Transcript of the Testimony of

TxDot PTAC Meeting

Date:
September 18, 2018

Case:
TxDot PTAC Meeting
MEETING, PUBLIC 09-18-2018

TRANSCRIPTION OF
TEXAS DEPARTMENT OF TRANSPORTATION
PUBLIC TRANSPORTATION ADVISORY COMMITTEE
PUBLIC MEETING
TUESDAY, SEPTEMBER 18, 2018
10:00 A.M.
200 EAST RIVERSIDE DRIVE, ROOM 2B.1
AUSTIN, TEXAS 78704

REPORTED BY: PAIGE S. WATTS, TEXAS CSR NO. 8311
MEETING, PUBLIC 09-18-2018
APPEARANCES

COMMITTEE MEMBERS PRESENT AND PARTICIPATING:
  John McBeth, Chair
  Jim Cline, Vice-Chair
  Ken Fickes
  J.R. Salazar
  Marc Whyte
  Dietrich Von Biedenfeld

TxDOT PRESENT AND PARTICIPATING:
  Eric Gleason, PTN Director
  Josh Ribakove, PTN Communications Manager
  Kelly Kirkland, PTN Business Operations Manager
  Mark Sprick, Program Specialist
  Theo Kosub, Strategic Programs Development Manager

OTHER SPEAKERS:
  Eric Backes, Executive Director of TTA

MEETING, PUBLIC 09-18-2018
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| 8   | Discussion of FY19 work program topics including, but not limited to:  
* Implementation strategies in anticipation funding included in TxDOT's 2020/2021 Legislative Appropriations Request  
* Administrative rule revisions in response to FTA Public Transportation Safety Program final rule (672,673)  
* Review of Intercity Bus Program priorities and practices (Action) |
| 9   | Public Comment - Public comment will only be accepted in person. The public is invited to attend the meeting in person or listen by phone at a listen-in toll-free number: 1-855-437-3563 [US] with attendee access code: 598 304 40. The meeting transcript will be placed on the Internet following the meeting. |
| 10  | Propose and discuss agenda items for next meeting; confirm date of next meeting. |
| 11  | Adjourn. (Action) |
MR. MCBETH: Well, it's 10:00 o'clock. The meeting is supposed to start at 10:00 o'clock. I'm John McBeth. I'm the Chair of the Public Transportation Advisory Committee, and I'll call the meeting to order.

And, Josh, if you would, the safety briefing.

MR. RIBAKOVE: Sure. Welcome to 200 East Riverside Drive. We're in Room 2B-1. If there's a medical emergency, please call 9-1-1. This is, again, 200 East Riverside Drive, 78704. There is an AED unit. It's downstairs on Level 1 in the main lobby at the security booth. First aid kits are marked and located on each floor.

In case of a fire or any need to evacuate the building, fire extinguishers are also marked and located on each floor. The one on this floor is right out in the little hallway by the restrooms next to the elevator. We'll evacuate the building if we need to by walking down the stairs and exiting the front door of the building. Then, we'll turn left and gather near the sidewalks and fenceline of the parking lot facing Riverside Drive.

We're not expecting it; but in case of tornado or inclement weather, stay inside and move away from exterior walls and windows; and we proceed down the
stairs and into the large auditorium, which the entrance is right by the guard's desk there. When we get down there, that's a large and windowless room; and that's the safest place in the building should we have that.

In case of active shooter or a bomb threat, follow instructions from the public address system and on-site security personnel. Thanks for your time and have a safe and productive meeting.

MR. MCBETH: Great. One less housekeeping thing, if everybody would please put your phones on silent and if your tablet or laptop is set up for audible alerts, put that on silent also.

As is our custom, we have people who are listening in on one of these monitors up here. And Christina Crain, a member, I don't know if she's online yet; but she is here. So when you're going to make comments, please preface your comments with your name so that we all know who is speaking.

And with that, we'll move to the introduction of Public Transportation Advisory Committee Meeting, committee members. And let's start with our new members Dietrich Von Beidenfeld.

MR. VON BIEDENFELD: Okay. I'm Dietrich Von Beidenfeld. I live in West Columbia, Texas. The first capitol of the Republic of Texas. I cannot see
Alaska from my house, but I can see the first Capitol or the replica. It's very nice if you'd like to visit.

MR. MCBETH: Marc?

MR. WHYTE: Marc Whyte. I'm from San Antonio. I'm looking forward to helping out and being part of a good discussion and moving things forward.

MR. SALAZAR: My name's J.R. Salazar. I'm the General Manager of Central Texas Rural Transit District. It's a medium-to-large-sized rural transit district. We have about 11 counties, 11,000 square miles.

MR. FICKES: Ken Fickes, Harris County Transit Services. We handle everything east of Beltway 8 outside the metro service area and we have countywide event response.

MR. CLINE: I'm Jim Cline from Carrollton, Texas, representing the general public.

MR. MCBETH: And I'm John McBeth. I'm the General Manager and CEO of Brazos Transit District. We serve 16 counties in central and far east Texas, both small urban and rural.

J.R. is our longest-lived member of the Public Transportation Advisory Committee.

MR. SALAZAR: That's what I was going for.
MR. MCBETH: Yeah, you've outlasted --
you've outlasted them all. Just so everybody knows
that; and we'll move on then to approval of the minutes,
Agenda Item No. 8 of May 8, 2018.

MR. CLINE: So moved.

MR. GLEASON: John, I don't know if
Christina is on or not.

MR. MCBETH: Christina, are you on?

MR. GLEASON: Not yet, okay.

MR. MCBETH: I didn't think so.

MR. FICKES: I'll second.

MR. MCBETH: We have a motion from Jim,
and a second from Ken. Is there any discussion?

Hearing none, I'll call for a vote. All
those in favor, signify by saying aye.

(Chorus of ayes)

MR. MCBETH: All opposed by nay. All
a yes and no nays, the minutes are approved.

And, Josh, I'm signing those as I speak.

I will leave them right -- I'll give them to Kelly for
safekeeping.

Item No. 5, the TxDOT Public
Transportation Division Director's report to PTAC
regarding public transportation matters, Mr. Gleason.

MR. GLEASON: Thank you. I'm Eric
Gleason, TxDOT Director of Public Transportation. For my Director's report, I have a number of items. It's been a while since the committee has met. We weren't able to pull a meeting together as we typically do in July, in conjunction with our semiannual business meeting. So May was the last time that the committee convened and since then, just to bring you up to speed on some items, so May and June -- as they typically are -- were big meetings for us with the commission.

You-all have in your packet a press release announcing $82 million of federal and state funding, which were awarded between those two meetings for a variety of different programs and program purposes; but that was a watershed moment for us in the last year.

MR. RIBAKOVE: Eric, may I clarify? That's not in the packet.

MR. GLEASON: I thought it was. Okay. I thought I read something that said it was. My bad.

So, secondly, we also in May I believe reported to the committee that we were expecting our State safety oversight certification shortly from Federal Transit Administration. We did get that in July finally, and that is a certification that was required for the Department to carry out its functions as the
State safety of oversight agency for rail fixed guideway public transportation systems in Texas. And so it's not necessarily a topic that the committee has dealt with in the past, and I don't necessarily see that on the -- on an upcoming agenda for you; but it is significant to the State if for no other reason than if we do not get certified, then the Federal Transit Administration is precluded from distributing any transit funding whatsoever to the State of Texas. So that was a big deal for everybody, whether folks realized it or not.

The third item I will mention is that also in this timeframe, there was a congressional appropriation in the aftermath of Hurricane Harvey. There was a congressional appropriation into the Federal Transit Administration emergency relief fund. This is the 5324 program that only gets the money put into it when it is congressionally appropriated for a specific emergency related purpose. It has only been used one time previously, and that was after Super Storm Sandy.

So Congress did appropriate funds for Maria and Harvey and Irma, I believe, were the three hurricanes, if I got those names right.

MR. FICKES: You got them right.

MR. GLEASON: And so as a part of that, the State received two pots of funding, most of which
went directly to transit recipients to repair damage caused by Hurricane Harvey. There was a relatively small amount of funding -- $6.7 million -- which is a part of the program, but it is under a subprogram called "Resiliency Project Funding." And Resiliency Project Funding are -- is intended to address areas of risk and vulnerability in transit operations to reduce the risk of damage from a future event. So not to help you recover or not to help anyone recover from the damage of Hurricane Harvey, but to better prepare for the next storm.

The way this program is intended to work is a bit different than what we're used to from a standpoint of project selection and under the Resiliency Program for 5324, TxDOT is responsible for putting out a call for projects in the emergency declaration area of the state and for coming up with a recommended list of projects that gets forwarded to FTA for final approval. So and in this instance, unlike any other project call that we have done as a Department, this is a call that Houston Metro would respond to, as well, for example. So, you know, our job with this program is to develop a recommended project list, to forward that to FTA for their final approval and depending on the projects that are selected and the recipient of those
projects, direct and designated recipients will find
directly their take of that funding. If there is a
rural program provider that is selected for funding,
then that would come down through the commission as it
typically does.

So from a schedule standpoint, we are
looking at putting something out by the end of this
month, which will be a call for projects. There's an
application that will be attached to it with information
that FTA is requesting as a part of their determination
of what they'll approve. So we will include an
application in it based on that. We're looking at about
30 days to respond, and then this doesn't require
commission action; but we would like to be in a position
as a State DOT to forward our recommended list of
projects to FTA in late November or early December.

So I'm going to stop at that because I
see a couple members whose areas were impacted by Harvey
that have quizzical looks on their brows. Any
questions?

MR. FICKES: Yeah. We -- this is Ken
Fickes. We received notification that we received a
direct allocation for Resiliency Funds and --

MR. GLEASON: You did.

MR. FICKES: -- so did Metro. So does
this -- does that fall under this, what you're talking about or are we still on the side with that?

MR. GLEASON: So there are -- within the emergency relief program --

MR. FICKES: Right.

MR. GLEASON: -- the majority of funding was for recovery.

MR. FICKES: Right.

MR. GLEASON: Damage recovery.

MR. FICKES: Right.

MR. GLEASON: Resiliency Funding, there's 6.7 million for Texas and you -- Houston Metro said that they had gotten some money?

MR. FICKES: We got some. They got some.

MR. GLEASON: You didn't get Resiliency Funding.

MR. FICKES: That's what I understood. It could be used for resiliency.

MR. GLEASON: Let's circle back.

MR. FICKES: Okay.

MR. GLEASON: Because that was not my understanding, Ken.

MR. FICKES: All right.

MR. GLEASON: If you got money, it was for damage -- damages which FTA had certified.
MR. FICKES: Okay.

MR. GLEASON: And this is a separate pot of funding that has not yet been allocated. So people -- let's circle back on that, and let's make sure.

MR. FICKES: So --

MR. GLEASON: Because Houston Metro will talk about it as if it's theirs.

MR. FICKES: Right.

MR. GLEASON: But that's just been the conversation.

MR. FICKES: We've talked to our grant people, and that's what I understood; but I'll double-check that because I could be wrong. It was a very small conversation.

MR. GLEASON: Okay, good. All right. John, you were another -- I don't know if you've heard of this program or not.

