

TEXAS PUBLIC TRANSPORTATION ADVISORY COMMITTEE
616 SIX FLAGS DRIVE
CENTERPOINT II
TRANSPORTATION COUNCIL ROOM
ARLINGTON, TEXAS
WEDNESDAY, APRIL 7TH, 2010

REPORTED BY NATASHA BENCHIMOL, CSR 8514

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1 P R O C E E D I N G S

2 Wednesday, April 7th, 2010.

3 MS. BLOOMER: Thank you for coming today to
4 lovely Arlington, Texas. We wish you could have taken
5 public transportation here, but again, it's lovely
6 Arlington, Texas. So let's go ahead and get started.
7 We will call the meeting to order and move on to Agenda
8 Item No. 2, and I'll move turn it over to Eric.

9 MR. GLEASON: All right. Thank you.

10 Good morning. Each of you has in front of
11 you a binder, and Ginnie Mayle -- I thank Ginnie for
12 preparing this -- trying to put all in one place a lot
13 of information that, as a member of this Committee, is
14 helpful and hopefully useful to you in understanding the
15 kind of scope and breadth of the potential issues that
16 might come in front of the Committee. My only
17 contribution in this are the three colored tabs at the
18 top. We didn't have an opportunity to put page numbers
19 on all of this information, and I'm sure all of you at
20 one point or not in your career have realized half way
21 through a presentation that you should have had page
22 numbers. It's awfully difficult to tell people where
23 you are at without them. So I'm not pretending that we
24 are going to go through this thing in its entirety at
25 this meeting. In fact, I'm just going to walk you

1 through it. Between this item and the third item on the
2 agenda, I'll manage to walk you through it and what's in
3 it, and then leave it for you to take and read at your
4 own time. And certainly if in doing that questions come
5 to mind, we can address those at future Committee
6 meetings.

7 I do want to welcome everyone to the
8 workshop. I have a number of folks here today in the
9 audience that are TxDOT staff. I will introduce those.
10 You all know Ginnie Mayle, she supports the Committee.
11 Cheryl Mazur is Section Director from Program Services.
12 Kelly Kirkland is Section Director of Planning and
13 Technical Support. We have the Dallas and Fort Worth
14 Public Transportation Coordinators with us, Anne Polk
15 and Alisha Wickens. Alisha joined us in December.

16 MS. WICKENS: Yes.

17 MR. GLEASON: Also with us today is Jay
18 Bond. Jay is from our Government and Public Affairs
19 Division. He is our point of contact within the
20 Department for all things legislative. So coming into
21 the next session, we will be working closely with Jay on
22 those issues. We invited Jay along to get exposed to
23 some of the things the Committee is working on. That's
24 everyone from TxDOT. Linda Cherrington from the Texas
25 Transportation Institute is here today for the morning

1 presentations.

2 Do you have staff?

3 MS. BLOOMER: Actually, I have two staff
4 members that have joined us. Juanita Bridges and Nick
5 Vale.

6 MR. GLEASON: All right. So the first item
7 is a discussion on Committee rules and responsibilities.
8 Beginning to page through this binder, the first section
9 "PTAC Membership," I'll start here with that. Current
10 membership is on the first page. I will let the
11 Committee know we are still down one member. We should
12 be a nine-member committee. We are still looking for a
13 final member appointment from Speaker Straus' office.
14 I'm sorry we didn't have that in time for today's
15 meeting. Looking ahead toward later this year, we do
16 have four current members whose terms do expire at the
17 end of September this year, and then a fifth member has
18 announced her retirement, in fact, at the end of this
19 calendar year. So we will see some transition in the
20 Committee in the latter half of the calendar year.
21 There never seems to be a great time to do this kind of
22 workshop because Committee membership seems to be
23 changing so often, but we thought right now would be a
24 good chance to get everyone on current Committee ground
25 and on some important issues. We do have some

1 biographical information. Ginnie, do we have something
2 for everyone in here?

3 MS. MAYLE: No.

4 MR. GLEASON: No. If your biographical
5 information is not in here or when you read it, you
6 realize it needs to be different, you can send that to
7 Ginnie and folks can update their binder with the new
8 information.

9 The first tab section, the yellow tab in
10 the binding, "Statutes Governing PTAC," this is just,
11 you know, where it exists in either Legislative Code or
12 Texas Administrator Code. This is where a description
13 of the Committee's roles and responsibilities exist.
14 And as you read down this page here with the yellow
15 highlighted section, we can see from the legislative
16 standpoint what their intent was in establishing this
17 Committee. I think, generally speaking, we spend most
18 of our time as a committee on one or two, and either
19 providing advice to the Commission on matters of policy
20 significance for public transportation or in the
21 function of reviewing rules that the Department does
22 from time to time. The Department updates or modifies
23 language in the Texas Administrator Code, which is where
24 you find descriptions of how we administer our programs
25 in the state. From time to time, the Department does

1 rule making that impacts public transportation, and when
2 it does, those rules come before this Committee for
3 their review and comment. Sometimes the rules are part
4 of the portion of the Administrative Code that deals
5 explicitly with public transportation, and sometimes, as
6 they have recently, they actually come about because of
7 other sections of the code governing compliance and
8 grant sanctions and things like that. Other sections of
9 the Administrative Code that apply more broadly have an
10 impact on public transportation program, so we work with
11 our Office of General Council to identify those
12 situations and make sure those rules do come before this
13 Committee before they get adopted as codes and before
14 they get adopted as final by the Commission. So those
15 are the two, I think, most basic functions of the
16 Committee.

17 In terms of expectations for this group, I
18 think the basic expectation we have of everyone on the
19 Committee is each of you come from specific walks of
20 life, specific circumstances, and specific, in some
21 cases, agencies that you represent. For example, a
22 public transportation provider. Our expectation as a
23 Committee member is that in the issues that we engage
24 in, that you -- you are able to put whatever individual
25 agency perspective may be on the table at the time of

1 the discussion, we ask that you step out of that and
2 embrace a statewide role in terms of when you consider
3 issues and policy conversations that this Committee has.
4 So we ask that you step out of your own personal
5 environment, if it applies, and assume a statewide role
6 in that regard. Aside from that and attending the
7 Committee, we don't require a public presence at our
8 Committee meetings. People are able and many times do
9 listen in on a conference-call basis, so it's not always
10 possible to have everybody together. We recognize that
11 and we are capable of conducting meetings with people on
12 the phone. We do like to see Michelle because there is
13 an interaction between myself and herself that happens
14 during meetings which is helpful for us to be together,
15 but even that's not all the time possible.

16 Let's see. So you can read down this list
17 of what the Legislative Code and the Administrative Code
18 basically reflects. I'm not sure that adds too much
19 more to that. There's one -- if you turn to the next
20 page that is titled "Texas Administrative Code," if you
21 scan down to the bottom in yellow, and it goes on pretty
22 much reflecting the Legislative Code. Then there's a
23 section on technical committees, and we will talk about
24 that this afternoon when we talk about subcommittees and
25 things like that. The final piece that is in here, and

1 it's the largest section of this, is the Texas Open
2 Meetings Handbook. So I'm not going to go through that.
3 We are governed by the Open Meetings Law with this
4 group, but you can read through that on your own and get
5 a sense of some of the things that guide our
6 conversations here with respect to that.

7 Any discussion or conversation on No. 2?

8 DR. ABESON: What year was the Committee
9 established?

10 MR. GLEASON: What year was the Public
11 Transportation Advisory -- I do not know that. I can
12 certainly find that out. I do know that with respect to
13 appointment and who appoints members to the Committee,
14 that has gone back between being a legislature
15 responsibility and a Commission Council, and the last
16 session reestablished it as a legislative.

17 Any other questions on this first item?

18 Michelle.

19 MS. BLOOMER: Eric, can you give us a
20 little more information on Item 1, like what PTN
21 envisions those -- you said matters of policy? Can you
22 give some examples of how we go about advising the
23 Commission?

24 MR. GLEASON: Well, I think there's no sort
25 of set list of policies that the Committee is

1 responsible for advising the Commission on. I think we
2 tend to approach that on an issue by issue basis. Some
3 of the examples I think that are in the Committee's
4 current work program, for example, one of the items that
5 the Committee in the past has expressed an interest in
6 working on was the 5310 program and the extent to which
7 there are choices to be made when implementing that
8 federal program here in Texas. There are choices to be
9 made about how it's done and the approach to doing it,
10 then those would represent, I think, policy
11 consideration for the Committee to talk about and advise
12 the Commission on. Ultimately, all of these
13 conversations tend to find themselves (sotto voce) in
14 many cases.

15 THE REPORTER: I'm sorry, Eric. I'm having
16 a little bit of a hard time hearing you.

17 MR. GLEASON: Okay. Let me readjust this.
18 I mentioned the 5310 program as an example of a program
19 that has been an interest to this Committee in the past
20 in looking at and the extent to which we might be
21 considering changes and revisions to it, the extent to
22 which those changes and revisions were policy matters,
23 and that would be something that the Committee would
24 advise the Commission on and actually reflecting in
25 rule-making language. Another case in point is the

1 Transportation Development Credits and how they can be
2 used and the process for how the Department goes about
3 soliciting ideas and making awards for Transportation
4 Development Credits. We've talked recently about the
5 Department's strategic plan and trying to comment on
6 that. So I don't -- Michelle, there's no sort of set of
7 policies for the Committee to advise on. I suppose in
8 thinking about that we could look at the strategic plan
9 when it emerges as a final document. We could look at
10 that and see if there weren't some specific policies and
11 objectives and strategies in it that this Committee
12 wanted to try and provide some ongoing comment on. That
13 would certainly be something to look at.

14 MS. BLOOMER: Do we have an estimated time
15 for adoption of the final strategic plan?

16 MR. GLEASON: I know that in April the
17 Commission is going to adopt a proposed plan, and I
18 believe they are looking at June. I believe they want
19 to have that in place before July.

20 MS. BLOOMER: I guess my thinking would be
21 that, you know, we build off of the strategic plan.
22 Would we take some of the vision mission or strategic
23 plan, identify those areas where there might be policy
24 matters, and work towards enhancing the state's efforts
25 in those areas they've identified in the strategic plan,

1 and then that would then sort of direct PTAC's work
2 plan?

3 MR. GLEASON: Right.

4 MS. BLOOMER: So that it would lead into
5 the state's strategic plan.

6 MR. GLEASON: Right. I think it's easy for
7 this Committee to lapse into only being a rule-making
8 committee. We only bring you together when we have
9 rules to look at. And I think while that's a
10 fundamental purpose of the committee, I think I am
11 interested in seeing if we can't identify a handful of
12 important policy areas to work on. That's a
13 conversation for this afternoon, and ideally there will
14 be things that converge and work well with the
15 priorities and the work that we have in the Commission
16 right now and are of interest and significance to the
17 Committee.

18 MS. BLOOMER: Then maybe we can save the
19 next item because the third item is advise the
20 Commission on the implementation of Chapter 461. That's
21 our regional coordination effort. Maybe we can save
22 that for discussions on (sotto voce). I think that's
23 also a very important rule of this Committee as well,
24 and I don't know that we've played an active part in
25 that in the past.

1 Are there any other questions, concerns,
2 discussion?

3 MS. LANGGUTH: Just a comment. Thank you
4 so much for putting this together. This is so helpful,
5 and especially to have it all in one place. So thank
6 you. We appreciate it.

7 MS. BLOOMER: We will move on to Item 3,
8 overview of the department and division organizational
9 structure.

10 MR. GLEASON: Turn to the second clear tab,
11 the green clear tab in your binder, the section called
12 "TxDOT Organization Chart." Again, I don't want to
13 spend a tremendous amount of time on this, but if you
14 look at this overall departmental organization chart, if
15 you go to the right-hand side under the "Administrative
16 Executive Director for Support Operation," you will find
17 one of the six blue boxes down there is public
18 transportation. So within the Department's organization
19 at the present time, I do report to Steve Simmons, who
20 is the acting Assistant Executive Director for Support
21 Operation, and that individual is -- that is, when that
22 position is filled on a permanent basis, that individual
23 is a part of the Executive Director's management team.

24 And so the Department generally divides
25 itself into groups. You can see there we have sort of

1 an engineering and operations group, which are largely
2 functions and divisions located here in Austin; Design,
3 Environmental Services, Planning and Programming, things
4 like that. We have a large field operations group,
5 which are all the districts reporting at an Assistant
6 Executive Director, as well as well as our traffic and
7 maintenance people. And then we have a CFO, Chief
8 Financial Officer, with the finance division. In the
9 Executive Director's Office itself, we have the Office
10 for General Council, the Audit Office, we have our
11 Government and Public Affairs Division, and we have a
12 Strategic Policy and Performance Group which is
13 relatively new, and an Internal Compliance Program. So
14 you can sort of see how the Department is organized and
15 where we fit with that.

16 If you turn the page, you will find a
17 division organizational chart, and you can see how we
18 are organized. Ginnie here is responsible for Division
19 Communications. Our Deputy, Bobby Killebrew, is back in DC
20 right now attending a meeting of the National Advisory
21 Committee. Kelly, over Planning and Technical Support.
22 Cheryl, over Program Services. Within the Program
23 Services, we have staff here in Austin that are best
24 thought of as program experts, if you will. So we have
25 a 5311 program expert, we have a 5310 program expert, we

1 have a New Freedom program expert here in Austin, and
2 they are responsible for understanding best what's in
3 the federal program or the state program and how they
4 are managed and what the intent is. Then in the field
5 located around the state we have field staff, our public
6 transportation coordinators who are responsible for
7 actually managing individual grant and project
8 agreements with the agencies we give money to.

9 And if you turn the page, you will see a --
10 it's called "PTN Coverage Map," and this will tell you
11 where in the state we have our public transportation
12 coordinators located to help us manage this program on a
13 statewide basis. So those districts and all the
14 geographical entities you see here are TxDOT districts.
15 Those districts where we actually do not have someone
16 physically sitting in a district office have the slanted
17 lines, and what we do is we manage the programs in those
18 districts from an adjacent area. And we have divided
19 ourselves -- the Department has recently -- there are
20 four regions in the Department, north, east, west, and
21 south. So each of these colors here reflect the
22 boundaries for those departmental regions, and we reach
23 from within each region and manage programs in those
24 areas that do not have field staff located in them
25 directly.

1 MS. BLOOMER: Eric, you mentioned there
2 were four regions. I only caught northeast, west, and
3 south.

4 MR. GLEASON: North, east, west, south.

5 MS. BLOOMER: Oh, north, east. Not
6 northeast.

7 MR. SALAZAR: Eric, is there any intent to
8 bring a PTC to those areas that don't have one in place
9 now?

10 MR. GLEASON: No, not at this point in
11 time. We are going to try and manage from other areas.
12 One of the things we are trying to do in doing that is
13 to allow our coordinators to actually be located
14 together so they can support each other in their work.
15 It was only as of June of last year that these field
16 staff reported to the division. Up until that time they
17 reported to the district engineer in each of the
18 district offices. And so as we made that decision, some
19 of them elected to stay with the district, and that's
20 why some of these districts have the slanted lines. In
21 other cases, we have had retirements and we've not
22 chosen to locate or have not replaced an individual in
23 that district. By and large, we are going to try and
24 manage from adjacent districts.

25 MR. SALAZAR: And I can say, speaking from

1 a transit provider perspective, there's a little area --
2 due to the fact that we lost all three of our PTC's in
3 our area and there was concern about how that was going
4 to work out. I will say that it has been successful in
5 the way it's worked out, and our PTC now in San Angelo
6 and Lubbock -- not Lubbock. It's Midland and --

7 MR. GLEASON: Odessa.

8 MR. SALAZAR: Yeah, Odessa. There you go.
9 So it has worked out. And just for everyone to know, we
10 were one of those who were in this shaded area. We were
11 wondering how it was going to work out, and it's worked
12 out well.

13 MR. GLEASON: Yeah, J.R. is in the brown
14 one, the Abilene kind of area in terms of his district.
15 And actually, you know, we've reached from both the Waco
16 district west into the Brownwood district for some
17 coverage of one provider, and then we are reaching from
18 San Angelo and Odessa up into Abilene and west Brownwood
19 area for other providers. So we are trying to cover
20 everything there, and I'm glad to hear it's working out.

21 MS. BLOOMER: Eric, can you -- since I'm
22 geographically challenged, north is blue, south is
23 orange?

24 MR. GLEASON: Yes, north is blue, green is
25 east, orange is south, yellow is west.

1 MS. BLOOMER: Thank you.

2 MR. GLEASON: Uh-huh.

3 MS. BLOOMER: And then can you explain just
4 a little bit how -- since you have four regions, I think
5 previously there was some talk about there might be a
6 lead PTC for the region. Is that how it's currently
7 structured or within say the green area which is --
8 that's not south. That's east. Is that the east
9 region?

10 MR. GLEASON: Uh-huh, yeah.

11 MS. BLOOMER: I told you I'm geographically
12 challenged.

13 MR. GLEASON: I'm sorry. We should have
14 color coded --

15 MS. BLOOMER: Are there three PTC's, one in
16 Beaumont, Houston, and Bryan?

17 MR. GLEASON: There are three PTC's and one
18 PTC assistant. There is a PTC assistant based in
19 Houston, and then we have a PTC in Beaumont and one in
20 Bryan.

21 MS. BLOOMER: And so do they each take
22 their own respective district and then share Lufkin
23 or...

24 MR. GLEASON: To a certain extent, yes, and
25 then each of them working as teams. We allow them to

1 make decisions among their team and recommendations to
2 us about how best to manage those adjacent districts.
3 So we are really trying to encourage these groups in
4 these regions to think about how best to get the work
5 done and to come up with solutions and recommendations
6 that we can either say "yea" or "nay." We are really
7 trying to go push that responsibility down to them.

8 MS. BLOOMER: Okay. And is it -- oh,
9 sorry.

10 DR. ABESON: Eric, please pardon my
11 ignorance here, but are the -- on the overall
12 organizational chart, there are all these people that
13 are in the field and direct operations. Are those the
14 same people that we are talking about now that are
15 PTC's?

16 MR. GLEASON: Not really, Al. They were at
17 one point part of those district blue boxes as one
18 individual or maybe two. Those represent the
19 Department's district presence for maintenance, for
20 construction, for all those things. So there are 25
21 districts with area offices and all that. So that's
22 what that represents. And before June of last year, our
23 public transportation coordinators belonged to one of
24 those blue district boxes.

25 DR. ABESON: So now these PTC's report to

1 you and they are not these people?

2 MR. GLEASON: That's correct.

3 DR. ABESON: Okay.

4 MR. GLEASON: They are still based there,
5 they still work there, they still have office space at
6 the district headquarters, but they report directly to
7 the Division.

8 DR. ABESON: Thank you.

9 MR. GLEASON: And Michelle, you had raised
10 the point about the notion of a lead person in each. At
11 the present time we have not done that. We are
12 encouraging folks to work as a team. From time to time
13 we will ask people to take a lead role. For example,
14 for RFI projects we have an individual in those regions
15 who is kind of a focal point for communication about
16 that.

17 I think that's a pretty good description,
18 isn't it, Cheryl?

19 MS. MAZUR: Communication.

20 MR. GLEASON: Yes.

21 We've asked these people to be our conduit
22 for communication and things like that. So it's a flat
23 organization. They all report to Cheryl. She does all
24 their performance evaluations. But we are really
25 encouraging them to function as a team and to make as

1 many decisions as they can in terms of how they get the
2 work done.

3 DR. ABESON: Should we express condolences
4 to Cheryl for having to do all of those performance
5 evaluations?

6 MR. HUERTA: Eric, in different areas,
7 do -- not just the shaded ones -- but do they interact?
8 I know in our area, for example, we work with -- not
9 specific to El Paso County but to adjacent counties.
10 Does that happen in other --

11 MR. GLEASON: Absolutely. Absolutely. And
12 the west region, the yellow part of the map, they have a
13 long history of working together as an area. And so
14 from that standpoint they have more history of working
15 as a region and all their various providers than our
16 other regions do. So you see a lot of that out there.
17 And that's kind of a leading edge kind of thing, but it
18 does happen in other places.

19 A little further on after the phone list,
20 which is next, you will see we have provided you with
21 the last piece of information in this section that all
22 of the -- not all of the agencies we give money to but
23 it's all of the rural transit districts, the inner city
24 bus carriers, and the small urban folks that we give
25 money to and which PTC or which region and which

1 district in PTC they are assigned to. So J.R., you
2 should be able to look down here and find this is who
3 your lead PTC is. And Vince, you may not -- I don't
4 know if we listed you. I'm not sure we covered LULAC in
5 our -- let's see. But El Paso County -- whoever
6 provides the service for...

7 MR. HUERTA: Could we possibly get this
8 list?

9 MR. GLEASON: Absolutely.

10 MR. SALAZAR: And Eric, have you seen
11 any -- I don't want to say increased performance -- I
12 don't know what the word is -- but have you seen an
13 improvement since the PTC's have been shifted away from
14 the engineer and answer directly to you?

15 MR. GLEASON: I don't know if I want to so
16 much call it an improvement or not. I think from my
17 standpoint, I feel as though the -- it's a much clearer
18 relationship than it was before, and that's going to be
19 a good thing. I feel as though there -- because we are
20 all one division now, we can hold each other accountable
21 for what we do and how we do our work. Whereas before,
22 not being a part of the division but still relying on
23 that relationship for the information, there was a bit
24 of a disconnect, I think, in terms of the
25 accountability. That's a two-way -- I mean, I held the

1 Austin office -- the central office in Austin -- when I
2 say "accountability," it didn't just simply mean
3 accountability issues were field staff. There were
4 accountability issues with the Austin staff to the field
5 as well. So it worked both ways.

6 I think the benefits are being seen in both
7 cases. One of the things we are able to do is we have
8 such a diversity of people doing this work and such a
9 history of it being done differently among all the
10 districts, what we are able to do over time is bring a
11 more consistent experience to our programs in each of
12 the areas. So that's one of our objectives. We are not
13 trying to make each area be exactly the same, but we are
14 trying to improve the consistency of the experience for
15 everyone.

16 MS. BLOOMER: Eric, I think this is great.
17 There's a lot of questions and I think it will become a
18 resource. Would it be possible to get a little bit more
19 information -- and we can send it out later -- the
20 difference of what falls under Program Services versus
21 what falls under Planning and Technical Support?

22 MR. GLEASON: Yeah, we -- we can do that.

23 The rest of the notebook, if I can just
24 kind of quickly flip through it, we have a section on
25 maps. This will drive you crazy if you spend too much

1 time with it. There are all kinds of different maps
2 with different boundaries. The first map will give you
3 a sense from a state perspective looking at counties of
4 where there is some sort of public transportation
5 coverage. It may be that it's a specific program only.
6 It may only be the 5310 program. It may not include the
7 more general rural program. But from a just "do I have
8 public transportation somewhere in my county," the
9 yellow will say that to you. It also includes -- yeah,
10 the red dots are the city certified urban systems, and
11 the blue stars are metropolitan transit authorities.
12 And you will find as we go through this that we do not
13 necessarily directly provide the metro transit
14 authorities with anything other than some funds that
15 they get from their MPO that we provide funding. So the
16 Department does not have a direct relationship with the
17 metropolitan transit authorities aside from planning
18 funds. And there may be a few instances where that
19 large metro actually gets some 5310. I think that's
20 possible. But for the most part, we are focused almost
21 entirely on the rural program, the rural areas of the
22 state, and the small urban areas.

23 MS. LANGGUTH: So there's only one county
24 that is not served by public transportation?

25 MR. GLEASON: Newton County, yeah.

1 MS. BLOOMER: And how frequently is the map
2 updated?

3 MR. GLEASON: Whenever something changes we
4 try and update it. This map hasn't changed for some
5 time. It will probably change with the next census in
6 terms of red and blue stars and things like that.

