TRANSCRIPT OF
TEXAS DEPARTMENT OF TRANSPORTATION
PUBLIC TRANSPORTATION ADVISORY COMMITTEE
PUBLIC MEETING
TUESDAY, MAY 26, 2020
10:00 A.M.
VIRTUAL MEETING VIA WEBEX EVENTS

TRANSCRIBED BY: Angelica Mathews
TRANSCRIPTION DATE: June 8, 2020

THE LEGAL CONNECTION, INC.
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APPEARANCES

COMMITTEE MEMBERS PARTICIPATING VIRTUALLY:
  John McBeth, Chair
  Jim Cline, Vice Chair
  Marc Whyte
  J. R. Salazar
  Ken Fickes

TxDOT PARTICIPATING VIRTUALLY:
  Eric Gleason, PTN Director
  Josh Ribakove, PTN Communications Mgr.

ALSO PARTICIPATING VIRTUALLY:
  Michael Walk, Texas A&M Transportation Institute
MEETING AGENDA

ITEM

1 Call to Order.
2 Guidance on virtual meeting participation.
3 Approval of minutes from April 28, 2020 meeting. (Action)
4 Presentation and discussion on projected 2020 US Census funding impacts to public transportation for Texas transit providers. (Action)
5 Public Comment – Public comment will only be accepted during the meeting. Link and details are below. The meeting transcript will be posted on the internet following the meeting.
9 Propose and discuss agenda items for next meeting; confirm date of next meeting. (Action)
10 Adjourn. (Action)
PROCEEDINGS

JOHN MCBETH: Well, it being 10 o’clock we will start our special virtual meeting and I will begin by reminding everybody that since this is over the phone if you’re going to speak, please introduce yourself so we all know who is talking. And somebody just logged in. Okey dokey. The meeting is -- I’ll call the meeting to order and welcome everybody. Josh, could you do a roll call of committee members?

JOSH RIBAKOVE: Well sure I could. I know John McBeth, our Chair is here. Jim Cline, you with us?

JIM CLINE: Here.

JOSH RIBAKOVE: Alright. Ken Fickes?

KEN FICKES: Here.

JOSH RIBAKOVE: Very good. Marc Whyte?

MARC WHYTE: Here.

JOSH RIBAKOVE: J.R. Salazar?

J.R. SALAZAR: Here.

JOSH RIBAKOVE: And Derek, pardon me, Dietrich Von Biedenfeld? Not yet. But we do have a quorum.

JOHN MCBETH: Okay. We have a quorum and the -- we will start with a briefing from Josh on our
protocols for this virtual special meeting. Josh, take
it home.

JOSH RIBAKOVE: Hi everybody. This is Josh
from TxDOT. I just wanted to let you know a little
guidance on participating in this virtual meeting.
Most important thing, please do mute your phone except
when you intend to speak. That will give us all better
audio quality. Please do not put the meeting on a
hold. That will allow us all to listen to your hold
music. Public comments can be made by the chat feature
of our meeting today. If you want to make a public
comment about any of the agenda items, simply send a
chat message to the host. Include your name, your
email address and if you represent an organization,
what that organization is. If you are -- if your
comment is about an item that we are covering in
today’s meeting, it will be read at the meeting. If
it’s not about one of our agenda items today, then it
will be transmitted to the Committee once the meeting
is over.

And again, please do mute your phone except
for when you are going to speak. Thanks.

JOHN MCBETH: Okay. Josh, thank you very
much. Our next Item, Item Number 3, will be approval
of the minutes from April 28, 2020. However as
I’m going to request that we table this Agenda Item due to minutes are not currently available due to some technical issues. So, unless there is an objection, we will table this particular item until our next regular meeting.

And that brings us to the heart of the matter, the reason we’re having this meeting Item Number 4, presentation and discussion on projected 2020 US Census funding impacts to public transportation for Texas transit providers. This is an action item and we will be taking action because Mr. Gleason is going to need a recommendation from this group to carry to the Commission as they need it for the Legislative Appropriations Request. So, with that I’ll introduce Eric and Eric you can introduce Michael.

This is Josh. I apologize for interrupting but John, I think for meeting protocol we need a motion and a second to table the minutes from the previous meeting.

Oh, okay. Can I have a motion from Jim and a second from Ken?

This is Jim, so moved for approval of tabling the (inaudible).