MR. MCBETH: Yeah, we got -- this is John McBeth. We got our -- we went through the hurdles with Federal Transit Administration and got all our stuff done.

MR. GLEASON: You got your recovery funding, correct?

MR. MCBETH: We got our recovery funding.
We haven't heard anything about Resiliency Funding.

MR. GLEASON: Okay.

MR. MCBETH: But all of our stuff has been directed.

MR. GLEASON: Okay.

MR. MCBETH: We spent all of our money.

MR. GLEASON: This will be -- you know, so in case, you know, the next time they let the water out of Lake Conroe on you, if you needed some kind of bunker to, you know, shield the water.

MR. MCBETH: Or a generator?

MR. GLEASON: Yeah, something like that.

That would be --

MR. MCBETH: Generator would be on real high stilts, at least six and a half feet above the water.

MR. GLEASON: There you go.

Also during this timeframe since you met last, there was a notice of funding opportunity put out by FTA, 5339, bus and bus facility funding. I've forgotten the amount that's available. I think it's 360 million roughly that is available nationwide for bus and bus facility programs, and no less than 10 percent of it will be allocated to rural areas.

So the Department prepared a rural fleet
replacement application. We submitted a request for $16 million of 5339 discretionary funding and we will add to that 10 million of flex funding -- money that has been flexed over to our program for fleet replacement from the highway side -- for a combined total of $26 million. Now, if we are successful in getting all 16, that will allow us to replace about 350 vehicles.

Again, it's going to depend on the average price of the replacement fleet; and it's intended to address not only the current need for replacement, but the anticipated need over the next two years. Our history with these opportunities seems to be that we get successful about once every three years, and so we're thinking and hoping that we are due. It has been since 2015 since the Department got TIGER funding for this purpose. And so without really any reason, other than just optimism on my part, I'm thinking that we are due some level of award with this.

We did suggest to them that if 16 million wasn't possible, that another cut at it would be 10 million, which actually would represent the need through one additional year of fleet replacement funding and that we would match any amount they gave us up to 10 million with the flex funding. So if they gave us 6 million, we'll put 6 million of flex funding. If they
give us 16, we'll put 10 million in, which is our maximum on that.

We have been told that they want to make an award later this fall, which is relatively quick from a turnaround standpoint; but that's what the information we have from the 5339 program back in D.C. So hopefully we'll get some good news on that before we meet next.

MR. MCBETH: This is John. Eric, is this combination of -- with the fleet, is it a combination of small urban and rural?

MR. GLEASON: Just rural.

MR. MCBETH: Just rural.

MR. GLEASON: Just rural.

MR. MCBETH: Whoa.

MR. GLEASON: Three years, though. So it's anticipated to keep us in pretty good --

MR. MCBETH: No kidding.


MR. MCBETH: Wow. Thanks.

MR. GLEASON: Don't thank me yet.

MR. CLINE: If you had -- are you -- this is Jim Cline. Are you preserving the 10 million for matching funds for future grants if you don't get all of the 16 or if you get less than 10?
MR. GLEASON: We've -- it's -- what we've tried to do with the flex funding is leverage it and with additional federal funding so we can do more. In the event that we are unsuccessful, the other program we now have in place is a routine fleet replacement program where every other year, we include these funds as part of a call for project proposals and ask that agencies look at their other funding sources -- 5339, 5307, 5311 -- to bring to the table for that.

We are more than willing to take development credits that we have and put those on the table for match purposes. So we're not looking for folks to necessarily come up with local money to support this, but we are asking them to look at their budgets and to make determinations within their budgets with money they get to allocate for this program.

MR. CLINE: Thank you.

MR. GLEASON: Any questions on that?

MR. MCBETH: I have one general question. This is John again. Since we've been investing in fleet for several years now, could we -- at maybe the next meeting -- get a report on where we are on fleet for the rural program and for the small urban program, if possible? How many -- how many buses have we bought? Have we made a dent in that number that the rural fleet
was all about to fall apart and die? Just a general number. Are we making a dent in that?

MR. GLEASON: Sure. So in your mind, how far -- are you thinking maybe start with Recovery Act funding.

MR. MCBETH: Yeah, uh-huh. Yeah, yeah.

MR. GLEASON: Okay.

MR. MCBETH: Back that far.

MR. GLEASON: That was the first start of --

MR. MCBETH: Yeah. I'd just like to see if we're actually -- are we making a dent in that huge mountain?

MR. GLEASON: You're going to hear later on today with a significant subset of the rural program that is included in our asset management plan. You'll hear that, generally, we're in a pretty good position.

MR. MCBETH: Yeah.

MR. GLEASON: As everyone knows, though, when you -- you know, every time you get a big slug of money like we got with TIGER most recently, then it comes due four or five years down the road when that big slug of investment is beyond its useful life and needs to be replaced.

MR. MCBETH: Yeah.
MR. GLEASON: So, and that's what we're trying to get ahead of with this discretionary --

MR. MCBETH: Right. That's another part of my question is: Are people actually conforming and beginning to replace their equipment before it all falls apart? Are we making progress on that particular side of it?

MR. GLEASON: We can -- why don't we try and put something together --

MR. MCBETH: Yeah.

MR. GLEASON: -- for the committee on that for the next meeting.

MR. MCBETH: Okay.

MR. GLEASON: That's fine.

MR. MCBETH: Great, thanks.

MR. GLEASON: The Department has also sent over to the State legislature its 2020-2021 Legislative Appropriations Request. It included in that request the committee's request for an additional $41 million a year to support expanded coverage and expand service in the state. That was included as an exceptional item in the Appropriations Request. Meaning that it would require additional funding from outside of the Department's regular sources of funding in order to us -- for us to be able to use it. So we're looking for
general revenue funding or whatever.

It's a large number. You know, I think it's -- well, I know it's a larger number than this committee and this Department has ever included before as a statement of need. It is perhaps our best informed number that we've had on this topic. And so the extent to which we'll be successful with the request, I think, you know, I think everyone would recognize it's a very, very steep slope we'd have to climb to get there; but it is a statement of need. It is a defensible statement of need; and we'll talk a little bit later about, you know, in Agenda Topic 8, we'll talk a little bit later about what we might need to do if that money were to be found, what are some of the things we would need to consider from an implementation standpoint.

So other than the exceptional item request, everything in the baseline is as it is today. So there are no changes to the amount allocated to transit state grant funding amounts. It remains as it was in the previous biennium.

Coming up in September at commission, we have a one-minute order. It's got three projects in it. Just real quickly, the Beaumont MPO allocated CMAC funding in southeast Texas for rural fleet replacement and I should mention that because of that action by the
Beaumont MPO, the Southeast Texas Regional Planning Commission is the only rural agency which is not included in our discretionary fleet application because the allocation by the MPO dealt with their needs. So that is the only rural transit district that is not included.

There is an award to the Lower Grande Valley Development Council. It is our final award coming out of the Springs Coordinated Call, and it's for an intercity cross Valley bus service that all four agencies down there are partnering to keep in place. And finally, we are -- there's about $60,000 to go to -- it's actually going to Project Amistad in the El Paso area, but it's for use on the upcoming TTA Southwest Transit Association Conference in El Paso the first week of March.

So we are funding a significant amount of training; and as a part of that, there were -- we were able to secure, I think, two-thirds of the seats available in the training that TxDOT is purchasing for the conference. Two-thirds of those seats are set aside for Texas properties and I think Kristen will hold those seats for Texas up until about 30 days before, and then she has our permission to release those seats so that folks from the other states can take part in training if
Texas doesn't want to; but that was -- we're willing to pay for it, as long as we got that kind of an arrangement to make sure that Texas properties could get the training. So we'll be sponsoring training there; and we'll be sponsoring the TTA Rodeo, as well.

So that's it for September. We have a leadership seminar. Version 6 is scheduled to start on October 28th. We have a full class of 25. Everyone from Texas. It's actually one of our easier classes to fill. I was talking to Kristen about the possibility that if we did not have 25 from Texas, that she could open it up to some of the surrounding states, as long as they paid the entire amount of the expenses, of course. So didn't need to go there. We got 25 from Texas. So we're happy.

MR. FICKES: That's good.

MR. GLEASON: So that ought to be in October; and then the second session, which traditionally falls in January, that's actually going to be moved to the end of February to be just before the Transit Conference in El Paso. So folks can go to that, and then just stay for the conference if they want.

And finally -- I know I'm taking a lot of time on this, Mr. Chair; but a lot of things going on.

Finally --
MR. MCBETH: We've got all the time in
the world.

MR. GLEASON: -- just to let the
committee know that the Department, we did conduct a
very short customer satisfaction survey where we sent aour-or-five question survey out to 75 agencies that we
provide funding to. We heard back from 57 of them. So
that's a pretty good response rate. And we were asking
them questions about some basic attributes of customer
satisfaction, how satisfied they were with what we did,
and did they have any recommended areas of improvement.

So, overall, very happy with the results.
Very satisfied/satisfied, 93 percent of the respondents.
Two areas were identified for us to make improvement on.
One was response time. You know, that whole interaction
between agencies and ourselves when assistance is
needed. And then finally, knowledge. And I think what
knowledge -- knowledge is a reflection of two things, I
think. We work with a lot of different programs and
sometimes field staff are not as up to speed on the
specifics as possible and so sometimes they've got to go
back to Austin to get the question and that can take
some time.

We are also experiencing a fairly high
degree of turnover in our staff -- succession, turnover,
if you will. Folks are retiring. Folks with lots of knowledge are retiring and we're bringing new people on and a combination of either in the field or in Austin here, we're just having to get up to speed from a knowledge standpoint. So, but we will focus on those two things to try and do a better job. That concludes my report.

MR. MCBETH: A bunch a good news.

MR. GLEASON: Yes.

MR. MCBETH: Thank you very much.

Outstanding. Particularly, I would note the commission in their Legislative Appropriate Request, requesting the $41 million that this committee recommended; and for our new members, that was a year's worth of work. It was more than fully vetted by the people in this room.

Whether we get it, it's always a crapshoot with this legislature. We don't know, but that's the largest amount of money that we've ever asked for. That's $82 million a biennium. That's a big, old chunk of money; and if we get it, we'll change the shape of transit in Texas. It's pretty amazing. So, basically, we'll double what we're currently getting in our base budget. We'll double it.

MR. GLEASON: Little bit more than double it.
MR. MCBETH: Yeah, yeah. So congratulations to this group of people. This was hard fought -- hard fought little battle; but outstanding news, as is all the other stuff you've talked about.

Okay. With that being that, we'll move on to Item No. 6.

MR. GLEASON: The real briefing, Mr. Chair, I will introduce this and then turn it over to Theo Kosub --

MR. MCBETH: Okay.

MR. GLEASON: -- who's been doing this work for us. Y'all may recall that -- well, not all of you; but those of you in transit will know that the Federal Transit Administration is requiring recipients of 5307 and 5311 funding to have asset management plans in place by October 1st of this year. And so we are nearing the endgame on that effort; and we have, I think, briefly spoken to the committee about this before. But Theo is here today to quickly walk you through and briefly walk you through our plan.

And so with that, Theo.