7 MS. BLOOMER: Okay.

8 MR. GLEASON: And certainly if something
9 were to happen in one of our programs or if one of the
10 counties lost service completely, that would change the
11 map.

12 The next map is the one that changes from
13 time to time. This one shows you all of the rural
14 public transportation systems for the state. There are
15 38 of them; each of them being one of the colored areas
16 and then listed down below. From time to time we have
17 counties either choosing to leave an existing transit
18 system and join another, and sometimes we have two
19 systems that decide to combine. Those kinds of things
20 change this map.

21 MS. BLOOMER: If we have updates to the
22 map, how is it best to communicate those?

23 MR. GLEASON: You can --

24 MS. MAYLE: Send it to me.

25 MR. GLEASON: Send it to Ginnie if

1 something changes.

2 MS. BLOOMER: Okay.

3 MR. GLEASON: We try to keep this as
4 updated as we can.

5 MS. BLOOMER: Because I understand on that
6 first map it's hard because there's so much going on up
7 in the North Central Texas area. We are showing that's
8 out in Jack, Wise, Palo Pinto, and Parker Counties --

9 MR. GLEASON: Uh-huh.

10 MS. BLOOMER: -- and they are actually in
11 Tarrant County. So we kind of need to move them over a
12 little bit. And I didn't know and maybe it's --

13 MR. GLEASON: Oh, okay.

14 MS. BLOOMER: -- and that's their -- it's
15 that red dot that's kind of in the corner of Jack, Wise,
16 Palo Pinto, and Parker. It should be right over where
17 that --

18 MR. GLEASON: Sure.

19 MS. BLOOMER: -- Grand Prairie is. And
20 then we are showing Denton in Lewisville, but those two
21 cities have joined and they are now part of the Denton
22 County transportation. I don't know if they rank a blue
23 star or not.

24 MR. GLEASON: Possibly, yes. Good point.
25 Okay. Yeah, there should be eight of those. Okay.

1 And then we have a -- the third map you
2 have in here is of all the regional planning areas of
3 the state of which there are 24. And this map is
4 important for two reasons. This is the map and these
5 are the regions that we used to do our coordination
6 planning work in the state. It's also the map that HHSC
7 uses in its current procurement for Medicaid medical
8 transportation services. They have a prime contractor
9 in each of these 24 areas. Now, in some cases, some of
10 those contractors have more than one of these areas, but
11 the existing procurement was based on these 24 areas.
12 Finally, you have -- and we do list for you the lead
13 agencies associated with each of your regions currently.
14 Sometimes those change.

15 The next section, again, I won't go through
16 in tremendous amount of detail. Funding and grant
17 programs. What we tried to do here is to really distill
18 for you down to a single page a description of programs
19 that the state administered on both the federal and the
20 state side. And so if you page through here, you will
21 see the 5310 program, the 5311 program, and so on. And
22 so we attempted to really synthesize it at the top with
23 the slide and then a little more information below each
24 of those, trying to keep that description to one page.
25 So I mean, I even learn things when I read through this.

1 So there's a lot here, and again, I don't think we want
2 to take too much time today to go through each of these.
3 But you can see each of the programs that the state is
4 responsible for. And each of these programs is
5 reflected in the Administrative Code in some fashion and
6 how those programs are administrated in Texas.

7 The final part of this chapter -- well, I
8 do want to point out these pages do actually have page
9 numbers on them in the lower right-hand corner. If you
10 will turn to page 18. This is actually something I
11 think that was put out by the FTA United Right Office,
12 and trying to -- this is what folks have to go through
13 to try to understand how to get their transportation
14 needs met.

15 DR. ABESON: Yeah, the little gentleman --

16 MR. GLEASON: Say again.

17 DR. ABESON: -- sitting in the box with the
18 three question marks, his name is Joe.

19 MR. GLEASON: Oh, okay.

20 DR. ABESON: That's Joe Travel, and he's
21 been trying to figure out for 20 - 25 years how to get
22 out of that box. But we are making progress.

23 MR. GLEASON: Good.

24 DR. ABESON: We are making progress.

25 MR. GLEASON: Yeah. And then the final

1 piece here is just a history of funding levels for each
2 of the federal programs and then state funding levels.
3 And then this notebook gets really exciting. The next
4 chapter and the largest chapter is all the sets of
5 United States Code, Texas Legislative Code, and Texas
6 Administrative Code that apply to our programs. And we
7 have tabbed for you in purple and green the first piece
8 of the Federal Code. The purple tab is the Legislative
9 Code -- Transportation Code -- and then the green tab is
10 the Texas Administrative Code. So these are the -- and
11 the way this generally works is the Department uses the
12 Administrative Code as a way of describing to Texas --
13 Texas citizens or whatever -- how it administers federal
14 and state programs. So that Administrative Code is
15 supposed to be written in a way that explains how the
16 Department administers these programs. It's not
17 necessarily supposed to be a description of the federal
18 program or of the state program but of how the
19 Department will administer the program. This is the
20 stuff that puts these programs into action because it
21 guides the things we can and can't do with the program.
22 And when we look at rules, we are looking at changing
23 the Texas Administrative Code.

24 The next section on the green tab is rule
25 making information. If you turn to the second page, the

1 back of the first page of that, there is an example
2 "Cycle for Ruling in PTAC." And this whole thing looks
3 like -- yeah, it's a flowchart. It looks like this.

4 (Holds up page)

5 MR. GLEASON: This gives you a picture of
6 the rule-making process, when this Committee is
7 involved, what your function is, and how long it takes.

8 Then we have a glossary, and it is by no
9 means intended to be extensive. You will also find in
10 the Administrative Code, one of the first sections in
11 the Administrative Code, the definitions and terms used
12 in the Administrative Code. We try to make sure when
13 these two overlap that they are consistent. And this is
14 by no means extensive or exhaustive. This was an
15 existing thing we had that we put in, in response to the
16 Committee's interest in seeing this. And that is the
17 notebook.

18 DR. ABESON: Thank you so much.

19 MR. GLEASON: Well, thank you. I hope it
20 reflects what the Committee was looking for and more.

21 MS. LANGGUTH: Eric, I have a question
22 about the federal appropriations. What caused a spike
23 in 2009 for funding for urban programs?

24 MR. GLEASON: Probably the stimulus money
25 would be my guess.

1 MS. LANGGUTH: Is that what it was?

2 MR. GLEASON: Yeah. Without looking at it,
3 Claudia, I'm guessing probably the stimulus money.
4 There's no other reason for it that I can think of.

5 MS. LANGGUTH: So we are probably going to
6 go back down?

7 MR. GLEASON: Well, at this point, you
8 know, the authorization conversation in Washington is,
9 you know, a month or two at a time at best. We've
10 got -- we are expecting to get the balance of the
11 fiscal-year 2010 apportionments from FTA later this
12 month, and we are expecting those amounts to be
13 consistent with the '09 amounts. So far this year all
14 we've gotten is the first five months worth of the
15 federal (sotto voce) and, in fact, that ended in March.
16 So it's now April and we are into the next 7/12s of the
17 year, and we don't have apportionments yet. That's what
18 we use to actually know how much money Texas got for
19 each of these programs. We get apportionments from the
20 Federal Transit Administration. You got this much money
21 for this program, and that's what sets in motion our
22 ability to actually make award the Commission for these
23 programs. And we are positioned with our own processes
24 to do that in May, at the end of May, to make a series
25 of awards assuming we get the apportionments.

1 DR. ABESON: And that apportionment is for
2 the remainder of the fiscal year?

3 MR. GLEASON: That's correct.

4 DR. ABESON: So you still -- as we all
5 are -- waiting on the next generation of --

6 MR. GLEASON: Yes.

7 DR. ABESON: -- SAFETEA something?

8 MR. GLEASON: Yes.

9 MR. SALAZAR: And when you talk about where
10 those five months were allocated and they expired in
11 March --

12 MR. GLEASON: Well, the amount of money
13 associated with that was representative of 5/12s of the
14 federal fiscal year.

15 MR. SALAZAR: Well, I guess my question is
16 has that negatively impacted the transit systems?

17 MR. GLEASON: Not that we are aware of.

18 MS. BLOOMER: Eric, would it be possible on
19 the chart that Claudia mentioned maybe annotating the
20 difference so we can see what the actual apportionment
21 was to know what the actual stimulus amount was?

22 MR. GLEASON: To separate for '09?

23 MS. BLOOMER: Uh-huh.

24 MR. GLEASON: Okay. I think we can. I
25 think for Michelle's purposes, for the integrity of the

1 table, we will go ahead and do that at the bottom.

2 In the sleeve of your binder is something
3 that we produce every year, a PTN facts piece. And if
4 you look at the middle column at the bottom there is a
5 separate box for American Recovery Investment Act full
6 of federal funds. This is representative of the rural
7 and small urban program amounts, the 101 funding. It
8 does not include the amount received by the large
9 urbanized areas or the midsized urbanized areas. So
10 from a federal standpoint, any urbanized area of less
11 than 200,000 they call small urban. About 51 million of
12 that 101 million is associated with those programs and
13 just over 50 million came to the non-urban or rural
14 areas of the state. So that's your total of 101.

15 MS. BLOOMER: Just go back to the point
16 that J.R., you had mentioned. I've been here going on
17 ten years in May. The federal fiscal year always starts
18 October 1st. The earliest we've ever received the
19 apportionments has been December 29th, I believe, if I'm
20 correct. The latest has been into mid-March. And so it
21 does -- it impacts down at the MPO, it impacts the
22 transit providers, it impacts the Federal Transit
23 Administration because what happens is you can't submit
24 your grant -- or you can but for 5/12s. And so you are
25 sitting around and waiting for the next and what's

1 happened -- it's better to get it in 5/12s and then get
2 the remaining seven. A couple of years we have gotten
3 maybe 3/12s, and then we got another month and then we
4 got another month and it gets piecemealed. So it adds a
5 lot of extra work as far as the grant admin process and
6 delays receiving the funding from the providers. I've
7 been trying to figure out a way that we can fix that. I
8 don't know as PTAC if that is within our responsibility,
9 but if we could get Congress to pass a budget on October
10 1st that would be the home run, grand slam out of the
11 ballpark. But in lieu of that, in our region we have
12 tried to work ways around that to get our processes as
13 much done in the front end and so our providers aren't
14 waiting on us. They are waiting on the federal (sotto
15 voce). Once that comes out, my understanding is the
16 President has signed it. We are just waiting for
17 publication of the remaining 7/12s because it's been
18 extended from March 28th through December 31st of 2010.
19 So we are just waiting for the notice to come out.

20 MR. GLEASON: Right. It takes FTA a while
21 to grind through all the mechanisms they need to, and
22 they usually take longer than the federal highways to
23 get their apportionments out. I can't speak to the why
24 of that. We try as much as we can in the Department
25 to -- there are two programs for which we do move ahead

1 even with only the partial apportionments, and that's
2 the 5311 program, the rural program. And for our 5310
3 program, we also move ahead in a more of a -- only the
4 5/12s. Actually on the rural side, the Commission
5 actually has approved an award to the rural program
6 assuming the balance of the appropriations. So when we
7 do get those apportionments, we don't need to go back to
8 the Commission for the balance of the formula award. We
9 do need to go back to the Commission to spend down what
10 we call the Rural Discretionary Fund, and then we have
11 also positioned ourselves from a process standpoint to
12 be ready to move on the competitive programs which are
13 New Freedom and city bus programs as soon as those
14 apportionments come available. So we've tried to front
15 end as much of this as we can as well and move as
16 quickly as we can.

17 That's all I have for Item 3 unless there
18 are other questions.

19 MS. BLOOMER: Everybody got all that and
20 adjusted it? Maybe at our next meeting we can leave
21 some time for questions regarding the binder once we all
22 get through it page by page and have read every page.

23 MR. GLEASON: Absolutely. I fully expect
24 to hear from Al, among others. But I had Al in mind
25 when I thought about putting this together thinking I'm

1 going to hear from him on all kinds of things.

2 MS. BLOOMER: I think all the information
3 is extremely helpful. I especially really thank you. I
4 think this will help me in the next time we have a
5 rule-making process if Ginnie can just tell me, "Okay.
6 We are here," I think that will be extremely helpful. I
7 can pull this back out and say, "Okay. That's where we
8 are in the process."

9 Seeing there are no questions, we will move
10 to Item 4, which is discussion of the funding formula.
11 I will turn it over to Linda.

12 MS. CHERRINGTON: Good morning and thank
13 you for the opportunity. These next two presentations
14 not only follow extremely well to what Eric has been
15 presenting on the background for the Department and
16 PTAC, but they also can link closely. I will firstly be
17 talking about the Public Transportation Texas Funding
18 Formula, and then we are going to talk about the Census
19 2010 and how it may affect that funding formula. And so
20 all of this will link closely and I'll try to do my best
21 to point out the relationships. I believe you have a
22 black and white handout that you may want to have handy
23 if you'd like to make some notes. Good fiscal
24 responsibility prevents us from providing you colored
25 copies, but Ginnie can provide them to you by e-mail if

1 you would like after the meeting today.

2 The implementation of the Texas Public
3 Transportation Funding Formula under its current genesis
4 goes back to the legislature in 2003, and I'm going to
5 review with you a little bit of the background of that
6 funding formula because I think it's important to a
7 number of the different elements of the formula. And
8 then we are going to talk about the data that we used
9 and how we determined calculations, take a look at the
10 '09 performance, which I think you will find interesting
11 the trend lines, and then finally I would like to spend
12 a little bit of time addressing the impacts the funding
13 formula has been over time to different transit
14 agencies. I have a show-and-tell in that regard.

15 First of all, as an overview -- and again,
16 this is going to reflect back to some of the
17 presentation that Eric has made. So please excuse the
18 repetition, but I think it helps to get us grounded.
19 First of all, the formula that we are going to be
20 discussing today is used to allocate state funds to both
21 small urban systems and to rural transit districts, and
22 it's also used to allocate Federal Section 4311, the
23 rural funding to the rural transit districts. Now,
24 under the Federal Authorization Bill, the State --
25 TxDOT -- is also responsible for decisions on the

1 allocating of Federal 5307 to small urban areas;
2 however, the State of Texas has made the decision to
3 pass directly through the allocation of small urban
4 funds as it is stipulated by the Federal Government
5 under their formula. So it goes directly through the
6 state to the small urban areas according to that
7 formula. This funding formula applies to the federal
8 part of the rule funding. The funding applies to 30
9 urban transit districts, and they include the small
10 urban areas under 200,000 that Eric spoke of a moment
11 ago, but also two other subcategories that are
12 important. It applies to systems that are over 200,000
13 population but do not have access to a local transit
14 funding base -- the sales tax -- as transit authorities
15 in Texas do. It also applies to four transit providers
16 in the Dallas/Fort Worth area that limit their service
17 to persons who are seniors and with disabilities. I
18 will speak more about that later on. There are also 38
19 rural transit districts. Now, I provided for your
20 records -- and again, this may supplement what you
21 received earlier -- a list of the agencies that fall
22 under each one of these categories. This gives me an
23 opportunity to point out one anomaly. Midland/Odessa is
24 listed as an urban transit district over 200,000.
25 Midland/Odessa under the Federal Authorization is two

1 different urbanized areas, each about 100,000. Under
2 the state funding, they are combined as one urban
3 transit district over 200,000. And the four limited
4 eligibility areas are Arlington, Grand Prairie, NETS,
5 which is the Northeast Transportation Service and
6 northeast Tarrant County -- a combination of 7 cities --
7 and Mesquite. The state funding that is allocated to
8 these urban systems is illustrated in this bar chart,
9 and it's about 10 million a year. It's actually
10 appropriated by the Legislature as a biannual
11 authorization that we've shown half and half for each
12 (sotto voce). And you will note something, it's flat
13 since 2006. The same amount of money has been
14 appropriated and is allocated under the funding program
15 to the urban areas.

16 We also use the funding formula to allocate
17 dollars, both federal and state, to the rural transit
18 districts. Again, a map which you've seen before. And
19 there are 38 of these districts in the state, and this
20 is an illustration -- a bar graph -- of the funding,
21 both the federal and the state funding. The state
22 funding is illustrated in blue. It is roughly 20
23 million -- excuse me. It's roughly \$18 million a year
24 against state appropriation, and you will notice that
25 bar is also flat across since 2006. The yellow bar

1 represents the federal funding. These are the federal
2 dollars that are allocated by the formula. Now, Eric
3 mentioned a moment ago federal dollars come to the state
4 for allocation to the rural transit districts. The
5 formula is used to allocate 20 million of these each
6 year. The remaining federal funds go into a
7 discretionary pot that is allocated by -- that is then
8 ordered by the Commission depending upon the decisions
9 that are recommended by the Transportation Division. So
10 it is a discretionary pot of money. Today we will be
11 talking about this 20 million that's in the funding
12 formula.

13 DR. ABESON: Linda?

14 MS. CHERRINGTON: Yes.

15 DR. ABESON: How are decisions then made
16 about spending the discretionary dollars?

17 MS. CHERRINGTON: Would you like to answer
18 that?

19 MR. GLEASON: The Administrative Code gives
20 the Commission the ability on a pro rata or a
21 competitive basis to distribute those funds in excess of
22 \$20.1 million. We call that the discretionary program,
23 but it's not a true discretionary program. It's not
24 truly something the Commission can simply decide to give
25 the money to three of the 38 systems unless there has

1 been a competitive process and those three have been
2 selected. Otherwise, it's on a pro rata basis.
3 Historically, we have done that distribution on a pro
4 rata basis for fuel increases, for example, based on a
5 revenue mile -- every system's proportional share of
6 revenue miles. We've done it for general operating
7 program purposes using revenue miles. We've done it for
8 fleet purposes looking at the relative condition of
9 everyone's fleet. So historically the Department, by
10 and large, has distributed those funds on a pro rata
11 basis. There has been a very limited use of those on a
12 competitive basis. But -- but we call it discretionary
13 but it is limited.

14 MS. CHERRINGTON: The chart on the diagram
15 right now gives you just a little bit of information
16 about how many -- what the population is in the urban
17 and rural transit districts that are served by these
18 funds, and this is a good link to later on when we talk
19 about the impact of the census. A couple of things I
20 want to point out. First of all, the dollars for the
21 urban side are distributed -- the population for the
22 urban side include the general population, that's the
23 3.4 million, and the limited eligibility persons that
24 are served in the four small providers, that's 236,000.
25 And you notice that that represents about 6.58 percent

1 of all the total urban population of the 3.6. The rural
2 transit districts at 5.8 represent about 62 percent of
3 population, where as the total urban represents about 38
4 percent of the total population served through state
5 funded transit systems. And at the bottom, you will
6 notice that about 45 percent -- the total population
7 represents about 45 percent of the total state. So this
8 just gives you a handle about how many people in the
9 state are served by the funding formula. And again,
10 this is going to become important in the next
11 presentation when we talk about the 2010 census.

12 MS. BLOOMER: Linda, so is the other
13 55 percent, how are they served?

14 MS. CHERRINGTON: The other 55 percent are
15 served 99 percent by the major transportation
16 authorities and the eight cities that are not funded by
17 state funds. So that includes DART, the T -- I go
18 through this and I always forget one -- DART, the T, San
19 Antonio, Austin, Corpus Christi, Houston, El Paso, and
20 Denton/Lewisville County transportation. A small
21 smidgen are the counties that are not provided
22 transit -- rural parts of counties that are not provided
23 transit service. It's a small piece of that. That's
24 less than one percent.

25 Now, I would like to talk specifically

1 about the funding formula, and before we get into that,
2 this is a little piece of history I would like to
3 provide because I think it's important. In 2003, the
4 Legislature passed some overarching legislation that
5 affected a lot of the transportation in Texas and
6 specifically about public transportation. There were
7 two very significant pieces of the legislation. One is
8 the requirement for regional coordination, which I heard
9 Michelle talk about and which y'all can get into more
10 depth on another day. But the other was about the
11 decision that the Legislature delegated to the
12 Commission -- the Transportation Commission -- decisions
13 about how state and federal funding to small urban and
14 rural systems would be distributed. Before the 2003
15 legislation, those decisions were actually in statute,
16 and they had been historically billed with each session
17 of legislature and the practice was that systems that
18 got transit funding in one fiscal year got it the next
19 fiscal year at the same level or a little bit more. And
20 that trend had made it difficult as more and more
21 systems got involved, it was harder and harder to
22 allocate limited resources. The legislative process --
23 the decision was made to delegate that to the
24 Commission. Through the Public Transportation Division
25 and PTAC membership at that time, suggestions were made

1 to the Commission and a funding formula was adopted for
2 application 2004 fiscal year. That process was not easy
3 for anybody involved in it. And so the Public
4 Transportation Division, after a couple of years at
5 which the transition was not really going smoothly,
6 asked that the PTAC, with facilitation by the Texas
7 Transportation Institute, revisit the funding formula
8 and relook at whether or not there should be some
9 revisions and involve a more complete process both with
10 PTAC and public transportation providers. Again, TTI is
11 involved, and PTAC worked beginning of December of 2005
12 until recordations were made in May of 2006 through a
13 process that went back and revisited from the beginning
14 the decisions about the original funding formula, went
15 out to reach out to transit authorities -- agencies, had
16 workshops. It was quite a lot of effort, and many of
17 you in the room were involved in that.

18 MR. GLEASON: If I may? I think one of my
19 purposes today really -- I don't -- today's presentation
20 isn't intended to be the only time you will ever hear
21 about the formula. So I think one of my goals for this
22 is to simply have you at the end of this presentation
23 understand the depth and complexity of the issues that
24 are a part of the formula, appreciate the significance
25 of the former decision back in 2006 by the Committee

1 members at the time about all of those complexities
2 without judging it being good or bad or right or wrong.
3 It is a very complex instrument of policy in this state
4 for the distribution of funds, and it is the single most
5 important issue, I think, this Committee deals with. I
6 think we probably have another rule-making process in
7 our future because it's been since June of 2006 or May
8 of 2006. We have the census coming. Whether it will be
9 this Committee this year or next -- we don't have one
10 scheduled yet -- I think it's important just to
11 appreciate the complexity of this as Committee members.
12 It often gets put in relatively simplistic terms as
13 issues and problems with it are described, but it is a
14 very complex, and as represented at the time, I think a
15 very sophisticated level of understanding and compromise
16 and collaboration on the part of the Committee to reach
17 their conclusion.

18 MS. CHERRINGTON: One of the first steps in
19 the process with PTAC was to talk with members and to
20 develop goals and objectives for what they wanted
21 represented in the funding formula. Remember, there was
22 a funding formula on the table and it wasn't completely
23 being thrown out. It was simply, "Let's set that aside
24 for a moment and let's start from the beginning. What
25 do we want PTAC to accomplish," and PTAC was guided by

1 the language in that legislation. Now, there were a few
2 phrases that I think are very important to reflect in
3 our goals. First of all, the language of the
4 legislation used the word "waste." There was a
5 perception that funds that were allocated to public
6 transportation providers were not being used wisely.
7 There was language in the legislation that spoke to the
8 need to improve efficiency and it tied to the notion of
9 performance rather than an allocation that is not
10 expected to be tied to performance. And the third
11 critical language in the legislation that was in mind
12 was this emphasis on the time of coordination. Texas
13 was actually ahead of the federal emphasis between
14 public transit and client or community-based
15 transportation, and Texas was already emphasizing that
16 in this legislation in 2003.

