TEXAS DEPARTMENT OF TRANSPORTATION

PUBLIC TRANSPORTATION ADVISORY COMMITTEE MEETING

1:35 p.m.
Thursday,
November 8, 2012

Room 325
TxDOT Building 6
3712 Jackson Avenue
Austin, Texas

COMMITTEE MEMBERS:

MICHELLE BLOOMER, Chair
J.R. SALAZAR, Vice Chair
CHRISTINA MELTON CRAIN
GLENN GADBOIS
BRAD UNDERWOOD

TxDOT STAFF:

ERIC GLEASON, PTN Director
KELLY KIRKLAND, PTN Section Director
BOBBY KILLEBREW

ON THE RECORD REPORTING
(512) 450-0342
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PROCEEDINGS

MS. BLOOMER: Move on to Item 2 of the agenda, approval of the minutes from the September 13, 2012, meeting. Do I have a motion?

MR. SALAZAR: This is J.R. I make a motion.

MS. CRAIN: Second.

MS. BLOOMER: Okay. I have a motion from J.R. Christina, do you second the motion to approve minutes?

MS. CRAIN: Yes.

MS. BLOOMER: All right. We have a motion and a second. Since we have folks participating on the phone I'll just go through the list to make it easier. Brad?

MR. UNDERWOOD: Aye.

MS. BLOOMER: Christina?

MS. CRAIN: Yes.

MS. BLOOMER: Glenn?

MR. GADBOIS: Yes.

MS. BLOOMER: J.R.?

MR. SALAZAR: Yes.

MS. BLOOMER: And we're missing Rob. And Michelle -- yes. All right.

Item 3 on the agenda is review and discussion of the PTAC Work Plan and update of current activities related to the work plan elements. In looking at the other items on the agenda, number 4, 5, 6, and 7, I think
we'll just quickly kind of give an update of where we are on our work plan elements. And I think based on our last meeting the majority of the discussion focused on our state and federal priorities with the majority of that discussion really being on our state legislative priorities.

And if I recall correctly, our working group had proposed items related to the Texas Enterprise Fund, Medicaid planning, and exemption of state motor fuels tax, as well as a recommendation for three-year financial planning.

What I'd like to do is if we can -- because part of the discussion we had related to all those items was having TTA come and sort of present their legislative agenda as well as provide the committee with some answers to their questions about the who, what, where, when, why, how, how much, and who might be in opposition to any of these three -- is to go ahead and just move on to agenda item 4 for the presentation by the Texas Transit Association. And then we can get into any questions we have and move on to the actual discussion of our legislative priorities if everybody is okay with that.

I see nodding heads on this end. Any comment from our folks on the phone?

MS. CRAIN: I'm fine.
MR. GADBOIS: This is Glenn. My phones are
nodding yes.

MS. BLOOMER: Okay. Thank you, Glenn's phone
and Christina. All right. Then I will go ahead -- Eric
just passed out a document, TTA Legislative Agenda. And
is it possible to get this --

VOICE: Online for people on the phone?

MS. BLOOMER: Yeah. Possible to get it for the
folks on the phone?

VOICE: Can we have Rebecca scan it?

MR. KILLEBREW: It will take a couple of
minutes. This is Bobby. Are the people on the phone
where they can receive an email with the attachment?

MR. GADBOIS: Yes.

MS. CRAIN: Yes.

MS. BLOOMER: Okay. Then we'll see if we can
get you a copy of it as we go through. But if there's no
further discussion on Item 3 we'll go ahead and turn it
over to the Texas Transit Association for a presentation
of their legislative items.

MS. FISHER: Thank you, Michelle. I appreciate
it. My name is Nancy Fisher and I'm here on behalf of
Texas Transit Association. Ray Allen, who is also with
our lobby team, is here.

One of the first items that I'd like to discuss
is our initiative which will give a fuel tax exemption to non-metro transit systems. Currently these transit systems have to pay this fuel tax. And in a meeting with Phil Wilson, who's the executive director of Texas Department of Transportation at the beginning of his tenure there, he suggested to us that this is pretty much of a wash and suggested that our association look at this as a way to save our members money by not having to pay this tax.

And so we are pursuing that and will hopefully have our legislation drafted and ready to file when -- as we move forward into next session, which begins in January.

Basically this bill would exempt our transit systems from the diesel fuel tax or other types of taxes. As you know, there are several exemptions for these taxes right now, and so we just wanted to try and add our transit individuals to this exemption.

For example, school buses -- school districts are exempted. There are also some commercial bus lines that are exempted and other industrial groups that are exempted.