MR. KOSUB: Good morning, Mr. Chair, members of the committee. I'm Theo Kosub. I'm the Division's Strategic Program Coordinator. Like Eric said, I'm going to talk to you about our transit asset
management plan today. Well -- oh, all right.

Technical difficulty.

So first, what is the purpose of a transit asset management plan? It's to maintain a state of good repair for the State's public transportation assets. The transit asset management rule came out in October of 2016. So we're working to meet the deadline of October 1st, 2018, to have our asset management plan in place.

Right here, you will see these are the main elements you would find within the transit asset management plan. You have to have an inventory of your assets. What's out there? A condition assessment of those assets for a rolling -- asset that's in rolling stock, that might be how many miles does it have on it, how old is it, what condition is it in. For a facility, you know, how are its various components functioning.

The useful life benchmark is really about how that asset's age or miles relate to its standard. For facilities, you have the transit economic requirements model that basically is a scale that helps you evaluate your facility. For rolling stock and equipment, a useful life benchmark is going to be that age and mileage. And once you have those useful life benchmarks, you have something by which you can measure
your assets. So once you've done that, the investment
prioritization is really: How will you replace those
assets over the course of the next few years and
maintain a state of good repair?

So developing our asset management plan
has been a collaborative process. We have 37 entities
who are participating, and we started this process in
March of this year. We held a webinar to inform
potential participants, and they were given the
opportunity to opt out or opt in. Two rurals have opted
to do their own plan: Fort Bend County and PTS. All of
our open-door service, 5311 -- oh, excuse me, 5310
providers are in our plan.

There are several asset categories of
which y'all are probably familiar. Rolling stock,
that's your revenue vehicles. Facilities, this is your
admin, maintenance, passenger facilities. And then this
last category can be a little bit misleading. It's
equipment, but it's referring to assets that are above
$50,000 in value. If it's a piece of equipment, like, a
very advanced security system or an expensive lift; but,
generally, this is going to be your support and
maintenance vehicles.

MR. GLEASON: So let's -- Theo, let's
stop right there, if we can, Theo. Let's -- I want to
make sure folks understand the plan participants and
what's going on here. The first thing some of you may
notice is we have -- we currently have 36 rural transit
districts in the state, but only 25 of those 36 are in
this plan. And, in fact, there's a -- you know, some of
those folks are urban transit districts, as well. And
so in that case if you're an urban transit district and
you also provide rural transit service and this is --
there's some confusion here. But here in Texas, you're
doing your own plan and it's to include the rural
element of your service and that is how we understood
the direction in the FTA rule.

Subsequent to that, they have come out
with some information that seems to be not so black and
white about that and you'll see that we have one small
urban district as a part of our plan and it's an
imperfect world. That's all I have to say. But the
main thing I think here and I want folks to recognize
it, as a State, we needed to offer rural transit systems
the option of what is called a "group plan." And that
is where we do a plan that has multiple sub-recipients
as a part of it.

And so that is why you see that this plan
includes 25 of 27 standalone rural transit systems. So
of our 36, 27 of them are just rural transit operations;
and of those 27, 25 chose to be in it. So this -- as we
go through this today, one of the odd things about this
plan, is this plan doesn't represent the entire need of
our rural systems. It is a subset. And we may move
over time toward making a decision that we will be
inclusive of everyone in our asset management plan.
It's just that this first one out of the gate to the
meet the basic requirements of the rule, is not.

So let's go onto the next slide.

MR. CLINE: This is Jim Cline. Just
your -- the obligation is actually on the entity
receiving the funds, not on TxDOT, right, to have a
transit asset management program?

MR. GLEASON: Well, TxDOT is the
designated recipient for the rural program. There has
to be an asset management plan for all agencies. I
think from a compliance standpoint, we will need to
ensure that everyone has one. That the feds will look
to us from a compliance standpoint to -- even if they're
not part of our group plan --

MR. CLINE: They still have --

MR. GLEASON: -- it's going to be our
responsibility to make sure that everyone has one.

Did I say that right?

MR. KOSUB: That's correct.
MR. FICKES: This is Ken. So you're just -- your plan is just for rural. So if you're small urban, it's something different?

MR. GLEASON: They're doing their own.

MR. FICKES: They're doing their own.

Okay. All right.

MR. GLEASON: As direct recipients.

MR. FICKES: Got it.

MR. GLEASON: With one exception, and that's just the weirdness. I mean, I think I'm still -- I think there was some subsequent guidance that FTA put out, as often happens, which, you know, was a little different than what the rules say. And one of our small urbans -- voracious readers as they are -- called us and said, "Hey," and we looked at it and it was, like, okay. So they're in there.

But the initial direction everyone in this state received, is that you -- if you are an urban transit district getting 5307 funding, then, yes, you do your own. If you are also a rural transit district, then you will include your rural transit district needs in that plan.

MR. FICKES: All right.

MR. KOSUB: So let's talk a little bit about targets here. When you're developing a transit
asset management plan, there are three asset categories that you have to set performance targets for. So the first one, that rolling stock there, if you have 100 buses, you would hope -- your target would be that 15 or fewer would be past their useful life benchmark for age or mileage.

For facilities, it's a little bit different. They use the TERM scale. It's an FTA guidance that helps people to evaluate the condition of their facility. So a three is middle of the road. The worst would be one, poor. Five would be excellent, it's brand new. Three would be adequate. And then, likewise, for equipment you're looking at 15 percent or less of equipment assets operating beyond their useful life. Difference being, you know, rolling stock you tend to put on a lot more mileage. For some of the equipment, you may have maintenance or service vehicles that typically don't have as many mileage or are -- they might be older with less mileage.

This is to a question earlier. If you're a -- perhaps you're an urban or you're an NTA, there's an additional target. You would have to do infrastructure, which would be rail; but that doesn't apply to any of our rural providers. So you won't see that here.
Our targets were based on historic use and disposal patterns that we've witnessed over the past few years -- well, really more than that -- the past decade or so. And that's based on our public transportation management system, data that we obtained from that. Typically, TxDOT gets -- sees a lot more mileage from their rural units. They look at 40 to 50 percent more mileage than, say, an Altoona bus testing standard, based on what we've seen. So TxDOT set a useful benchmark life that corresponds to about 40 to 50 percent more life for light-duty vehicle types.

In terms of these targets, you may think, well, 15 percent. What happens if we don't meet that? What happens if we exceed it?

Well, initially, there are no penalties for not meeting your targets; and there's no reward for meeting your targets. So they're not hard with penalties. So what did we learn from our asset management plan?

Well, as Eric said earlier, there are about 1,120 vehicles in this TAM plan. So that's roughly two-thirds of our total rural fleet. Compared to those targets we saw earlier, our rolling stock is in pretty good shape. It's at 88 percent. So we're obtaining that 15 percent target right now. For
facilities, we have a vast majority of them who are rated adequate, which would be 3.0 or higher on the TERM scale; but we did see that facilities, although they are above that TERM scale, some are right around three. So we made need some future focus on facility investment.

Equipment, we're a little bit below our target. Equipment represents a much smaller fraction of the assets within this plan. We covered about 81 pieces of equipment within this plan. Most of which of those support and maintenance vehicles. For facilities, we actually had 53 total facility assets. And if you're curious, about 5310 providers. They're also covered under this plan. We had about 55 total vehicles in that plan. As far as vehicle types, light-duty and medium cutaways were the most common, followed closely by minivans.

Now, the most important part: How much will it cost to maintain a state of good repair?

We estimate that it will -- through 2022, it will cost about 39.1 million; but as I mentioned earlier, that's only two-thirds of the fleet. So that's not the whole picture. In terms of next steps, we will -- this plan covers a four-year horizon; but by September of 2022, we will do this again. Take some lessons from our effort this time, and that will be our
next update.

So with that, I'm happy to answer any questions y'all may have.

MR. GLEASON: If I may, Mr. Chair. So the FTA, if I understand this correctly, we need to have a plan and it needs to speak to the elements that Theo has gone over. FTA will confirm that we have a plan that meets the elements of the rule requirement. They don't see themselves as approving these plans. If that's -- you know, it's kind of an interesting approach on their part. They seem to be taking the same approach with safety and everything else, as well.

I think they're in a position of recognizing that they're -- you know, everything would tell them that there's not enough money in the federal program to bring everything to a state of good repair and so they're kind of just finessing that whole issue by saying, you know, "You guys put together what you think makes sense. We'll review it to make sure it's complete, but we're not necessarily going to challenge the specifics of it." That's my interpretation of what they mean. We'll see.

Jim.

MR. CLINE: Eric, if this is for two-thirds of the fleet and presuming the other third
has a plan and they use this information to make capital
investment decisions, right? Some money's flowing down
from TxDOT. How are you going to overcome the challenge
of normalizing these results if they're really
different?

Like, say, someone comes in and says, "I
have a 5 percent" -- or instead of, you know, less than
or equal to 15 is 5 percent. So you have an agency that
now has a greater need than someone else, although it's
the same -- maybe the same mileage and the same years.

MR. GLEASON: So I think we're going to
have to see what we get, and see what other agencies
have done. This is -- as Theo said, this is based on
history and not -- and it's also got in it a level of
history that includes funding, if you will. Reasonable
funding expectations for this program. So as long as
agencies sort of stay with that general practical
approach, I'm not anticipating being too far off; but I
don't know.

You know, we're going to have to get
copies of everyone's and understand where they're at;
and we may find ourselves a year from now in a position
of updating this plan just because we know a lot more.
I think everyone is just trying to meet the basic
requirements, and then we'll see what we have.
MR. CLINE: Thank you.

MR. MCBETH: Motion for -- Ken.

MR. FICKES: I was just going to say I'll make a motion to approve.

MR. MCBETH: Do we need a motion?

MR. GLEASON: We do not.

MR. MCBETH: Oh, okay.

MR. GLEASON: So --

MR. FICKES: It's an action on the agenda.

MR. GLEASON: We put action -- just as a reminder and not to bring it up, that is on there in case the committee desires to take action.

MR. FICKES: Oh, okay.

MR. GLEASON: It is not necessarily a requirement. If you wish to take action on this, you may.

MR. FICKES: I leave it up to the Chairman.

MR. MCBETH: I see no reason to take action.

Okay. Let's move on to the fun issue.

MR. GLEASON: All right. This is mine.

MR. MCBETH: Agenda Item No. 7 and Eric --
MR. GLEASON: Performance.

MR. MCBETH: -- this is yours.

MR. GLEASON: Yeah. Nobody else volunteered.

MR. MCBETH: I don't see any hands in the air.

MR. GLEASON: Yeah. So, now, first things first. We sent out an updated version of this yesterday, and I don't -- if everyone was able to download that or look at it, there was a significant change; and I'll highlight that when I get to it.

All right, performance trends. So this is -- you know, every year, as background, the Department prepares for the State legislature a required report which summarizes performance data collected from every trend system in the state for the previous fiscal year. So, for example, this spring we submitted a final report to the Legislature summarizing FY '17 transit data from not only the systems that we provide funding to, but from the MTAs, as well.

This is an enormous data collection effort on our part and it has a history of continuous improvement associated with it and it can prove to be difficult to get everybody in in an accurate fashion.

