 corrected. It's not that they necessarily have to pay for
24 it, but unless and until we can pay for it, the use of
25 that driveway would be impacted.

1 MR. HOUGHTON: How would restrict access to
2 that driveway out in the middle of nowhere?

3 MR. BARTON: Hopefully they would voluntarily
4 understand it and say we get it and cease and desist. If
5 not, I mean, there are more drastic measures that could be
6 made. We have the wherewithal to remove the driveway, we
7 have the wherewithal to also limit its width and its
8 ability to receive certain types of vehicles. I would
9 hope that we wouldn't have to get to that.

10 But I think to answer your question, we would
11 look at the conditions that we have, and through a
12 thoughtful, systematic, cooperative approach with
13 industry, we would talk about it and try to resolve those
14 issues so that the safety can be elevated.

15 MR. HOUGHTON: Does this take a rule change by
16 the commission?

17 MR. BARTON: No, sir.

18 MR. HOUGHTON: The rules are in place.

19 MR. BARTON: The rules and legal authorities
20 are in place.

21 MR. HOUGHTON: So you could do it by will right
22 now.

23 MR. BARTON: We could.

24 MR. HOUGHTON: Okay.

25 MR. BARTON: For moving forward, as we look at

1 requesting the Cline Shale and other areas that are
2 already under production, I believe that our path forward
3 is we will begin to ask for these traffic impact analyses,
4 something that we may have not been asking for in all
5 situations, and we'll do that engineering assessment on a
6 site-specific basis, and if it's a situation where we
7 can't safely accommodate the traffic that's anticipated,
8 then we will make sure that that's understood and we won't
9 issue driveway permits that are going to create a safety
10 problem.

11 MR. HOUGHTON: Does this also impact the timber
12 industry?

13 MR. BARTON: I think it's important that we do
14 this across the board, it's all industries. Again, right
15 now, for the most part it's been something we've done on
16 commercial developments inside urbanized areas. It's just
17 taking that same approach and saying really system-wide,
18 industry-wide, this is what we should do. Whether it's
19 oil and gas, wind, timber, agriculture, quarry operations,
20 we need to look at the use of our system and the impact of
21 that use on the safety of the system and make sure we're
22 not doing things to create an unsafe environment.

23 MR. HOUGHTON: I'm a little troubled, my
24 general counsel just got up and moved to the front row.

25 MR. BARTON: Well, I'd be more than happen for

1 him to join me.

2 MR. WILSON: Mr. Chairman, I think one of the
3 things that we're looking at -- and commissioners --
4 should we go forward with this type of execution, is we
5 would stand up a specific focused program on this that
6 staffed so that as this policy was implemented, we would
7 have, in a sense, a task force, a strike team executing
8 that all the time. So we would understand that industry
9 would need this, there's an understanding after the
10 traffic impact study is done, there's a team dedicated to
11 facilitating these driveway permits in a process that
12 everyone can understand and is very clear.

13 MR. UNDERWOOD: But the industry will be
14 involved.

15 MR. WILSON: Yes, sir. What we would do is on
16 multiple levels that, should we go forward with this type
17 of recommendation and thought process, everyone clearly
18 understands that when they come in there's an
19 understanding this road has to remain safe, and that if
20 there are multiple partners involved, like they've done in
21 other states like West Virginia and Ohio, that the road
22 has to made safe before you proceed with the activity.
23 And then we would have a team assigned to that here in
24 administration that is focused solely on driveway permits
25 and executing those under the understanding of what has to

1 take place on a certain facility to get it to a safe
2 level.

3 MR. AUSTIN: Well, Phil, you answered one of
4 the questions I was going to ask about best practices in
5 other states. I know I've had the opportunity to visit
6 with some of our financial advisors and they said this has
7 had a very positive impact on those states.

8 John and Phil, as you've talked about partners,
9 if I may just for a second. Judge Bradford, I know you've
10 come a long way to participate in this, would you mind
11 coming up for just for a second. I've got a quick
12 question I'd like to ask you.

13 As we're looking at the partners with industry,
14 here you are as the CEO of the county and you have a lot
15 of very important constituents there: you have industry,
16 you have people that live and work. How might they take a
17 look at this? I know I'm asking a small question with a
18 larger problem, but what do you see that we need to make
19 sure when we put this working group together and begin to
20 go forward, what can we do to help address this?

21 JUDGE BRADFORD: Well, I think you have to
22 realize one thing, in our part of the world, Midland
23 County and our fellow counties in the Permian Basin, the
24 access or the driveway to the well location is typically
25 done down on a ranch road, so that road serves historic

1 purposes, accessing that rancher's daily business. It is
2 then used by the industry to access a location deeper into
3 the property.