I know that there will be a fiscal note with this, and so there will be a decrease in revenue to Fund 6. It should not be so substantial that hopefully with
some good work by our team at Texas Transit Association we can get this bill passed. Is there any questions concerning that particular piece of legislation?

MS. BLOOMER: I think some of the questions that came up last time were sort of how the money flowed -- so when you pay the penny of sales tax where it goes and could you follow the penny. And then one of the other questions a member had was eventually since there would be a reduction in revenue that folks would be in opposition because they would be worried that that would lower the amount of money they would then have available to them.

MS. FISHER: When the bill is filed and --

MR. GADBOIS: Hey, Michelle.

MS. BLOOMER: Question?

MR. GADBOIS: Michelle, can I jump in quickly because I had to leave before that part of the discussion. But I'm -- that's Fund 6 money. Right? It doesn't go in the general fund as you all had described in the discussion -- or wondered about in the discussion; it's Fund 6 money.

And so if you have TxDOT saying they're comfortable with it there are very likely other constituencies that would be a significant problem.

MS. FISHER: Certainly we hope that is the...
case, sir, and we will be working with other interest
groups like Texas Good Roads and others that do receive
funding from Fund 6 to support this legislation.

I -- until we get the bill filed and get a
fiscal note on the bill we won't know exactly what that
fiscal note will be. But we will be working with TxDOT
and others in hopes of making sure that we have the
support that we need.

MR. ALLEN: I might continue by talking for a
moment or two about the next item on our legislative
agenda dealing with medical transportation -- the medical
transportation program.

In a nutshell, Demetria Pope with the
Department of Health and Human Services is currently
holding a series of meetings across the state -- I believe
there are 14 or 15 of them. Brad, you went to one --

MR. UNDERWOOD: Yesterday.

MR. ALLEN: -- yesterday. I've attended three
and other people from TTA -- providers have attended many
of them. They continue through November 14 where the last
one will be in Bryan/College Station.

So the fundamental issue is that HHSC is
proposing major changes in how non-emergency medical
transportation is provided. Currently it is provided by a
large variety of transportation area service providers,
many of whom are local transit organizations, particularly in rural and small urban areas.

One of the proposals under consideration is for expansion of the full-risk broker option. We currently have two full-risk broker options operating regionally, one in southeast Texas and one in the Dallas region. And the bottom line is if we rolled this out statewide it would have -- it would cause irreparable harm to many of the small urban and rural providers who are currently providing that service and for whom the income from that service is a key component of their annual budgets.

And so we have been vigorously opposing what is now called option number 1. HHSC put out a document, which I have provided to those of you who are here and which should be available via email shortly to those on the telephone.

They listed five options. Option 1 is for this broker expansion. Option 2 is a managed care carve-in where a managed care provider would also handle transportation under their contracts. Option 3 is TSAP -- a transportation area service provider enhancement.

4 is a regional transportation partnership, which the Texas Transit Foundation proposed in the form of a white paper, which is being seriously considered that, in essence, would have transit providers anchoring
services in very large portions of the state where we have regional strengths and where there aren't strong transit providers currently providing that service then that would be available for private opportunity.

And so the fifth is a hybrid model of the above.

So Texas Transit Association is proposing through budget riders and/or specific legislation to implement pilot programs throughout the state focusing on partnerships among our transit providers who are currently providing that service and people that they would partnership in their region.

That is item number 4 on the HHSC draft of possibilities. And we would probably also feel pretty comfortable with that combined with perhaps option number 3.

So, anyway, the bottom line is they will be making decisions about that, and because of its huge importance to us we believe that that will be a major part of our legislative agenda as we move forward.

MS. BLOOMER: This is Michelle. Can I just ask a few questions --

MR. ALLEN: Sure.

MS. BLOOMER: -- to clarify? J.R. and I were both at the HHSC medical transportation forum in Fort
Worth on Tuesday -- what day?

MR. SALAZAR: Tuesday.

MS. BLOOMER: Tuesday. And so I did, though, think it would be a good opportunity if the committee wanted to weigh in on the discussion, both directly to HHSC as well as potentially to the commission, to let them know sort of where we feel public transportation is in the state and provide comment on that as well.

But I need a little help understanding -- I think I understand option 1 -- that's what we currently have in Dallas/Fort Worth -- and the pros and cons against option 1 -- option 2 as well.

But option 3 I'm having a hard time wrapping my mind around. I can understand there's some transit providers that are in favor of option 3 and I'm just trying to understand the pros and cons of 3. I think I understand --

MR. GADBOIS: Michelle --

MS. BLOOMER: Just a --

MR. GADBOIS: Michelle --

MS. BLOOMER: Just a minute.