Ken. I second the motion.

We have a motion and a second,
all those in favor signify by saying aye.

(Aye spoken in unison.)

JOHN MCBETH: I hear no nays. So we will table the minutes and then back to Item Number 4, presentation and discussion on the projected 2020 US census funding impacts to public transportation for Texas transit providers. Mr. Gleason, if you would take this item.

ERIC GLEASON: Alright, thank you John.

JOHN MCBETH: You're welcome.

ERIC GLEASON: This is Eric Gleason with TxDOT. Real quickly, Michael is going to walk with me through the details of this discussion but just to set the context for everyone. So, we've been talking about Census impacts for a little while now and TGI has done some (indiscernible) work to put some dollar amount impacts amounts together for the anticipated changes.

We're going to focus today -- now, obviously there are Census impacts on both federal and state funding. Our focus today is going to be on state funding impacts so that we can get through the conversation at this meeting today and end up with -- should a Committee reach a consensus on a position, looking for a recommendation to the Department with respect to the 2022/2023 Legislative Appropriations...
Request any funding recommendations to mitigate the impacts of the census.

So, I’ll let Michael walk through the presentation. I think we would welcome questions along the way. And I’ll stay pretty quiet throughout to save my comments for after Michael gets through the whole presentation. So Michael, why don’t you take us through that.

MICHAEL WALK: Okay. Thank you, Eric. I just want to confirm this is Michael Walk with Texas A&M Transportation Institute and can y'all hear me okay?

(All say yes in unison.)

MICHAEL WALK: Alright. Great. Thank you. So as Eric introduced, we’re here to talk about, you know, focus on the state funding impacts of the upcoming Census and to look for, you know, potential funding strategies to address those anticipated impacts.

Really the impacts boil down to a couple of key changes that results from the upcoming Census result. You know, the first key change that has an impact on state funds is the designation of urbanized areas and whether those urbanized areas that are currently urbanized, you know, change category, you
know, from small urban to large urban for instance. Or when currently non-urbanized areas become urbanized and also from the expansion of urbanized boundaries. So, if an urbanized area’s boundary is going to expand and an increase population and other factors that get channeled toward the urbanized area and then decrease the population (indiscernible) and land area that’s available for the rural area. So those changes to urbanized areas are really key impact and we’ll see how that influences the results.

A second type of impact that we’ll see is changes to rural transit districts and what share the overall rural population each one has. As a rural transit districts population, you know, share across the state increases then there’s associated funding decrease holding all other things constant.

And now if you look at these two main impacts, the urbanized area designation and boundary changes as well as the changes to rural transit district population shares, we see anywhere from $1.2 million of annual impact to $3.3 million in state funding. It just depends on how you want to try to mitigate that impact. And so, we’re gonna show you a few options today after we go through the impacts themselves.
So, this slide here with the state of Texas on it is showing you the first category of change. We talked about urbanized area categorization changes and if you focus your attention on the upper right hand part of the map, we are projecting the Census 2020 will result in a category change where Amarillo, McKinney and College Station-Bryan, all three of those will go from being a small urbanized area to a large urbanized area. That means their population will go to over 200,000 people. And so that’s like the category change will have implications on state funding.

In the lower left-hand corner there’s two locations, Eagle Pass and Rio Grande, that we anticipate will go from being currently a non-urbanized rural areas to actually becoming small urban areas based on the census results. So, these two places will be new small urban areas as a result of the Census.

A second type of change that affects rural transit districts mostly is the change in population. This map of Texas with the greens, and yellows, blues and oranges, shows you the projected rural area population changes as a result of Census 2020. And the blue areas are -- and green, actually showing the decreases or the cooling in population if you would, and the yellow areas and orange are sort of the growth.
The warmth areas.

So, you can see that throughout the state, you know, not every area is growing at the same pace. Some are losing population from Census 2020. Others are gaining population. And if you look at the rural areas, the rural counties that were down by Rio Grande and Eagle Pass you’ll see those have the most significant population loss and that’s because those new small urbanized areas are now in those boundaries and so they’ll actually take population away from the rural part of the funding formula for those areas.

So those are the main impacts, those urbanized area categorization changes and the population changes in rural areas. And those will have implications for every individual transit district in the state. And before we get into talking about how to mitigate those funding impacts, we wanted to set the stage to discuss two different ways to really to approach a funding solution. One is to focus on long term investment called sort of the growth approach.