4 I do agree with your engineer, who is, I might
5 add, very cooperative and easy to get along a hold of and
6 talk to. We suffer from that same thing, but it's in this
7 context, we see overweight -- if I may borrow your term --
8 it's just a business matter. We stop them through our law
9 enforcement agencies and the conversation is simply this:
10 Just give me the ticket, I've got to get to the location.
11 That's it.

12 So I would caution you to go a little further
13 than just a driveway access. It is, yes, part of it,
14 overweight is very much part of it. But the most
15 overburdened conversation I've heard at the legislature
16 was the application of generic definitions to words and
17 what-have-you, and the oil and gas industry has a unique
18 vocabulary and when you say well location to the layman,
19 that's a simple term, to the people that live it, it needs
20 more defining because that will dictate the type of truck,
21 the amount of trucks, and the weight capacities. So I
22 would encourage you to do that.

23 And I would encourage you, Commissioner
24 Donnelly is here and he is our representative on the MPO
25 and has lived this every day and most nights, he may want

1 to add to this conversation.

2 MR. HOUGHTON: Come on up, Robin.

3 I would recommend to the staff -- and the other
4 commissioners pile on, if you like -- is to bring back a
5 report at the July meeting as to what direction staff is
6 considering and keep us informed, if there is a formal in
7 July or where you're headed by the July meeting, and
8 involve our partners, as Commissioner Austin has observed.

9 JUDGE BRADFORD: We appreciate that very much,
10 because being the oldest producing basin in the state, we
11 find industry to be a very good partner when you sit down
12 with them, but if you go at them adversarially, generally
13 they don't get good results. And I'm not suggesting
14 you're going that way. I think they definitely need to be
15 at the table.

16 MR. AUSTIN: And I agree with what you're
17 saying. I think we need to address it up front, not at
18 midstream change of it, but we also have a safety issue to
19 make sure we protect the roads, as you've said you hear
20 from the local issue, but be able to do it in a unified
21 manner. Not everybody is going to agree, not everybody is
22 going to like everything, but at the same time we've got
23 to keep industry moving because that is too important to
24 the state.

25 JUDGE BRADFORD: I do encourage you to include

1 some ranchers and farmers because most of the industry is
2 dictated on their entrance and exits onto the oil and gas
3 leases by the use of the surface. Most of the oil and gas
4 industry is listening to whoever owns the surface, and the
5 guy says you can't put it on my turn row so you've got to
6 put it in the corner, and the only way you're going to get
7 on the corner is if you come in this way. So you need to
8 make certain that the farmers and ranchers are also
9 listened to. It's very important because they're trying
10 to maximize their crop yields, and so what happens is the
11 industry has a very small footprint compared to what
12 happens on the surface.

13 So a lot of times you can't go in where you
14 think you can go in, and they really don't want you on
15 there once you get there, so they're trying to limit the
16 amount of acreage that you control. So I would encourage
17 you not only to include the industry partners but also the
18 farmers and ranchers because they're going to tell you
19 what their perspective is on entrance and exits. It's
20 going to be a difficult issue.

21 MR. MOSELEY: Chairman, by way of
22 clarification, it's my understanding there's \$250 million
23 allocated for the state to use on roadways that are
24 impacted and \$250- for the counties.

25 MR. HOUGHTON: Same to the counties.

1 MR. BARTON: \$225 million.

2 MR. MOSELEY: \$225 million for each allocation
3 for a total of \$450-, but the counties would also come
4 through TxDOT. Is that correct?

5 MR. HOUGHTON: Through a grant program.

6 MR. WILSON: So, Commissioner, what we're doing
7 right now is we'll begin a process that we're working for
8 rulemaking, we're going to go through the legislative
9 intent, the tied language, we'll develop an application
10 process which is tied to the formula requirements within
11 the bill, you also have to pass a transportation
12 reinvestment zone, and then we'll start working with the
13 counties most likely in September time period. We will
14 start a working group for rulemaking around that, with the
15 intent that our application period will be a designated
16 date in January that everyone understands.

17 So it will be a first-come, first-served in
18 this process. We expect all that money will be spent very
19 quickly on the \$225- from the county side, and we'll tell
20 everyone we'll work with all the counties on how to do
21 their application and the process so everyone understands
22 what they're getting into so when they do apply there are
23 no surprises and we're getting all those applications in
24 the queue. If we're over-subscribed, we'll have a pro
25 rata allocation based on that. So we had our first

1 meeting last week with staff, we've assigned a team to
2 that, and they're building the framework right now,
3 starting to talk to the counties as well.

4 I have also personally written the different
5 associations with the counties informing them of the
6 process -- hopefully you got a copy of that -- so that
7 when there are questions around that, everyone has the
8 boundaries and the framework. At the same time, John and
9 his team have put together a list of the most pressing
10 needs we have in the state for your consideration to bring
11 forward to letting very soon on the \$225- we have and the
12 budget effective coming up, plus some other monies that
13 may be considered as we're creative and smarter with how
14 we're doing our business.