What we've done for you here, is we've done a couple
sort of broad slices or broad swipes of that data. For
some key conclusions coming from the report, we have an
annual snapshot which we'll compare '16 to '17 and
identify changes. We took a five-year look from '13 to
'17; and then we also, for the first time, prepared for
every system we provide funding to, sort of a quick
system at a glance.

Now, we're only choosing to highlight for
you those things which seemed significant and in some
cases, we have explanations for the change that we've
highlighted and in other cases, we don't. So let's kind
of walk through this. And we've got ridership. So
beginning with our '16 versus '17, we see a relatively
small uptick in ridership on the rural side. So whether
or not an additional 20,000 is anything, you know, to
signify that we're, you know, trending upward generally,
we'll have to find out; but that was a trend, a positive
trend.

Seniors and individuals with
disabilities, we see a pretty sharp decrease. This is a
program that can show swings from year to year,
depending on the recipients of funding; and I'm not sure
to what extent we are able to explain this drop today
for you. It's something that we will be researching and
be able to provide the committee with a better
explanation at a further date.

Safety incidents, the urbanized area program has seen an uptick in safety incidents. Again, it seems a relatively significant increase. We are researching the triggers for that, but it is some cause for concern. Metropolitan areas are showing a slight decrease in safety and, you know, those two -- in my mind -- they're counterintuitive. My expectation would be that with the increasing congestion and complexity of the metropolitan operating environment, that that is where you would see a tendency for these incidents to be on the rise and not so much in the smaller urban areas of the state. So it's relatively counterintuitive to me that we would have this going on, and we're certainly going to explore that a little further.

The next slide then gets into a five-year look and this is where, at least from my standpoint, we find things that are perhaps more significant and I'm actually looking at the old presentation here. So I'm going to look at the slide. The first packet we provided to you and actually the information we provided to the transit districts at our annual -- at our semiannual meeting in July, showed a rural decrease in ridership of 26 percent. The packet that you have today shows it at 10 percent and we believe that the
10 percent number is a more accurate reflection of a trend that the committee can focus on as meaningful and you'll see a box on the side there. We had to exclude four rural transit districts from the calculation. Two of those were based on what we know now to be inaccurate reporting, significant inaccurate reporting. One of those -- Galveston, no surprise to anyone -- for census impacts, it's just too difficult to understand the changes in ridership in the Galveston area as it transitioned out of an urbanized area and into a rural area. So that data was not reliable.

And then the fourth example we have, which the transit folks will recognize, is we had one entity in this timeframe that was operating at significantly inflated level of service. Well beyond their means to sustain. And that, of course, resulted in a pretty significant ridership increase. So when they concluded they couldn't sustain it and they reeled everything in, we saw a pretty significant drop.

So when we removed those four systems for those reasons, we go from a 26 percent drop to a 10 percent drop, which we think is a much more reliable indicator. Significant by itself, but it's certainly not 26 percent. Of that 10 percent, about 20 percent of it is related to the Medicaid Medical Transportation
Program.

This is a timeframe between FY '13 and '17 where there were significant changes in the Medicaid Medical Transportation Program, with the State moving to a full-risk broker program. And traditional primary recipients of funding for this program moved to a subcontract role in many cases, with a lot of challenges associated with that. So we have seen a falloff of that program, but they represent about a fifth -- they explain -- that explains about a fifth of this 10 percent.

When you go down to vehicle revenue miles, again, you know, urbans are trending up in ridership and a slight increase in mileage. The rurals, we're kind of headed in the wrong direction. If ridership is decreasing and mileage is increasing, that's not a combination you want to see.

MR. MCBETH: Eric, this is John. I think -- I think a percentage of that 9 percent can easily be attributed to the Medicaid Program and I think the reason is that the brokers -- whereas when TxDOT was running the program, you tried to keep everybody that was a Medicaid rider within their rural transit district. It's not uncommon for us and for all the other rural programs that are working for the brokers,
to get trip requests that we honor because, otherwise, we lose our contract -- in our case, from Bryan-College Station to Dallas, from Bryan-College Station to Texarkana, from Bryan-College Station to San Antonio. Every day we carry people into Houston and instead of grouping those people, there will be one person that needs to be there at 6:00 in the morning. There will be another that needs to be there at 10:00, and there will be another one that needs to be there at noon.

So our rider -- our mileage is skyrocketing and Liz Bruches, who keeps on top of that for us on the Medicaid Program, she keeps a notebook of just how stupid it is that we're getting these requests that we -- and they pay for them. I mean, they're willing to pay whatever we want to charge them to carry a person from Bryan-College Station. And many occasions, we'll carry people from Bryan-College Station to Scott and White in Temple and we will pass Carole Warlick on our way over there bringing somebody to Scott and White in Bryan.

MR. GLEASON: Are you going to the speed limit?

MR. MCBETH: Oh, yeah. Oh, yeah. Oh, yeah. You always go the speed limit on -- there is no easy road between Bryan-College Station and Temple. So
I think that also -- a portion of that 9 percent, at least in our case and I know in Carole's case and in a lot of other cases, is going to be as critical to the Medicaid Program and how poorly the brokers are operating the program.

MR. SALAZAR: I agree with that; and, you know, John's right. We have to do those trips because we have to adhere to the contract. You know, we've got a hospital discharge from Lubbock to Abilene Friday, a San Antonio to Abilene on that same day. So we're going to these cities to pick people up, bring them back to our place. Going to my point is when we actually had the contract for the Medicaid TSAP -- Transportation Service Area Providers -- we didn't do those kind of trips.

We didn't go to San Antonio. We didn't -- we tried to stay within our little service area and we didn't put those miles on like we are now and so I don't know really -- I really don't know what happened and why we now are getting hospital discharges from all over the state and we're having to go to pick them up and bring them home just because we have to because they tell us to. I agree with that. I think that's a big reason why that 9 percent is --

MR. MCBETH: A large portion of that is
deadhead miles. We'll get a hospital discharge from Dallas. We deadhead all the way to Dallas with an empty bus, pick that person up, and bring them home. They pay for it. They pay both ways, but it's just -- and you may as well be talking to a wall when you're trying to explain to them how stupid what they're doing is. There's better ways to do it. They could put them in an ambulance and bring them home cheaper than having us do it, but we get nowhere.

MR. GLEASON: So we will look a little more closely at the mileage data and see if we can't split out the Medicaid element to that, as well.

MR. MCBETH: I'll bet you that it's going to account for a minimum of a third of that.

MR. GLEASON: So even with the ridership going down on the Medicaid Program, the mileage -- the per trip mileage is increasing at a faster rate than --

MR. MCBETH: Yeah, yeah.

MR. GLEASON: Okay, interesting. And so we looked at ridership, vehicle revenue miles, and then operating expense for revenue hour and we didn't see anything in the operating expense for revenue hour that looked out of line to us. In fact, that looked pretty good, honestly, over a five-year --

MR. CLINE: Eric, this is Jim. The
ridership drop, isn't that about consistent with the national averages? I mean, there's a drop across the country in bus rider -- or in ridership in general.

MR. GLEASON: So for all systems --
MR. FICKES: For all systems.
MR. GLEASON: -- yes. I haven't seen a rural program breakout nationally. You know, Texas, it's a -- there's an area of the rural program -- the western half of the state -- where, you know, the population is either holding steady or even declining, even though the characteristics of that population are more and more in line with the customers that these programs serve.

Eastern part of the state, we've got rural areas that are becoming more dense, you know, even though they're still categorized as rural. So even though the demand base may be going up, the environment -- the operating environment versus, you know, whether or not the funding is keeping pace with that ridership is the challenge there.

So, okay. So those are the key five-year trends that we identified with our look at the data. The next slide then just scares a bit. And at our meeting in July, as I mentioned earlier, we provided each provider with a profile of their system, of their
FY '17 system, that looked at the five characteristics that are listed up there. And this was something new, and there's an example of that on the next slide. Let's just go to the next slide.

There's the example that, you know, we provided. So everyone got their own. We had to be very careful we're not giving them someone else's, but -- and this triggered quite a bit of feedback and, actually, I was pleased to get this.

Mark, if we could go back to the previous slide?

The most interesting thing about this is it was Item No. 3, the compliance information, that triggered the greatest level of interest. For those of you not familiar with our program, we do a risk assessment on each of our program sub-recipients that looks at a combination of performance and what I have learned to call "inherent" risk factors.

Performance risk factors go to, you know, whether or not the agency is operating in compliance with all the rules and regulations that we come and exercise our oversight on. The inherent factors are things that the agency can't do so much about. Either they get a lot of money and then, therefore, that puts them higher on the risk. They have a new CFO. They get
an external audit finding that stayed with them for three years, even though they fixed it. There's some other elements that play into this. But in any event, we started getting calls, "Why is my system high risk? Why is my system high risk?"

And so this has actually been a very helpful opportunity for us to try and describe how we do our risk assessment. So that was -- that's where we got the most feedback on, honestly. We really put it together more so to focus on the performance measures and the expenditure by program area just to give folks an idea and what we did with that, is we gave folks an average, as well, to compare their performance and their expenditure by area against, just to see how they trended against that.

And so our intent will be to do this every year. It's just like a little report card, if you want; and so that's there for the committee's information.

That's our overview, and then I'm looking for feedback. Is this helpful? I think in the context of moving forward with future discussions, are there areas the committee is interested in getting into based on what you saw here, Mr. Chair? So we would entertain a discussion if the committee wishes to on that topic.
MR. CLINE: Can I ask one question?

MR. MCBETH: Sure.

MR. CLINE: Just, Eric, is this going to tie back to NTD and all these same stats?

MR. GLEASON: Many of these stats are also reported to NTD, yes. Obviously, we don't --

MR. MCBETH: And for the new members, NTD is National Transit Database, which is a -- the most esoteric report. You do it on an annual basis and then there are these dwarfs that live in a basement in Baltimore and each one of them has 15 telephones and they spend the rest of the year calling you, asking you "Why is this 1,000 of 1 percent off of what you reported last year?"

MR. CLINE: The only reason I ask that --

MR. GLEASON: I can't wait for the minutes for the next meeting.

MR. MCBETH: It's true. It's a true story.

MR. CLINE: Not to disagree with the esteemed Chair, my question was to make sure that if you get questioned on these results compared to NTD, they should -- just making sure they sync up or there's a good reason they don't.

MR. GLEASON: Correct.
MR. CLINE: And, again, the same -- you know, where I was before, we ran into all kinds of issues with, you know, there's the truth and then there's sometimes what happens, you know, just because of the way that -- not necessarily the truth, but certain things are excluded and certain things are not.

MR. GLEASON: Yes.

MR. CLINE: And it gets confusing when you try to compare the two and particularly if we have a critic that comes in that is harping on -- and I went through this process where somebody pulled down all the NTD data and then was slamming our numbers and trying to, you know -- we've all been there, right? I mean, it's just not putting an easy target out there for someone to say we're not telling -- you know, look at one set and another set is different numbers.