MR. GADBOIS: -- for those of us on the phone --

MS. BLOOMER: Uh-huh.

MR. GADBOIS: -- I think I need to understand
what option 2 and option 1 are.

MS. BLOOMER: Okay. Sure. Let me --

MR. GADBOIS: Could you explain a little --

MS. BLOOMER: Sure.

MR. GADBOIS: -- but about those option questions.

MS. BLOOMER: Option 1 is what HHSC refers to as the full-risk broker expansion model, which is currently the model in the Dallas/Fort Worth and I believe Houston area.

VOICE: Yes, ma'am.

MS. BLOOMER: And I -- you know, based on our current experience I wouldn't recommend taking that model statewide.

Option 2 is the managed care carve-in, which is basically that -- this option proposes to carve in non-emergency medical transportation services into managed care. So my understanding of that option is that health providers would now become transportation providers. And, in speaking, their focus is again on providing high quality medical services, not transportation. That's what the public transportation industry does. And so that doesn't seem to be a direction most folks want to go either.

Option 3 is the Transportation Service Area...
Provider -- or TSAP enhancement option. And that's the one I'm having a hard time really understanding.

And then option 4 is a regional transportation partnership. And this is another pilot that is happening, and it's happening with three public transit districts. The Brazos Transit District, Capital Area Rural Transportation Services, and Hill County Transit are all working together to provide MTP service in a 24-county region. So most folks -- at least public transportation folks, as well as a lot of clients at the Fort Worth meeting, were in favor of option 4.

And then option 5 is what they call a hybrid model, and it's basically a hybrid between options 1 and 2. And so if you are opposed to options 1 and 2 then you're most likely opposed to option 5.

But if you could just help me understand option 3 a little bit better --

MR. ALLEN: Sure.

MS. BLOOMER: -- maybe where the transportation industry is on --

MR. SALAZAR: And if I could just --

MR. ALLEN: Sure, J.R. Please.

MR. SALAZAR: Let me inject something first. I did -- for the record, J.R. I did speak at the forum in Fort Worth. And I do support number 4 with the pilot
project, but I'm also in support of number 3, being the fact that the company that I work for is a TSAP. And one thing that I told Michelle is that, you know, some of the concerns that we have obviously are down south in Houston, but also in the Dallas/Fort Worth area where we're having the big nightmare with the full-risk broker.

But in other areas of the state the TSAP model is working. And I would say that for the area that I'm in in the west central Texas area where there's 19 counties that we essentially provide the non-emergency medical transportation.

And just to give you a very quick background, when we applied for that back in 2005 whenever it was with TxDOT -- 2004 -- whatever year it was, we came together as a group of providers: us and the three subcontractors that we have in place now.

And so we sat down and discussed what we would do. And it was then decided that Central Texas Transit would apply for that area -- the TxDOT district area -- sorry; not the TxDOT district, but the council of government service area. And so we did. And then we subcontracted the City of Abilene to CityLink and then seven counties to two other rural transit districts.

And that model has worked out really well for us. And so I think that's one thing that we need to keep
in mind -- that the mess that we have in the Dallas/Fort Worth area may not be quite of a mess in the West Texas area and then -- so that's just my quick little comments.

MR. ALLEN: Those are excellent comments. Let me explain a little bit first about option 4, and that is that it was created as an extension of a white paper submitted by the Texas Transit Foundation to HHSC. And what we were proposing was that, because of the short amount of time we had to put in input, that we had three transit agencies -- all very strong, all located in central Texas, all with contiguous boundaries -- and they had agreed they would come together and form a central Texas pilot program to show what could be done other than a full-risk broker that would protect both the continuity of service to current riders and the quality of service to current riders. And if we're allowed to operate together in ways that we're currently not we could probably significantly include efficiency.

So we pushed forward the idea of a pilot program. The agency leadership of HHSC changed at the top level and at the level that was overseeing medical transportation. And they have accelerated their plan to make a decision about how they're going to provide transit.

And, frankly, for us to -- this is important
for us to understand. This is a $200 million bump on the
back of an agency that is in the tens of billions of
dollars. So this -- though it is -- it's life blood to
us, it is a nuisance. I don't mean to say that they're not
concerned about it and they're handling it appropriately,
but it's something to be dispatched and done away with so
that we get on to building roads and other transit issues
and all the other things that are on their agenda.

So, as we have worked our way through some of
these hearings, it has become very clear that there are --
is a large variety of ways where this three-agency pilot
could be dramatically expanded. And J.R.'s just given one
perfect example of how a regional approach and a regional
solution where transit is integrally involved is probably
doable almost in every area of the state.