17 The three goals of that PTAC adopted
18 reflect this direction that came from the legislation.
19 First of all, Goal No. 1 was to improve access to public
20 transportation in Texas in a fiscally responsible
21 manner. This speaks to the notion that transit
22 providers, the perception, were not necessarily using
23 fiscal responsibility, and that was a primary goal to
24 insure that was an underlining intent of the formula.
25 And also this notion that there needs to provide funding

1 in a way that gives assess across the state, the
2 perception at the time that some agencies were receiving
3 disproportionate amounts of funding and other agencies
4 were not receiving enough or not their fair share. So
5 that Goal No. 1 speaks to this, a fair way to distribute
6 funding and to insure that it's being used responsibly.
7 Goal No. 2 speaks to improving effectiveness and
8 efficiency of public transportation services. Keywords
9 in any provision of public dollars, especially transit,
10 effectiveness and efficiency. And that ties back to the
11 emphasis on looking at performance in addition to other
12 allocations of funds. Goal No. 3 was to improve
13 cooperation and coordination of services. These three
14 goals will be reflected back in the formula, and I will
15 reflect those as I go through.

16 First of all, this illustration is going to
17 start with state transportation funds because they go to
18 both urban and rural. I'll comment in a moment when
19 federal funding ties in. State transit funds --
20 remember that those are allocated on a biannual basis,
21 and then decisions are made each fiscal year in the
22 biannual -- are allocated 35 percent to eligible urban
23 providers and 65 percent to rural providers. That
24 decision was made as a PTAC decision. You may remember
25 that the population distribution was 38 percent urban

1 and 62 percent rural. There was a discussion about this
2 decision amongst the providers that commented to PTAC
3 and it was a little about the per capita dollars
4 invested by the federal government were lower for rural,
5 and it made some sense that there may be a slight
6 consideration to rural because they were per capita
7 need. So this doesn't tie directly to population, but
8 it is indicative of the split of population.

9 The next step in the funding formula
10 process on both sides is distribution based upon need,
11 the need to have funding to be able to provide services,
12 and performance. We will show then how that breaks out.
13 Need is defined on the urban side as population. This
14 is the sole determinate of population -- of need is
15 population. You will see an underlying little note that
16 perhaps -- hopefully you can see -- for cities over
17 200,000 it's capped as at a population of 199,999. Why
18 is that? Remember that the state is responsible for
19 public transportation in communities under 200,000, but
20 yet state funds are supporting some systems that are
21 over 200,000 because they can't get access to local
22 funds through a sales tax. The state provides a way to
23 leverage federal dollars, but you can't -- some of those
24 entities get pretty big. You will see why in a minute.
25 And so in order to make sure that the large systems

1 don't take away from the needs of the smaller, this cap
2 is established and it's applied only to the need side of
3 the formula. On the rural side, need is defined as both
4 population, 75 percent, and land area, 25 percent. And
5 that's in recognition of the fact that it's sometimes
6 very demanding to provide transit services to a large
7 service area. That becomes a part of need, and this is
8 reflected of federal allocation as well. In the case of
9 federal, it's 80/20. Texas being Texas, accounted at
10 75/25. Pardon me, I misspoke. The federal is 80/20;
11 Texas is 75/25.

12 Then the next step is then to define how do
13 you allocate performance, perhaps the most challenging
14 part of the formula process. There are four measures
15 used on the urban side and three on the rural. The
16 three are the same for both. There's an extra one on
17 the urban side. I want to point out that now I noted on
18 the right on the green for the rural, this same
19 allocation process applies to both state and to federal.
20 Exact same allocation, need and performance. The next
21 table gives you a little bit of the close-up view of
22 what these performance measures are. First of all,
23 remember the first three are the same on both sides.
24 They are equally distributed on the rural side. There
25 is a 30/20 split, first and third are 30 percent on the

1 urban side and second and fourth are 20 percent.

2 But let's talk about that first one, local
3 investment or operating expenses. This performance
4 indicator takes local investment and divides it by the
5 operating expenses; however, it's really important that
6 local investment is very broadly defined in this case.
7 This is not local share to make match a federal grant.
8 That's a different definition. This is local investment
9 for the allocation of the state funds and the Rule 5311.
10 Local investment includes not only fares that are
11 collected, revenues generated from contract services
12 which may include medical transportation services, but
13 it also includes any other program in which revenues are
14 generated by the initiative of the transit agency
15 including federal programs such as the 5310 Elderly and
16 Persons with Disabilities, the 5316 Job Access Reverse
17 Commute, and the 5317 New Freedoms. Why is it you would
18 use federal grants and apply it then as a local
19 investment? Remember that goal to encourage
20 coordination, and this initiative is intending to
21 provide an indicator that will reward transit agencies
22 that take the initiative to get out and coordinate their
23 transit services, get new dollars in order to provide
24 services that better the whole. And so that was
25 included as part of local investment. Another key

1 thing, local investment includes the local dollars
2 generated by general revenues of the local community
3 that are invested in both operating and capital. Now,
4 that's important because it -- and it was very important
5 at the time -- because lots of agencies were using their
6 local dollars not necessarily to subsidize operating but
7 to invest in capital. It was a very difficult period in
8 getting equipment and providing facilities. Some cities
9 elected to put their dollars in the capital side and
10 allow the state to match federal dollars for operating.
11 Well, that was a local decision that seemed perfectly
12 appropriate but if it weren't included in the funding
13 formula, you would be disadvantaged. So local
14 investment includes local moneys that are put into
15 capital. Why am I spending so much time on one
16 indicator? This is the most volatile, by that I mean it
17 goes up and down, by agency of all the indicators
18 because it changes if you get a new contract or if you
19 lose a contract. It changes if you have a major
20 facility investment and then you finish that facility.
21 So those decisions and their intent to encourage Goal
22 No. 3 is important going forward.

23 The second measure on both sides is revenue
24 miles or operating expenses. This, by the way, is same,
25 same, all same as cost per mile. It's reversed as a

1 performance indicator because we want the positive to go
2 up. Cost per mile is negative if it goes up, so this is
3 reversed. Miles per dollar, if you will. This is the
4 efficiency measure to get to Goal No. 2. Passengers
5 revenue per mile, the same for both, and this is the
6 effectiveness measure to go also with Goal No. 2. And
7 then on the urban side there is a fourth allocation --
8 excuse me -- a fourth performance measure, passengers
9 per population for the urbanized area. This is the
10 total population in the case of performance. Now, what
11 that represents is to give a slight advantage to the
12 urban areas that have a transit intensive. There's a
13 federal program that also does this. And it's intensity
14 because the community is serving a population that goes
15 beyond its residential base. These are basically three
16 kinds: An urban area with a very large university
17 proportionate to its population, a border community that
18 is serving persons that come across the border and use
19 the transit system in disproportion to the population of
20 the community, and the third is a tourist community in
21 which the demands of transit service must serve a
22 population that is in and out and is not part of the
23 residential population. So this one indicator serves
24 that. And package this set of indicators addresses the
25 notion of a fair and reasonable allocation with

1 performance in mind of Goals No. 2 and 3.

2 Now, this may be the last year we need to
3 particularly look at this slide, but another aspect of
4 the PTAC decisions of the funding formula when we went
5 through the crisis of 2006 was to phase in the
6 importance of performance, and this speaks to the Goal
7 No. 1. Remember that emphasis by the Legislature. We
8 want our dollars to be used wisely and there is a
9 perception of waste in the operation. Well, that was
10 addressed by increasing the percentage of allocation for
11 performance. The 2004 formula had 80/20. Eighty
12 percent need and twenty percent performance. This part
13 of the formula that was revised in 2006 increases over
14 time, the emphasis on performance. Why was it done over
15 time? First of all, it needed to kind of absorb this
16 new emphasis on performance. Secondly, there was a
17 concern about the quality of the data to be starting to
18 calculate the performance measures and wanted to make
19 sure everyone had a chance to get up to speed in that
20 regard, and the other is that further changes the
21 allocation between agencies. And there's a need for
22 agencies that are higher performing to gather that new
23 revenue while those at lower performing adjusted. So it
24 was a phased-in adjustment on the urban side. In 2007,
25 which is the first fiscal year after the revised formula

1 of 2006, the formula was 80/20. The same as the
2 previous year. Get used to this idea. In 2008, it went
3 to 65/35, increasing performance to 35, and that was for
4 two years -- settling that in. And then it went to
5 50/50 in 2010. The formula in 2010 allocates funding to
6 the urban areas 50/50. On the rural side, there were
7 two years of 80/20. The reason was because there was a
8 greater concern about the quality of the data to measure
9 performance in the rural areas. One or two years to
10 kind of get that into place. And then it changed to
11 65/35, where it is today, and that is by the PTAC
12 recommendations adopted by the Commission. I think
13 that's a point I haven't made sufficiently enough. PTAC
14 made recommendations. It was presented by PTN to the
15 Commission. It was adopted by the Commission. So this
16 is approved under the Administrative Code. The -- this
17 is the final, 65/35, because again, the perception that
18 need has to address -- rural areas have a harder time
19 meeting need and they need to be assured a larger share
20 of their funding from the need side.

21 There is one last step I need to illustrate
22 to you with regard to the funding point, and that is the
23 transition step. This new funding formula that was
24 approved by the Commission would have a major effect in
25 changing the distribution between those communities that

1 had been receiving a large amount of dollars under the
2 previous methodologies and those that had not been. And
3 if you did that overnight -- puff -- we just reallocated
4 the funds. You knocked the knees out from under systems
5 that had built up their transit over time because they
6 were getting a good share of federal and state moneys,
7 and they would be giving a whole bunch of moneys to
8 communities that may not even be prepared. They didn't
9 have equipment, they didn't have a plan, they didn't
10 have management staff. So it wasn't good on either
11 side. The decision to phase this in was this policy.
12 No transit agency would receive a negative impact of
13 greater than negative ten percent, so the most that any
14 agency would lose in one year was ten percent. This
15 illustration shows, at the bottom, if you cut the
16 negatives nobody has to lose more than ten. Somebody
17 has got to give some funds to the top side to help fund
18 the bottom, so it effectively made a cap on the upside
19 as well. And this transition has happened every year
20 since the implementation in 2007, and it's slowly
21 adjusting. I'm going to illustrate that to you at the
22 end of this presentation. Remember the emphasis here is
23 a slow progressive transition to moving moneys from
24 those who have more than the formula indicated to those
25 who did not have enough, and those change over time

1 because of the transition to more emphasis on
2 performance. This transition phase also had an effect
3 as the increase in performance became more and more
4 important. So this is an important element and we will
5 look at that again.

6 Urban limited eligibility providers. I've
7 already introduced to you four providers that limit
8 their service to seniors and persons with disabilities.
9 By the way, each of those four defines these two things
10 differently. The formula uses only one set. The
11 formula defines seniors as persons 65 and older as
12 defined by the census, and persons with disabilities as
13 those that are reported by the census as persons with
14 disabilities. So it's using census-based data. Trying
15 to find an equitable way to deal with these four systems
16 in which their population was not the total general
17 population served, and their performance indicators are
18 going to be very different than other urban systems.
19 The formula decision, recommendation, and approved was
20 that a piece of the urban funds is set aside first, and
21 that piece is the percent of the persons who receive
22 funds who are served by these four agencies are the
23 total urban. That number is 6.58 percent. So when the
24 ten million is allocated to urban, the first 6.58
25 percent, \$658,000 roughly, is set aside for these four

1 and then the formula is applied. Performance indicators
2 are compared just among those four because their
3 performance is similar but very unlike the rest of the
4 system. The last point is under statute and this goes
5 back to the Transportation Code and the Legislative
6 Directive. These four agencies are also capped at an
7 amount of money not greater than what they received in
8 1997, and that's indicated here. So that's another
9 check.

10 MS. BLOOMER: So Linda, to understand, that
11 341, 170, 142, and 116 is taken off the top, and then
12 the remaining funds in the pot are allocated based on
13 the formula to need?

14 MS. CHERRINGTON: No, no. Those first
15 three bullets, the funding to those four agencies is
16 allocated. The amount set aside is 6.58 percent of the
17 urban funds, and then that 6.58 percent runs through the
18 funding formula, including performance indicators, to
19 allocate moneys to those four agencies. Then stop,
20 check, is the amount of money allocated by formula
21 within the statute limitation. If it is -- if it is
22 greater than the statute limitation, then all this
23 agency can get is the statute limitation. If it's less
24 than the statute limitation, then -- then it's not
25 significant. And I will tell you it differs year to

1 year, but NETS has run up against their max.

2 MS. LANGGUTH: Are these the only four
3 limited eligibility providers in the state?

4 MS. CHERRINGTON: Good point. Yes, these
5 are -- in fact, the last agencies that transitioned were
6 about the time this was all happening. But as of about
7 2006 when these discussions were going on, the last of
8 all the other urban systems went to general population
9 transportation. These are the only four. Good
10 question.

11 MS. BLOOMER: Just for some background, on
12 the four providers limit eligibility, you mentioned they
13 all defined "senior" as different. They all do. It's
14 somewhere from 55 to 65. That has been identified as a
15 strategy as part of this region's Regional Coordination
16 Plan to address that issue as well as the fact that they
17 are limited to elderly and disabled versus the general
18 public. So we are working on it.

19 MS. CHERRINGTON: I'm going to move now to
20 this question of data accuracy and consistency, which
21 was a major concern in 2006. Any questions about the
22 formula up to this point? I will go through this pretty
23 quickly because I think the rural today and the rural in
24 2006 in this category is really different, and we are
25 pleased to report that. I think J.R. and others at the

1 table can back me up on this. J.R. is one of our
2 shining stars on data accuracy and consistency. There
3 have been a number of initiatives that have gone into
4 improving the data that is reported. I'm not going to
5 go through each one of these bullets. But coming out of
6 the box in the fall of 2006, the first thing is that
7 with the support of PTN contracted with Texas
8 Transportation Institute to provide technical
9 assistance, and we went to the field. We provided
10 training throughout the state for all the transit
11 providers. It was a two-day training class that tried
12 to get folks up to speed on both the formula and this
13 whole notion of performance/performance indicators. The
14 approved data-collecting tool at the time was a
15 spreadsheet and worked with PTN staff that uses and
16 gathers this data -- especially Kelly and Mary, who
17 works with him -- tried to improve the quality of that
18 data tool to collect this information to calculate these
19 statistics. A change was made to require that all
20 providers, including those that receive Section 5310 and
21 the New Freedom and the JARC funds, they also report.
22 And there's also the Transit Authority's report basing
23 data into this. It's a smaller set of data, but there's
24 one place to report. It's consistently (sotto voce).
25 And then we made a transition about two years ago to a

1 Web-based system. So now all the information is loaded
2 by Web, and it's into a central database. There's no
3 longer these kinds of funky things that happen when your
4 spreadsheet lost its connection, it no longer
5 calculated, and somebody changed the number and didn't
6 tell somebody else. It's now all in a Web base that
7 allows a control as you close the data each year when
8 everything is finished and provides us with a system
9 basis. Prepared a reporting manual that is available
10 from the Website and can be referred to. Developed
11 tools to be able to get -- flash red lights when data
12 doesn't make sense, blue lights if something is missing.
13 Also developed some check tools for public
14 transportation coordinators to use in reviewing their
15 agencies, help to do that quality control. And then TTI
16 is still working with PTN to do annual detailed
17 assessments and evaluations of performance to look at
18 them carefully. Trend lines as well as the comparisons
19 to make sure the data is accurate.

20 A couple of slides just to emphasize there
21 is now -- if you have authorization, you can log into
22 the PTN-128 program. The authorizations are done
23 through -- this is all in the -- the TTI has this
24 database on their Website and we give out the
25 authorization. You log in. When you log in, you have a

1 choice of a number of things. This is a little small to
2 be able to illustrate, but you can look up the manual.
3 You can look up several years worth of data because it's
4 historical. We now keep it. You can go back and look
5 at previous years, you can look at current data to do
6 data entry, or look at your historical data from several
7 years past. There are a number of reports that are
8 available. And these colors help me to emphasize that
9 there's also some color coding in the data entry to help
10 the person entering it realize something's not right
11 here, and we get phone calls on a weekly basis from
12 agencies who come up with questions. The data entry
13 form, again, is on the Web base if you cannot see
14 this -- perhaps you can -- in black and white. Every
15 month you put in data. It is a whole lot of different
16 rows of data for urban and rural transit providers. Not
17 so many for the client provider systems under the 5310,
18 JARC, and New Freedoms. And that data rolls up into
19 quarterly reports. It rolls up into annual reports.
20 You can also click on the front page and you can go to
21 some reports. This particular spreadsheet or
22 illustration shows that every agency can go back in and
23 they can look at their historical data by all these
24 indicators, both performance indicators for the funding
25 and management statistics. They can compare themselves

1 to all other providers in their category in the state.
2 This is a great tool for self-evaluation, and you
3 shouldn't be surprised by the outcome of any funding
4 formula decisions because you can monitor how you're
5 doing and you can look at this information. Now, the
6 results of this is that I think we can tell you there is
7 a significant improvement in the quality, consistency,
8 and accuracy of the data. There continues to be a need
9 to monitor and evaluate, new staff comes on board, some
10 of the training begins to wear off, new issues come up.
11 It's a continuous process, but I think we can see that
12 there is a lot more consistency and (sotto voce) common
13 set of forms and common set of definitions of their
14 data. This is now roughly comparable to the National
15 Transit Database that urban systems have been using for
16 years and years in the federal level, and rural systems
17 are also now reporting. And we try to do our best to
18 make sure the state reporting and the federal reporting
19 is consistent. They aren't exactly alike because not
20 all the uses of the data is the same, but try to be
21 consistent in using the same definitions, same roles, et
22 cetera.

23 MS. BLOOMER: Linda?

24 MS. CHERRINGTON: Yes.

25 MS. BLOOMER: Did I -- I think I might have

1 heard incorrectly. Does a provider -- say you have a
2 provider that serves a rural and an urban area. Do they
3 report all of their services on a PTN-128 or just those
4 services that are funded by TxDOT?

5 MS. CHERRINGTON: They report all of their
6 services on PTN-128. If they serve both, they will
7 report in the urban and in the rural category. But both
8 the mechanisms by which you report ask that you report
9 all transportation services that you provide.

10 MS. BLOOMER: Okay.

11 MS. CHERRINGTON: And that is -- that means
12 that you report more in the state reporting system than
13 you do in the federal, by the way. The state does
14 include reporting medical transportation, for example.

15 Okay. I would like then to take a look at
16 performance. We just recently completed and reported to
17 PTN the fiscal year '09 performance data. I have some
18 diagrams that compare several years so you can see since
19 this funding formula was adopted in 2006 and implemented
20 for '07. This illustration is showing bar graphs that
21 show you local investment for operating expense. If you
22 look on both sides of this, the urban is on the left and
23 the rural is on the right. The local investment
24 property expense has gone up every year in both cases.
25 It's gone up roughly about 40-plus percent from where it

1 was in '06 to where it was reported in '09. Now,
2 remember I told you before about local investment
3 includes a broad definition of that term. And this
4 reflects new funding that has come out for JARC and New
5 Freedoms, but it is an indication that this element of
6 the funding formula has certainly been achieving in the
7 increase in the local investment.

8 The next one is looking at revenue miles
9 per operating expense. Remember that this is the same
10 difference as cost per mile. I want to point out on the
11 urban side that that bar is roughly even. Now, this is
12 four years of reporting, and essentially your cost per
13 mile -- your efficiency measure -- is flat. This takes
14 into consideration inflation, this takes into
15 consideration rising fuel cost. I think this is a
16 really, really positive indicator that the systems have
17 not only stayed even, they have done so in spite of
18 obvious increases in operating costs. On the rural
19 side, there was a slight decrease, and now it's holding
20 its own in the last two years. And any time you look at
21 the rural data for the first couple of years, at least
22 possibly a part of that is adjusting to better data
23 reporting. So keep that in mind. But also rural
24 systems, remember, are more affected by -- greater
25 percentage of their cost of property goes into fuel than

1 does in urban system. So once again, I think you are
2 doing pretty good in light of the increases in fuel
3 cost, particularly in 2008.

4 The next indicator is passenger per revenue
5 mile. I'm going to start on the right this time.
6 You'll see that this is essentially flat for rural
7 systems. Now, this is -- even though miles of service
8 had increased, the passengers are also increasing at
9 about the same level. Urban not quite so much, and in a
10 minute I will look at another graph and comment on why I
11 think that is. None the less, it is a relatively small
12 variation. And the first year of the drop, again, may
13 be an improvement in the quality of the data reported is
14 a function of data consistency. And then this is for
15 the urban providers passengers per capita. This is an
16 increase each in 2008 and 2009; more passengers. Per
17 capita is flat. We are still using the 2000 census
18 population; more operation, more passengers per capita.

19 This is some data that gives you some
20 management statistics. These are not used in the
21 funding formula, but I think it's real important to have
22 as a background to look at what is different about urban
23 performance as compared to limited eligibility as
24 compared to rural. You will see in the top, urban
25 systems for cost per mile and cost per hour are higher

1 than they are in the other systems. Why would that be?
2 There are a few things. First of all, urban systems are
3 much more intense operation. There is often additional
4 administrative staff, sometimes some of the municipal
5 systems that sponsor urban put some of their overhead
6 allocation into that, and another factor is several of
7 the urban systems contract out their contracts so those
8 contracts are a more -- higher. You see that the urban
9 limited and the rural are very, very similar, but look
10 at cost effectiveness. Now the evaluation completely
11 changes. The cost per passenger carried is lowest for
12 urban systems. So for every one of those hours of
13 service provided, they are carrying more passengers.
14 It's shown in the bottom statistic, 13.8 passengers per
15 revenue hour for urban system as compared to 2.2 for the
16 limited eligibility and 3.3 for rural. If you want to
17 know how does that -- monetary -- a general rule of
18 thumb I have always used is I think a minimum
19 performance that you would want to achieve for urban
20 systems probably about one passenger per revenue mile or
21 ten passengers per hour. You will see that our systems
22 are near one and above ten. Now, I'm not saying that's
23 good. I'm saying that's kind of minimum. You want to
24 go up from there. And limited eligibility, although the
25 definitions aren't quite the same, if you compare this

1 to 88 per transit services -- and Al can certainly speak
2 to that -- but you would like to see 88 -- you like to
3 approach three passengers per hour. Two point two is
4 often seen in those systems. You try to achieve and
5 improve those to about three. And then rural systems
6 are usually -- probably -- these are so widely variant,
7 but you normally see those from about two -- and when
8 you're really getting into real systems that are in a
9 more urban environment -- on the edges of urban -- maybe
10 up to eight or ten. So these are all looking okay.
11 There's now room for improvement on performance now that
12 we have some of these other factors well in hand.

13 I told you I wanted to show the line
14 graphs. This is urban transit trend of passengers
15 compared to revenue miles. Remember that the federal --
16 excuse me -- the state money to urban systems hasn't
17 changed, but the local investment has gone up and so has
18 federal dollars to urban systems. That's showing an
19 increase in revenue miles in blue. There is also an
20 increase in passengers, but you will see it hasn't quite
21 gotten up to -- in the same as per mile. But the trend
22 line is in the right direction, and now I think the goal
23 would be to see these new programs start achieving more
24 and more ridership to that investment. There is a
25 similar line graph for the rural, and the rural is a

1 little closer. In fact, in 2008 the increase in
2 passengers in rural systems was faster than the increase
3 in revenue miles. It went down a little bit in 2009 as
4 a comparative, but that's still very, very close. And
5 when you consider the impact of the economy, it is
6 certainly something that should be taken into
7 consideration. But I think, again, you are seeing more
8 revenue miles of service and a comparable trend line of
9 passengers. Now just looking to get more passengers
10 with those miles. Positive indicators.