So just a thought or with a -- or some kind of caveat in this. If it's not going to match, say it won't and that's okay because this is good data. I mean, this is good information. I mean, to compare both -- I mean, so you can show performance; but just, again, that's one of the dangers is you're getting on -- just a personal note having been through that, I mean, you can just get slammed by that stuff. That -- no easy targets for the critics. That's all I suggest.
MR. GLEASON: Appreciate that.

MR. MCBETH: Any other comments?

Okay. There being none, thank you very much, Eric. And we're moving on to Item No. 8, discussion on FY '19 work program.

Did you want action on that one, on the performance thing?

MR. GLEASON: I would say not needed unless the committee is interested in pursuing any piece of this, a piece of it.

MR. CLINE: Would it make sense for us to say, "Endorse this," say --

MR. GLEASON: Yes.

MR. MCBETH: -- "Move forward as it's worded"?

MR. GLEASON: I think just leave it. I don't think we're looking for that. It's -- you know, the report's in. We do this every year. We probably should come back to --

MR. MCBETH: Come back with it. Good report.

Item No. 8, discussion on FY '19 work program, topics including but not limited to the following three items. All right, Eric.

MR. GLEASON: Mr. Chair and members of
the committee, so this is -- this conversation will really help shape the committee's agenda for the next year or so. And it follows on a discussion we had in May, I believe, where we touched on a number of potential future topics for the committee to look at. It is a somewhat different list than that based on some things that have transpired since then; but what I want to -- what we want to use this discussion for today, is to make sure that with these three topics or any other topic that the committee is interested in, that we have a full and complete understanding of what you'd like to see the discussion entail.

So we're calling this a scope of -- a proposed scope of effort. We included a one pager on three topics. First topic was if the additional funding that has been asked for as a part of the LAR as an exceptional item, if that were to become real, then there would be -- I think everyone recognized there would be significant challenges from an implementation standpoint of getting that money out the door to accomplish the purpose it was intended for. And I think the committee felt in May that there needed to be discussion of that even now, so that we understood the implications of the new funding and what it might mean for the program if it were to become available. So we
prepared a one pager summarizing our thoughts on that.

The second topic we have a one pager on is since we met last, FTA's finally coming out with their final safety rule, which has been in the works for, I think, for five years is what someone has told me. So they finally have come out with that. It does have implications for recipients of 5307 and 5311 program funding. Well, just 5307 program funding, anyone who gets it. That, we think, will translate into rulemaking for this committee to help us with.

And then finally, there's a one pager that we are -- and this is not something that we discussed, that I recall, at our meeting; but we do think it is time that we take a considered and deliberate look at our intercity bus program. How the money gets spent today? How well it's performing? What opportunities there might be out there and given how other states do the program for Texas to consider; and fundamentally, whether or not we're getting out of the program what we can get out of it for intercity bus travel purposes?

So three topics. Three one pagers. I would suggest we take them one at a time. I -- Mr. Chair, I'll leave it up to you. I can certainly kind of walk through each one or if folks have had a
chance to look at them and you just want to dive in,
I'll leave it up to you.

MR. MCBETH: I would prefer that you go
ahead and take them one --

MR. GLEASON: Just a quick walk through?
MR. MCBETH: Yeah, walk us through them.
MR. GLEASON: All right.
MR. MCBETH: And then we can ask
questions on each one when you're --

MR. GLEASON: So we'll start with the
first one. Again, keep in mind that where we want to
leave this conversation is making sure that we've got
everything that the committee feels is important to talk
about on this topic. So we've laid out in each of
these, there's a context, there's a purpose and scope,
and then key topics for committee discussion.

First piece is on the additional
41 million a year. Again, this is what's in the LAR
request as an exceptional item. The 41 is compromised
of two basic elements. Thirty-eight million of that 41
is an ongoing operating expense associated with creating
service coverage and span of operation, time of day
operation across the entire state of 14 hours of
service, five days a week, Monday through Friday.

So something that Dietrich and Marc --
from our previous meetings, if you were to create a map
today of where that level of service existed and where
that coverage existed, it's in a very, very small part
of the state. And to turn the entire state into Monday
through Friday, 14-hour service, every county covered,
it's about $38 million a year in ongoing additional
operating expense. Then, there is 3 million in there
that is an annual replacement cost of the fleet, the new
fleet, associated with that new service.

So when you put new service out, many
times you have to buy new fleet and so we want to keep
that fleet in a state of good repair and it costs about
3 million a year to do that, even if you replace them
once every five to seven years.

So that's how we got to 41 million. And
so I want folks to take a look at how we've described
the purpose and the scope, and I want to make sure that
that description is consistent with the committee's
expectations at this point in time. It's a bit of a
difficult thing to know going into session as we are,
how much of this conversation to have and to what extent
any conversation in this committee over the next six to
seven months, how we could characterize that
correlation on behalf of the entire industry as opposed
to a conversation that's been had here at the committee,
what does that represent and how could that be represented in this timeframe during the session?

MR. CLINE: Eric, just one thing that struck me is the -- if this is going -- presuming that this is achieved, this is going to be monumental for the rural -- I mean, for the programs that TxDOT does. And there's a second order of impact to that, which is the decisions to do service are actually done by the districts, not by Public Transportation Division. But the reporting back to the Legislature is going to be done by the -- you know, we're basically -- I say "we," the big we, right -- making a promise to say, "If you give us $41 million, we will have 14-hour service five days a week," and how do we keep -- in two years -- reporting back, showing a map that says, "You gave us the money," and map is all colored in, not -- it didn't quite make it for something like -- or there's a -- it's that closing -- it's closing the loop back, right?

We asked for money based on a certain need. You gave us the money, hopefully. And did we achieve that objective? And I think that would be a real -- just something to keep in mind. I hope that --

MR. FICKES: No, I understand. You're talking about exception to the transit provider deciding how to spend that money.
MR. CLINE: Right.

MR. FICKES: So that's --

MR. GLEASON: So under the key topics, that first bullet point -- under key topics is what we're trying to get at. I think, to a large extent, it's going to depend on the nature of the conversation with the Legislature and the extent to which that picture that we have, is that expressed as a commitment or is it expressed as a possibility?

The issue, historically, we do not exercise -- at the Department level, we do not exercise a prescriptive approach to how transit districts choose to spend their money. If the discussion at the Legislature creates an expectation and a commitment to create a specific event -- i.e. change the state to this kind of coverage -- then it does seem as though we're moving from, at least with these funds, from what a traditional flexible format might be, which might be just to allocate them out by formula and let local boards make their decisions versus a more prescriptive approach that says, "Got 41 million for this purpose. Now, we're going to do the following things to make sure that happens."

And so it's a fundamental shift in how this program has been managed, I think, is on the table.
And that depends on how the discussion happens with the Legislature and what their expectations are if they were to give us this money and to what extent that could be communicated following conversations that this committee has versus a more extensive conversation that would be inclusive of the entire industry.

MR. CLINE: Well, as an agency person, you're going to want to be able to dictate your -- how you control things. And if it -- if it's -- the estimate for the 41 million is based on -- we just based it on 14-hour service, and that's how we got to the number. That's reasonable. Now, we're going to let the agencies decide how to do it. That's one story versus a story that says, "No, we promised you 14 hours of service and we either delivered or failed to deliver that."

I think they're going to be coming all guns to be pointed right at Public Transportation Division if that's the case. If that's the promise that's made.

MR. GLEASON: So our purpose today is to just make sure we've captured that. We're not trying to make a decision or have a conversation about what that means so much today, but to make sure that that issue is something that we all -- that we've captured, as we've
explained it here in this case maybe in Bullet 1; and
that, yeah, we need to talk about that. And so this is
the kind of stuff we're interested in hearing about
that. This is the kind of stuff, but let's just kind of
move through this to make sure we've hit the key issue
areas. So that's the first one.

The second one then is sort of the
phasing and the timing of how it happens. You know, how
do we imagine this thing coming online? You know,
usually you go out and spend your first couple years
getting spent on capital. Making sure you've got the
capital to run the service and support the service and
then the service comes a little later. So what's that
look like, and how do we get into that? You know, what
do these agency plans look like?

Maybe the first thing we need to do is
turn around and have everybody do a plan that says, you
know, sure, TTI's work estimated that, you know, it
would take you, you know -- Hill Country Transit
District, if you take an extra $2 million of operating
money and 20 more vehicles for you to do that at the
Hill Country Transit District. Well, then the Hill
Country Transit District comes back and says, "Wait a
minute. You know, we need 2.2 million and 22 vehicles,"
or "We can do it for 1.6 and we only need 18."
But we need to kind of -- one step could be -- step one could be go verify the amounts, and get everybody on board that way. So we kind of laid out, again, what we think some of the subtopics would be below each of those items in bold. And what do we do if we only get a tenth of what we asked for?

So which is a very likely, if not historical, outcome is you don't get 41 million. You get five. And do we use that five in a very small portion of the state to create this picture? Because if we just plug it into the formula, we're not going to get anything. And we've just spent 5 million that, in theory, was based on a longer term picture that showed a commitment. So those are -- I don't know what we do with that right now, but I think we need to kind of walk our way through those conversations and talk about the different approaches we might take with them and how we might do it and what it might mean for this program and how it's managed.

Then we're into, you know, this loop back, performance and accountability. How do we communicate to people that we're doing what has been expected of us with these funds? What kinds of measures? You know, is this all about putting the service out there and we're done because that's what we
said we'd do; or at some point, does it flip and become about performance? Well, how well is that investment being used? Independent of the fact that it's a span in coverage investment. If it's not being used, is that the right thing to do with the money?

And then, you know, sustaining the investment. How do we lock in the additional funding? You know, we could be successful with 41 million in each of the next two years and not get it the next biennium.

MR. MCBETH: That's exactly right.

MR. CLINE: That's the scary -- that is the scariest option because then you build all this expectation in the public, and then you pull the rug out from underneath them.

MR. GLEASON: Again, these are -- so we're putting these out here as: Is this the universe issues that this committee feels needs to be talked about in the context of what if we got this 41 million or what if we got some portion of it? What else would we need to cover? What else is on your mind?

MR. MCBETH: Well, this is John. From my perspective, there has to be a requirement from the very beginning -- if we got the money -- that no one gets any of this money until they've submitted an adequate plan as to how they're going to spend it; what their timeline...
is, both for getting the capital that you've got to have -- because I don't think any of us have buses parked that we're not using -- as well as a requirement that we all have local communities that are not being served. What does that -- what are those local communities going to do as far as coming up with cash to put into the system for sustainability?

But I think the first thing is that you have a plan, and I'm not saying give everybody $50,000 to go out and hire a consultant to do their plan because that's the consultant's full employment act. I think everyone is capable of doing their own plan. You know the areas that you have, and you know why you're not serving them.

MR. GLEASON: Right. So we can --

MR. MCBETH: I think we're all able to do that. So I think the plan has to be the first thing before anybody gets any money at all.

MR. GLEASON: So, again, today we're just -- I think what we're trying to do today is just make sure we've got the right areas --

MR. MCBETH: Yeah.

MR. GLEASON: -- to be covered --

MR. MCBETH: Yeah.