And there are areas where the TSAP is a group
of transit providers and subcontract to private agencies.
On the other hand, there are private agencies that are
subcontracting to transits. And where that's possible on
a regional basis, that has worked out well.

Where it hasn't worked well -- what hasn't
worked well is for a single broker in a large geographic
area to gain a monopoly where it can then use the power of
that monopoly to suppress the cost -- the prices to
transit people who are then subcontracted to provide at a
much lower rate than we're currently receiving and to
supplant transit organizations with, in some cases,
individual drivers of individual cars to provide that
service.

So, anyway, what we're looking at now is
probably some kind of combination between proposal number
4 and proposal number 3 as we move forward. So the
urgency is important because of the severity of the threat
to people in the transit world and because of the speed
with which the agency wants to make a decision. Those are
creating a nexus of really a dire sense of urgency on our
part.

Hopefully we will through the hearings that are
being held effectively present our case. I'm certain that
that's happening right now. But we do have to put
together a plan and say to HHSC, Look, we've got a plan
that covers most of the state and what we can't cover you
should look at possibly having a broker or a group of
brokers or some kind of a regional hybrid handling that.

So, anyway, that's the status -- and I didn't
mean for it to go on so long. And I might just jump ahead
and cover the other issue if --

MR. GLEASON: If I could -- before we go on if
I could ask the folks on the phone to please make sure
that you have your phones on mute. As you're trying to
speak we're getting a little bit of background noise.

Thank you.

MR. ALLEN: I'm going to jump ahead for a moment.

MS. BLOOMER: Can I hold --

MR. ALLEN: Sure.

MS. BLOOMER: Can we hold on a second --

MR. ALLEN: Sure.

MS. BLOOMER: -- because I think this issue is a very important one. And after having attended the forum I think -- depending on where the committee feels I think it would be very important for the committee to weigh in as a committee on this issue, both directly to --

MR. ALLEN: Absolutely.

MS. BLOOMER: -- HHSC and to the commission. Because my understanding is Demetria Pope is going to take all the information from the 14 forums, prepare a report, which she committed to making available on their website -- and then from there my question to her was, then what happens?

We're obviously all trying to serve the same clients. We're all very passionate about making sure they get to the services they need, but we need to all work together to figure out how best to do that.

And one of the suggestions I offered her at
that meeting was I don't know -- I understand the need to move it forward, but I don't understand why all of a sudden we're now going like 150 miles per hour in lieu of, you know, having some discussions. And I think it would be pertinent to get a group of statewide HHSC and transit industry folks together to come up with a longer-term solution.

And I know the committee had recommended -- or the working group had committed -- commented that they wanted one of the statewide initiatives to be asking the Legislature to have PTN at the table. And I think that's important, but I think more importantly is to have representatives from both the health and human service and the public transit industry side weigh in on this issue and come together. Because, ultimately, they're trying to get their clients to medical appointments and we serve all their other clients needs. So there seems to me that there's this nexus that we just aren't working together to do.

MR. ALLEN: Absolutely correct.

MS. BLOOMER: And I just want to clarify -- so on option 3 it's not just the fact that we're -- the transit industry is in favor of it because it would extend the current model to 2015 and allow for the collection of data to then make a more informed and thorough decision.
It's the concept itself of a TSAP that we're in favor of as well. Okay.

MR. UNDERWOOD: Michelle, if I could, I think what you're saying is a very good idea as far as PTAC weighing in on this issue. I think the only issue that I have with that is we probably need to do it sooner than later. In Fort Worth yesterday Demetria talked about how she was going to be preparing the report maybe by as early as the first or second week of December. That's really quick. And if we're going to get some comments in we probably need to do that either via conference call within the next week or two. Last meeting is going to be in -- the 14th in Bryan, Texas.

MS. BLOOMER: Right.

MR. UNDERWOOD: And then I think she's having a meeting following up that first week of December and the report's going to be out.

MS. BLOOMER: Right. The deadline she gave at the forum in Fort Worth was November 15 to get comments in, which, again, was sort of -- blew me away. It's like I just heard about this meeting. I'm here today on the 7th and comments are due on the 15[th].

MR. UNDERWOOD: Yeah.

MS. BLOOMER: And we're talking about a $200 million a year bump?
MR. ALLEN: Bump. But, again, but the --

MR. UNDERWOOD: But I don't -- but I also don't know how much she's driving that train -- if it's just being driven for her and she's on the back side. So --

MR. ALLEN: When I was in the hearing on -- in Houston a few days ago prior to the one in Fort Worth, she said that she wanted the comments to arrive no later than the 14th because she was going to start writing on the morning of the 15th. So their current plan is to have all comments there.