11 Now, the rest of what I want to show you,
12 you do not have in your handout because it is more
13 illustrative. I want to just run through for you since
14 the formula was implemented and the transition from year
15 to year so you can kind of see what's happened. There
16 are several factors that influence how this transition
17 occurs. First of all, I want to point out that the
18 total dollars available is a major factor because if
19 it's the same dollar every year and yet there is
20 adjustment going on, some have got to win and some have
21 got to lose because you're coming back to the same. I
22 don't care what your allocation formula was. If you are
23 still comparing systems by any indicator and you've got
24 to stay with the same total amount, some are going to go
25 up and some are going to go down. You also see changes

1 in service. Eric mentioned earlier that sometimes the
2 population changes between different providers, so that
3 makes a difference. And you will also see changes in
4 individual performance as the major factor and a
5 percentage of performance. And then lastly that
6 continuous adjustment not greater than negative ten
7 percent to any provider getting to the ultimate balance
8 according to the formula.

9 Here's the state funding 2007 to 2011.
10 This is like one of those books, you know, where you
11 thumb it really fast and you see the diagram. I will go
12 through this pretty quickly. This was the change in the
13 first year. This was 2007 as compared to '06. You will
14 see the large upper bars are showing the systems that
15 got more money because they were so -- the funding was
16 not what the formula indicated, and a lot of systems at
17 the bottom had to give up funding. The next year not so
18 much. These are percentages now. The percents came
19 down. Still a lot of systems giving up ten percent in
20 order to fund the reallocation. And then we shifted,
21 and the second year of 65/35 you see it's smaller yet.
22 Not so many are giving up ten percent. Not such a high
23 increase in the other end. This is this year. This is
24 the adjustment this year, and we went to 50/50 for needs
25 and performance. So remember it threw everybody in a

1 kilter again, but the percentage differences are not
2 quite so dramatic. And this is what we project for next
3 year, essentially balanced. What those two little blips
4 are is a trading of money between Arlington and Grand
5 Prairie. It's about 2,000 each. And then we are in
6 balance, all other things being equal. Not everything
7 is ever equal. So something will throw us, and I will
8 talk about that in a minute.

9 Now, let's look at the rural side. I'm
10 going to look just at state funding. State funding had
11 the most adjustment to do. Federal funding actually
12 will come into balance next year, 2011. This is the
13 state money. This is what happened in the first year
14 80/20 needs performance, and you will see how many of --
15 remember there's a lot more rural systems -- how many
16 were getting negative ten percent -- that's the cap at
17 the bottom -- in order to fund as many as they could to
18 reallocate those funds. The year was still 80/20 but
19 not nearly so many. It began to balance. But then we
20 went to 65/35. Okay. Everything went out again, so
21 more systems are giving money to fund more that are now
22 earning more because their performance is better. In
23 2010 -- that's this year -- now you see the percentages
24 a little higher. Why is that happening? It's because
25 the cap has been quite a lot on the upside, but now as

1 some of the systems have a very high performance level,
2 now there's -- the moneys are all going to be getting
3 them caught up. This is 2011. You see the changes are
4 much smaller. And '12. Why is '12 so high? This is
5 one of the systems that has just come online. It's a
6 part of this form. This is Fort Bend County. This is a
7 huge percent. It's really \$80,000. Now everybody else
8 is in balance so finally the funds can go to getting
9 this last agency essentially in balance. The other
10 three that are going up are all systems that have a high
11 performance relative to their population. Then in '13,
12 this is the last year in which the final funding is --
13 and then this allocation. Again, just in time for
14 changes in census population and to throw everything
15 out. But this is the time in all these adjustments.
16 One of the things you will notice that when you hear a
17 lot about the funding formula adjustments, there are
18 some systems that have received negative ten percent in
19 funding every year and will until this year. So
20 obviously this adjustment has been a difficult one for
21 those systems. That's where this allocation, the ten
22 percent, has taken time to get this accomplished.

23 We've covered an awful lot and we've taken
24 a lot of time to do it. Are there any questions about
25 this? None?

1 DR. ABESON: Eric, you said earlier that
2 it's likely the formula will come up for discussion
3 soon. Is that based on the census results or is there
4 something else looming that we probably should know
5 about?

6 MR. GLEASON: Well, I think it's both in
7 senses. I think these last sets of slides that Linda
8 showed really capture a lot of the conversation that has
9 happened since the formula was adopted. She mentioned
10 those systems that have been on the donor side of
11 things, if you will, for three or four years now and
12 going down, you know, getting ten percent less each year
13 for each of those years. And honestly, I think most
14 systems you can internalize a ten percent decrease, but
15 doing that two, three, four years in a row, there has
16 been significant challenges for those systems as their
17 funding as gone down. So I think -- and because of the
18 fluctuation from year to year, I mean, one of the things
19 I think that people expect out of the formula is a
20 certain amount of certainty and stability from one year
21 to the next so they can manage their systems for more
22 than one year at a time. And when you have that degree
23 of change going on, it becomes difficult and it creates
24 an environment where people don't feel confident from
25 one year to the next of how much they are going to get.

1 So stability and certainty have been an issue. Linda
2 used the term "winners and losers, ups and downs."
3 Every year we do this we get a list of winners and
4 losers, folks that went up and folks that went down. So
5 that amount of change has been difficult.

6 The other thing that has been a source of
7 conversation has been the size of this amount in excess
8 of 20.1 million, the size of the discretionary fund.
9 When we first put these rules in place, that amount was
10 about \$2.5 million. That has grown simply because of
11 the increases in federal levels. This is not an issue
12 on the state side. This is an issue on the federal
13 side. There is no discretionary fund on the state side
14 because state funds have remained flat. So all of those
15 state funds are programmed through the (sotto voce). On
16 the federal side, we've seen growth in each year of
17 safety (sotto voce). And so at this point in time, the
18 size of that discretionary fund is in excess of
19 \$7 million a year. That is -- and we would agree, that
20 is larger than it needs to be for discretionary
21 purposes -- put a quotation around that.

22 And so the other thing -- the other issue
23 out there prompting perhaps a look at the formula would
24 be the size of that (sotto voce). And that was
25 something this Committee talked about in September or

1 October or November of last year, and it prompted the
2 Department putting out two fliers, a description of how
3 we intended to approach the 2010 triple program with a
4 commitment on our part when those funds come through in
5 their entirety to have a fairly large rural
6 discretionary award to everyone for general program
7 purposes. And so what the -- but the timeframe we are
8 in is, you know, census results are expected to actually
9 hit probably 2012 - 2013. So every time we open this
10 formula up, as you can guess, it's a fairly sensitive
11 conversation and there's a lot behind it. So when you
12 open it up perhaps for just one issue, the risk you are
13 running is that you end up with a lot more. And so when
14 I say we may be looking at one in the future, I think
15 that's largely perhaps driven around the size of the
16 rural discretionary amount. And whether we can sustain
17 an approach to those dollars in this timeframe and wait
18 for the census to trigger the next look at the formula
19 is something I think the Committee needs to deal with.

20 MR. SALAZAR: And I have a couple of
21 comments as I solicited response to Eric's intent with
22 your letter, and I was really surprised that there
23 wasn't a whole lot of comments made either to me or
24 Eric. I asked Eric myself how many comments he had and
25 at the time there wasn't any, and so there was a lot of

1 talk of, you know, the excess discretionary moneys and,
2 you know, that pot getting bigger and bigger and bigger
3 and what are we going to do with it. But when it came
4 to allocate that money, there wasn't any comments that I
5 received on that. I did visit with some of the
6 providers, and a couple of them said, "I don't remember
7 getting the letter." I know we get so much throughout
8 the day -- we all do -- but I know that the letter did
9 go out and I know the intent of the letter. So there
10 wasn't a lot of response from the transit agencies with
11 regard to the discretionary. And I don't know if you
12 received any, either.

13 MS. BLOOMER: I only received one comment
14 and there was really -- the comment was -- was sort of
15 neutral. They were happy to see the issue being
16 addressed. The point they made that they weren't sure
17 that would help them because they need -- in order to
18 plan and budget, they need to know that in advance and
19 so they may have the additional money but they wouldn't
20 have the local funds to match it. But I think back to
21 your point, I was a little befuddled, I guess. I mean,
22 for the last three years that's all I've been hearing
23 from our rural providers, "The discretionary pot's
24 growing, the discretionary pot's growing, give it to us,
25 give it to us," and then come up with a solution, put a

1 letter out, and we didn't hear anything. And even at
2 the PTAC meeting or the semi-annual meeting, we reminded
3 them that we put it out, you know, "Please let us know
4 if you have a positive, negative, liked it, didn't, did
5 you get the letter." And again, haven't -- only heard
6 one comment. So I'm confused.

7 MR. GLEASON: Well, I think it's something
8 for the Committee to talk about, whether -- whether it's
9 enough of an issue to reopen the formula. You've heard
10 all the things that go into it and how, you know, on one
11 hand, how you would like this to be relatively simple
12 and transparent. You don't really like a big black box
13 on the table, but there's just a whole bunch of issues
14 that have to be addressed. And what will you have when
15 you are done? The performance -- and one of the things
16 that Linda did here, she projected out next year and the
17 year after that. Well, you can only use this year's
18 performance data to make those projections, and so the
19 actuals will be different because the performance is
20 different from one year to the next. You know, the
21 population and land area, until the census hits, stays
22 the same. We did this with the Committee in 2006. We
23 projected out until 2009 or '10. Well, when those
24 results didn't happen, we heard back from people. We
25 had to remind them we had to make an assumption about

1 performance data, and we had to hold it constant because
2 there was no way to project it for those years.

3 DR. ABESON: The state funds have held
4 constant at 10 million?

5 MS. CHERRINGTON: It's 10 for the urban
6 side and 18 for the rural side. That's because they are
7 65/35.

8 DR. ABESON: Okay. The state is facing a
9 bit of a fiscal crisis. Are there implications
10 associated with that number as well?

11 MR. GLEASON: I don't know. I can't answer
12 that for you, Al. I know from the Department standpoint
13 we are beginning to prepare our legislative
14 appropriations request, and I'm certainly not hearing or
15 being asked to anticipate that. So I think the real
16 issue is how do we grow these funds. Certainly that
17 seems almost problematic in this session. We are
18 focused on the census impact work, which is next -- and
19 we will get into that now -- and making sure that, you
20 know, we understand enough about the potential flow of
21 money as it shifts. As the population numbers go up and
22 down relative to each other, you are going to get this
23 shift of funds. And as more areas become urbanized,
24 you're going to have more urban folks at the table,
25 perhaps. And so anticipating that for the 2012 - 2013

1 biannual is important.

2 So I think with that, we will go ahead and
3 transition. I will remind folks, I don't know if we are
4 going to actually take a break -- I leave that up to the
5 Chair -- but feel free to get up and walk around. I do
6 that because I can't sit for hours at a time. Help
7 yourself and take your own break.

8 And Linda, I don't know if you need a
9 break, but --

10 MS. CHERRINGTON: No, no, I'm fine.

11 MR. GLEASON: Are you sure?

12 MS. CHERRINGTON: I like this next session.
13 What we would like the opportunity to do is present you
14 with what is actually very fresh research. This is
15 research that we did for the Texas Department of
16 Transportation, specifically the research program. It
17 was sponsored by the Public Transportation Division.
18 They submitted their request and they went through the
19 competitive process, and the research was done by
20 ourselves, Texas Transportation Institution, with the
21 Institute for Demographic and Socioeconomic Research,
22 often known as The State Data Center, at the University
23 of Texas at San Antonio. So it's my honor to present
24 what includes a whole lot of work and quality of the --
25 excuse me -- the projected numbers from UTSA.

1 The research objectives I want to just
2 provide to you to emphasize that we had an assignment
3 that we would be covering our material that included
4 trying to take a look at projecting population to target
5 impact on the formula, identifying what issues that
6 meant, and trying to suggest what some possible
7 strategies to approach. Today, what I specifically want
8 to do, I'm going to give you a little overview of the
9 census process and how it's significant. I will try to
10 be very quick about it, but it's very significant to
11 understand what's happening in the next two years. And
12 then talk about what our projected 2010 population
13 numbers might be. We've done some pretty detailed work
14 on what the impact might be on the funding program we
15 just spent the last hour talking about, and we will
16 identify the issues for, perhaps, y'all to think about.

17 Okay. First of all, everyone has heard --
18 now we know because it's been on all the public
19 information for the last six weeks, but we all know the
20 census is extremely important because those population
21 numbers are used to allocate federal money. Well, for
22 us it's doubly important in the transportation arena
23 because the Federal Transportation Program across all
24 modes is in some way -- I should say all surface
25 modes -- is based on the most recent decennial census.

1 So these numbers are going to last for ten years. But
2 the FTA formula programs are based in large part on the
3 use of population and/or land area defined -- and they
4 are most particularly funded urbanized area, which I'm
5 going to speak a little bit more to. So it's really
6 important that we understand the significance on
7 urbanized areas and that we know that's going to affect
8 the funding formula under the current authorization.
9 And we just saw that the Texas funding formula uses
10 population as part of the definition of "need," and that
11 it uses also the decennial census. So it's really
12 important to us and all these funding discussions.

13 I want to draw a slight distinction between
14 the term "urban" area under the census and what we all
15 talk about when we talk about federal funding for public
16 transportation. Under the census, an urban area is
17 defined by population absolute and density, and there
18 are two categories: Urban clusters, which are the
19 communities of 2,500 or more and include small towns and
20 small communities and it could be just a neighborhood
21 that's developed in a rural area; and urbanized areas,
22 which are over 50,000. And then under the census
23 definition, rural areas are anything low density, less
24 than 2,500 folks defined by census blocks and block
25 groups and tracts. Now, under the Federal Transit,

1 there's a slightly different use of the term. Under
2 transit funding formula, "urbanized" areas include any
3 area over 50,000. That's consistent. And under the
4 funding formula, they subdivide those by small urban and
5 large urban. We've talked about that. Then everything
6 else is non-urbanized, and that's anything under 50,000.
7 So that includes census urban clusters and census rural
8 areas. But we are included to say "rural" for all of
9 that even though it includes urban clusters.
10 Technically it's non-urbanized, but when I say "rural"
11 regarding funding, I'm going to mean the non-urbanized
12 area. Now, these urbanized areas are so critically
13 important to have funding allocations made, particularly
14 for the Federal Transit Administration and on some of
15 the programs the Federal Highway Administration.

16 So I want to talk to you about how
17 urbanized areas are defined. Urbanized areas are now
18 analyzing population and population density in a very
19 small sublevel in the census block, block group, tract
20 level, and it's statistically calculated by the Census
21 Bureau based upon their census counts. It is a process
22 that you can read all about but it's quite detailed, and
23 it's not something that you can politically influence.
24 It also is defined by the census geography. It has
25 nothing to do with jurisdictional boundaries. It

1 doesn't matter where the city limits are or the county
2 limits except to the extent that tracts are typically
3 within those areas. But the urbanized definition can go
4 across a city limits and often does, and it is defined
5 by the census data and approved through this process by
6 the Office of Management and Budget at the federal
7 level. It is not something that we influence, and
8 that's going to be important later on when I talk to you
9 about how often you can update this information. It's a
10 tedious process.

11 That brings us to the census schedule. You
12 know we are in the midst of the census. We had Census
13 Day April 1st. Folks are out calling on us to make sure
14 we have filled in our form. We should hear some initial
15 information before the end of the year on apportionment
16 data. That's going to be the big level. The total U.S.
17 population, this amount by state. It's going to be kind
18 of the big level with some information on smaller
19 community. April 1st, 2011, is a statutory date in
20 which they have to issue block level, census block level
21 data, and that's because that information has to be used
22 for the redistricting. So that's public law and that
23 date doesn't move. But that still doesn't give us what
24 we need for transportation. Subsequent to that, this
25 census and OMB goes through this physical process to

1 define how each census block, census block group falls
2 in the definition of urbanized area, and those results
3 are going to be out -- it's not specific but somewhere
4 in 2012. In the spring of 2012 it's expected. So it
5 will be in time, as Eric said, to influence 2013
6 appropriations. Now, a date that is still uncertain,
7 and I can't believe I've been saying this since last
8 August and I'm still saying this, is every decennial
9 census the U.S. comes out with, it changes how it's
10 going to define "urban" area. We heard mention of lots
11 of possible changes last summer. We thought we would
12 see them in the fall. We thought we would see them at
13 the first of the year. We thought we would see them in
14 April. Well, as of the time I checked my Blackberry
15 before speaking, we still haven't seen those and that
16 could be significant.

17 Everything I'm going to be talking to you
18 about today assumes 2000 urban criteria because we have
19 no official change in these urban areas. Now, there has
20 been a discussion about a number of different possible
21 changes. I attended a webinar back in the fall where we
22 talked about these different areas. The later and later
23 it gets to seeing these, the less and less likely there
24 is going to be any major changes because there isn't
25 time to get feedback and adjustment. This is a list

1 that includes both technical analysis as well as
2 statistical, but I want to raise your attention
3 primarily to the second bullet. What is very likely to
4 happen population is that in addition to population and
5 population density for residential population, it's
6 likely that there could be a change in urban criteria
7 based upon land use and employment, and that would
8 reflect heavily commercial areas particularly in the
9 periphery of major metropolitan areas. In the past,
10 those would not have been urbanized because they didn't
11 have residential population. But now with new ways to
12 collect data and analyze land use with areal
13 photography, it's likely that will change. And that
14 will make a difference, especially around the perimeter
15 of major metropolitan areas, not so much smaller areas.
16 The other things are possible but again, as each week
17 goes by and we don't hear these criteria, it's less and
18 less likely there will be major changes, but possible.

19 Now, there's one change in the methodology
20 of the census that I need to bring to the attention of
21 this group and it's directly affected the PTAC formula.
22 In the past, the census had a question in the decennial
23 census that asked about "Do you have a disability," and
24 that was a part of the short form that everyone filled
25 out -- excuse me -- it was part of the long form that

1 everyone filled out and was statistically calculated and
2 projected for the whole population. Now remember, now
3 the decennial census just has a handful of questions, so
4 this information is now collected through American
5 Community Survey which has now had several years of
6 data. We will get our first five-year results from the
7 American Community Survey in December of this year.
8 That will give us data on the demographics of a fairly
9 small level, but the information on disabilities has
10 undergone another change. The questions that were asked
11 in the last decennial census were decided that they were
12 too broad and they were getting too high of a number of
13 what was defined as disability, so they redefined the
14 question and launched that question in the American
15 Community Survey for the first time in 2008 -- we got
16 the first information in 2008. So we don't have but one
17 year's worth of data so far. We are not going to have
18 several years worth of data to able to look at it at the
19 details of the city population for several more years,
20 but that one year said data indicates to us that the
21 percent is going to drop. There's going to be a smaller
22 percent of population with disability as a function of
23 this change, and that affects the source of the data and
24 the data that we use in order to calculate the amount of
25 money to set aside for limited eligibility providers.

1 It will lower it. Now, I want to remind you this has
2 nothing to do with ADA paratransit services because
3 that's a whole other process to go through for being
4 eligible. This is simply talking about the demographic
5 characteristics for different geographic areas for
6 persons with disabilities.

7 Now, looking at some census numbers.
8 Census 2000, the population in the state of Texas was
9 about 20.9 million, and that's about 7.3 percent of the
10 United States population; urbanized areas about 14.8 and
11 the rural areas about 6.1. In a minute I'll compare
12 this to what were projected in 2010. The urbanized
13 areas in 2000, there were three of a million or more --
14 the ones that you know of -- Houston, Dallas/Fort
15 Worth/Arlington -- Arlington was added last time around,
16 y'all will remember, about ten years ago -- and San
17 Antonio. There were six areas over 200,000, and those
18 included the new areas in red. Denton/Lewisville were
19 combined -- they were two combined into one large urban
20 area -- and Lubbock. By the way, Lubbock went to
21 201,000. Barely over but it matters when it comes to
22 funding for transit. Then there were 25 areas that were
23 under 200,000. And there were three brand new areas in
24 2000 -- the three on the right -- all of which did not
25 expect to be named as urbanized areas in 2000. So this

1 exercise, if it does nothing else, it gives us a source
2 of data so that we can give a heads up to communities
3 that are growing on what might happen so they can start
4 to think about it.

5 Here's a projection of 2010 as compared to
6 those other statistics. Expect the state population to
7 be about 25.4. The increase in the statewide population
8 is about 22 percent as projected. Urbanized area
9 population increase about 26 percent, about 18.6, and
10 the rural area increase almost 12 percent. In addition,
11 you will see that Texas' share of the United States
12 population in each of those categories is going up, and
13 that's an indication under current federal authorization
14 Texas should be getting more funds for transportation
15 under current federal authorization, which Eric
16 described is only extended through the end of this year.
17 So it's information to keep in mind.

18 The next slide is an interesting one, and
19 it is showing -- I believe your handout shows a map for
20 absolute change. I'm illustrating here the next slide
21 and that's the percent. I'm focusing on percent because
22 this is significant in the balance of where population
23 is for the different transit providers. It affects the
24 formula. I want to point out that the brightest blue
25 counties -- which my little indicator won't show -- but

1 the brightest blue counties are around the major
2 metropolitan area. You will see big, bright blue north
3 and east of Dallas, bright blue on either side of San
4 Antonio and Austin, and bright blue north and south of
5 Houston. Those are the fastest growing counties in the
6 state. The other blue areas are growing very rapidly,
7 and as a percentage of population, the only counties
8 that actually have a less population are the red ones.
9 Orange is basically no change. It's plus or minus 2.5
10 percent. Our methodology isn't good enough to be that
11 precise. Orange is no change. Red is an expected loss
12 of population greater than 2.5 percent. What's left,
13 that green area, is growing about 10 percent to
14 20 percent. So an interesting look. If you kind of
15 look back and squint your eyes, you will see those blues
16 popping out at you in the urban triangle and along the
17 border in South Texas.

18 Now, I think this slide is interesting. I
19 like to take a look at what the growth rate is among the
20 different major urbanized areas over 200,000. This
21 includes all the major over 200,000. You will see that
22 the greatest increase in actual population is
23 actually -- if I can remember my math correctly -- it's
24 Houston; absolute increase in population is just over a
25 million. But the greatest percent increase is

1 Denton/Lewisville, and the second greatest is
2 McAllen/Hidalgo County. So it's kind of interesting to
3 see these and see the relative growth. And to provide
4 just a point of information, the area that's grown --
5 it's just a little bit over that plus or minus 2.5 -- is
6 Corpus Christi.

7 Now, this diagram is the change in
8 population for state funded urban transit districts.
9 The blue is the 2000 population, the yellow is the
10 growth, the total bar is what is projected in 2010.
11 Anybody want to guess at who that is in the middle?
12 Frank, it's your home area. It's Hidalgo County.
13 Hidalgo County is growing at 41 percent, and their total
14 population is going to be over 700,000. It's going to
15 be pushing 800,000. And their transit program is
16 unifying compared to that population. The other growth
17 areas -- if you can barely see that green bar -- the
18 cities that we expect that may be pushing 200,000
19 include most assuredly Laredo, most likely Brownsville,
20 maybe Amarillo, and maybe Killeen.

21 And this is the change in population --
22 percent change -- in the rural transit districts. Same
23 color scheme. The fastest growing areas -- rural
24 transit districts are blue, and they include the rural
25 transits districts in the counties north and east of

1 Dallas and they include Webb County for Laredo and El
2 Paso County. Also growing very rapidly are the areas
3 Alamo Area Council of Governments and CARTS, as well as
4 the rural transit districts just south of Dallas/Fort
5 Worth and south of Houston. The transit districts
6 that-- there are three transit districts that are
7 actually losing population by our calculation. They
8 include the southeast region, and I think that's
9 Aspermont and Rolling Plains, I believe.