Which would recommend a change that’s permanent in funding. A permanent adjustment to funding. And this would adjust -- the long-term investment would adjust the overall amount available, right? Every -- and I’m sure you all pretty well understand the way the funding
formula works but, you know, the basics -- the basic metaphor is, you know, the piece of pie or pick your pie, and the more people the pie is fixed. And as more people come into certain categories like new large urbanized areas, you know, the supply hasn’t grown and so know there’s -- everybody’s gonna get a smaller slice. And so, by the way, just to address is to a long-term investments perhaps and add more funding to create a bigger pie that’s available for everybody.

Another approach to dealing with the funding impact is by short-term investment. Perhaps limited duration funding just a few years the amount of money that would be available there and to help offset the needs of individual transit districts and giving them time to adjust to a new funding level but not actually changing the amount of overall funding available.

So, there’s two different ways. You’ll see in every scenario we’re gonna show you, you’ll see us give you a number of either for a long-term investment, a short-term investment. And so, we’ll start with Scenario 1 as one of three different scenarios. And this is really just the baseline scenario. It’s called the No Changes Scenario. So, if you want to know what the true impact of the Census is on allocations of state funds, here’s what the number looks like. To run
these numbers, you know, we input the new Census data. Ran the new Census data and existing transit information and ran it through the funding formula for state funds. And if you add up the transit districts that would have a loss in funding from FY20, you will see that the rural transit districts, the sum up there, the losses in that category, they would be $416,000. A loss in the large urban category, almost $2.2 million of loss in that category. Again, that’s because we have three new large transit districts -- large urban transit districts all of a sudden in that category without changing a slice of the pie. And so, the overall mitigation here would be $2.6 million, that would be the cost of the Census impacts on individual transit districts. So that gives you the baseline to work from.

Another scenario -- so then the question is if we -- rather than the No Changes scenario, how do you correct or adjust for those impacts? And Scenario 2 is one approach. And it was Scenario 2 we’re proposing to maintain the per capita funding investment across the state. Obviously, Texas is growing so if you increased the amount of funding in the state fund formula to accommodate that growth in population, what would that look like? This table just summarizes that
for you. Where if you look in the -- from Census 2020
data, you know, the population of the Texas transit
districts are 10.2 million and the funding level was $34
million per year. Now this data excludes the Fort
Worth/DFW area transit districts since they are funding
it (indiscernible). Which gives you an average across
the three categories of rural, small urban and large
urban of $3.09 and that's really the number of trying
to focus on. Obviously the population in 2020 is
projected to increase by a total of about 1.4 million
people across the transit districts -- of the state
funded transit district and so if you turn that into a
dollar value using $3.09 on average across all the
categories, you concede to $3.3 million. So, in this
mitigation strategy we would actually add $3.3. million
to the state funding formula on an annual basis to
create a permanent change in the amount of funds
available.

Now if you take that additional $3.3 million
and put it into the funding formula and then allocate
that money out to individual transit districts, rural,
small urban and large urban, some districts would still
see a loss because, you know, that additional money
still has to be allocated around using the formula and
if you have a population loss in your individual
transit district you might still see a loss in funding even though the pie is bigger. And so some districts do. And you can see here after we take that additional $3.3 million, put it into the funding formula and allocate it to everyone, you see there’s still a little bit of loss on the rural side of about $73,000 total and on the large urban side about $400,000, about $393,000 for around half a million dollars total of district level losses compared to FY2020. So in this Scenario 2 you’re looking at changing the overall funding investment, making a long-term investment of $3.3 million a year that keeps your per capita funding constant with still also having potentially a short-term investment of $467,000 for the first few years to help transit districts still adjust to the impacts of the Census.

And the -- Scenario 3 is really the last -- sorry, the last Scenario we’re gonna talk about today and this one is changing the allocations available inside each category. In particular we’re trying to address the three new large urbans. If you remember Amarillo, College Station-Bryan and McKinney are projected to become large urban transit districts post Census. So one way to adjust the funding available to large urban transit districts is just to if we package
up the money that they were allocated in FY2020 to
(indiscernible) district and move it from the small
urban category to the large urban category and then
allocate the funds there. So in this case we’d be
shifting the total of about $2.2 million, which is
those three urban transit districts combined, taking
that $2.2 million from the small urban category and
shifting it to the large urban category and then
allocating the results out and seeing what happens.
So, this doesn’t involve an initial long-term
investment, it’s literally just transferring funds from
small urban to large urban.