I don't -- wouldn't begin to attempt to steer you in what you say and what you recommend, but it appears that perhaps one of the immediate recommendations would be for a little extra time to prepare comments and proposals.

MS. FISHER: May I make a suggestion?

MR. ALLEN: Sure.

MS. FISHER: Madame Chair, this is Nancy Fisher. I would ask as you move forward in your process if you could work with the stakeholders at the Capitol. I think it would be very advantageous to PTAC if your -- Christina, who is the appointment from the Lieutenant Governor's Office, and you go and meet with the Lieutenant Governor or his staff on this issue.

I think that there is some urgency on the agency's behalf because they feel like the Legislature
wants some clarity to this issue next session. And so that might be one reason why they're looking at trying to get a report done by mid -- by this year. With input from Christina and you to the Lieutenant Governor's office I think would be very well heard and perhaps their other appointee, who is not here today, might also -- may want to accompany you on that meeting. And I'll be happy to help you in any way.

MS. BLOOMER: Okay. And I think one thing we heard too at the forum was just sort of their -- the transit industry understands the transit side but not necessarily the Medicaid side -- and vice versa -- Medicaid understands the medical side but not necessarily the transportation side. And the same holds true for a lot of elected officials.

And so I think it would be very helpful for all of us on this committee, as well as if any of us go to speak to elected officials, to have a very good understanding -- at least a basic level of what the issues are. And I don't know if that it is in the Texas Transit Foundation white paper that was sent to HHSC, but that would be very helpful because it's a very confusing issue and it's very hard to sort of boil it down to what the real issues are and to feel confident in speaking to them.

MR. ALLEN: In the packet that I handed you I
gave you -- the last page of three is some talking points from TTA's perspective, which might not be universally applicable to this organization, but it talks about the things that were of concern to us. And I also have, Madame Chair, a copy of the white paper if you'd like to have it copied so that people here can get it and then scan it to send it out to other board members. I'd be happy to --

MS. BLOOMER: That would be great. Thank you.

MR. ALLEN: -- make this available to you.

MS. BLOOMER: Okay.

MR. ALLEN: Let me mention the other item that is directly related to this.

MR. GADBOIS: This is Glenn. Before we move on --

MS. BLOOMER: Yes, Glenn.

MR. GADBOIS: -- some questions. Given you all were at the hearing we -- so we've got legislative issues and we've got regulatory issues. And then we've got, you know, region-by-region issues. The solutions that work for J.R. may not be the same right solutions for, you know, central Texas and their partnership. Right?

So help me understand, it is HHS -- in the process of developing regulatory rules for Medicaid
transit options that are looking to choose one option or are they developing rules that are looking to develop a process for deciding area by area which option's most applicable.

MS. BLOOMER: That is a good question. Anybody that attended? My --

MR. UNDERWOOD: Glenn, you know, it was my impression yesterday that they are looking for any suggestion. And Demetria is very open about, you know what, if you think a combination of 2 and 3 is best or 3 and 4 or whatever, or if you have another option that's not even listed here please put that forward.

They're looking for any type of reasonable solution. She did not say that she was committed to any of them or one of them. I mean, at least that's the impression I got at our meetings.

MR. GADBOIS: Okay. And the reason I'm asking is because given what I've just heard from you guys some places have already been doing -- some areas have been doing pilots that seem to be working well. And then when Michelle suggested a process by which the transit providers and the HSSC, you know, agencies work together to decide a proper solution for their region that's description of a process.

But when options -- you know, five options are
tossed out it's looking like, you know, decide which ones of these -- we can put up a menu, you know, but our rules are going to really choose, you know, a menu item or more. Right?

MS. BLOOMER: Glenn, this is Michelle. I think -- I understand where you're coming from. And my impression of the forum was consistent with Brad -- that they're looking at input on five options. But, like Brad said, I think they are very open to any and all suggestions, and if one of those suggestions is maybe it's not one of the five and maybe it's not any model, but like you suggest it's maybe more of a process driven by the regional stakeholders to come up with what works best for them.

So I think it's up to us to sort of provide our two cents into how we think best the state can address the issue. And I think one of the points that was made, and has been made for today, is that what works maybe in J.R.'s region won't necessarily work in D/FW or El Paso. And, hence, maybe one of the five -- it's not best to pick a model, but, yet, to leave it to each region to determine how best to meet that need while leveraging the state's existing investment in public transportation --

MR. ALLEN: Perfect.

MS. BLOOMER: -- being the key.
MR. GADBOIS: Okay. And the reason I asked this, Michelle -- and just to harp on it for a little bit longer -- is if HHSC, which is a multi-billion dollar agency that -- you know, that has to do this transportation program by court order, but it's a little pot of money that they don't care all that much about -- are they just looking to appease somebody and give them a better answer -- one that may cause a little less public, you know, frustration given what's happening in Houston and Dallas, or are they really looking to solve this?