MR. GLEASON: -- in these four bullets.
And that's an example, I think, of a discussion we could have at the next or future meeting about that specifically, the idea of doing a plan. So, you know, we've got four areas here. We've got flexible versus prescriptive investment and the implications of that for our program. We've got phasing and timing, measuring performance and accountability, and sustaining the investment. Is that going to cover what needs to be talked about at this point in time over the next eight to ten months?

MR. MCBETH: Yeah.
MR. GLEASON: Okay.
MR. MCBETH: I think it does.
MR. GLEASON: Okay.
MR. CLINE: Yes.
MR. GLEASON: We can come back to these if thoughts occur to this committee later on.

So next is the safety rule, which has come out. I'm going to turn this over to Mark Sprick to walk you through real quickly here on what we think this effort entails.

So, Mark.

MR. SPRICK: Thank you, Eric.

So I am Mark Sprick with TXDOT's Public Transportation Division. FTA came out with their new
safety rules a couple of months ago now. As Eric 
mentioned earlier, this has been about a five-year 
progress to get from proposed or draft rules all the way 
to this point.

We have some good news with this for this 
committee. The final rules, as published, they dropped 
the requirement for standalone rural agencies and 5310 
agencies to develop a safety rule plan. I always like 
to lead with a little good news.

MR. GLEASON: They deferred it.

MR. SPRICK: They deferred it, yeah.

That's the phrase they used. So maybe the next 
administration will pick it up.

So what we produced here -- or what I 
produced here is a little one pager on sort of 
summarizing what that involves now for us. As you can 
see at the very bottom of the page, we're proposing that 
we're going to be coming to you early next calendar year 
with some revisions needed to the current TAC rules and 
the public transportation part of the TAC.

Five years ago when FTA put out the draft 
rules, we went ahead and stuck a little provision in 
there to the best that we knew at the time. It's going 
to require some changing now. We also are thinking you 
might want to consider discussing funding of this
effort. There was no money attached to the requirement
to develop these safety plans for either us or the urban
agencies. So that might be something to talk about, as
well, and we'll share with you information that FTA
generously provided about what funding we could use and
it's basically the funding we're already using.

MR. GLEASON: For another purpose.

MR. SPRICK: For another purpose. So
thank you very much.

So a little background. This all came
out July 19th, and they gave the States and the urban
providers who receive 5307 funds essentially two years
to get to a final plan that we all have to approve. So
by July 20th, 2020, these plans are due to FTA. The way
they broke it out for who gets to write the plan is they
divided it into small and large urban providers and, of
course, it's not the definition you're used to based on
the area of population. Instead, they defined small and
urban as basically a breaking point between 100 revenue
vehicles in peak service. If you have 100 or more,
you're a large; and fewer than 100, you're a small.

If you're a large, you have to write and
adopt and give to FTA your own plan. The caveat with
that is -- and I'll start off with the good news that
standalones don't have to do a safety plan; but if
you're an urban provider and you have a rural program, your safety plan has to cover both, both your 5307 funded and other funded urban program and your rural program. Again, thank you FTA.

If you're a small agency with fewer than 100 buses in peak revenue service, you get a choice. You can develop your own. So it's kind of like the TAM plan option. You can develop your own or you can allow TxDOT to develop one for you. You will have to have an accountable executive sign it and approve it and then you'll have to implement it and live with it, but we here at TxDOT will work with you to write it and get it drafted.

The goods news on that is FTA has already published a fillable template. So there's some things out there. And I failed to mention at the beginning, Theo is going to be helping us with this as soon as he's done with the TAM plan next week; and we'll be putting out some information and guidance to get everyone kind of oriented and primed. So we could be here at PTN developing up to, what we consider at this point, 35 individual safety plans across the state, depending on who decides to do their own and who decides to ask us to do it.

Besides the accountable executive
requirement, there's some new requirements around safety management system; and we'll, I'm sure, have to develop some information and training and briefing materials on what SMS is. In a nutshell, I've got it here. It's basically bringing everyone in the agency together to talk safety, look at safety data and incidents, analyze safety, determine targets and other benchmarks, and then to document what you're doing about it. It's a pretty comprehensive requirement that I anticipate will require a fair amount of documentation.

Additionally, the FTA has published their own national safety plan; and I think fortunately for us, this is based mostly on the National Transit Database, things that we report already. But you can see here they've listed four measures that all of our safety plans for bus have to address in one way or another. I think there's flexibility on what those specific numbers are, just like we had in the TAM plan; but they're going to have to be in each agency safety plan, I think, to make that connection up to the national goals and objectives. These aren't too controversial or new; but they are going to have to be specific, and they could vary by agency. They will vary by agency, I'm sure.

And so at the end of two years, we're all
going to have a document for each agency that receives 5307 funds. We're going to have to develop rules to address and manage that; and then I'm sure just like TAM, as we go along, FTA is going to be coming back to us with additional feedback and guidance. The word I got so far through the ASTA working group on this is that they're going to do it just like TAM plan. They'll accept it. They'll check you off; and then as you get your state management reviews or your urban triennial review is every three years, that will be one of the things they look at and give you feedback on it. So this will be evolving, I'm sure.

That, in a nutshell, is the bus safety plan rule effort. And, again, if there's anything about this in the next year that you would like for us to bring back and talk about with you, I'm certainly willing to add it to our key topic's list.

Eric, anything you want to add to that?

MR. GLEASON: Well, I think the committee has a choice here. I think the committee can choose to say this is not a significant opportunity for us to advise the commission of matters of transit policy and division, we don't need to be part of the rulemaking effort, just go ahead and do what you think is best; or you could say we want to be part of rulemaking and bring
us a presentation on, say, sources of funding and
where -- you know, where we think some of the tradeoffs
or choices might need to be made to fund this program
versus other opportunities.

So I think the committee has a -- they
could either back off of this one entirely, or just
focus your efforts if you want.

Ken.

MR. FICKES: This is Ken. Quick
question. So you're going -- you need to amend the TAC,
right?

MR. GLEASON: Yes. All likelihood, yes.

MR. FICKES: Will that amendment affect
agencies that are on their own way -- on their own plan?
In other words, will there be a conflict in the rules if
TAC -- if you have a TAC requirement, is that going to
affect a non-TxDOT recipient?

MR. GLEASON: I think the TAC rule
revisions are more than likely to be more sort of
process-type revisions --

MR. FICKES: Right.

MR. GLEASON: -- and not prescriptive,
you know, you must do that or you must do this because
the purpose of the TAC is to tell everyone how we're
planning to administer the program.
MR. FICKES: Yeah. We have a plan. We've had it for a number of years, as I was telling Kelly earlier this morning. When we have incident, like a hurricane or whatever, we become part of emergency management. So it's -- that encompasses part of that. So I have issues with having to go to somebody else now and, oh, we have to comply with that. So I just wanted to make sure that's not going to happen.

MR. GLEASON: Yeah.

MR. FICKES: Okay.

MR. GLEASON: So that may be, you know, one reason the committee wants to see what we're thinking about doing on the rules.

MR. FICKES: Okay.

MR. GLEASON: You know, it's just to make sure we're, you know, not going off the reservation on you somewhere.

MR. FICKES: That's the only question I have.

MR. CLINE: Eric, the question I have is to kind of flip that around. In order to get the funding and the Administrative Code changes done, would it be helpful to have the endorsement of the PTAC to carry those items forward? It seems like it would help. That's up to you. That's a question that I have from
the staff is that --

MR. GLEASON: So my take on this, is that the rules are going to be fairly methodical. The rules are probably not going to be all that much of a leap of, you know, imagination in what they're going to entail. I think the conversation around where the fundings come, may be worth a conversation at the committee because I think, you know, we're going to have to go into the 5304 program or whatever it is and, you know, carve out funding for this effort. And so it's probably worth a discussion. The rules, we can do a perfunctory review for you; but it may not be such a big deal and certainly not like we're opening up the formula in that.

MR. MCBETH: Well, this is John. I would like -- I would like to see us reserve the right for the committee to review whatever you come up with, the rules --

MR. GLEASON: Okay.

MR. MCBETH: -- particularly the funding. That's what I'm really interested in. Reserve the right to review it and endorse it.

MR. GLEASON: Okay.

MR. MCBETH: Not approve it, but just endorse it. And I think Jim's right. The commission is accustomed to hearing from us.
MR. GLEASON: They are.

MR. MCBETH: That we look at it, and we're all for it.

MR. CLINE: And that may be very perfunctory for the rule piece, and more advisory for the funding piece.

MR. GLEASON: Okay. All right, that's helpful.

MR. MCBETH: Okay.

MR. GLEASON: The final topic we have for you today is a review of the intercity bus program policies and practices. So real quickly, as most of you may know, the rural program funding that comes down to us from FTA has a required 15 percent that's set aside. So 15 percent of what we get as a state is set aside for -- to enhance intercity bus services. You know, what -- that is about $6.2 million right now. That's what that represents.

And we -- historically, we've used our coordinated call process. That's a process we do every other year where we bundle up discretionary funding opportunities from multiple transit grant programs. We bundle it all up into one call and get proposals back on all those programs, as opposed to doing separate calls for each of them. We use that process to identify both
service and capital investments for these funds.

You know, we think it's time to ask ourselves, you know: Is the way we do this program resulting in the highest and best use of these funds for Texas?

And we want to engage the committee in that conversation. We'd like some feedback and advice from the committee on that. We are proposing to do that in a number of different steps. We would put in front of you everything we know about the current investment and how well it's doing, what it's being used for, what kind of performance it's showing. We would -- we did some work back in 2015 where we had a consultant go out and look at other states and the models they used for how they did their intercity bus program. We think that will be an interesting conversation in case it becomes apparent that maybe, you know, our sort of step-back approach, we let the proposals come to us, we review them and pick the best one as opposed to saying, "We want to do this connection." That's sort of the other end of the spectrum. You know, how prescriptive or how proactive are we as a program in terms of what we get?

So following on that review of what other states do, what's the best option for Texas and then what's the implementation strategy. Recognizing that
depending on what the decision could be, that too could result in a rulemaking process at the commission, for the commission to look at a significant change to our program.

Pursuing this conversation is going to be of interest to the intercity bus industry, and so we will -- part of our effort between now and the next time we talk about this, will be to engage them in this topic, letting them know that we plan on talking about this. And for those of you who have been around long enough, this can be a pretty sensitive issue for them; but I do think it's something we need to talk about.

MR. MCBETH: Well, this is John. I mean, pretty much everybody knows my opinion of the intercity bus thing. It's a minefield. The intercity bus guys -- the few of them that participate in this program -- they refer to it as their money. It's really not their money. It's the rural transit system's money. I would like to see this topic completely vetted, and it would be the first time it's ever been done in Texas.

It is a minefield because you're talking about removing money that the private sector is using, and I'm not saying they're misusing it; but there's so few of them using it, it's not being spread across the whole state of Texas. It's not being spread not even
equally. It's just certain intercity bus people doing
certain -- subsidizing certain routes.

MR. GLEASON: Correct.