10 We expect to see new urbanized areas, and
11 this is based upon the projection of those. At the top
12 you see Austin over a million. Not much question about
13 that if you've been to Austin recently. I just
14 mentioned to you the four cities that may very well go
15 over 200,000; Amarillo, Brownsville, Killeen, and
16 Laredo. I don't think there's much doubt about Laredo
17 and probably not Brownsville. The other two are right
18 at the edge. I'm going to talk a lot more about
19 possibly five new urbanized areas over 50,000, and every
20 one of those new urbanized areas is in one of those
21 counties in the rapidly growing metropolitan area around
22 Houston or Dallas or San Antonio.

23 So a summary -- and these all have
24 significance to the funding formula as well. First of
25 all, I mentioned to you that Texas is growing faster

1 than the nation at large in all categories. The fastest
2 growing areas are around those metropolitan areas, and
3 that's going to affect that urbanized area definition
4 and whether or not they might be included in large urban
5 areas. More areas over 500 -- over 50,000. And even
6 despite these new urbanized areas, we still expect that
7 the rural areas are increasing in population even after
8 the urbanized population is addressed.

9 We looked at several scenarios and looking
10 at what is the impact of this on the funding formula.
11 We wanted to look at what would be the greatest impact,
12 and that would be if there were a whole bunch of new
13 urban cities; what would be the least significant
14 impact, and that would be if urban population moved into
15 the large urban areas which means they would no longer
16 get state funding; and then we looked at what we call
17 "most likely," and it's a mix of both. It's new
18 urbanized areas and some areas around these major
19 metropolitan growing into the major, and that's where we
20 focused the rest of my discussion.

21 The possible five new urbanized areas and
22 these are listed roughly in the order of probability.
23 New Braunfels and San Marcos is pretty much a sure
24 thing. Georgetown really looking like it. It's growing
25 and doesn't seem to be effected negatively by the

1 economic downturn. Conroe, maybe, maybe not. Some
2 development around Conroe may or may not be a part of
3 the primary city, so that's on the edge. And Cleburne
4 is right on the edge. That would probably be the least
5 likely of these five. Now, if they don't become 50,000,
6 what does that mean? That means they are still part of
7 their rural transit districts. Mergers with large
8 areas. We think there is a very, very good probability
9 that McKinney will merge with the DFWA area. We think
10 that there's almost assuredly part of Texas City that
11 will merge into Houston. That's the area called
12 Dickinson. It already happened last year -- last time
13 with League City so it's likely to happen again. And
14 then we are looking at the impact of the revised
15 estimate of the percent disability for the limited
16 eligibility.

17 Now, Scenario C shows you the change in the
18 population that is served by state funded transit
19 systems. I'll leave this for you to look at. A couple
20 of things to point out, that the population increases in
21 urban area and in rural area -- even after you've
22 addressed the new urban -- the population that meets the
23 limited eligibility criteria goes down for the four
24 limited eligibility. So you see those changes in the
25 population and you can kind of look at the percent

1 change. The other thing to take a look at is how has
2 this has been different and where is the shift in
3 population relative to state and urban -- state -- urban
4 and state rural-funded systems. And you will remember
5 that last time it was 38/62. This projection will be
6 41/59. This is an illustration of what the impact would
7 be -- this is taking current funding, this year's
8 funding, if you looked at strictly the urban population
9 that has changed. And this indicates the red -- the
10 systems on the bottom would fund the increase in the
11 systems on the top. We were sending no more state money
12 assuming the current -- today's allocation of dollars.
13 This is what it would be tomorrow with the new
14 population. What are those big numbers at the top?
15 Those are the five new urban areas. And you see a
16 couple of little blips at the top going up. Those are
17 the rapidly increasing urban areas, and this needs to
18 include the Woodlands. The bottom, what is that big
19 bar? That's McKinney. McKinney moved to D/FW, so now
20 its use of state moneys is now available to reallocate
21 to the top. But the bottom line, most urban systems --
22 all but one of current urban systems -- would be giving
23 up dollars to help support funding in the new urban
24 area.

25 This is looking at what is the percentage

1 of growth in the rural transit districts after we
2 created the five new urbanized areas. I want to point
3 out there's only three that changed. If you look right
4 in the middle, middle, middle, those Alamo Area Council
5 of Governments and CARTS were both blue in the previous
6 version. Now they are light green. Blue meant they
7 were over the state average, more than 21 percent. Here
8 they are green. They are still between 10 and
9 20 percent. And this is particularly interesting in the
10 case of CARTS. CARTS we are taking out, San Marcos we
11 are taking out, and Georgetown, and yet their population
12 in the rural area still increases over 10 percent. And
13 the other one I'll point out is that little red one that
14 popped up down south of Fort Worth. That's Cleburne
15 County. Cleburne became an urbanized area. What's left
16 in that county is obviously very small, and so it
17 becomes red. And that's a consideration because then
18 what do you do with a relatively small rural population?
19 But the rest of this map looks exactly the same --
20 percentage growth -- under Scenario C.

21 Now, this is, therefore, how the dollars
22 look. The scale is the same as you saw for the urban,
23 so you can see for perspective. And you can see just a
24 little bit of an adjustment. Basically, some systems
25 lose dollars in order to support the systems that are in

1 the growth areas but it's not a whole lot. These are,
2 by the way, dollars on the left column.

3 But let me throw a ringer in this, and I
4 know of what I speak here. I live in Galveston. We are
5 doing our best to find everybody we can. There is a
6 very good chance Galveston will not reach a 50,000
7 population because of the impact of Ike. Now, if it
8 didn't and if Galveston, therefore, became a rural
9 transit district -- there's lots of possibilities but
10 if -- we wanted to take a look at what would that impact
11 be on the rural areas because otherwise, it looked like
12 changes were not so shaky. Now, it may be excepted,
13 there may be an exemption, it may be grandfathered.
14 Maybe it will make 50,000. Maybe they won't be a new
15 rural district. But this is what might happen if there
16 is another rural district, especially a rural district
17 which has very high statistic performance as compared to
18 other rural transit systems. Galveston has got to get
19 funded. Everybody else has to put money into the pot
20 for Galveston to get funded. The two exceptions are
21 Collin County and -- sorry, I'll think of it in a
22 minute. Two very rapidly growing transit districts.
23 Everybody else has to give up money to support
24 Galveston. It would be a whole lot better if we could
25 just make 50,000, but it's a possibility.

1 Now, I want to talk about what some of
2 these numbers and these statistics mean for issues, and
3 these are just food for thought. Don't expect to debate
4 them today. First of all, you saw from these bar charts
5 that if you were to avoid actually taking money out of
6 the coffers of transit systems that have been working so
7 hard to get transitioned through this new funding
8 formula and the importance on performance, then you
9 would need dollars to essentially fill in that bottom
10 half. So you would need additional dollars from the
11 state on both the urban and rural side to avoid a loss
12 of dollars despite an increase in population. Another
13 way to look at this is you need additional dollars if
14 you wanted to fund these new transit systems without
15 affecting the systems that exist now. So simply add
16 money -- just increasing for new funded areas.

17 Now, another point to make, I said over and
18 over again funding is flat, population is increasing in
19 every category no matter what. Well, simple math is
20 transit investment per capita is going down and it's
21 going down in every category. And so another approach
22 is new funding in order to try to at least partially
23 keep up or sustain per capita investment. And so these
24 are considerations about what this may mean as a policy
25 implication for the state and for funding. Again, food

1 for thought.

2 Still about the state -- and the next thing
3 is to take a look at the policy implications for limited
4 eligibility providers. We have already talked quite a
5 lot about the change in the definition of disability and
6 that implication is a lower total amount of urban
7 dollars despite the fact that demand in these
8 communities continues to increase as the population
9 seniors and gets older, et cetera.

10 And lastly, this is kind of a particularly
11 specific issue but something that PTAC might consider.
12 In the past when a new entity had been created and
13 became a part of the funding formula -- for example,
14 Fort Bend County became a rural transit district right
15 at the beginning -- there was no basis for performance,
16 right? They hadn't had any service so how do you
17 allocate performance? So they didn't. They only got a
18 needs pot of money. And then as they gathered data, two
19 years later there's performance statistics, and that
20 throws one of these kilters, and they progressively get
21 more of their dollars. You saw that big math try to get
22 Fort Bend (sotto voce) funding. You have a lot of new
23 urbanized areas. What is going to be the impact of
24 these new funding adjustments if they start out with
25 only need and later they get into performance? What is

1 that going to do to everybody over time? And oh, by the
2 way, they have all been part of the rural transit
3 systems. So is there some performance data that can be
4 applied? But is that data really comparable because you
5 saw the differences in statistics? While it may seem an
6 awfully specific thing to bring up, it's a big factor in
7 the planning. So something to consider.

8 On the federal side -- and this is federal
9 and it affects urban especially, not just rural -- and
10 that is that there's a lot planning that's required if
11 you are going to become a new urbanized area and are
12 prepared for the process to get federal funding for
13 transit and other programs. So these communities need
14 to be prepared for their status, thinking about the
15 metropolitan planning process, and doing some of that
16 homework. That homework should already be underway if
17 you are not already within a metropolitan planning area.
18 As it turns out, most of these new urbanized areas are
19 on the periphery of a major and so they are actually a
20 part of a large urbanized area. That means they are
21 going to have to consider the allocation of funding and
22 their larger PPO. That process is pretty well defined
23 and used for many years, and this community not so in
24 San Antonio, Austin, Houston. Another consideration is
25 any area that's going over 200,000 is not going to be

1 able to use their funding for operating. That was a
2 real challenge for Lubbock. It's going to be for these
3 new areas. If rapidly urbanizing areas on the periphery
4 of large move into the large area -- like we said
5 McKinney -- well, now they have to follow the federal
6 rules for the funding coming to that area and there's
7 limitation on how much you can use for operating. Also,
8 if the area moves out of a rural transit district but
9 maybe, maybe not, communities start thinking about an
10 urban transit district or haven't decided. There's a
11 new gap and a gap in how service is provided. And
12 luckily, we have some research going on to try to
13 identify those areas and think about how to fill that
14 gap. Still something to be considered.

15 My last slide, the American Community
16 Survey. I want to talk mostly about the fact that
17 everybody is so excited we are got mid-census data,
18 we're going to know what areas are growing, isn't it
19 cool, and we've got data to update. It's not quite so
20 simple. Yes, we are going to have updated information
21 mid-census, but the urbanized are not going to get
22 redefined. They are going to be defined -- announced in
23 2012 and they are not going to come up again for another
24 ten years unless there's some major rewrite of the
25 Department of Commerce Authorization. So that's not

1 going to solve that problem, and there's going to be
2 continued interest in adjust the formula in light of
3 growth areas. Special population reporting is
4 different. We've talked about that with regard to
5 persons with disabilities. And the last item is
6 something I think those of you who are part of COGS and
7 the Planning Commission are going to be most affected
8 by. All of a sudden we are going to have numbers coming
9 for one-year data, three-year data, five-year data. We
10 are going to have it at the county level, we are going
11 to have it at the block level, and we are going to have
12 different numbers all the time. We are no longer going
13 to have to tie everything down to a number in 2010.
14 It's going to be a different number, and it's going to
15 be a lot of need for attention to detail on where you
16 are getting data from and how you are using it because
17 we are going to have a great new resource with its own
18 set of complications for statistical accuracy.

19 So that is all the information I wanted to
20 share with you. Again, this is as much food for thought
21 as anything else. Are there any questions I can answer?

22 DR. ABESON: Well, to say this made me
23 dizzy understates the way I feel. However, under the
24 limited eligibility providers, if the number of people
25 with disabilities turns out to be smaller, is it

1 possible that will be offset by the number of people who
2 have become older adults?

3 MS. CHERRINGTON: I did look at that, and
4 based upon the one year of data that we have to make
5 guesstimates from for disability, it doesn't make up the
6 total.

7 DR. ABESON: It doesn't?

8 MS. CHERRINGTON: You are right, the
9 percentage of seniors in some communities goes up. It
10 doesn't for all. But see, if you look at -- these are
11 by city. If your community is growing also in new
12 family development, your senior population may be going
13 up but not as a percentage of total.

14 DR. ABESON: I would also suspect -- though
15 it's beyond the realm of this data gather -- that there
16 are a whole lot of older adults with disabilities who
17 will not acknowledge themselves as being people with
18 disabilities, which is an unknown variable.

19 MS. CHERRINGTON: This is a whole
20 interesting thing, and if that's not the source of the
21 data, then where do we go for the data? And you above
22 everyone would be the expert to help guide us. It's not
23 easy, because you want a reliable source out of data
24 which you can pinpoint on and not something you are
25 reestimating all the time. It's a challenge.

1 MS. LANGGUTH: Since Texas is increasing in
2 population in comparison to many other states, can we
3 make the assumption that we will get more transportation
4 dollars?

5 MS. CHERRINGTON: That would be correct
6 given current authorizations and programs. What we
7 don't know is how much are they going to rewrite the
8 Authorization Bill. The safety move was not a whole lot
9 different than T21. The biggest difference was it added
10 some new programs, like it gave more funding to JARC and
11 added New Freedoms and added some parks, new programs.
12 But the allocation, the urbanized area, that didn't
13 change a lot. However, if you go back a ways, there
14 were some pretty significant changes, and some folks are
15 talking about some pretty significant changes again.
16 And there is a real concerted effort from folks in the
17 south and southwest to try to get more dollars for
18 transit. So maybe it would be to our benefit. We just
19 don't know how the Authorization Bill will change. We
20 know enough to look at our numbers. So when you look at
21 proposals -- that's the good thing about it -- we can
22 look at proposals and we can anticipate what it may
23 mean. I think that's a good use of this information.

24 MS. BLOOMER: And again, Linda, that's the
25 federal level and not the state level?

1 MS. CHERRINGTON: Right.

2 MS. BLOOMER: And that might be one area of
3 policy that PTAC might want to make a recommendation to
4 increase the state level since the state of Texas is
5 growing. Like you said, the per capita amount is
6 declining because it's been flat. I think the other key
7 point to make is, like you said, Linda, it's dizzying
8 trying to -- but use McKinney as an example. There are
9 entities that one day they are going to wake up in one
10 pot, and the next day they wake up in another pot. And
11 I don't know if that's an appropriate area for PTAC to
12 address as well. Similar to the no more than 10 percent
13 decline each year, that we look at a transitional thing.
14 McKinney, you can see a sort of double whammy where they
15 go from a small urban where they get -- they can use
16 their federal money towards operating and they get state
17 money to match it. They wake up the next day and they
18 are in a large urban area. They can't use any of their
19 money for operating and they can't get state money to
20 match their money. So they have sort of gotten this
21 double whammy. One day you're going along and keeping
22 your head above water, and the next day you have got
23 250-pound weights dropped on you, an exponential
24 population growth in that area. And I'm sure there are
25 other areas in the state that are going to possibly do

1 that, but until we get the census definitions, we are
2 all kind of guessing. And I don't know if that's
3 something in our work plan portion that maybe we can
4 discuss. Is that something that PTAC can pick up as far
5 as a transition plan to address some of those issues?

6 MR. GLEASON: I think that's something that
7 can come up this afternoon as a policy, absolutely.

8 MS. BLOOMER: Are there any other
9 questions?

10 It's my understanding that lunch is here in
11 the building. Do you think it would be okay if we took
12 a fifteen-minute break and stretch and then come back,
13 get lunch, and start again at 12:30?

14 MR. GLEASON: We have to -- if we formally
15 recess for lunch, then as a committee we have to be
16 careful of what we talk about because we can't engage
17 ourselves in committee conversation while we are in
18 recess. So one approach would be just to go into recess
19 for a relatively short period of time and have lunch,
20 relax, forgot about the committee work for a moment, and
21 then come back into meeting capacity and push through
22 the afternoon. We could propose to do a working lunch,
23 but it gets complicated from a recording standpoint and
24 all of that. So I guess my suggestion would be to take
25 a break, the Committee can decide how long with you

1 would like to take lunch, and then formally recess.

2 MS. BLOOMER: Given the rest of the
3 afternoon, if we were to come back at -- I eat my lunch
4 at my desk every day in like five seconds flat. I'm
5 sure maybe today we will take a little time. 12:40 or
6 12:45, does that give us enough time to get through the
7 rest of the afternoon? Okay. Why don't we do that.
8 Why don't we adjourn for 30 minutes and come back at
9 12:45.

10 MR. GLEASON: Do we need a motion?

11 MS. BLOOMER: I don't need a motion, do I?

12 DR. ABESON: I'll make the motion that we
13 recess for lunch.

14 MR. SALAZAR: I'll second that.

15 MS. BLOOMER: Great. All those in favor,
16 since we're all here in person?

17 (Committee unanimously says "aye")

18 MS. BLOOMER: Any opposed?

19 Hearing none, we are adjourned for lunch.

20 (Lunch recess)

21 MS. BLOOMER: We will go ahead and
22 reconvene from lunch. I think what we would like to do
23 is take things a little out of order here. We are going
24 to take Item 7 first, discussion of requirements related
25 to subgrantee program income and how it affects transit

1 grant funding and this is related to the Medicaid
2 program.

3 J.R., we are going to turn it over to you
4 and Vince at this time.

5 MR. SALAZAR: Sure. I just wanted the
6 whole committee be aware that the medical transportation
7 grants will expire in August. We have four months left
8 in those contracts, and I wanted you-all to be aware of
9 the severe ramifications it may have if those current
10 contracts are not contracted back out to providers we
11 have in place now. A while ago Linda spent quite a bit
12 of time talking about the local investment versus the
13 operating expense, and I know that I can speak from a
14 transit side being that we are one of the Medicare
15 providers, we use that on federal funds. And if transit
16 systems across the state of Texas lose that ability or
17 lose that contract, I do think that we are in trouble.
18 There is a letter here from Sheryl Woolsey, the Texas
19 Health and Human Service Commission. She talks about
20 that very process that I'm talking about. They are
21 planning to procure the non-emergency medical
22 transportation services in all 24 transportation service
23 areas. She talks about it will incorporate federal and
24 state statutory disclosure requirements additionally to
25 meet the requirements of Rider 55. It talks about

1 Health and Human Service anticipates implementing the
2 model in two transportation service areas, those service
3 areas being 15 and 16. There's actually a map attached
4 with that. It's -- I believe it's the last page on this
5 section here that 15 and 16, I believe, is in the
6 Houston area. Houston, Beaumont. What they plan on
7 doing there is having a broker come out and broker out
8 the medical transportation area there. What I believe
9 is happening is this is going to be a pilot project, see
10 how things go, and then that process may be implemented
11 in the entire state. Again, I just wanted the Committee
12 members to be aware that that is going to be happening
13 and just how bad that may be for transit systems
14 throughout the state.

15 MS. LANGGUTH: J.R.?

16 MR. SALAZAR: Yes, ma'am.

17 MS. LANGGUTH: I met with Sheryl Woolsey as
18 part of our subcommittee and she indicated to me that,
19 one, they really didn't have a choice but to go with a
20 broker arrangement so that there would not be the
21 potential for conflict between transportation providers
22 and the entity actually running the broker model. So it
23 may not be as dire as it turns out to be. I know where
24 this has happened throughout the country where the
25 providers that are currently providing services still

1 provide services. So I doubt that if you have good
2 service providers, there's no reason they shouldn't
3 continue to provide those services because the broker
4 themselves cannot actually provide the services. She
5 also indicated that the state was really being pushed
6 into this position by CMS, Centers for Medicare Medicaid
7 Services, so that there would not be that conflict.

8 MR. SALAZAR: Right. And we hope that is
9 the case and we will see what happens.

10 MR. HUERTA: If I can just add, I think
11 what some of J.R. is speaking to is -- especially
12 smaller systems -- broker system doesn't necessarily
13 work well. Through my research I found, for example, in
14 St. Louis there were some issues with the transferring
15 of individual providers to the brokerage system.
16 Certainly quality of service to some degree is lost
17 where you're looking for the quickest, simplest solution
18 as opposed to a provider such as ourselves who are in
19 the business, doing the business, you know, following
20 TxDOT -- not just state but federal regulations in
21 regards to training and type of vehicles and so on. So
22 there has been cases where the quality of the service
23 has declined, but I think also the biggest factor here
24 is certainly brokerage comes into play. There's
25 certainly a percentage that's going to be taken out.

1 There's only so many dollars for this service to be
2 provided, and in that process, I think there's some
3 dollars lost in that brokerage. And again, they are
4 looking for the quickest, simplest solution for the
5 trip. At the same time, providers like ourselves who
6 are working with programs such as New Freedoms, JARC,
7 being funded at 50 percent makes it very difficult where
8 we are performing trips sometimes even hundred mile
9 distance and we are funding a good portion of those
10 trips through programs such as this. It's certainly
11 going to be -- the brokerage is still going to get a cut
12 in this. We are breaking even, but now it's certainly
13 going to put a big burden on systems such as ours. So,
14 you know, the -- certainly we hope that everything goes
15 well and the conversion is made seamlessly as possible.
16 I know that myself, J.R., and a regional group that
17 represents at least half of the state -- is that
18 correct, J.R.?

19 MR. SALAZAR: Yeah.

20 MR. HUERTA: And all of us seem to be on
21 the same page, even exploring the possibility of
22 creating a separate program system that is really not
23 related to the providers themselves so that we can
24 somehow try to channel that loss.

25 MR. GLEASON: Just a couple of points of

1 clarification. It's my understanding that there really
2 are possibly two general things happening. That's that
3 the current set of contracts that are in place in each
4 of the 24 areas of the state are as a result of the
5 procurement process that TxDOT actually ran back in 2005
6 and 2006, the current set of contracts were awarded back
7 in June of 2006. And the -- those contracts awarded to
8 15 different agencies and/or private businesses the
9 responsibility for non-emergency Medicaid services in
10 these 24 areas of the state. And I say 15 because in
11 some cases an agency got more than one service area. So
12 one issue is that it's now time to re-procure all of
13 those contracts. But in addition to that, they have a
14 rider that directs them to do a demonstration of what's
15 called a full capitated risk -- full risk capitated
16 model -- and what that means is they are going to
17 incorporate the call center function and responsibility
18 into the broker/provider function. We have a broker in
19 our current set of contracts. American Medical
20 Response, AMR, is a broker and they are responsible for
21 four areas of the state. The two that are being held up
22 for the demonstration, 15 and 16, they have the San
23 Antonio area and they have the Panhandle area, at least
24 in my last recollection. So we have a broker model
25 generally in place here already in a portion of the

1 state, and they go out and they subcontract with
2 providers. But the distinction here and what the Rider
3 suggested that they are going to go beyond that in two
4 areas and actually ask that broker to also do the call
5 function and the actual assignment of, you know,
6 figuring out the trip, how it gets made, and all of
7 that. And that's the real distinction here. So I think
8 there's two things happening, the re-procurement of the
9 entire state which is of interest to our transit
10 providers who currently have, either as a prime or as a
11 subcontractor, they have Medicaid service and that
12 contributes to their bottom line performance. And in
13 addition to that, we have this newer model that perhaps
14 only a broker could do and that is include this call
15 center function in its scope of responsibilities.

16 MS. LANGGUTH: The other -- I guess, Eric,
17 you know more about this than anybody here because you
18 used to run that program, but the other contributing
19 factor is the Frew lawsuit --

20 MR. GLEASON: Yes.

21 MS. LANGGUTH: -- which requires the state
22 to deliver a level of care that other states, frankly,
23 do not have to worry about. There are some areas that
24 have similar lawsuits like DC, for example. In addition
25 to that, we are looking at -- because of healthcare

1 reform -- population increase in Medicaid, particularly
2 in children, who will fall under Frew because they are
3 ETS/DTS eligible. So that means 2.1 million more kids
4 will need care. I can't see anything happening except
5 for an increase in provider needs in the state. I would
6 suggest, because this is so important to you, if you
7 haven't done so already, sit down with Sheryl and say,
8 "These are our concerns and these need to get addressed
9 when this gets re-procured." But it is going to be a
10 big deal.