My suspicion is there's also a legislative strategy here where we've got to get the Legislature giving HHSC the permission to take a little more time if we want to suggest process over pick that one option. Does that make sense?

MS. BLOOMER: I think I got that, yes.

Everybody's nodding on this end. Okay. Given that, isn't the 14th next --

MR. UNDERWOOD: Next Wednesday.

MS. BLOOMER: -- Wednesday? Okay. So do we as a committee want to move forward on preparing a letter to send to HHSC as well as the commission regarding this issue?

MR. UNDERWOOD: Yes.

MS. BLOOMER: And are we in agreement with what
that letter will say?

MR. GLEASON: If I can, I think the record should show the basic bullet points that the committee wants the letter to have in it.

MS. BLOOMER: Okay. And I think maybe we can all stew on that until we get to the next item to lay out those bullet points. And then we'll just go ahead and just continue in case we have anything else to address the --

MR. ALLEN: I might just say for historical assistance here, that TxDOT ran this program and ran it well for quite some time. It was shifted to the Department of Health and Human Services. I'm not sure I exactly know why or remember the reason why. Nancy probably does -- her memory is better than mine.

Which leads me to the point that I wanted to finish with -- is that TTA has sent a letter to executive director of TxDOT Phil Wilson requesting that he provide some historical context to the Health and Human Services Commission leadership.

That would specifically address what Michelle just mentioned a moment ago -- is that anything that we do in the state of Texas should not be done without regard to the incredible investment that the state has made in transit.
If we moved, for example, to a full-risk broker model that would not only not pay attention to that investment but it might very well dramatically and speedily undermine that investment, which is a concern to us because we’re the ones to be undermined.

But those within TxDOT who have been integral to the transit portion of their transportation mandate understand it very, very well, whereas those folks at TxDOT -- at HHSC may lack that historical understanding. And so we’re asking TxDOT to provide some resource by way of history and education to the brand new leadership of HSSC.

And one last comment I will make -- and that is that -- this is a personal comment. I think that when HHSC started this series of hearings I think they had in mind that the likely answer to their question was going to be a full-risk broker model because of its ease of administration -- you know, one contract, one broker, and you hold them responsible for everything.

I think the people in the transit industry have done a very good job so far and will continue until the last gasp of the last hearing in pointing out that that is not what is likely -- not what -- from my perspective it is not believed to be the best solution.

MR. UNDERWOOD: Right.
MR. ALLEN: So I think they've been quite surprised at the depth of concern and at the creativity of people offering other alternatives. So I think -- you know, I think it's important that you go ahead and speak to the agency on behalf of PTAC, and we would certainly hope that TxDOT and its leadership will have ways that they feel are appropriate for them to provide information.

MR. SALAZAR: This is J.R. I just wanted to clarify the comment that I made earlier about option 3 or option 4. I do want everyone to know for the record I am in favor of option 4. I truly support that, especially my seat on TTA and on PTAC. But I also see the impact -- or the areas of the state where maybe that may not work. So I just wanted to clarify that I'm not opposed to option 4.

MS. BLOOMER: Okay. This is Michelle.

MR. GADBOIS: Can --

MS. BLOOMER: Glenn, hold on. One of the -- there were three items the working group wanted brought forward -- the Texas Enterprise Fund, the Medicaid plan, and the exemption from the state metro fuel tax. We've covered the two. Does TTA have a position regarding the Texas Enterprise Fund? Was that -- Brad, was that part of --

MR. GADBOIS: Michelle, before we move on can I address what -- I think it's Ray -- is it Ray from TTA?
MS. BLOOMER: Yes.

MR. GADBOIS: Could I address what Ray just said about historical stuff --

MS. BLOOMER: Very quickly.

MR. GADBOIS: -- before we move? What Ray has -- my understanding in working with Michael Morris and others to start doing regional planning, that one of the problems we consistently have had is that some providers may bridge the gap of basically two different languages and approaches to doing their business.

The transit side wants to basically lay out a system and a service, to think about things in those ways and the health and human service folks are really focused on individuals and the services given to individuals.

What I don't hear in your conversations very much is any appreciation of the HHS perspective. Did some service providers do a great job of talking the language in bridging that translation gap? What I'm not hearing in what you presented, Ray, are you all thinking about ways to bridge that individual versus systems gap?