So, once you take that shift of funds from
the small urban category to the large urban category,
run the allocation formula and see what comes out,
there’s still come losses, right. So, on the rural
side it’s back to our original number because we didn’t
do anything to adjust rural funding yet. So, there’s a
417,000 approximately in rural loss and on the small
urban and large urban side you have about $436,000 and
$331,000 of individual transit district losses. So
you’d still need, if you transfer those funds from
small urban to large urban to reflect the shift of the
three new large urban transit districts, you would
still need about $1.2 million to offset those initial
district losses and help transit districts adjust to
the new funding levels available.

So just to summarize those three scenarios, we want to put together this table. You know, Scenario 1 was when we do no real change at all. This is just the impact of the Census itself. And that requires, you know, an actual, you know, it sets us back, right, by $2.17 million. And for a long-term investment to funding and as well as we have the short-term investment of $417,000. On the per capita option, that was Scenario 2 that would require the $3.3 million and a long-term investment actually changing the amount of funding available. We still have a little bit of a loss on the short-term side. And then on Scenario 3 is when we shift the funds from the three small urban transit districts that are now becoming large urban, we just shifted their funds over but there’s still a short-term investment needed of about $1.2 million.

So, I know that was a lot of information. I want to stop there and see if there’s any questions and then I’ll turn it over to y’all for discussion. So, any questions about the analysis or what the numbers represent?

JIM CLINE: Michael, this is Jim Cline. One of the questions I had was you showed the deficits but
if we’re keeping the same amount of money, does that — are there increases that go with some of those deficits as well? In other words, when you show deficits (indiscernible) went large that meant the small went up by that same amount?

MICHAEL WALK: That’s correct Jim. So when we’re looking at tables, for instance going back to the Scenario 1, right, which is when we don’t do anything, this is just Census impacts, you know, there’s some transit districts -- basically this is mostly the rural districts that now have urbanized areas in them, you know, they would lose approximately $416, you know, 977. But there’s every other transit district -- rural transit district is gaining some money. Same thing for the small urban here. We don’t show any losses because everybody in the small urban category would actually gain funds under doing the do the nothing scenario. Does that answer your question, Jim?

JIM CLINE: Yeah, it does. That’s where I was trying to measure (indiscernible) and who wins in (indiscernible) in the discussion. I say wins and lose, I mean just the pluses and the minuses.

MICHAEL WALK: Yeah.

JIM CLINE: This is Jim Cline. My thought process was, well that goes in the discussion so I’ll
MICHAEL WALK: Other questions?

JOHN MCBETH: Michael, this is John McBeth. I’d like to express my appreciation for the work you guys did on this and also for allowing us to postpone this to just a meeting all on the phone because this is really important thing. Your scenarios -- our history in Texas has been that when we have Census impacts we make up those impacts for those systems that were going to lose money so that they do not so that we’re moving forward and not backward. I particularly like your Scenario Number 2, which is to maintain the per capita because I think anything other than increasing the per capita is going backwards and I don’t think this is the time for us to be going backwards. I really like to maintaining the per capita of $3.09 per person and just biting the bullet and I’m always in favor of long-term investments not short-term investments because short-term investments mean that people have short memories. Particularly the people I deal with in the legislature so I know 3.3 million is a lot of money in the current environment but I think that’s the Scenario I would feel comfortable with. And I’m not just looking at it from the point of view of Bryan-College Station because we would profit the most out of that. I’m looking at
it from the point of view of the entire state and
maintaining our historical precedent of always
correcting for Census impacts and moving forward. I
don’t want to go backwards. It took too long to get
where we are now so that’s just -- that’s my two cents
worth and I’ll be happy to listen to anybody else
that’s -- if they have any other scenarios. I think we
could look at Scenario Number 3 as a fallback position
in the event that we can’t get Scenario number 2 but I
really do feel like we need to go forward if we’re
gonna be progressive here.

JIM CLINE: Hey Michael, can you help me
remember something on the applicability of funds, the
use of the funds because my recollection was that when
it moved to the -- when you transfer from -- when you
move from small to large you cannot use that money for
operating anymore. And I may be incorrect on that.
Could you help me with that? Kind of (inaudible).