11 MR. GLEASON: And I'll say that the issues
12 around the Frew lawsuit have really constrained the
13 ability, I think, for what a lot of our public
14 transportation providers would normally be inclined to
15 do, and that is to try to group and coordinate trips in
16 a way that would improve their efficiency. And working
17 against that is the Frew access issue -- Frew lawsuit
18 and access issues -- that have pushed the Health and
19 Human Service Commission to appoint where the parameters
20 around the program and the response time requirements,
21 and all of that are so strained. It's very difficult
22 for our providers to sort of naturally group trips and
23 coordinate trips and try and save the state a lot of
24 money, quite frankly, because they can do that. So
25 there's these -- but the Frew lawsuit issues are much

1 larger than the transportation program, and it's been
2 difficult over years to try and make headway in that
3 environment.

4 MS. LANGGUTH: Absolutely. Much less to
5 say the issues with finding Medicaid providers.

6 MR. GLEASON: Yes.

7 MS. LANGGUTH: Because there are large
8 areas that are totally unserved right now.

9 MR. GLEASON: Yeah.

10 MS. LANGGUTH: You are right. There's some
11 huge issues.

12 DR. ABESON: When is the schedule for --is
13 the procurement process under way now?

14 MR. GLEASON: I don't know that exactly.
15 We aren't doing it any longer and I have not seen a
16 schedule.

17 MR. SALAZAR: Those contracts expire in
18 August. I think there's a provision in there that you
19 can renew the contract for an additional year, but as
20 far as the degree of what they are doing now, Eric is
21 correct. I don't think he can answer that and I can't
22 either. So we really don't know.

23 DR. ABESON: So is the risk of people going
24 unserved likely to occur?

25 MR. GLEASON: Well, I think that's probably

1 a small risk, Al. What I can tell you about our
2 experience with the last procurement was, though, that
3 there were a lot of issues right around the date itself
4 for whatever reason became difficult but services were
5 sustained. No one went without. But it meant that
6 existing contractors maybe went a little further with
7 the procurement that they knew they weren't going to
8 then get. And there was just that transition timeframe
9 between procurement that kept changing that was
10 difficult, but there was a high level of commitment to
11 make sure that every trip was met.

12 MR. HUERTA: If I can just add to that.
13 Recently the amendment was made. It did hit a point --
14 I don't know if you remember dates, J.R. -- but we came
15 pretty close to a situation where some providers were
16 not willing to do services if the agreement wasn't
17 reached, and I think that was a good point where service
18 may have been interrupted. I hope that doesn't happen
19 with this next procurement.

20 DR. ABESON: So despite the fact that your
21 division and TxDOT didn't (sotto voce) last time
22 because of the legislative change, you have no role at
23 all?

24 MR. GLEASON: That's correct.

25 MS. BLOOMER: What role, if any, does PTAC

1 have or the Commission have given the original
2 coordination chapter?

3 MR. GLEASON: Well, I've thought about
4 that, and my suggestion to the Committee would be that
5 the Committee not try and advise HHSC on their
6 procurement. What the Committee may continue to look at
7 would be this notion of what kinds of things can be done
8 to make trip coordination and things more possible, you
9 know, because it is a big part of the overall
10 coordination effort to be able to coordinate with
11 agencies like Health and Human Services, and what kinds
12 of things from a policy standpoint could be encouraged
13 of Health and Human Services when they look at this.
14 That would be my angle or my suggested angle for this
15 Committee, that you continue to look at this -- at that
16 program from that perspective.

17 DR. ABESON: Vince, you mentioned concern
18 about quality. Quality of service?

19 MR. HUERTA: Yes, sir.

20 DR. ABESON: Are there any criteria that
21 might relate to what Eric just said that we could
22 potentially do something with?

23 MR. HUERTA: I think I would have to
24 research specifics, but I think -- just off the top of
25 my head -- I'm just thinking what -- I guess the

1 guidelines that were governed by the grants that we
2 received through TxDOT are quite different from the
3 service that we provide for MTP. I won't say it's night
4 and day, but it is very different. And the guidelines
5 over here are a little more stricter and, you know, even
6 drug and alcohol, for example, a very sensitive area, is
7 just different. Some of the research that I did do on
8 other states, the quality of service has seriously
9 declined. It doesn't get serious until something
10 happens. Whatever type of service they are using where
11 situations have occurred and then it becomes a big
12 problem, a statewide problem.

13 MR. SALAZAR: If I can add to that. I
14 think we have talked about quality of service or level
15 of service, and you are talking about the brokerage
16 model. There is some discussion that may need to take
17 place, whether it's here or whether it's wherever. In
18 the Auditor's Report -- and I know you are going to look
19 at me when I bring this up -- but in the State Auditor's
20 Report -- what year that was I'm not sure -- they talked
21 about quality of service and those brokers that are
22 providing service in the state were a very low
23 performing brokerage or provider as opposed to an
24 existing transit system that has drug and alcohol
25 policies in place, that has all of these things lined

1 out, where we do this for a living as opposed to those
2 who just broker that out, we consistently provide a
3 better service than the brokers do in the state of
4 Texas. And that's not just me say saying that. That's
5 in the State Auditor's Report, and so there is some
6 concern with that.

7 MS. LANGGUTH: Maybe you need a different
8 broker.

9 MR. HUERTA: But I think to follow up on
10 what Claudia said, we were able to meet with Sheryl.
11 She actually came down to Midland/Odessa where the
12 regional group also met with her and where we had
13 questions and short discussion on the process. They did
14 mention they had been doing some research. I know that
15 people came to see us. So they are doing some research
16 on their upcoming procurement.

17 MR. SALAZAR: One thing. Right now, Al,
18 how we get paid for trip is if I take Claudia, I get
19 paid for that trip, and that's a unit rate. That's the
20 way it works. We do the same thing with our
21 subcontractors, we pay them a unit rate. And what they
22 are talking about here in this Rider 55, they are
23 talking about services eligible clients for an agreed
24 upon per month -- per member per month payment. And so
25 we have a little bit of a concern with that, too,

1 because we think that if you are going to get paid per
2 trip, you would be able to -- obviously you are not
3 going to get paid unless you provide that trip. And
4 this model that they are talking about -- and I realize
5 it's only 15 and 16 -- they are going to pay you for the
6 amount of people that are on Medicaid in that county,
7 which they know. They have those figures already. And
8 they are going to negotiate with that broker, and they
9 are going to provide you that amount that you've agreed
10 upon. But that doesn't necessary mean you are going to
11 get paid less or more for providing trips. You are
12 going to get paid that same amount because it's an
13 agreed rate.

14 DR. ABESON: I think that's the word,
15 capitated.

16 MR. SALAZAR: Yes, capitated.

17 DR. ABESON: I know that from medical care.

18 MS. CRAIN: Just for my edification. I'm
19 the new guy. Lawsuits have been mentioned several
20 times. Can someone just give me a Cliff Note version
21 about what the lawsuit is about and what it brought
22 about?

23 MS. BLOOMER: Who would like to do that?

24 MS. CRAIN: Just very, very broad just so I
25 understand.

1 MR. GLEASON: Well, the lawsuit predates me
2 coming to Texas. I think it was originally filed in the
3 '90s, if I'm not mistaken, but it had to do generally
4 with issues around access to health care.

5 MS. CRAIN: Okay.

6 MR. GLEASON: Inequitable disparate access
7 to care and primarily focused on children, if I'm not
8 mistaken.

9 MS. LANGGUTH: That's right, and it was
10 Frew vs. Hawkins. Albert Hawkins was the petitioner.

11 MR. GLEASON: That had far-reaching
12 ramifications in many respects, the least of which was
13 the medical transportation program because it affected
14 other parts of Health and Human Services that -- far
15 much more money into your expense.

16 MS. CRAIN: Sure.

17 MR. GLEASON: Enormous issues. But it had
18 just created a really heightened sensitivity around
19 any -- any effort that would appear to somehow constrain
20 choice and access.

21 MS. CRAIN: Was this federal court?

22 MS. LANGGUTH: Uh-huh.

23 MS. CRAIN: Was there oversight from the
24 federal court on this?

25 MS. LANGGUTH: Uh-huh, there still is.

1 It's not just medical. It's dental, also.

2 MS. CRAIN: Okay. Thank you very much.

3 MS. BLOOMER: Let me just -- a little
4 background, too. I'm not intimately involved with the
5 MTP, but I do know back in 2004 when we started our
6 regional coordination effort, this was a very big topic.
7 And at that time Commissioner Andrade and Michael
8 Morris, who was leading the statewide planning effort,
9 asked that we sort of acknowledge that was an issue and
10 put it aside because we weren't going to be able to
11 impact it then because the RFP was going out on the
12 street and that we focus on regional coordination and
13 put things in place for the next time it come up. I
14 think the concern I've heard is the next time is coming,
15 and a lot of that work we had envisioned doing between
16 the last RFP and the next one hasn't happened. I think,
17 J.R., your issue of the new RP coming up -- the time to
18 re-procure -- goes back to the certainty and stability
19 of the providers -- the state's providers. That's --
20 for some of them that's a large source of contract
21 services which then they use as local match. Given the
22 census, and federal and state funding change, and
23 possibly losing state local matching money, and here's
24 another sort of monkey wrench that's going into the pot
25 at the exact same time as everything else.

1 I think another issue is we talked about
2 quality of service. One of the issues that came up as
3 part of regional coordination is multiple federal
4 entities find transportation but they all have different
5 requirements. FTA has very stringent requirements, drug
6 and alcohol, training requirements, et cetera. The
7 Medicaid contract doesn't necessarily have those. So
8 even if providers could compete -- but they can't
9 because their regions are so large -- but even if they
10 could compete, it's not a fair game. They are not
11 playing on the same field. It's much easier to provide
12 a lower cost of service when you don't have these 20
13 requirements to meet. The flip side of that is if the
14 service isn't there and the customer is not getting the
15 service they want, what we have seen in our region is
16 they may go to the Medicaid-designated contractor. They
17 aren't provided the service at a quality they want or
18 they are used to from the public transit provider, and
19 so they go back to using the public transit provider.
20 And what happens is there's Medicaid funding available
21 to provide that trip, but that provider isn't getting
22 it. And so our state dollars are then subsidizing those
23 Medicaid trips because we are using our 5310, our 5311,
24 or our 5307 to provide those trips and not using
25 Medicaid money to provide those trips because the client

1 has decided they don't want to go through the designated
2 MTP provider. And then I think we have the issue of
3 non-dependent services. If the MTP designated
4 contractor doesn't then subcontract with the provider in
5 that area, you could literally have two vehicles showing
6 up to two houses right next door to each other and
7 picking up people and going to the exact same place
8 which is completely in contrast to what we are trying to
9 do at the statewide level to coordinate services. I
10 don't know what the solution is, but those are sort of
11 the issues that I see. And then I think your whole
12 issue of 15 and 16 is a whole other issue. Given the
13 current situation, I think those are a few of the issues
14 we've seen starting in 2004. I don't know how we
15 resolve them. Some providers have been very successful
16 on a very local level resolving those issues. Some
17 providers in our region have decided it's not worth
18 their effort, and so they don't contract for that
19 service. But again, they are forgoing potential local
20 match when they have no other source for it. I think
21 that's a big issue so far as funding, stability, and
22 building a state system instead of building two state
23 systems concurrently that are somewhat competing for the
24 same clientele.

25 MR. GLEASON: If I can, I mean, technically

1 speaking, the non-emergency Medicaid Medical
2 Transportation Program is supposed to only fund those
3 trips that are not possible on the regularly provided
4 public transportation service program. What has
5 happened -- and some of it is because of Frew -- in our
6 experience in managing that program, we would try and
7 push this with Health and Human Services at the time
8 about the fact that -- particularly in metropolitan
9 areas that had well-developed public transportation
10 systems -- it seemed to us that a lot of the trips being
11 required of us to provide could have been provided by
12 the existing transit system. And we would push back in
13 those areas and it would come back to us to go ahead and
14 provide the service. And a lot of it was this
15 sensitivity around access and somehow restraining
16 someone's access. And so the coordination trip is to --
17 at the very beginning of the trip itself is to somehow
18 ascertain whether there is a public transportation
19 option already because that individual or that trip is
20 not supposed to be provided by this program if there is.

21 MS. BLOOMER: So then there's no money
22 associated with that trip?

23 MR. GLEASON: That's correct. The only
24 thing that Medicaid would reimburse for that trip would
25 be the fare. So that's, you know, I think an enormous

1 area of coordination is in the metropolitan areas where
2 the majority of the trips are taking place in the
3 program, generally, anyway. Where trips that could be
4 taking place on the already established public
5 transportation system either on their fixed route
6 services or on their ADA complimentary service is where
7 they should be happening. Now, that piece is an
8 enormous issue for the provider because that service is
9 very expensive and there's no mechanism in the federal
10 program to somehow allow for a reimbursement of the that
11 trip for any more than the fare. And I think it really
12 depresses, if you will, any interest on the part of the
13 large metros because it ends up under the ADA system and
14 that's typically cheaper than what is being provided by
15 the Medicaid provider. But they can only get reimbursed
16 for the fare, and that's an enormous return to encourage
17 coordination there. It's a complicated arena. A lot of
18 offsetting financial incentives that don't necessarily
19 work together to produce coordination.

20 MS. BLOOMER: And then so given the
21 statewide direction for regional coordination, what's
22 happening at the state level between the different state
23 agencies similar to maybe United We Ride to resolve some
24 of those issues?

25 MR. GLEASON: On the Medicaid?

1 MS. BLOOMER: Is that where it's got to
2 happen?

3 MR. GLEASON: I don't think there's a lot
4 of activity at the state level to try to address these
5 issues statewide.

6 MS. BLOOMER: So if there's a rural transit
7 provider in county and they serve the entire county and
8 its demand response service, there should be no Medicaid
9 trips paid for in that county other than those that are
10 put on the system unless that provider can't make that
11 trip? Because what I see happening is the contract is
12 awarded to entity A, and then they go out and they
13 subcontract with the providers in that area to provide
14 the trips and they pay them a unit rate.

15 MR. SALAZAR: Well, again, I think, you
16 know, whether that trip is a public transit trip or
17 whether it's a Medicaid trip, again, there are separate
18 guidelines for each one. The Medicaid -- the MTP
19 guidelines are much more complex than the public transit
20 side of it. So there are different issues that you are
21 talking about, you know, that level of service with
22 regard to MTP and public transit.

23 MS. LANGGUTH: J.R., is part of the concern
24 that if the state does -- it sounds like they have to go
25 with this pilot project or fully capitated program. Is

1 the concern that there will be some providers getting
2 into the business just offering a low-quality service,
3 is that part of the issue?

4 MR. SALAZAR: I think that's one of the
5 concerns. I mean, it has to be. Again, if you will
6 read the Auditor's Office Report, there is some concern
7 with level of service including brokerage models.

8 MS. LANGGUTH: I know that MGT just
9 completed a study. I haven't seen it yet, but perhaps
10 we could request that so that Sheryl could apply that on
11 the recommendations.

12 MR. GLEASON: What's that?

13 MS. LANGGUTH: Sheryl said she had MGT do a
14 study. I met with her a couple of months ago, but it
15 should be out. So if we could get a copy of that,
16 because I believe they are going to follow the
17 directions that the study recommended.

18 DR. ABESON: I'm sorry, I don't know what
19 the MGT is.

20 MS. LANGGUTH: It's a consulting group.

21 MR. CASTELLANOS: I think it would be
22 useful to get that study because it could tell us
23 whether the problem is in the process report or in the
24 strategy itself.

25 MR. GLEASON: I believe that study looked

1 more at their work processes than they have looked at
2 this situation, if it's what I'm remembering. But we
3 can try to get ahold of it. I don't think it directly
4 addressed.

5 MS. LANGGUTH: I would guess from my
6 conversation with Sheryl that they were probably getting
7 fairly close to putting out a draft article. So if you
8 want to have an impact on it -- you, individually, not
9 PTAC -- but I would recommend making sure that your
10 voice was heard.

11 MR. SALAZAR: And the main reason I wanted
12 this brought out -- I understand your comments, Claudia,
13 about things may not be as drastic as a change as what
14 you think they may be, but I just want the Committee to
15 be aware that it does happen. Whatever happens, there
16 are some rural urban -- it includes urban providers as
17 well -- that for whatever reason, if they lose that
18 contract, it's going to impact them one way or another,
19 including the public transit side of matching federal
20 funds. So it is going to be something that needs to be
21 addressed. That was just my main approach to this when
22 we talk about this I just wanted the Committee to be
23 aware the changes that are coming. Whether it's good or
24 whether it's bad, we will see when the proposal comes
25 out. We will see what happens. But if you do not

1 receive your contract that you have in place now, it is
2 going to be hurtful towards your public transit side of
3 it as well.

4 MS. BLOOMER: Any other discussion or
5 questions? We may hold that for the next item.

6 Okay. Item 6 is review and discussion of
7 PTAC work plan and technical subcommittees. Eric, I
8 believe you were going to have Kelly and Cheryl go
9 first.

10 MR. GLEASON: Well, let me introduce it and
11 then we will go from there. I think well over a year
12 ago now, and Fred Gilliam was Chair of the Committee,
13 there was interest in developing a work plan for the
14 Committee that sort of went beyond its traditional role
15 of reviewing and commenting. So we went through a
16 process with the Committee of talking about different
17 topics that were of interest to the Committee to work
18 on, and the decision at the time was to form some
19 subcommittees to pursue those topics in more detail.
20 The idea was for the subcommittees to do work and bring
21 that work back to the full Committee when appropriate
22 for conversations around decisions and recommendations
23 that the Committee might want to make. So today is an
24 opportunity to take a look at what that initial effort
25 resulted in. Some of you on the Committee have been

1 involved in the subcommittee work and, you know, I guess
2 I'll say it's not progressed as quickly or as smoothly
3 or as completely as I think any of us thought it might.
4 I'm not trying to suggest anything's to blame for that.
5 Perhaps it's more difficult than imagined to get these
6 subcommittees going and staying -- get ready the work
7 product on their part, and feed that into the Committee.
8 So today's conversation is, I think, perhaps two-fold.
9 One is to talk generally about the work plan again and
10 then what topics the Committee is interested in looking
11 at say over the next six to eight months, and then
12 having got those topics, to talk about how the Committee
13 wants to get that work done. Do you want to continue to
14 pursue the subcommittee work? Do you want try to work
15 as a whole Committee? How do you want to go about doing
16 that? I thought one place to start was to remind the
17 Committee of the elements that were originally
18 identified to be a part of subcommittee work. And
19 Cheryl and Kelly are here. They helped to facilitate
20 the subcommittee discussions, and I thought that each of
21 them could provide the Committee with a real quick
22 overview of the topics and what work, if any, had been
23 done in this timeframe.

24 You guys want to come up to a microphone?
25 Is there a microphone?

1 I think we can focus first on the topics
2 and trying to decide what those should be. And then
3 having gotten those, we can talk about -- or the
4 Committee can talk about how they want to get the work
5 done.

6 Kelly, are you going first?

7 MR. KIRKLAND: Good afternoon, Committee
8 members. As Eric said, my name is Kelly Kirkland. I'm
9 Director of the Planning and Technical Support section
10 for the Public Transportation division of TxDOT, and I
11 have the privilege of providing support to the Planning
12 and Policy Subcommittee. As a recap on activities of
13 the Planning and Policy Subcommittee, first off, the
14 Subcommittee did adopt a goal, and that goal was to
15 monitor and address funding issues, monitor and address
16 regional coordination and coordination in general; and
17 in light of that goal, there were four topics
18 prioritized in this order including one looking at the
19 Department's policy for awarding the so called
20 discretionary funds -- that's the amount of federal 5311
21 funding in excess of the 21 million -- and look at
22 potential cap on that amount that would be awarded as a
23 discretion. Also look at the Transportation Development
24 Credit awards, TDC's, formerly known as Toll Credits, as
25 a way of matching federal funds in transportation

1 programs. It's not a cash match, but it's a way of
2 leveraging the funds without using cash. The third
3 topic was looking at the coordinated calls for projects,
4 and the fourth one was looking at regional planning in
5 general.

6 MS. MAZUR: I am Cheryl Mazur, and I am the
7 Section Director for Program Management and like my
8 committee or the subcommittee that I work with is also
9 program management. We have met several times, and
10 probably the two topics that we have focused -- we have
11 discussed a lot of things. We kind of started at some
12 basics, we also talked about some Transportation
13 Development Credits, and I think the Committee
14 members -- and there are several of them who are here --
15 have a very basic and general understanding of
16 Transportation Development Credits. So we did some
17 education to start with. We also talked about the 5310
18 program, the elderly and disabled program, and we talked
19 about some of the policies and the processes that TxDOT
20 uses in the Administrative Code. We were kind of
21 looking at those in general, and we have considered sort
22 of a restructuring of that program. Some of the latest
23 things that we -- we also talked about the coordinated
24 call, which is also in the Program Management Section.
25 We manage that. And what that is, is a request for

1 proposals for competitive programs that we do every
2 year. Then we had talked about, in general, maybe
3 looking to see if the 5310 program could be incorporated
4 in the coordinated call for projects. It is not a part
5 of that. A separate process goes on right now at TxDOT.
6 So we had talked about some of those things. We also
7 took time to establish some goals, and the first one was
8 to promote and incentivize continued coordination with
9 others, including MTA's and HHSC. We wanted to review
10 objectives for the use of Transportation Development
11 Credits and develop new policy guidance for the 5310
12 program. We have looked at a variety of things. We
13 started at kind of a very basic level. Claudia is our
14 Chairperson. Michelle is your Chair, right?

15 MR. KIRKLAND: (Moving head up and down)

16 MS. MAZUR: That's kind of what we've been
17 working on.

18 MR. GLEASON: How do you want to do this?
19 Do you want to write down those topics on a flip chart,
20 and then we can -- people that have questions about what
21 each of those efforts were, then we can talk about that,
22 and then maybe we can add to it?

23 MS. BLOOMER: I think that would be a good
24 place to start. Start with what we already had on your
25 list.

1 MR. GLEASON: I think if you look at your
2 handout packet, that should have that. Not the binder.
3 It was in the packet.

4 MS. LANGGUTH: It really was -- I thought
5 it was very helpful, Cheryl, because I learned a lot
6 about the programs I did not know before, and I think
7 our whole Committee did, too. I see one of the
8 issues -- what happened to us was it was a start and
9 stop process, so it was very difficult to keep momentum
10 going and actually come up with the results that we had
11 anticipated. For example, we looked at, as Cheryl said,
12 adding the 5310 program to the coordinated call. Well,
13 Cheryl very gently educated us about the 5310 program
14 and what we could and could not do. We were quite ready
15 to do something very different than what the law would
16 allow. So it was an educational process. We looked at
17 goals. One of the things we said we wanted was more
18 transparency, and that was one of the issues that we
19 saw. Those of us who are not part of the transportation
20 infrastructure, it's really like learning a whole new
21 language, right, Christina?

22 MS. CRAIN: Yes.

23 MS. LANGGUTH: And so I thought the
24 subcommittees were very helpful for that. But as far as
25 getting results, maybe we should make it part of a

1 bigger effort. I don't know. How did you feel,
2 Michelle.

3 MS. BLOOMER: I agree with you. It was
4 very hard to sustain. Like probably most of you, I wear
5 multiple hats and so it was an additional responsibility
6 on top of everything else. It was difficult to maintain
7 that momentum. It seemed what happened was it was wait
8 and hurry up, it was wait and hurry up, the meeting was
9 scheduled so hurry up and do something. So maybe there
10 could be a more methodical -- if it's monthly, it's
11 scheduled -- you know in advance -- and so three months
12 don't go by and then a lot of activity happens in a week
13 period. It seemed to help our subcommittee when we
14 focused at one issue at a time and brought that to
15 resolution. We sort of did that with Tier 1, Item 1 and
16 then petered out after that.