MR. ALLEN: I'm not sure that I understand your question except that to say that I'm perhaps not the best person to communicate the full range of TTA's capabilities, their interests. We're quite a varied group. We have some -- you know, we have differences of
opinion among ourselves, as J.R.'s already pointed out, not that, frankly, that hasn't been a fight within the organization. It's just a different perspective.

And we're having a hard time getting our hands around the idea of fundamental change in which we're all required to shuffle the deck, both individually and regionally, in order to forestall a process that would threaten every one of us, whether you're a private sector TSAP or a transit-based TSAP.

VOICE: Or any --

MR. ALLEN: Yes -- or any of those -- any other option. So if I'm expressing myself in language that's unique to TTA I will just plead that that's my job. Our client is TTA, not the entire transit industry. But I will say that it's not TTA's intention or long-term goal to exclude anyone from service to people in Texas or from the debate or discussion about how we're going to go about that.

MS. BLOOMER: This is Michelle. Let me just add, Glenn, I think too part of maybe the regional approach is what works and -- to focus on what works best in each region may be different. But I know -- I didn't go to the Dallas meeting, but I did go to the meeting in Fort Worth, and it was mostly your demand response rural public, small urban providers. Our metropolitan transit
provider was not in attendance. And maybe that is because they are more in the system approach. But the folks that were there representing public transportation were very much from a client perspective, not a system approach.

MR. ALLEN: That's correct.

MS. BLOOMER: So I think that's where we have sort of strife in working with HHSC, because the folks I heard at the meeting that spoke were those who were concerned about the client and the fact that our client is public transit providers are the same clients of HHSC, and how come we're serving them with two separate systems when it's the same client trying to make multiple trips.

But I think we'll go ahead and close the discussion for now on Medicaid and we'll open it back up under the next agenda item. But I did just want to see if there was any other discussion on the Texas Enterprise Fund that we wanted to have. Because I know we have talked about sending a letter to the commission outlining our state legislative priorities -- which I've mentioned them three times.

Medicaid we may want to take out and address separately, which leads us to -- I understand the fuel tax one. I'm still not comfortable enough that I know enough to sign anything related whether we're for or against the Texas Enterprise Fund and setting money aside. And we had
talked at the last meeting of coming back and having a
good update with a little bit more information of how that
works and what we would ask for. And there was some
strategic discussion of did we want to ask for a set-
aside, and, if so, how would that be awarded and that kind
of thing.

So I don't know if we're going to talk about
that today or if we want to hold that. We want to focus
on Medicaid since we have till November 14 or 15, and that
might give the folks on the working group, one, a little
bit more time to put together some information to help the
other committee members -- and maybe it's just me --
understand the Texas Enterprise Fund as it currently is
and how it's historically worked and what we would be
asking the Legislature to do and why that is in the
benefit of public transportation.

MR. GADBOIS: And, Michelle, I thought your
question was did TTA -- do you all have any thoughts on
Enterprise Fund. I actually have an answer to your
question that you all have asked, you know, via the
transcript at the last meeting and I'm happy to answer any
of those I can remember.

MS. BLOOMER: Glenn, would it be possible for
you to send that out for all the committee members just to
sort of review and give us time to digest it and then ask
if TTA has any thoughts? It might be hard for TTA to respond since we don't really know at this point what we would be asking or recommending.

MR. ALLEN: We -- I can give an answer to that, and that is we don't have a position at this time because we haven't had those internal discussions at TTA. But if -- as soon as PTAC makes a recommendation or even a preliminary recommendation which you'd like for us to study then we can bring it to the leadership of TTA and would be delighted to do that.

MS. BLOOMER: Okay. Thank you. And one of the things we had talked about at the last meeting is since we are here to help advise the Texas Transportation Commission on issues of statewide importance related to public transportation -- obviously you represent the industry that we would like to work better and to coordinate so we can utilize you as a resource to sort of hear what the transit providers in the state are interested in and maybe better coordinate going forward. So that would be great.

Are there any other questions for our two folks from TTA?

MR. SALAZAR: If I can again -- this is J.R. -- just very briefly, Michelle, I know that I talked to Scott Neeley, our TTA president, and we are very close to hiring
a executive director for TTA. I think they are in the negotiation process right now, and hopefully some time next week we'll be able to announce our new executive director.

MS. BLOOMER: Okay. Great news. All right. Then if there's no other discussion on item 3 we'll move on to -- oops, sorry, that was 4 -- item -- we will move on to item 5, legislative priorities discussion and comment.

I think we've sort of mixed that in with the previous one. But just to clarify sort of where we are, I think our initial intent was to send one letter to the commission for state legislative priorities and one letter to the commission on federal priorities. I still think the federal is off in the future.