15 JUDGE BRADFORD: If I may add a couple of
16 comments, borrowing Mr. Wilson's statements, please let
17 the record note Midland County was here first.

18 (General laughter.)

19 JUDGE BRADFORD: We would love to be a part of
20 that working group, and if I may offer this as a starting
21 point about the vocabulary, when you talk about wells,
22 wells to us are drilling wells, injection wells are
23 another matter, and you will get ten times multiple heavy
24 truck traffic on injection wells that you'll get on a
25 producing well. So that's just one example.

1 MR. HOUGHTON: Again, I want to make sure we
2 understand that this does not take commission action to
3 implement, but I would ask management staff to come back
4 to us as to what your intent is, and you've heard from the
5 commission as to what they would like to see on the
6 working groups, as per our partners in the county, county
7 judge.

8 JUDGE BRADFORD: We thank you for taking this
9 matter up and offering us time to express some of our
10 views.

11 MR. AUSTIN: Thank you for coming up. And I
12 guess one thing we forgot to do, you might want to state
13 your full name and position for the record.

14 JUDGE BRADFORD: Michael R. Bradford, not the
15 Mike Bradford thrown out of the Senate last night. I'm
16 the Midland County judge.

17 MR. DONNELLY: And I'm Robin Donnelly, Midland
18 County commissioner, Precinct 2.

19 MR. MOSELEY: Thank you so much.

20 MR. AUSTIN: Thank you.

21 MR. HOUGHTON: Thank you for coming.

22 Any other questions? Is that it, John?

23 MR. BARTON: Jeff just wanted me to clarify
24 that while we don't have to have any changes to our
25 existing rules or laws to ask for traffic impact analyses,

1 look at driveways and to assess the safety concerns, one
2 of my bullet points was that we could, if we wanted to,
3 revise our rules that specifically state that rather than
4 looking on driveway-specific locations, we could look at a
5 group of driveways, suggest that an entire road therefore
6 is unsafe, and allow those individual driveway permit
7 requesters to pool their resources to try to address it.
8 And so he was concerned about that.

9 At the same time, I believe this is accurate --
10 I'll let him correct me if I'm wrong -- if we were to look
11 at any particular driveway and turn them down because of
12 the safety concerns, and they then as an industry got
13 together and said look, we've all asked for driveways in
14 this particular area of a county or part of the state
15 system and haven't been able to get them because of these
16 safety concerns, we collaboratively, cooperatively want to
17 come forward with a solution, there's nothing to prevent
18 them from doing that and it wouldn't require rule changes.

19 MR. HOUGHTON: That would.

20 MR. BARTON: That would not.

21 MR. GRAHAM: There's largely three categories
22 that we've talked about. There's the individual driveways
23 where you can have a study that shows this individual
24 driveway and the area associated with that driveway is
25 unsafe, no rule change needed. The second concept is

1 saying this entire stretch of roadway, be it five miles,
2 ten miles, a hundred miles, the entire roadway is unsafe,
3 therefore, the roadway can handle no new driveways, rule
4 change. The third concept of retroactively going back and
5 removing driveways that already have a permit, that's new
6 ground, so it probably would not need a rule change but it
7 has never been tried.

8 MR. HOUGHTON: We'll consider your counsel on
9 those sort of things as to what path management would like
10 to take us down.

11 Any other questions? Everybody concur? So
12 July?

13 MR. BARTON: We're back in July.

14 MR. HOUGHTON: Or sooner?

15 MR. BARTON: Or sooner.

16 MR. HOUGHTON: Or sooner to the individual
17 commissioners if you see implementation sooner than later?

18 MR. BARTON: Yes, sir.

19 MR. WILSON: We're done.

20 MR. HOUGHTON: You're done? That's it?

21 MR. WILSON: Yes, sir.

22 MR. HOUGHTON: Anybody sign up for open
23 session, Rose? No?

24 That concludes all items on the agenda. The
25 privileged motion.

1 MR. AUSTIN: So moved.
2 MR. UNDERWOOD: Second.
3 MR. HOUGHTON: All in favor?
4 (A chorus of ayes.)
5 MR. UNDERWOOD: The time is?
6 MR. HOUGHTON: 1:58 p.m.
7 (Whereupon, at 1:58 p.m., the meeting was
8 concluded.)

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MEETING OF: Texas Transportation Commission

LOCATION: Austin, Texas

DATE: June 26, 2013

I do hereby certify that the foregoing pages, numbers 1 through 155, 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) 07/02/2013
(Date)

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3636 Executive Ctr Dr., G-22
Austin, Texas 78731