MR. MCBETH: And I understand what they're doing; but I also know that rural transit
systems serve the whole state and we do a lot of
intercity transportation and we could be doing the same
thing, using some of this 6.2 million. So I would like
to see this as a topic added to our work plan to do
something about intercity bus, and you may decide to
keep it the way it is. It's only $6.2 million; but
still, that's 15 percent of the rural appropriation for
the State of Texas. So --

MR. SALAZAR: This is J.R. I agree with
John. I think what we've all seen for several years is
the intercity routes being cut. Especially in the west
Texas area back where we're from, we used to have that.
Now, they've cut those routes; and I'm all for looking
at the intercity bus program and seeing what we need to
do to adjust any allocation for them, if anything.

MR. FICKES: I support both these
gentlemen. This is Ken. I would like to know about
the, you know, connectivity. What kind of connectivity
does it create? Because sometimes there's -- you put a
price on that and sometimes there's a lot of people that
get from A to B. So I would like to make sure we cover that when we do that. Also, how much money is left on the table every two years?

MR. GLEASON: What's that?

MR. FICKES: How much money is left on the table every two years? Is it all allocated, or is it not?

MR. GLEASON: Our current approach, about 80 percent of the funding is wrapped up in ongoing operating contracts.

MR. FICKES: Okay.

MR. GLEASON: Now, historically, the program -- and this is meaning going back five, six, ten years -- there was a higher element of capital investment associated with the program. We found ourselves, we were doing a lot of ongoing renovation work in Houston and San Antonio and Dallas that seemed to have a never ending use to it. While the notion is that rural program/rural services connect into those terminals, and so that's where they make the connection to the national bus network.

So we've kind of moved away from that heavy capital orientation, that way, to more of an operating orientation. Leaving only about 20 percent of it for capital and that is an element of it that
typically will be used in the context of building a multimodal transit center, if you will, that has a share of it being used by intercity bus services. So we can help fund facility investments that rural transit providers are making if there's an intercity bus service element to it.

MR. FICKES: Is it capital cost of contracting or is it 80/20 capital or is there operating expenses involved?

MR. GLEASON: It's operating. It's operating expenses. We are not -- to my knowledge, we're not associated -- our funds are not associated with the capital costs of contracting.

MR. FICKES: So what's the ratio in the --

MR. GLEASON: 50/50.

MR. FICKES: 50/50 just like what was said.

MR. GLEASON: Over time, the FTA has allowed some pretty creative opportunities, though, in terms of unsubsidized elements of the intercity bus carrier operation to be used as match in these arrangements in order to facilitate some of these -- you know, hanging onto some of these key rural area connections. So there are some nuances to the way this
program -- advantages and very specific opportunities
that are part of this discussion.

Okay. So those are the three areas that
we're proposing to engage the committee in over the next
several years -- not several years -- next several
months, next year or so. From our standpoint, we'd like
to get going on the intercity bus discussion sooner
rather than later. We think the safety one will map out
its own timetable; but, you know, we see perhaps
proposed rules sometime after the first of the new
calendar year.

The implementation of the 41 million, the
timing of that conversation is one we're not so sure
about when the committee might want to do that and to
what extent you want to do that now versus, you know,
toward the end of the session when you may have an idea
of which way it's going. So I'll leave that up to y'all
on that one, and that's one of the areas we do need to
hear back from you on today is the timing of that.

I don't -- I don't feel as though, as the
Director, that I could commit to moving all three at the
same time together with the same level of detail.
That's probably more than we could bite off as staff,
so.

MR. MCBETH: Yeah, this is John. I
agree. The easiest piece of this is the safety piece, which is going to -- it's going to basically follow its own path. The intercity bus is something we could do something about, I think, via just a couple of meetings, if you report to us, you know, what's going on with it, what are they spending, how much of the state -- you know, based upon the 41 million exercise we did to get everybody up to five days a week, 14 hours a day, we need to apply that same thing to intercity bus. How can we spread that across the state?

I know it's only $6.2 million, but I think it could be spent better. So I think that's the easiest piece and I'd like for us to have that at least on the next couple of agendas so that we can talk about and decide what direction we want to go. We -- I know that they will -- the couple of companies that use it, they will show up because they -- this is, from their perspective, their money; and it's a national thing, not just a Texas thing. Nationally that's the way it is; and I assume their Executive Vice President for Greyhound, I think he will probably show up, too.

We've dealt with this at the Community Transportation Association of America numerous times, and they don't like anybody to even question it. So my attitude is we should. We should be questioning it.
It's public money, and we should be spending it. And, you know, I'm a strong believer of the private sector. I use them a lot, but this one is just one that we need to get it under control. So that would be my perspective. And then the 41 million, I think that's something we begin to address closer to the session when we know where we're going to go.

MR. GLEASON: Closer to the end of the session?

MR. MCBETH: No. Closer to the beginning. I mean --

MR. GLEASON: Well, the session begins in January.

MR. MCBETH: -- we know it's going to be -- yeah. We know it's -- we know in January it's going to be on their radar screen. I think we look at it for the first three or four months just to see if it's dead on arrival. I hate to do a lot of planning for something that I know is dead and just right now what my people are telling me is anybody asking for any new money, it's dead on arrival with the session that's coming up, so.

MR. CLINE: Just if I could, just throw one thought out there. Comparing the interstate -- or the intercity program to this, that's an eight-fold
difference in potential, right? I mean, shift in -- I mean, that could be huge. I mean, the magnitude is so much greater with this.

Is there anything in -- that could help the story for asking for the 41 million? In other words, you're going to be asked the question: What are you going to do if you get it? What are you going to do if you get less?

Would it be better to have some input on those things or better to -- for y'all to audible that and then come back and say, "Okay, here's where it's kind of heading. This is what we ought to do," or like you said, "It's dead on arrival," you know?

MR. GLEASON: So the dynamic behind an exceptional item request is it gets stripped out of our appropriations request on arrival.

MR. CLINE: Yeah.

MR. GLEASON: And then it is up to a discussion during the session to bring it back to life. I'm paraphrasing, but that's -- so it doesn't necessarily follow that the Department will be asked on it, unless it is picked up and brought back to the forefront of discussion by another entity. I think I'm saying that pretty much right.

MR. MCBETH: Yeah.
MR. GLEASON: So, you know, in the past there's not been that much discussion on exceptional items that has actually gotten to, say, a committee where the Department has been asked to speak on it. So whether or not we get that far -- you know, I think maybe if we can get into the session a bit, we'll have a read on -- John, as you described -- on where it's going.

What I'm trying to figure out in my own mind for the committee and what I'd like to hear back on is we normally meet every other month. So our normal schedule will have us meeting sometime in November, early December. We always struggle a bit with the holidays. And then the next meeting is January, which is when the session starts.

MR. MCBETH: It starts.

MR. GLEASON: So, you know, I don't know -- my preference would be to spend November, January, and March focused on intercity bus and perhaps the safety rules or what it looks like and to pick up this conversation a little bit later; but just only because, you know, I think we'll have a better picture on whether it's necessary or not.

I think at this point all we could respond to is these are the areas that would need to be
fleshed out and -- but so I would leave it up to the
committee. But one approach would have us picking the
implementation issues up March, April, May timeframe and
not before because we're going to spend our time before
that more focused on intercity bus.

MR. MCBETH: This is John again. I think
the first question that -- and I spend a lot of time
over there. First question we'll be asked and even by
friendly people -- and we do have a lot of friendly
people over in the pink building -- will be: Well, how
is this money going to get distributed?

Some of that's a selfish question, and
some of that is a public policy question. So I think it
would be helpful if we -- perhaps the next PTAC meeting
or the one after the next PTAC meeting -- came up with a
pat answer that TxDOT is going to have a prescriptive
manner in which they distribute this money, you're going
to have to have a plan, you're going to have to have a
timeline, you're going to have to say how much money
you're going to need to do it, how many more people are
you going to serve, something that we can say to the --
because the only way to resurrect an exceptional item --
as you say, they're stripped out of our budget as soon
as they get over there -- is to have the leadership
resurrected and those are the guys that ask the hard
I don't know who's going to be in charge of Appropriations this time, but we know the Chair of Transportation will be on the Appropriations Committee and I don't have a real good feel on who's going to be the Transportation Chair.

MR. GLEASON: So here's my dilemma -- it's kind of like a rock and hard place dilemma -- because in this timeframe, this committee could have a conversation and reach a conclusion.

MR. MCBETH: Uh-huh.

MR. GLEASON: I don't believe we could translate that conclusion in this timeframe to a TxDOT.

MR. MCBETH: Okay. I know that's a tough -- that's tough, yeah.

MR. GLEASON: So we're willing to allow the committee to have a conversation to get to where you think you need to be. We just would need to stop short of it being anything described as a Department --

MR. MCBETH: As TxDOT's policy, yeah. Right.

MR. GLEASON: Yeah. Because I think the only answer we could give at this time is, you know, we're going to have to do rulemaking around the distribution --
MR. MCBETH: Yeah.

MR. GLEASON: -- of funds if it's in anything other than a formula distribution.

MR. MCBETH: And that will probably be adequate as an answer. TxDOT will have to do rulemaking because we have a formula, and this is going to circumvent that formula. So, yeah, I understand that. We can go -- we'll go with the March date.

MR. GLEASON: So that's our dilemma right now, so.

MR. SALAZAR: I'm fine with that.

MR. GLEASON: You're fine with --

MR. MCBETH: That works.

MR. SALAZAR: We can delay until March with the 41 million, and going forward with the intercity bus program.

MR. GLEASON: Okay.

MR. SALAZAR: Seeing if we can line that up.

MR. MCBETH: Okay. That's Agenda Item No. 8.

Agenda Item No. 9 is public comments. Josh, do we have anybody signed up for public comments?

MR. RIBAKOVE: I haven't received any
speaker cards, but we do have sheets on the table in the
front if anybody is interested in making public comment.
We can take care of that.

MR. MCBETH: Is there anybody interested in a public comment?

MR. ERIC BACKES: The only public comment that I wanted to make, my name's Eric Backes. And I am the brand new Executive Director of the Texas Transit Association, and I just wanted to introduce myself.

MR. MCBETH: Welcome, welcome.

MR. ERIC BACKES: And I'm here if you have any questions for me, and I look forward to working with y'all. Thank you.

MR. MCBETH: Okay. No. 10, propose and discuss agenda items for the next meeting and confirm a date of the next meeting. I have one person that wants to talk about agenda items, and it's Ken Fickes from Houston.

MR. FICKES: Ken Fickes from Houston, Texas. Pass these around. Hopefully, I have enough of these.

I've talked with Eric about this before and I sent him an e-mail a few months ago, hoping I wasn't going too far off the reservation on this; but I've been want -- I've been looking at development
credits and the policies around the state for the last three years. And before Bobby Killebrew left, he sent me a lot of data on how much of an issue by TxDOT to most of the smaller providers.

And maybe I need to back up for a minute for those of you who are not familiar with development credits. They used to be called toll credits, and they're generated by toll roads being built. They're not cash. They're not real money, but they can count -- they can count for your match if you're spending federal dollars. So what I've seen is we've got a disparity in the programs around the state. There's four different policies, and none of them are even close to being the same. And even, I think, CAMPO here in Austin just got theirs revised I think in January of this year.