MICHAEL WALK: Jim, that’s just the federal
side.

ERIC GLEASON: Hey Jim -- yeah, that -- this
is Eric. That’s just on the federal side. The state
funds, we use large urban on the state side. Those are
areas on the state that formed urban transit districts
when they were under 200,000 in population and now have
progressed beyond the 200,000 threshold and under the statute because they have done that, they either remain an urban transit district, which would -- in which case they continue to qualify for state funding. Or they can choose to form a transportation authority and potentially levy a sales tax. But until they do that -- until they do that, they remain an urban transit district and (indiscernible) for state funds. So, in the state funding discussion, large urban (indiscernible) those systems like Lubbock, Killeen and Brownsville and Conroe Woodland and a few more, I just (indiscernible) at the moment.

JIM CLINE: Okay, I was incorrect then thinking it was -- I was thinking federal.

ERIC GLEASON: Yeah. That’s where it does get confusing where you begin to mix federal into the state conversation, it does get confusing.

JIM CLINE: Uh Michael --

J.R. SALAZAR: (Inaudible) --

JIM CLINE: -- Oh, okay. I’ll hold my thought. Go ahead.

J.R. SALAZAR: Sorry, Jim. This is J.R. I had a question on when you talk about moving the money from the small rural to the larger rural, maybe you and Eric can talk me through that. Because I didn’t think
ERIC GLEASON: So, J.R., moving from small urban to large urban, what the legislature does -- all the legislature does is adopt a biennium total, single numbers for rural small urban and large urban. Texas Administrative Code is where that number gets broken down into the specific allocations that we use. So, in this instance it would take a rule change but right now we have a mount that are hard wired into the tack on the allocations to each of the three categories. So we can go in and through rule making the Commission can change those amounts and so if we were to -- if the decision and the result were to mean that the amount associated with Amarillo, Bryan-College Station and McKinney, if it were to -- if the idea were to move that to the large urban then we would need to do a rule change to make that happen.

J.R. SALAZAR: Okay. Can I ask another question -- may I ask another question, John?

JOHN MCBETH: Sure.

J.R. SALAZAR: I had a couple of things, one is I’m trying to think of, you know, making sure that we got a couple of things going on here with Census (indiscernible) with the drops in sales taxes are happening. But I think one of the (indiscernible)
involvement in the per capita allocation and how we do that but from the general public’s perspective I think the biggest is thing how can we retain the operating, you know, the funding for these folks so that they can continue to provide service? That’s probably the number one thing that I would say would be really important is at the end of the day, whatever scenario we choose or recommend, are we doing a good job at maintaining services? Particularly in the more (indiscernible) environment and how that -- how that comes to.

And then Eric, I think at the, you know, we had a lot of discussion last time about the some of the federal piece that would come into this with the special funding under the CARE Acts stuff, it would be interesting to see how it would all fit together to see the total package. So, it’s not today’s but I think again that would be important so that’s -- those are two items to -- for consideration. Thank you.

ERIC GLEASON: Okay. So, if I can, a little context for the Committee. Throughout this presentation that Michael did, we talked about long-term investment amounts and short-term investment amounts and early on up front we distinguished in -- from a strategic stand point given the current economic
environment, you know, we won’t have a forecast until July sometime, which is when the Comptroller has indicated they’ll come out with their first forecast attempting to reflect anticipated impacts of the economic (indiscernible). We are suggesting throughout this presentation that any amount associated with a long-term investment or an overall addition for growth in the program which would be permanent increasing the pie -- size of the pie as Michael described it, but that strategically would be requested as an exceptional item request. Now recall exceptional item requests being that these are funds outside of department forecast revenue, i.e. in this instance they would come from somewhere else. And, you know, even that seems particularly problematic in this environment with the Governor already calling for reductions in general revenue budgets across state agencies. But nevertheless, it seems as though program growth is strategically perhaps an exceptional item request. And anything labeled as short-term, which means it’s just designed to provide a little additional funding for a set period of time, say three years following the Census where individual agencies can adjust their services and budget to adapt to the new amount of money that they’re gonna receive on an (indiscernible) basis.
It’s kind of bridge funding if you will. And the notion would be then that after 2 years that those funds would be removed from the equation and agencies will have adjusted.