17 MR. SALAZAR: Well, I agree with what
18 Michelle's saying. It was somewhat strange in the fact
19 that we only had a couple of Committee members to begin
20 with, and so it seemed like it was a conversation
21 between Michelle and I. That was a little strange to
22 begin with. I don't mean the conversation. But our
23 main focus on Tier 1, No. 1 was the discretionary award
24 and the transparency that Al was talking about. That
25 was one thing we wanted to work on. And so whether we

1 actually accomplished that goal or not, I'm not sure
2 that we did, but I do know with Eric's letter that we
3 keep talking about with regards to discretionary, at
4 least transit systems would know what they were going to
5 get for that year. Now, we may -- did that for this
6 year and what the intent is for the following years, we
7 really haven't talked about that. I do think that
8 whether we accomplished or not, we've got to...

9 MS. BLOOMER: Something happened. Give us
10 some credit.

11 MR. SALAZAR: We got a letter.

12 MS. BLOOMER: And we got the issue
13 addressed for 2010. But I do think you are right.
14 There's a longer-term issue there. Maybe what would
15 help, too, in addition to throwing new ideas up is I
16 have heard transparency. Maybe some keywords that might
17 help us in moving forward in the next year. I don't
18 want to say like a vision, mission statement, but sort
19 of something to maintain the momentum that we built
20 today, how do we do that. Transparency, what do we mean
21 by that. I think communication should probably be an
22 item, too, but...

23 DR. ABESON: I would also propose that we
24 put up there the validity of having two subcommittees
25 for a committee of nine people. Particularly when I

1 look at the list when both committees were looking at
2 the same topics. I wonder if there's merit in
3 separating them, which in the final analysis, it reduces
4 our total capacity when you have two people on a
5 committee. So I would just propose putting that on the
6 table as well.

7 MS. BLOOMER: I think that was one of the
8 things we wanted to discuss. I think originally there
9 were four of us, then we lost Donna Holstead, and then
10 there were three of us. We also have a new member who
11 isn't on a subcommittee yet. I think that's part of
12 that issue, too. I also think getting back to when it's
13 just me and J.R., we have a great conversation but it's
14 nice to have more points of view. What would happen is
15 we would discuss it, we think we are on the same page,
16 then we come present it to the larger Committee and it
17 would go a different direction. I know we were going to
18 do our work task first, but it may -- how we structure
19 may determine our work plan. One issue that did come
20 up, though, I guess with the subcommittees because we
21 weren't at the certain number of members, they weren't
22 open to the public and didn't have to be posted and they
23 weren't open meetings. So that might be one drawback
24 with going to the full Committee. It would have to be
25 posted and it would have to be open meetings. I don't

1 think that would significantly hinder any of the
2 Committee's work. It might require a little bit more
3 lead time on Ginnie's part with scheduling them. How is
4 everybody feeling about either keeping the two
5 subcommittees as is, going to something that looks like
6 a subcommittee structure but maybe different with
7 different ideas, or just going back to the committee of
8 the whole all nine members?

9 DR. ABESON: Would you like a motion?

10 MS. BLOOMER: I don't think we need --

11 MR. GLEASON: I don't know that we
12 scheduled this as an action or not.

13 DR. ABESON: Oh, that's right.

14 MS. BLOOMER: We probably just need a
15 consensus.

16 MS. LANGGUTH: I like the larger committee.
17 We also lost a subcommittee member, too, and it does
18 make it more difficult when you don't have everybody
19 involved.

20 MR. SALAZAR: I would agree, especially
21 given the fact that there's four or five of us whose
22 terms are expiring.

23 MR. GLEASON: Well, there are four whose
24 terms are expiring at the end of September this year,
25 and then we have one who is not here today who has

1 announced her retirement at the end of this calendar
2 year, so that's a fifth. So we are going to have some
3 turnover. Well, I shouldn't say that. We are going to
4 have some positions that will need to be filled for the
5 next several years. Whether current members will
6 continue to serve in that capacity or not...

7 MS. LANGGUTH: That's right, because now
8 they have to be appointed.

9 MR. GLEASON: They always had to be
10 appointed, but it's not the Commission's responsibility.
11 It's the Legislature.

12 MS. BLOOMER: That might be another reason
13 in support of the larger committee because if -- well,
14 darn. I would like to be gently educated on the 5310
15 program. I might have learned something new. Or if the
16 subcommittee were to talk about an issue like the MTP
17 program, you would get into the details and we may, as a
18 full committee, not grasp the entire issue or concept
19 because we didn't have that background. Okay. So we
20 will move forward as a committee. I think one of the
21 issues in the next item is doing what. We are all going
22 to move forward together, the issue is where.

23 MS. LANGGUTH: We never got around to
24 discussing transportation development risk. We never
25 had time for it, so that's still an open item.

1 MS. BLOOMER: And Eric, I think under
2 funding formula, you may need to figure out a
3 discretionary. I think we also have the issue of
4 transition related to the census.

5 MS. LANGGUTH: And I think with
6 Transportation Development Credits, because you also had
7 that on your list, we didn't want to duplicate something
8 you were already doing.

9 DR. ABESON: I think a strategic plan
10 should be on the list as something we ought to be at
11 least party to possibly. It's just a implementation or
12 whatever. That may be too strong of a word, but we
13 potential want to do something around moving the
14 concepts or contents of the strategic plan forward.

15 MS. BLOOMER: I would agree. I think the
16 difficulty we have right now is that we don't have an
17 adopted strategic plan. So what we can try to do,
18 though, is look at our work plan items. They should be
19 consistent and in support of the strategic plan. Maybe
20 once it becomes final there can be a little bit more
21 detailed plan about how PTN's work plan or -- sorry --
22 PTAC's work plan fits into the Division's work plan
23 which then feeds into the strategic plan. Because we
24 don't want to be over here working on X and PTN is
25 trying to move Y forward and the Commission is worried

1 referring to is he had mentioned in one of our Committee
2 meetings and I think that was an excellent idea.

3 MR. GLEASON: I think what I'm hearing is
4 there's a continuing interest in looking for ways to
5 promote coordination in the areas that the Department
6 goes about doing its business. I'm being vague, but I
7 think there are opportunities in the coordinated call
8 and there may be opportunities elsewhere. I've heard
9 coordination, and you heard Linda talk about how the
10 formula attempts to get at that. And so it could be
11 that the Committee takes on this notion of how do we
12 look at what the Department -- how we do our business
13 and things we do, and talk about opportunities to
14 encourage coordination in those activities. You know,
15 we are hearing different ideas, and maybe the Committee
16 wants to embrace the general notion of coordination and
17 somehow try to elevate that and emphasize that and, you
18 know, looking at strategic plan, looking at all kinds of
19 data.

20 MS. BLOOMER: I think -- and Eric, that
21 gets back to my question earlier on the Administrative
22 Code where it specifically says, "One of PTAC's roles is
23 to advise the Commission related to implementation of."
24 I guess I'm trying to figure out translating that
25 language in the Administrative Code to our work here

1 because pretty much a lot of that work went ahead based
2 on the recommendations of the statewide Committee. So
3 what's our role now that sort of a framework has already
4 been set?

5 MR. GLEASON: I think one role the
6 Committee could choose to embrace is to continue to sort
7 of carry that forward, generally, with an overall focus
8 on what other kinds of things -- what other kinds of
9 opportunities exist to further the notion of
10 coordination. Whether it be looking at how and, you
11 know, to what extent coordination is possible in the
12 Medicaid medical transportation. You know, we can't
13 advise them on their pyramid, but we can communicate
14 with them about things that are important to the
15 industry, things about their policies that they are
16 responsible for, their Administrative Codes that they
17 are responsible for. That may or may not work in
18 concert with coordination, and those aren't our
19 decisions to make. Those aren't the Commission's
20 decisions to make. But that kind of communication can
21 certainly take place and I think that would be an
22 appropriate area. I'm trying to be mindful of work the
23 Committee does, like you said, Michelle, that actually
24 fits in with what the Department is interested in and
25 what the Division is interested in so that -- I mean, we

1 will all be successful. You won't be frustrated by
2 working on something that, you know, may or may not be a
3 priority to me because that makes my work hard. So
4 there are all kinds of settlements and things that make
5 sense and then I think we can all feel good about what
6 we are doing. But it is -- it is the Committee's
7 prerogative. You are set up to advise the Commission on
8 issues of policy significance to public transportation.
9 So we need to make sure that we respect that.

10 MS. BLOOMER: And just to follow up. I
11 think two key ones that -- three -- we will say two and
12 I'm going to lump one underneath. I think the funding
13 is an issue, and then the coordinated call and regional
14 coordination are probably two key ones. And then I
15 would say a lot of the other items would fall
16 underneath. I would see TDC's falling underneath
17 funding. The same thing with the discretionary issue,
18 the transition, and then pretty much everything else
19 would fall under coordination as far as two main driving
20 points.

21 MR. GLEASON: Well, I think it's probably
22 also important for the Committee to become versed in
23 development credits. The reason -- that seems a little
24 specific but I think somewhere down the road the
25 Department's going to be taking a bigger and broader

1 look at development credits and how they are used. We
2 use them quite a bit in public transportation, and we
3 use them to help -- to allow our providers to use
4 whatever non-federal matched funds they do have. To
5 allow them to use those, too, for operating purposes, we
6 have over the past several years used development
7 credit. What they do is they unlock the federal money
8 for us. They are not money themselves. They don't
9 represent money, but they allow you to draw down the
10 federal funding. So as long as you draw down enough
11 federal funding to cover your whole need as opposed to
12 just 80 percent. As long as you draw down enough, it
13 allows whatever local investment revenues, including the
14 state funds that providers have, because the 50/50 match
15 on the operating side, we're covered. So we've kind of
16 been using the development credits to help allow the
17 capital program without having to draw down local
18 matching sources and, you know, perhaps kind of putting
19 off this inevitable point where there's not enough match
20 to draw down all the federal money that there is. And
21 so we use them quite a bit, every once in a while our
22 use of them perks a little bit interest on the part of
23 either specific members of the Commission or within the
24 Department. And so we may be getting to a point where
25 the Department wants to look at this more holistically.

1 DR. ABESON: Could you just take a couple
2 of minutes to explain to this dense human being how
3 these credits are generated?

4 MR. GLEASON: Well, you know, there's a
5 little piece here in this binder. If you turn to the
6 "Funding and Grant Program Information" tab, which is
7 going to be the yellow tab in the middle, and I think
8 this has got a page -- let me see -- I think it's
9 towards the back.

10 MS. BLOOMER: I think it was 16 or 17.

11 MR. GLEASON: Oh, you already found it?

12 MS. BLOOMER: 16.

13 MR. GLEASON: Yes, 16, page 16. This gives
14 you just a glimpse, Al, and basically they are earned
15 when non-matching funds are used in construction of
16 transportation infrastructure; i.e., in Texas --

17 THE REPORTER: Eric, I'm having a really
18 hard time hearing you. I'm sorry.

19 MR. GLEASON: We have used Transportation
20 Development Credits in Texas to allow the drawdown of
21 federal funds without the use of local match money so
22 they can save the local match money for operating
23 purposes. And then the Transportation Development
24 Credits themselves, they are earned when non-matching
25 funds are used in the construction of transportation

1 infrastructure. And in Texas, that's basically toll
2 roads. And we get a credit and they get -- they are
3 calculated on an ongoing basis. So basically here in
4 Texas, the regions of Dallas/Fort Worth, Houston, and
5 now Austin -- and I think to a certain extent -- is
6 there one of the bridges down in -- okay. One of the
7 bridges down in the Mexican --

8 MR. KIRKLAND: Camino Colombia Bridge.

9 MR. GLEASON: We have a bridge down there
10 that also generates that. So they are generated in
11 specific areas of the state, and the current set of
12 rules we have governing how this program is administered
13 says that 75 percent of that will stay in the area that
14 they are earned and that 25 percent of the amount will
15 be given to a statewide pot. So these things accumulate
16 over time, and they are earned and they have to be
17 calculated and certified by the Federal Highway
18 Administration from time to time to get an exact amount.
19 And I think the last number I heard statewide, the last
20 number I heard was in excess of eight hundred million.
21 I know historically we've had trouble getting the
22 Houston area to give us their numbers, so I don't know
23 if those included Houston or not. So there are a lot of
24 these things out here. So we've used them to help on
25 the capital side of things.

1 But one thing to keep in mind with
2 development credits, because they aren't money, they
3 require your federal program to do everything for a
4 project. So you actually reduce the buying power of
5 your federal program on a statewide basis when you use
6 them. It works for the local agency receiving them, but
7 you don't get as much out of the federal program as you
8 would have otherwise because you can't build as many
9 projects with the federal money because you have no
10 20 percent real cash being brought to the table. So
11 there is a concern at a broader level that you are
12 reducing the federal program buying power. But there is
13 the benefit that you get to allow folks here to match
14 their -- use their local money for match for the federal
15 for offering.

16 DR. ABESON: Now, on the last line here it
17 talks about a competitive process or at its discretion.
18 Are both used?

19 MR. GLEASON: I described how 75 percent of
20 the credits stay in the region. Within each of those
21 regions, the Department is required to have a
22 competitive call for projects for use of development
23 credits. The 25 percent that is statewide, the
24 Commission can award at their discretion. So the money
25 we -- the development credits we've been using over the

1 past three or four years have come from that -- we've
2 drawn from the statewide pot. And so back in
3 December of 2006, the Commission passed an amended order
4 that expressed their intent to use development credits
5 in support of fleet, fleet replacement, and capital
6 projects supporting coordination. And we got them to
7 express an intent to use up to 12.5 million development
8 credits for those purposes, and we've awarded just about
9 12.5 million development credits since then. So we've
10 kind of completed what was envisioned with that intent
11 from a size of development credit. And we are -- we've
12 been talking over the last couple of months about
13 needing to go back to the Commission to try to get
14 another express of intent.

15 DR. ABESON: Thank you very much.

16 MS. BLOOMER: This is an item that the
17 Committee wants to pick up and move forward. What might
18 be helpful is in the TDC 101 -- a white paper on TDC's,
19 I know our staff has done something similar and I would
20 be happy to share it, but it basically goes through a
21 lot of the information that Eric shared in significantly
22 more detail and it has a code in the back that explains
23 it. We are very interested in the 75 percent since we
24 have a lot of toll roads in North Texas, and so we are
25 very interested in when the 75 percent would become

1 available and awarded competitively. And I think that
2 would be -- I'm sorry, Cheryl?

3 MS. MAZUR: We actually have a paper on our
4 Website, a white paper on it on our Website.

5 MR. GLEASON: On TDC's and how they are
6 used?

7 MS. MAZUR: Yes.

8 MS. BLOOMER: And I know that shortly
9 after -- internally, there has been sort of a working
10 draft of a policy that has been developed and circulated
11 in addition to the minute order that's never come out.
12 Is that something that PTAC could look to put some sort
13 of structure to the policy? I know the minute order,
14 I've read the minute order, but is there a role for PTAC
15 to put a little bit more meat maybe on -- or detail
16 behind the minute order? Who's eligible?

17 MR. GLEASON: Which minute order?

18 MS. BLOOMER: The December 2006 Minute
19 Order.

20 MR. GLEASON: So when we go back to the
21 Commission at some point, if we do with a minute order
22 to kind of renew their intent, can the Committee have --
23 yeah, I don't have a problem with that, bringing that
24 here and talking about it.

25 MS. BLOOMER: Developing the policy?

1 MR. GLEASON: I think it strengthens our
2 position with the Commission.

3 MS. BLOOMER: And it might be something we
4 can look at in light of both the items, J.R., you
5 mentioned MPT and the funding uncertainty in the census.
6 It may be a way -- I understand that it diminishes the
7 buying power of the federal program, but given the state
8 funding has been flat, it may be a way for the state to
9 assist in sort of making up. If we are going to get
10 additional federal money coming in and the state money
11 stays the same, to sort of bump up the state
12 contributions without providing real cash.

13 MR. GLEASON: One of the -- I agree. One
14 of the -- an observation I would make on that is that in
15 the context of seeking additional funding from the State
16 Legislature for public transportation, sometimes when
17 you offer up that you can use something like development
18 credits, it can diminish the compelling nature of your
19 need. So we just need to be careful, I think -- if I
20 can say that -- on how we position ourselves with this.
21 I think the issue for the state is optative, and I think
22 it's the tremendous need to expand services and for that
23 needing money -- real money -- to expand services. So
24 development credits is one that is on the list. We've
25 talked about coordination.

1 MS. LANGGUTH: And what about funding? Is
2 that something that the Committee can get into, because
3 I know that TxDOT is probably looking at developing or
4 is in the process of developing your budget, but what
5 about us, since we are representing the providers,
6 looking at what are the needs and can we ask for more
7 money? I mean, I think we can all see what's happening.
8 State funding is remaining flat, we have much more of a
9 need for public transportation, but there's no money.

10 MS. BLOOMER: We can add that under funding
11 and TDC's and discretionary and transition.

12 MR. GLEASON: What I'm hearing -- and I
13 want to make sure I'm hearing this right -- the
14 funding -- or what you are talking about, Claudia, the
15 funding is the overall amount --

16 MS. LANGGUTH: The overall amount.

17 MR. GLEASON: -- that is available. And
18 understanding what might drive a case to be made for
19 more, and it's a combination of it being flat for so
20 long, we've got inflation reducing that buying power,
21 we've talked about the per capita issue with growth,
22 we've got the potential impact for the census, and above
23 and beyond all that, we've got need for more. And
24 that's always been the hardest piece to kind of get our
25 arms around in terms of how much is that and what does

1 that mean when we say we need X. Well, what is that?
2 Why? What are we trying to do with that? And then
3 there's the if we have money, how do we allocate it,
4 which is a formula question. That obviously is a
5 funding issue for the individual agency, but that's an
6 allocation issue. One of the areas the Committee could
7 think about is having heard from Linda today about all
8 of the things that go into the formula, without a
9 rule-making process schedule yet, are there some
10 conversations the Committee wants to have around some
11 topics with respect to the formula outside of a
12 rule-making process? So you can have some give and take
13 perhaps without the pressure of the rule-making process
14 hanging over your head. Because once you get into that,
15 you kind of get into a series of events that you may not
16 have as much control over as you would want. But I
17 think the Committee could have conversations around some
18 of the issues that were talked about this morning,
19 generally, and position itself for a rule making or
20 future method.

21 MS. LANGGUTH: Yeah, I think that would be
22 great.

23 MS. BLOOMER: Yeah, I'm not sure we are
24 ready to open the funding formula can of worms at this
25 point. I also don't think it would be an appropriate

1 time to sort of open that can of worms given the
2 Provider State Waive just sort of started to see a
3 leveling out of the changes, and we know changes are
4 coming in the future. It's two trains of thought. One
5 is to minimize the variables that we throw at them or
6 just throw them all at them at once. But I think if we
7 left the funding formula as is through the census, that
8 would at least give them some level of stability and
9 then see how it impacts going forward with the 2010
10 census. But then I think we still have the issue of the
11 discretionary to address which might bring them some
12 additional stability and planning.

13 MR. GLEASON: Exactly.

14 MS. BLOOMER: And then maybe we can also
15 address the TDC's and then the amount of funding coming
16 in and trying to make the case that there are additional
17 needs in excess of what the current funding level is. I
18 think now is an opportune time given we are getting
19 ready to go into a legislative session in January. In
20 January, right?

21 MR. GLEASON: That's correct about the
22 legislative session in January. If it's an opportune
23 time or not, I don't know.

24 MS. BLOOMER: They will be determining the
25 buying amounts during that point so...

1 MR. GLEASON: That's exactly right. That's
2 the significance of this upcoming session, for the 2012
3 and 2013 biannual. And so with or without complete
4 information on the census, we have to try and gauge what
5 we need.

6 MS. BLOOMER: And we might be able to make
7 a fairly strong case given the information we currently
8 already know based on the increased growth we've seen in
9 the state, the purchasing power of the existing money
10 due to inflation and fuel prices and everything else.
11 But I think if we throw in some of the -- hopefully by
12 the time we are ready to do that, some of the initial
13 numbers will have come out that show Texas growth
14 outpacing the nation's growth. I don't know. That
15 sounds like a pretty daunting task if that's the first
16 one we want to take out of the box. But if we are going
17 to do it, I think we need to do it pretty soon so we
18 have something prepared prior to January.

19 DR. ABESON: To what degree do you suspect
20 that every other group like this one that's associated
21 with Texas everything is having the same conversation
22 about increased growth, cost, et cetera, et cetera and
23 has the same kind of a list and is going to be going to
24 the Legislature on money?

25 MS. LANGGUTH: Sure.

1 DR. ABESON: Right? So not to diminish the
2 importance of thinking strategically, is this the
3 time -- and I left out one element and that's the --
4 what does the governor estimate, between 11 and 22
5 billion shortfall -- is this the time to go over that
6 agenda? Are there other things that perhaps we should
7 be addressing that might have legislative consumption
8 that would build the credibility for the next session of
9 the Legislature? I really don't have an answer to that.

10 MS. BLOOMER: I think that's a good point.
11 Maybe we are not -- the issue is -- and that may be the
12 reason we haven't gone since we've had flat since 2006.
13 It's never going to be an opportune time, and one
14 two-year period it actually got cut -- possibly
15 inadvertently -- and had to go back after the fact to
16 get -- I think it was about 9 million each year added
17 back in. So maybe the tact is, I heard us saying, shoot
18 for the stars and if you miss, you at least...but aim
19 for the ground, you are going to hit. Maybe we go and
20 we ask for what we, you know, we realistically need
21 given. Nothing has changed since 2006, and if all you
22 do is factor in inflation and in 2006 gas costs X, today
23 it costs \$2.85. All we are asking for is a cost of
24 living increase. We are not asking for any more money
25 because for the last six years we've been working on

1 coordination and we've been able to leverage our
2 existing resources better. But I think if we just go
3 and ask -- if we don't go and ask or if we don't go at
4 all or we don't go and at least ask for some increment,
5 we could end up somewhere less than where we are now.

6 MS. LANGGUTH: Absolutely. I totally agree
7 with you. And in my opinion, if you don't ask for
8 money, you will get cut because you obviously don't need
9 it for public transportation. And to me, we have such a
10 perfect case for increase in public transportation. If
11 we really say that we want to be a green state, if we
12 really mean that we want to save or cut gas consumption,
13 why not look at public transportation? Make it work,
14 make it work better, but put some money into it. We
15 have been flat. I think it's almost criminal.

16 MS. BLOOMER: And given the state doesn't
17 have billions and billions of dollars to build
18 infrastructure projects which costs -- instead of
19 spending \$23 million on a one mile trolley ride, let's
20 put \$23 million over in public transportation. It can
21 do the same thing. It can do more a lot more. It can
22 do the same thing or it can do it for a lot less cost.
23 So maybe that's one of the items we can put on the top
24 of our list. I think we've divided funding in two; sort
25 of the amount of money we have to work with, and maybe

1 the second part is what we do with the money we have,
2 the formula, the allocation of the TDC's.

3 MS. LANGGUTH: And what are our most
4 critical needs? There are some. If you look at the
5 state of Texas -- 254 counties -- and you still have one
6 county without public transportation, there's something
7 wrong with that. This is one of the poorest counties in
8 the state.

9 MS. BLOOMER: Do we know why there is no
10 public transportation?

11 MR. GLEASON: I don't think I know why. I
12 may have at some point in time. I don't know if anyone
13 knows.

14 MS. BLOOMER: I think that's a good point
15 because one of the things as a statewide committee we
16 should be concerned about that everybody across the
17 state has some access to public transportation, and we
18 have one county that has no service. And I think once
19 we get all of those red boxes gone, the next issue
20 becomes what level of service do we have across the
21 entire state. How do we improve that? Because what we
22 have here as far as level of service varies between our
23 16 counties, which I'm sure varies between what's in
24 J.R.'s service area and so...