Last summer, they did their TAC and got it approved for change. They were operating under an old policy that was missing a lot of elements to it. But I would like to bring this back again for us to look at. In February of 2012, we changed our guiding principles and one of the things that we are supposed to be doing is develop a consistent and transparent method to award funds and that included development credits.

Well, about six months later, the commission put together a committee to review the use of
development credits and come up with some alternatives and so they wound up giving -- what -- 75 percent of it was divided and sent out to the MPOs for their areas if it was generated and then y'all kept 25 percent or something like that. So am I wrong? Am I close?

MR. GLEASON: Development credits are generated with toll projects.

MR. FICKES: Right.

MR. GLEASON: The current rules, current Administrative Code rules adopted by the commission, say that 75 percent of the development credits generated by any region, stay in that region.

MR. FICKES: Right.

MR. GLEASON: And that the MPO of that region has the ability to create its own rules on how it wants to distribute development credits. 25 percent of it is -- goes to a statewide pot for purposes for use around the remaining balance of the state, under some more specific rules that are laid out in the Administrative Code to apply only to those 25 percent.

MR. FICKES: Right.

MR. GLEASON: And that's where you see these differences in approaches --

MR. FICKES: Right.

MR. GLEASON: -- coming up with regions
that are generating these things, are developing their
own policies and procedures on how to distribute them
and who gets them for what purpose and we have a
separate approach for using the other 25 percent.

MR. FICKES: Right.

MR. GLEASON: So.

MR. FICKES: And, like, between Houston
and NCTCOG and Dallas/Fort Worth, they have a more
liberal policy than, say, the City of Houston does.
They have an actual carve-out for transit agencies that
need funding. Whereas in our area, we don't have that.
It's like pulling teeth to get development credits in
the Houston region. So that's what we've evolved to
over the last -- what -- seven years.

MR. GLEASON: Uh-huh.

MR. FICKES: No, six years. And I just
think it merits a look-at to see if we're on the right
track with this, is it okay they way we're doing it, or
is it creating a disparity in the system amongst the
providers. I don't know the answer to that. I haven't
had the time to completely study and vet that out.

TTI did a review in 2013. It was fairly
inconclusive, and it didn't really address that. So I
just wanted to throw it out to the committee and see how
y'all feel about it.
MR. GLEASON: So this would be an example of an action item --

MR. MCBETH: Uh-huh.

MR. GLEASON: -- if the committee wanted to add that to your work program, this discussion; and we would -- we've got some idea of what you're looking for. We would need to lead, I think, with that which we have, more or less.

MR. FICKES: Right.

MR. GLEASON: And some sort of sense of timing of when you'd like to see it.

MR. FICKES: Okay. Anybody else have any interest in that?

MR. MCBETH: This is John. I'm always open to discussing more funding. I'd like to -- I guess we could add it to the next PTAC agenda just for a discussion purpose to determine -- just get a report from TxDOT on: Is there any opportunity for this rule to be changed? I remember when this came up, the whole 75 percent/25 percent. I wouldn't have a problem putting it in here for discussion. I just think we may just need to know a lot more about it.

MR. GLEASON: So one of the things, for example, an approach could be to bring a handful of these other folks in, for example, and ask them to
describe how they do the program. How does NCT calculate it, and how does H-GAC apply? So the committee could hear; and then we could talk about how we manage the statewide pot, as well. I don't necessarily think our staff would be a bit able to describe how NCT calculates its program. So we could --

MR. FICKES: Well, I know they -- I have the same issue.

MR. GLEASON: Right.

MR. FICKES: This is Ken. I have the same issue.

MR. GLEASON: So if we could arrange that kind of a conversation --

MR. FICKES: This is just a review of their policies. It doesn't necessarily say it's the way it is in the real world. I think that's a good idea. Also, I think we need to know how much TxDOT's issued over the last few years in development credits because it's hard to evaluate that without knowing. I know what we've done in Houston, which is pretty small.

MR. GLEASON: Right. So we can describe our approach, you know, and where -- you know, public transportation gets a pot every year of 15 million or if we have --

MR. FICKES: Or --
MR. GLEASON: -- multiple billion of this --

MR. FICKES: Or up to 50 percent of the total, if I read that correctly.

MR. GLEASON: What's that?

MR. FICKES: Or up to -- you get 15 percent or no less than 50 percent of the total, is that how it reads?

MR. GLEASON: No. We get 15 million a year --

MR. FICKES: Right.

MR. GLEASON: -- unless the total amount available drops --

MR. FICKES: Right.

MR. GLEASON: -- at which point, we'll only get half of what the --

MR. FICKES: Right, that was it.

MR. GLEASON: It's complicate, but it's --

MR. FICKES: I recently read it again.

MR. MCBETH: Right now -- this is John. But right now, the rural and the small urban program, from my perspective, I mean, no one has called me and told me that they have not gotten the total of credits they've requested. And the commission just gave you
permission to distribute them basically on your own
without having to come back to the commission.

MR. FICKES: I remember that now.

MR. MCBETH: So you're given an amount
that you can distribute, which I think that's a -- I
don't want to make the commission mad and take that away
because I remember how hard it used to be to go get
those. Now, it's y'all just distribute them.

MR. GLEASON: Just throw them off the
rooftop.

MR. MCBETH: No, not actually. You've
got to apply for them and justify them, but --

MR. FICKES: We do.

MR. MCBETH: -- it's a lot easier than
going in front of the commission each and every time.

MR. GLEASON: That was mostly a timing
issue --

MR. MCBETH: Sure.

MR. GLEASON: -- and it just took time.

MR. FICKES: Right.

MR. CLINE: I'm sorry. Just if I could
offer a suggestion. Even in COG -- even in NCTCOG, it's
not real easy. While they have a very liberal program
in terms of what's applicable, it's still not real easy
to do.
MR. GLEASON: It's never easy.

MR. CLINE: It's never easy. Okay. A suggestion would be to start with -- 25 percent is a huge chunk of money, right? I mean, 15 -- I mean, that's still a big bucket of cash, right?

MR. GLEASON: It's not cash; but, yeah.

MR. CLINE: I know it's not cash. It's CT cash. I know. This is where it really gets complicated --

MR. GLEASON: Yeah.

MR. CLINE: -- because it's not real money.

MR. GLEASON: Right.

MR. CLINE: You've got to have other -- start with, okay, what are the possibilities if this money was available that we could use it for, right? How it could be utilized and then go back to the question of saying, "Do we -- A, do we have enough; and, B, do we need to talk more about that," because if the question came back: Does TxDOT -- who I think holds sway over the TDC program overall, correct -- was to say, "Really what you need to do is a certain percentage of this needs to be allocated to transit or we're not going to say that," right? Because statewide we already are, right? 25 percent?
MR. GLEASON: 15 million a year.

MR. CLINE: 15 million a year is already out there. And then how much of that is being used, right?

MR. GLEASON: Yeah.

MR. CLINE: And is there a possibility for more, right? To use more if we had more, which I think may be the harder question, right? That may be the -- that may resolve the issue right off the bat in some ways. Not to -- I mean, Ken, not -- I mean, I'm just trying to logically think through it because this is going to be a sense of the issue of how we guys are going to want it, you know, because it seems like we could get into some --

MR. FICKES: Well, it was a sensitive issue in 2012 and '13 when we fought it out in a TAC meeting in Houston, that there were a lot of political agendas in that room about who should have it and who shouldn't. At the end of the day, we wound up with something that nobody really likes.

MR. GLEASON: Well, let me -- let me -- let us look at reconstructing the issue for the committee. I think there were visions back then of using the drawdown, large elements of the federal program which would allow you to pool your state
elements and go do something else with them that might be more expeditious for them to obtain them more quickly. I'm not sure that ever was realized. It was a contentious discussion at the time.

Let us look at structuring a conversation for the committee on why we are where we are today and what it is and then, you know -- I think, John, your question about whether or not the Department would be willing to consider, is probably going to take some kind of a conclusion from this committee --

MR. MCBETH: Right.

MR. GLEASON: -- as to why they ought to consider reopening it.

MR. MCBETH: Right.

MR. GLEASON: Well --

MR. MCBETH: Because it was a big battle.

It was a big battle.

MR. GLEASON: It was. You know, I think this is kind of open-ended right now. I don't know where it might end up.

MR. FICKES: I don't either. I just think it needs to be looked at again, and I've thought that for a number of years.

MR. GLEASON: Okay.

MR. FICKES: So it's just been more
obvious than, you know -- you can't, though, just change their policy. In January, previous to then, their Director had the authority to do a discretionary award subject to the award approval. So, I mean, it's -- they've changed a lot of stuff.

MR. GLEASON: Yeah. I think what it could boil down to was just in the rules where it now just allows the MPOs to do as they see fit, there may be room for a little more direction in those rules at that point that would bring a measure of consistency. That's one example of what could happen.

MR. FICKES: I don't remember the exact makeup of the committee that TxDOT put together, but I do recall that four of the members were MPOs and one was a very large metro. So say what you want to about MPOs; but if they want to control the money, I'm sure that's the way their vote went. So, anyway.

MR. GLEASON: Yeah. So, okay.

MR. MCBETH: Okay. Josh, when is the next meeting?

MR. RIBAKOVE: According to the usual schedule, that would be the last Tuesday in November, which is the 27th. Now, that's the Tuesday after Thanksgiving. So Tuesday the 20th, before Thanksgiving and Tuesday, the 4th of the December.
MR. FICKES: Oh, you're looking at alternates?

MR. RIBAKOVE: Looking at alternates if that --

MR. FICKES: Next date would be the 27th, is that what you're saying?

MR. RIBAKOVE: Normal schedule, next one would be the 27th.

MR. MCBETH: I would go for the December meeting. That's way before Christmas and after Thanksgiving.

MR. FICKES: Which date's that? The December --

MR. RIBAKOVE: That would be December 4th.

MR. GLEASON: We just need kind of -- are we heading that direction?

MR. MCBETH: Yeah, that's what I'd like.

MR. GLEASON: So that's the general sense of the committee? Stay away from the Thanksgiving holiday?

MR. MCBETH: Yeah, Thanksgiving holiday.

MR. GLEASON: Not drift any closer to Christmas?

MR. MCBETH: Don't drift any closer than
the 6th.

    MR. GLEASON: So we'll figure it out, but

it's looking like the 4th right now.

    MR. MCBETH: All right.

    MR. GLEASON: Okay.

    MR. MCBETH: Okay. Anything else? There

being no other, I'll take a motion to adjourn.

    MR. FICKES: So moved.

    MR. WHYTE: Second.

    MR. MCBETH: I have a motion and a

second. Any objections? All in favor say aye.

    (Chorus of ayes)

    MR. MCBETH: All opposed say no. We're

adjourned.

    (Meeting adjourns at 12:04 p.m.)
CERTIFICATE

STATE OF TEXAS   
COUNTY OF TRAVIS 

I, Paige S. Watts, Certified Shorthand Reporter in and for the State of Texas, do hereby certify that the above-mentioned matter occurred as hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings of such were reported by me or under my supervision, later reduced to typewritten form under my supervision and control and that the foregoing pages are a full, true, and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this Turn in date 3rd day of October, 2018.

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Expiration: December 31, 2018
Firm Registration No. 631
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