Now in this -- when we talk about the short-term investments, these funds would be held outside of these (indiscernible) --

TOM LOGAN: (Indiscernible) --

ERIC GLEASON: May I ask someone make sure they’re muting their phone.

TOM LOGAN: (Indiscernible).

JIM CLINE: I think that’s Tom Logan.

TOM LOGAN: (Indiscernible).

ERIC GLEASON: Someone’s having a conversation that we’re all hearing.

JIM CLINE: Eric, I think it’s Tom Logan.

ERIC GLEASON: I think so too.

JOSH RIBAKOVE: I muted Tom Logan.

JIM CLINE: Okay. Thank you.

ERIC GLEASON: Sounded like Tom to me as well. Okay. Short-term investments would go away at the end of three years and so -- I lost my train of thought. But anyways, and those are thought of as part of a baseline request from the department which means that the department would be asked to include
this amount, the Commission would be asked to include
the short-term investment amount in the baseline
appropriation request that the department submits to
the L(indiscernible). Meaning it would be funded from
forecasted department revenues. No additional -- we’re
not growing the pie. We wouldn’t go in and modify
(indiscernible) as we would with a long-term investment
increase. We would just simply apply these for a short
period of time in addition to formula allocation.
Individual agencies would receive some amount of
additional (indiscernible) funding to keep them, if you
will, whole. Kind of a do no harm strategy, where they
wouldn’t see a change in their state funding until
three years following the Census which would have given
them enough time to adapt their service and program
strategies.

So that’s kind of how we’ve broken it down.
Any sort of long-term growth, this is just a
recommendation from us, the Committee could choose to
recommend to the Commission that the 3.3 million be a
part of the baseline request. They could recommend
that. You could recommend that. We’re suggesting
strategic -- any long-term growth be addressed
exceptional item. Any short-term investment be
addressed in the baseline increase. That make sense.
JOHN MCBETH:  Yep.  This is John again.  I’m still partial to Scenario Number 2.  I think it’s the best public policy stance.  I know it’s exceptional, but I think we can sell it because when we created the large urban area set aside in the last session, we did that with absolutely no objections from anybody at all. And I think we can go forward and make the case that, okay we’re back and we have these three areas that have now joined and we need to increase the size of the pie for them so that we do not take money from the already long established small urban pot which has got two new members coming into it and move it so that there’s a smaller piece of pie there.  So, I’m partial Scenario Number 2 and I’d be happy to entertain anybody that would like to go some other direction but I’ve heard no other person (indiscernible) on this so I would entertain a motion that we adopt Scenario Number 2 and recommend to Department that they carry that forward to the Commission as an exceptional item so that we maintain the per capita investment we’ve been making in Texas going forward.

ERIC GLEASON:  John, this is Eric.

JOHN MCBETH:  Uh-huh.

ERIC GLEASON:  You had earlier -- you had earlier in your previous comments mentioned Scenario 2
-- 3, I’m sorry, Scenario 3 as a backup.

JOHN MCBETH: I think that’s a good fall -- I’m a great believer in suspenders and belts to put it in a vernacular but yeah, I think that’s a good backup. And I think we can include -- I don’t know if I want to include that in our recommendation. I just want to keep it as a hold card that we would use as a backup. I don’t like anybody getting hurt. It’s been too hard to establish the funding stuff that we currently have. But I think Scenario Number 2, TTI’s done a good job recommending that to us because that historically is what we have done. We’ve gone after more money, it’s easy to justify. I think from a legislative point of view we can go in and work with all of our delegation statewide to get that increased funding. So I don’t think it’s -- I think it’s gonna be a hard task but I don’t think it’s impossible task based upon our success at creating this new large funding pool the last legislative session without any objections whatsoever.

MARC WHYTE: Guys, this is Marc. I’ll just say that I’m not sure I know exactly what the right answer is here, but I am a little weary of that increase spending. It’s a lot of money and -- and I don’t know. During times like this I’m not sure if spending that here is the right way to go. So I’m just
sort of still mulling this over in my head but I wanted
to just throw that out that that’s where my head is
right now.

J.R. SALAZAR: This is J.R. I just have a
couple comments or questions. Michael, can you go back
to the details on Scenario 2 for me?

MICHAEL WALK: (Indiscernible) just slide,

J.R.?