25 MR. GLEASON: It's tricky. You can talk

1 about level of service, but inevitably where you end up
2 is that analysis is that some people have enough and
3 some people don't. In reality, everyone needs more and
4 has a legitimate case for more. I've been through this
5 in my head several times. It's like level of service,
6 yes, but we have to kind of anticipate where we go with
7 that and how do we build a case that, you know, everyone
8 needs more if that's what we truly believe is out there.
9 So it's -- I think it would be useful for us to hear
10 from the Committee, a conversation around how to look at
11 need, what are the different ways that y'all -- given
12 your experiences -- think about that, and how we might
13 look at that in an assessment of need for public
14 transportation.

15 MR. CASTELLANOS: I was thinking that when
16 Linda was making her presentation, she mentioned you,
17 Vince --

18 THE REPORTER: I'm sorry, Frank. I'm
19 having trouble hearing you.

20 MR. CASTELLANOS: She mentioned Vince and
21 his organization as the poster boy for the process that
22 she was talking about at that time. And I guess I'm
23 thinking that the Texas Transportation Institute has the
24 raw data behind the presentation she made to us this
25 morning and probably has some good examples of who is

1 doing things right and who is doing things not so well.
2 It might benefit us to ask the Transportation Institute
3 to share with us maybe some case studies that would go
4 to some of the issues.

5 MR. GLEASON: Actually, if I may, there is
6 some research that is concluding here fairly shortly on
7 looking at best practices among our rural, and next they
8 are going to look at the small urban programs. And one
9 of the areas of emphasis is performance measures and
10 whether or not -- to what extent systems use them and
11 things and which systems seem to be performing better
12 than others and why. So we do have that information or
13 we will be having that shortly.

14 MS. LANGGUTH: Will that be on the Web?

15 MR. GLEASON: Yes, it will be when it's
16 done. But even more so, we can bring it to the
17 Committee and have a presentation on it.

18 MS. BLOOMER: And getting back to your
19 question of how to look at need. Has TxDOT, as an
20 agency, or a public transportation division ever tried
21 to sort of define or -- I mean, what is the real need?

22 MR. GLEASON: Well, I think, Michelle, the
23 last -- there are two things going on. One, I would say
24 that all the recent effort around regional coordination
25 plans in each of the 24 planning areas of the state, to

1 a certain extent, they are identifying gaps in service
2 and need, and so we do have a fairly recent expression
3 of that in different shapes and forms around each of the
4 areas of the state. The last time that I know of that
5 the Department actually did that kind of assessment, I
6 think it was in a document -- and Kelly, you may need to
7 help me out here -- I think it was in 1996, and it was a
8 document that actually predefined three levels of
9 service and made an assessment, I think, for let -- we
10 may have let agencies self-certify what level of service
11 they offered. I'm not quite sure how we did that. But
12 there was a predefined three sets -- three levels of
13 service and each system was categorized as being in one
14 or the other.

15 MR. KIRKLAND: That's correct. I think you
16 are referring to the -- to what's called the Programs or
17 Practices or something like that. Profiles and
18 Practices of all the state's rural and small urban
19 transit agencies and that did include for each one
20 self-certification as to what level of service they were
21 providing in their member counties.

22 MS. BLOOMER: I guess what I'm trying to
23 get at is that's sort of individually. And I know
24 recently on the roadway side there was an effort done to
25 sort of capture the entire universe of needs on the

1 roadway side and ended up with this huge number. I
2 guess what I'm thinking is we need to do something
3 similar but on the transit side at a statewide level,
4 and maybe there's different areas, like there's basic
5 needs, are individuals able to get their basic needs
6 met, can you get to medical appointments, can you get to
7 dialysis. Those that if you don't have the
8 transportation, it significantly impacts your health.
9 And then there's sort of the -- all these trips are
10 provided but the second stuff is for the quality of
11 life. Can you go to church, can you go to here, can you
12 go to your friend's house, how the providers feel they
13 are able to meet those, and then what the people who
14 rely on the services. What I would like to ask is how
15 many people actually know what services are in their
16 area? That's the biggest -- people don't know -- I
17 don't think they know the service is there, and then
18 trying to turn that expression of need into a dollar
19 amount of funding that would be needed. And what we try
20 to do with our policymakers, we tell them "If you award
21 us X amount, we can provide this level of service. If
22 you provide us X plus A, then we can give you this level
23 of service," and give them options. And if they decide
24 they are only going to provide X, they know that this is
25 the level of service they are getting for that. And so

1 if I can't take your grandmother to bingo Monday,
2 Tuesday, Wednesday, Thursday, and Friday, you bought off
3 on that level of service based on the level of funding
4 you provided.

5 MR. GLEASON: And we may be venturing now
6 too far down the road on some of these. I think it
7 would be helpful for the Committee -- and I would like
8 to hear from the Committee -- all the various different
9 ways we might try and measure need or find a way to
10 express what need is, and what is it that we need to
11 look at because when we come up with these notions, we
12 will have to figure out how we will actually do that on
13 the statewide level. It becomes difficult to imagine
14 how to get at what you are getting at. So I think it
15 would be helpful, before we jump off and do a needs
16 assessment, to spend time. Maybe we can come up with
17 three or four or five categories of things that are
18 measurable -- relatively easily measurable -- that would
19 actually get us something that we can...

20 MS. LANGGUTH: So is that our homework for
21 the next meeting?

22 MR. GLEASON: I wasn't necessarily trying
23 to give y'all homework. In my mind, this would be a
24 topic, perhaps, at our next meeting where we can try and
25 get our arms around what would be a reasonable way to

1 measure need. And, you know, I think part of this is
2 how do we express it in a way that means something to
3 people other than ourselves, you know, people who don't
4 live and breathe this stuff. The way I talk about this
5 stuff doesn't necessarily mean anything to a state
6 representative or a leader in Laredo. People like
7 (sotto voce) in terms of the Work Force Committee might
8 mean something more to the people who have to make the
9 decision. So I think it's important. And we may have
10 other sources of measured need that are beyond our
11 thought process.

12 DR. ABESON: I'm just thinking that sitting
13 at home is a draft of a study by North Dakota that went
14 out to people who are self-described as people with
15 disabilities, and it lays out all those items that you
16 just mentioned; are these your activities, medical
17 activities, all those life functions for which
18 transportation becomes very important. And that was a
19 statewide study. I don't know what the sample was, but
20 it was a pretty significant effort. And when that was
21 done, it will give the policy makers there a good sense
22 of what the need is. I can't even imagine how you would
23 do such a thing in the state of Texas. It's pretty good
24 way to find out what need is.

25 MR. GLEASON: Okay. Any other?

1 MS. BLOOMER: Any other items up there that
2 you want to make sure? I guess we asked our regional
3 partners when we picked up our regional (sotto voce)
4 if there is only one thing -- if we can only do one
5 thing, what would that one thing be and that might help
6 us because these are all great, but I'm only your Chair
7 through September 2010. I would like to transition off
8 with more than a letter. I'm happy with the letter, but
9 now I'm setting my sights just a little higher. If
10 there's only one thing we could do, maybe it's funding
11 versus coordination or one particular item under funding
12 or under coordination, but I think it would be helpful
13 to sort of focus our efforts so we can have -- even if
14 they are small incremental movements of success that
15 will hopefully just continue to build. But I'll defer
16 to the Committee on if you want to take them all on, if
17 you want to try to focus in on one main area of concern
18 or one specific topic of issue, and then I think that
19 might help us direct how we go from April 7th to the end
20 of the year.

21 DR. ABESON: I think Claudia's comments
22 about the risk of not asking anything of the Legislature
23 is very compelling. Do we have the authority as a body
24 to communicate with the Legislature?

25 MR. GLEASON: Officially, you advise the

1 Commission.

2 MS. BLOOMER: And then they ask --

3 MR. GLEASON: My role with you is to help
4 you advise the Commission.

5 MS. BLOOMER: Who ultimately makes the
6 request for funding to the Legislature? Is that the
7 Commission?

8 MR. GLEASON: The Commission makes a
9 departmental request, and in that request we can -- we
10 can, you know, we can request funds that are not
11 currently within our departmental program. We can
12 request general revenue funds. That process has a life
13 of its own in the Legislature, but that's typical. You
14 know, the last session, for example, the Department, at
15 the request of the Texas Transit Association, put in a
16 general revenue request for additional -- approximately
17 \$22 million a year for state funds for public
18 transportation. We didn't get it, but we put it in.
19 And so there is a vehicle. Obviously, the Commission
20 adopts the legislation appropriation request, so
21 potentially there's a vehicle there for an expression of
22 need.

23 MS. LANGGUTH: And that is in the directive
24 of the Transportation Code to advise the Commission of
25 the needs and problems of the state's Public

1 Transportation Department?

2 MR. GLEASON: Perfectly within the scope to
3 come up with a description of "need" and talk to the
4 Commission about that, absolutely.

5 MS. CRAIN: What about those -- or just me
6 at this point -- that are appointed by a specific
7 member, the Lieutenant Governor and then, of course, the
8 Speaker? I know I've been asked to keep the Governor's
9 office informed on what's going on, and I'm assuming
10 that the Speaker would do the same thing. So that gives
11 an automatic entree from that angle.

12 MR. GLEASON: As a member of the Committee,
13 you are advising the Commission.

14 MS. CRAIN: Right. I understand.

15 DR. ABESON: Well, then would it be a
16 legitimate priority for us to try to craft some kind of
17 communication to the Commission based on much of what
18 we've heard today as well as the discussion, get it
19 there in a timely fashion, and obviously you could just
20 pass that along to those who need it? I like to build
21 on success. The fact that we got a letter, I guess, is
22 a great thing, but if we got something to the Commission
23 that was more substantive in a timely fashion, I think
24 we might consider that a success for us.

25 MS. LANGGUTH: And I think Eric's point of

1 being able to say these are the needs, these are how we
2 measure the needs, to put some numbers to it, is a much
3 more compelling argument; to say, "Let's see where the
4 need is."

5 MR. GLEASON: From a practical standpoint
6 with this upcoming session and preparing for it, I would
7 say if the Committee wishes to provide information to
8 the Commission in its reconsideration of the
9 Department's appropriations request that we need to do
10 that sooner rather than later. And I'm not sure to what
11 extent in any kind of an objective measuring way we are
12 going to be able to get our arms around needs beyond
13 being able to trace it to things like inflation, per
14 capita, census, and then, you know, reaching beyond that
15 to some quantitative assessment of need will be
16 difficult from a practical standpoint. I would still
17 like to have this conversation in the Committee because
18 I think it's important in the long run, but in terms of
19 getting something in a timely fashion, like you say, in
20 front of the Commission, you may need to find another
21 way to come up with that figure.

22 DR. ABESON: We can (sotto voce) some of
23 the population data.

24 MR. GLEASON: We are perfectly prepared to
25 come to the Committee at their next meeting and describe

1 inflation impacts, per capita impacts and we will have
2 our arms around census facts as well so we can build a
3 case on those things.

4 DR. ABESON: Do we also have enough
5 information to say that since the formula was adopted in
6 2006, greater efficiency and greater performance has
7 been achieved by public transit?

8 MR. GLEASON: Well, you saw some of the
9 numbers there. I mean, it's kind of a nuance case to
10 make because the real message is that it stayed flat in
11 the face of growing demand and reduced buying power. So
12 the fact that the numbers stayed relatively flat from a
13 cost standpoint and an efficiency standpoint is good
14 news.

15 DR. ABESON: If that can be used.

16 MR. GLEASON: Yeah, I think we can make
17 some general assertions that are supportable with data.
18 I don't know in the end how compelling the picture will
19 be. I think the more compelling picture is to show a
20 reduced buying power of state funds, and then you can
21 tack on a per capita impact as well and that is a pretty
22 steep drop off. Visually, it's fairly impressive. So
23 those kinds of pictures are possible.

24 DR. ABESON: I feel it would be nicer if we
25 can make this request somewhat unique. As I said

1 earlier, the competition is going to be ferocious. If
2 we can say that public transit is using its money very
3 wisely despite the fact that it's flat, look at what
4 we've been able to accomplished. Now, that may be
5 nuanced but how do we make ourselves unique? How do we
6 make ourselves different from everybody else who is
7 going to be asking for money, particularly if we have
8 some decent data.

9 MS. BLOOMER: And maybe next time we can
10 work on some of that, the population data, the inflation
11 data, and work on drafting that or start forming that
12 piece to send to the Commission. Maybe part of that is
13 we use what we have now and then we tell them "Here's
14 what we plan to do." We're going to come back. That's
15 legislative session and we are going to have specific
16 information to show you what the need is based on our
17 homework -- how we think we can sort of capture that
18 need and come back to them. But we know now -- we don't
19 really know what the range of need is -- how big it is.
20 We know it's bigger than we what we are needing now.
21 But just given the increase in population and reduced
22 buying power, and the per capita decline, we know that
23 what we are getting now and what we would like to get in
24 the future is bigger than what we are getting now, but
25 maybe in two years we come back and it's times ten.

1 What do you think?

2 MR. GLEASON: Well, why don't you let us
3 give it some thought on the other need side of all of
4 this conversation. There may be some ways to recapture
5 that.

6 DR. ABESON: Quick question that is
7 somewhat related. Do you have the authority to just
8 give money to TTI to do a study? How does that work?

9 MR. GLEASON: We are able to enter into an
10 interagency contract with any member of the state
11 university system for work. You know, obviously, we are
12 mindful of the kinds of things we are doing with them on
13 an ongoing basis and things like that, but we are able
14 to do that, yes, Al.

15 DR. ABESON: So theoretically, if we define
16 a study that needs to be done, it could be pursued
17 through a university system?

18 MR. GLEASON: It could be.

19 MS. BLOOMER: So I think we know how we are
20 moving forward as a group. I think we have generally
21 what we are moving forward on, and it sounds to me just
22 based on the last 20 minutes or so discussion it's
23 revolved around funding, the amount of funding, and then
24 how funding is allocated. I think my next question is
25 who, what, where, when, why, how, how often. I know,

1 generally, our schedule is -- usually, it's based on an
2 item that needs action or it's been a couple months. I
3 don't know what the Committee's feeling is on do you
4 want to stick to sort of ad hoc meetings, regularly
5 scheduled meetings -- if so, by what schedule --
6 annually, quarterly, monthly, bimonthly, every third
7 Friday?

8 MR. GLEASON: Well, what we have -- just
9 for some guidelines. In the current fiscal year, I
10 think we budgeted for the Committee to meet four times.
11 In the upcoming fiscal year, I think we budgeted for six
12 meetings, and those are just estimates on our part.
13 They are not hard and fast. We do have requirements
14 around publishing agendas ahead of time and things like
15 that. These are formal meetings, and so it does take
16 some lead time to bring the group together. And I do
17 want to be mindful of making sure we meet only as often
18 as we have useful information. I do know that we are
19 going to need to have a meeting later this month or very
20 early next month to go over some final rule-making that
21 the Committee looked at prior to a proposed adoption.
22 It will be coming final in, I think, the May meeting.
23 Anyway, so just from a rule-making standpoint, we will
24 need to draw the Committee together for next month. I
25 think that is probably the time for us to try and

1 arrange a conversation where the Committee can put their
2 fingerprints on something around this funding and this
3 issue we are talking about. Just because the Department
4 scheduled (sotto voce) we are starting now, and my
5 guess is we will be getting in front of the Commission
6 with pieces of it throughout the summer. So this would
7 be the time to get as much done as we could on that.

8 MS. BLOOMER: So we are what -- in April?
9 Have we already exceeded our four meetings?

10 MR. GLEASON: We don't really -- we just
11 throw that into the budget. You don't really need to be
12 concerned about that.

13 MS. BLOOMER: So we could have blown the
14 budget today? Say no more.

15 MR. GLEASON: I just said that just as a
16 baseline in terms of trying to guess. When the
17 Committee was setting the formula, I think they met
18 eight or nine times in a six or seven month period. We
19 just met when we needed to.

20 MS. LANGGUTH: Well, because of the time
21 frame, it seems like we would need another meeting in
22 June before your legislative budget is fixed.

23 MR. GLEASON: Well, we can do that or we
24 can try and get as much work done as a committee at a
25 meeting in May. Although, my guess is we probably can

1 see if, you know, that meeting -- given the planned
2 sanction rule -- probably simply a phone-call meeting.

3 MS. MAYLE: If it's still on the agenda,
4 yes.

5 MR. GLEASON: Yeah, because there's really
6 not a lot of controversy around that, and this would
7 change that quite a bit. I know that we have not really
8 thought of this next meeting too much, and we will have
9 to go back and regroup around that. Where I was going
10 with that, Claudia, if we can get enough work done, it
11 may be that what needs to happen in June or just at the
12 meeting is just we need to review and comment on some of
13 these. And then the Committee would need to decide how
14 they want to present that to the Commission.

15 MS. BLOOMER: And then can we do this
16 instead of reviewing the comment outside of a formal
17 meeting?

18 MR. GLEASON: Yeah, everything we do is a
19 formal meeting. It's just that we may not try and bring
20 them all here. We may just have a conference call.

21 MS. BLOOMER: Well, I guess we will go
22 ahead with the late April or early May. We will tack
23 those items on to it. What I would like to do, if we
24 are able to get enough work done at the late April or
25 early May meeting and bring this issue to resolution, we

1 need to come back to provide comments on it, throw
2 another item on the plate at that time so we keep the
3 momentum.

4 MR. GLEASON: From this list.

5 MS. BLOOMER: From this list, right. We
6 can talk about that at the next meeting, you know,
7 what's the next item, is it TDC's, what is it. So we
8 keep that momentum going so we don't come back next
9 April -- hopefully it will be more towards October --
10 and have another workshop where we are talking about the
11 same issues that are still on the table.

12 MR. GLEASON: Okay.

13 MS. BLOOMER: Or you-all are because we may
14 not be here. Okay.

15 MR. GLEASON: And that makes today's
16 conversation easier as well because we don't have to do
17 anything but keep them on a list.

18 MS. BLOOMER: Right. Just keep them on a
19 growing list, and as other items come up we can always
20 add them. We will tackle one at a time. Apparently,
21 recent studies show that multitasking isn't really that
22 great for you. So we will go back to one at a time and
23 give it our full attention. Once we check one off, we
24 will move down to the next one. Great discussion.

25 Eric, do you want to go ahead and give the

1 division -- oops.

2 DR. ABESON: Can we take a short break?

3 MS. BLOOMER: We have a motion for a five
4 minute break. Do I need a motion?

5 DR. ABESON: I'll just go by myself.

6 MS. BLOOMER: Let's take a five minute
7 break and be back at five to 3:00.

8 (A break was taken)

9 MS. BLOOMER: We will go ahead and
10 reconvene.

11 MR. GLEASON: Just really quickly. I
12 wanted to let folks know that once every three years the
13 FTA comes to visit, and they do a review of how well we
14 as a state entity are managing their programs. This is
15 a review of us and not of our needs. They call that
16 State Management Review. They were visiting us in the
17 first week of March, and we spent the better part of two
18 months getting ready for it. The remainder of the month
19 of March and early April we were tying up any loose
20 ends from it. So it's quite an effort. And Cheryl's
21 group in particular -- and Kelly's as well -- really did
22 a tremendous amount of work here. This is a big deal.
23 They came in, they covered 20 different general program
24 topics with over 200 specific areas they looked at.
25 Their draft had seven findings. We haven't seen the

1 final. We've been told we've closed six of those, so we
2 are going to have one open finding out of a possible
3 200. So we feel pretty good about that, and we will be
4 able to comply with that one finding by the end of
5 June or first part of July. So we feel good about that.
6 They went up and looked at the Hill Country transit
7 district program just outside of Austin. They always do
8 a site visit when they come out. They also looked at a
9 faith-in-action group which -- in the Round Rock area --
10 which provides some 5310 service. So they made two
11 stops, and they do that as a way of spot checking how
12 well we are checking to make sure that our subrecipients
13 have all the paperwork that they need, things like that.
14 So they are building an administration facility with
15 some of our funding, so they were interested in seeing
16 that up there. It was a very successful review from our
17 standpoint, and hopefully they won't come back for
18 another three years.

19 Texas Transit Association has its annual
20 conference in April -- April 16th through the 20th in
21 Corpus Christi. Anybody who has not registered can
22 still register, I'm sure.

23 MR. SALAZAR: We will take anybody's money.

24 MR. GLEASON: It's a good event. They
25 have -- they have a lot of vendors come in and bring in

1 buses, equipment, and things like that to have folks
2 look at for some sessions that are planned. They look
3 like they could be pretty good.

4 In March at the Commission meeting, the
5 Commission did adopt the Internal Ethics and Compliance
6 Program that we have talked about here in Committee.
7 And based on this conversation here and some
8 conversations we've had with our -- with the rural and
9 small urban provider community, we will be -- the
10 Department will be going out over the next several
11 months to educate and assist folks in making sure that
12 they are compliant with this program.

13 In April, as we mentioned, the Commission
14 is scheduled to approve the draft text of the strategic
15 plan. In May -- May is a big month for public
16 transportation but all of the -- most of these assume
17 that we get our federal apportionment numbers later this
18 month, and I'm hoping for them next week.

19 But I'll go through these. The first
20 bulleted item there, this is -- we have talked a little
21 bit about the coordinated call. This is our award of
22 funds to several subrecipients for fund from these
23 programs. So this is -- this is a big thing. We were
24 looking at over 40 proposals. So we are busy making
25 decisions and talking to folks about those proposals.

1 We are intending to award the balance of our 5310
2 program. I mentioned earlier we have gone ahead and
3 awarded the first portion of it that we got. This will
4 complete that. This is the 5311 non-urbanized formula
5 program. This is the discretionary award item that --
6 this is what we talked about earlier where we will be
7 awarding for general program purposes based on revenue
8 miles -- share of revenue miles -- that large
9 discretionary fund that we've talked about. VCR is an
10 acronym for Vehicle Capital Replacement. This is a
11 really small one, and we have been -- over the last
12 several years -- been spending down a grant that we had
13 gotten back in 2004 to purchase vehicles. And we keep
14 getting residuals as people complete the procurements
15 and we keep reprogramming them. So that's what that is.
16 Then finally, this final adoption of the contract
17 management, the grant sanction rules that we talked
18 about. So May is busy. That concludes my report.

19 We also use this timeframe of my report
20 to -- as an option for members to bring up any issues or
21 questions that they have, generally, at this time.
22 That's it.

23 MS. BLOOMER: That's it. Any other items,
24 thoughts for the day? We are doing good. It's 3:00.
25 Nope? None? Do I have a motion to adjourn?

1 MS. CRAIN: Second.

2 MR. CASTELLANOS: Second.

3 MS. BLOOMER: Christian first, Frank
4 second?

5 I'm going to take advantage since we are
6 all here in person. All those in favor say "aye."

7 (Committee unanimously says "aye")

8 MS. BLOOMER: Any opposed?

9 All right. Meeting adjourned.

10 (Proceedings concluded at 3:01 p.m.)

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REPORTER'S CERTIFICATE

THE STATE OF TEXAS)
COUNTY OF TARRANT)

This is to certify that I, Natasha Benchimol, a certified shorthand reporter in and for the State of Texas, reported in shorthand the proceedings had at the time and place set forth in the caption hereof, and that the above and foregoing 180 pages contain a full, true, and correct transcript of the said proceedings to the best of my ability.

Certified to on this 15th day of April, 2010.

Natasha Benchimol, Texas CSR 8514
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