J.R. SALAZAR: Yes, sir.

MICHAEL WALK: Okay. Do you have question I
could answer for you or?

J.R. SALAZAR: No.

MICHAEL WALK: Okay.

J.R. SALAZAR: It’s just my comments. I
agree with John. I like Scenario -- or Option Number
2. Anything that can help the majority of the group
and maintain that for a long-term period, I think is a
better -- a better method than a short-term investment
at this time. That’s just my quick comments. I prefer
Option 2.

JOHN MCBETH: Are there any other comments?

JIM CLINE: Yeah, John, just a couple quick
(indiscernible) -- one thing that I’m trying to
(indiscernible) in my head and -- is which one of these
scenarios on it -- and I know that Michael when you
start running the numbers through the formula it can have some quirky things can happen but with this, which is -- which of these scenarios keeps the funding as close to 2020 as it is? And it sounds like if we go with Scenario 2 -- well there’s really two questions. One is, which one keeps us in the 2021/'22 biennium -- (indiscernible) biennium and is it close to what is now? And then the other part is, if we do this Scenario 2 does the 3.3 drop off in three years? And I was a little bit confused by that on what Eric had said. Is it what -- which one of these categories is the 3 -- just drops off after 3 years? Because that’s --

ERIC GLEASON: Jim, this --

JIM CLINE: -- another cliff a little bit further down the road.

ERIC GLEASON: Jim, this is Eric. So, anything through long-term investment is intended to mean a permanent increase in funding. It does not drop off. Anything listed under short-term would drop off. Okay? So, the 3.3 in this case would be a permanent -- it would take our annual state funding total from about $35 million across all categories to $38.3 million. Permanently. As permanently as anything can be.

JIM CLINE: And Eric, I -- the other part is
what do you think the -- you know, where are you in for
increase, which I think is end of the day, some
increase is a good idea for sure. But what is the, you
know, when we start kind of reading the tea leaves and
seeing what could this be if we -- if instead of it --
you know, instead of an opportunity for an increase
we’re actually faced with decrease and thought about
how that would end up working. I don’t know what the
likelihood of that is, I mean, certainly the economics
are not in our favor right now. I wasn’t sure what
that would be in terms of discussion from your side of
it. But maybe if you have any insight in what that
possibility is.

ERIC GLEASON: So, I have no insight
specifically on what that possibility could look like.
The position that we’re in, at least I would say for
the ‘22 and ‘23 fiscal years, for those two years is we
are holding back an amount of CARES Act funding
specifically in it (indiscernible) of a situation for
those two years where because of the economic downturn
you might see a decrease in appropriated levels at
state (indiscernible) transportation grant program
funding. Okay. Now, I don’t have any detail about
whether and if so, how much that might be. But our
intention is to hold back on a significant portion of
CARES Act funding. Which we can use to fill that gap until we know that that is. And so that’s the strategy we have and that’s the opportunity we have in the near term with CARES Act funding to where it crosses over possibly into this conversation. You know, to fill that gap independent perhaps of Census impacts. That make sense.

JOHN MCBETH: Yeah. Yeah, it does.

JIM CLINE: I think it makes sense. I just wanted to make sure -- I think the connection between these two is important.

ERIC GLEASON: Now I -- now I do need to be clear on one very significant (indiscernible), it is the CARES Act money that the department has is rural program funding.

So, whoever is typing on their keyboard -- if you put your phone on mute, I’d really appreciate it. The -- we have rural program funding so we could plug any gap in state rural grant funds. Now we’ve made it clear, we’ve made it known to the urban transit districts in the state that as they pursue their grant applications with FTA for the CARES Act money that they got directly, they need to be thinking about this and our advice to them, a very strong recommendation to them is that they not allocate all of
their CARES Act funding and one time. That they set aside an amount in anticipation of a gap in state funds because that’s the money they have. We don’t, TxDOT, we don’t have any say over what urban transit districts recipient of 5307 funding do with their CARES Act money. They’re gonna have to do this on their own as an individual direct recipient. So, we have money to plug whatever gap that might on the rural side of state funding. But urban transit districts individually are gonna have to make sure they’re carrying a balance as well if they want to close a potential gap in their state funding.

So that’s where I think we’re at risk as a state and, you know, is that sort of situation where an individual districts are gonna have to make sure that they (indiscernible) do that to a certain extent. And I’m not in a position to tell them how much that should be a time, you know. That’s what we have.

JOHN MCBETH: Okay, are they any other comments? Hearing none, there’s two people that are for Scenario 2. I will entertain a motion that we make the recommendation to go with Scenario 2. Do I have a motion?

KEN FICKES: This is Ken. I motion we approve it.
J.R. SALAZAR: This is J.R. I --

JOHN MCBETH: I got a motion from Ken and I need a second.

J.R. SALAZAR: This is J.R. I’ll second that motion.

JOHN MCBETH: I have a motion and second. Is there any discussion? Hearing none, I will call to question all of those in favor signify by saying aye.

(Aye spoken in unison.)

JOHN MCBETH: All those oppose by saying no. Hearing no no’s, the motion carries and that will be the recommendation that we -- that PTAC make to Eric and Eric makes to the Commission. Okay.

ERIC GLEASON: Okay. We will do that. I do appreciation everyone’s time today. And we will include this recommendation in a letter to the Commission to be signed by John and we’ll have a draft for that out, John, to you for you to see later this week.

JOHN MCBETH: Okay. Super.

UNKNOWN MALE: Does the Committee -- okay. We’re good. That’s good.

JOHN MCBETH: Okay. That moves us to Item Number 5. Josh, do we have any public comments that have come in during this phone conversation?
JOSH RIBAKOVE: We do have one public comment. This is comment, he says his name is Harrison Humphrey’s working with Air Alliance Houston as a Transportation Policy Advocate. The comment: public transportation agencies across the state will be facing huge budget short falls due to the pandemic. Is there any additional flexibility beyond what is currently available in state funding to help transit agency’s in either operating cost or capital improvement? And second question, does the Commission have rulemaking authority to diversify our SHF constitutionally dedicated funds (indiscernible)?

JOHN MCBETH: Both good questions. Eric? I know the -- I know the answer -- I know the answer on the constitutional question because I’ve asked it myself and I know that answer.

ERIC GLEASON: That is answer is no.

JOHN MCBETH: Absolutely a big fat one too.

ERIC GLEASON: Yeah, there is no -- no flux to there. The answer to are there -- if I understood the other question, it was, I think I can paraphrase it. So, on the federal side we’ve got some flexibility with CARES Act funding to help systems get through this next future. Are there similar funds available on the state side or any flexibility? And I am not aware of
any at this point is the answer I have for that. So, I’m not aware of any additional funding available to deal specifically with this situation.

JOHN MCBETH: Okay. There are no further questions, Josh?

JOSH RIBAKOVE: That was the only question we received today.

JOHN MCBETH: Okay. That moves us to Item Number 6, propose a discuss agenda items for the next meeting and confirm the date.

JOSH RIBAKOVE: This is Josh, once again our date traditionally would be the last Tuesday in July, that is July 28th.

JOHN MCBETH: Does anybody have a problem with that date? Hearing none we will adopt that date of the next meeting. And hopefully that meeting will be in Austin. Not a virtual meeting.

ERIC GLEASON: We’ll see.

JOHN MCBETH: We’ll see. Yes, we will see.

ERIC GLEASON: Maybe we’ll have a Legos pool party.

JOHN MCBETH: Yeah, sounds like a lot of fun.

Item Number 7, adjourn. Do I have a motion to adjourn from Jim?

JIM CLINE: So moved.
JOHN MCBETH: And do I have a second from Ken?

KEN FICKES: I second (inaudible).

JOHN MCBETH: Okay, we have a motion and a second. All those in favor signify by saying aye.

(Aye spoken in unison.)

JOHN MCBETH: Being all ayes and no nay’s, we are adjourned. Thanks everybody for the virtual meeting and your patience and hope to see you on the 28th of July in person. Thank y’all. Bye.

(END OF PROCEEDINGS.)
CERTIFICATION PAGE OF AUDIO RECORDING

I, Angelica Mathews, hereby certify that the foregoing is a correct transcription from the audio file of the proceedings in the above-entitled matter.

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Before me, Kathuren Martinez, on this day personally appeared Angelica Mathews, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 9th day of June, 2020.

[Signature]

KATHERYN L. MARTINEZ
Notary Public, State of Texas
Comm. Expires 05-08-2023
Notary ID 124196477

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
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