I think the discussion we need to have right now is as far as the state letter do we want to try to do something that encompasses all three or do we want to go ahead now and focus on Medicaid and responding -- providing some recommendations to HHSC as well as to the commission?

MR. UNDERWOOD: I think it sounds really aggressive to do both, but, to be honest, seeing next week is our deadline I think we probably ought to focus on Medicaid and getting a letter to HHSC. That would be my
preference. And then, Michelle, if you need help -- if you're going to create a subgroup or you're going to work on that letter or whatever I would offer some time and conversation if you'd --

MS. BLOOMER: Okay. Can we have -- if everybody is okay with focusing on getting the letter to HHSC, as well as -- I would say to the commission as well --

MR. UNDERWOOD: Copy them on it, yeah.

MS. BLOOMER: -- if we could just sort of, as Eric recommended, go ahead and sort of flesh out what those main comments would be -- or recommendation in the letter. And then that will give me sort of a game plan of how to go forward, and then I can pull other folks in to help write that letter between now and Wednesday.

And I don't -- we can just toss it around, but I don't know if we as a committee want to weigh in on any of the options per se. What Demetria Pope was looking for was pretty much in the -- had boxes -- I support option and blank, I oppose option blank. If we want to go as far as being that specific or if we want to propose -- I think they had an alternative recommendation -- is just to propose an alternative recommendation of what we think would work best.

And I'd like to, you know, take the opportunity
to just reinforce that we are very client focused -- and
it's the same clients -- and the leveraging of the state's
existing investment in public transportation. I don't if
other -- what other folks think would be important.

MR. UNDERWOOD: I think we have to kind of keep
it less about the options and more about concepts we would
support. So in case they come up with something else that
we might could live with -- I think we have to keep
restating the position we have to be able to support
public transportation and public transportation playing a
key role in whatever we're doing about leveraging the
assets that we currently have -- not creating duplicate
systems.

I think we have to say something about keeping
our ultimate customer -- the rider -- in mind. At the
hearing in Fort Worth, you know, there was -- I'll be
honest -- there wasn't a ton of transportation providers
there. This was mostly social workers, case workers,
riders that were there that were opposing --

VOICE: In Dallas?

MR. UNDERWOOD: In Dallas -- I'm sorry, not in
Fort Worth, in Dallas. I apologize. You know, and
there's -- you know, in the last five months there's been
6,000 complaints against logistic here in the Dallas/Fort
Worth area. And so people are starting to come out about
this more and want a change.

And so I think we have to keep our comments focused on -- you know, with the final user in mind but continue to support public transportation. I don't think we need to get so deep into we want to do this one.

MS. BLOOMER: And I was --

MR. GADBOIS: And I actually like your statement of leveraging existing assets rather than the blanket statement of we need to support public transportation. We need to leverage the investments we've already made, where they work well to serve the customer, the rider.

The other thing I would suggest is that we're not about choosing options. What works for J.R. may not work for the Dallas/Fort Worth area. What I've heard Michelle suggest and I like is HHS needs to commit to a region-by-region process for deciding the solution that can work, including a number of stakeholders.

MR. UNDERWOOD: And I don't disagree with that, Glenn. The only thing I think that in this letter we should oppose the full-risk broker model period though. I don't think this is a good thing for public transportation any way you slice it, and I think that would be something safely that I think we could all agree on -- that is not a good option for Texans or public transportation period.
MR. SALAZAR: This is J.R. I agree with that last statement Brad made.

MS. BLOOMER: Okay. So we've sort of come full circle. If we don't think full-risk brokerage is a good model for Texas then I would almost say -- I would also put in there option 2 because it gets, again, away from folks doing what they do best.

MR. UNDERWOOD: I agree.

MS. BLOOMER: And then so it's 1, 2, and 5 that we would not recommend and support and 3 and 4 and/or in favor of a regional process involving health and human service and transportation stakeholders working together to collaboratively develop a model that meets their needs.

MR. UNDERWOOD: And I think we can effectively say that.

MR. GADBOIS: Before we go there and I agree to that why is it that 1 is not good for anybody -- that we all agree to that?

MS. BLOOMER: Well, I think -- one of the issues is it hasn't worked well yet. The examples --

MR. GADBOIS: But it's worked well in other states.

MS. BLOOMER: That's -- and I don't know --

MR. UNDERWOOD: That's debatable too though even, Glenn.
MS. BLOOMER: Yeah. What we've heard --

MR. UNDERWOOD: No.

MS. BLOOMER: -- is it hasn't worked well in other states. And it's currently not working well in Dallas/Fort Worth. I don't know if it's working well in Houston --

MR. UNDERWOOD: It's not working well in Houston.

MS. BLOOMER: -- but if we can't make it work in Dallas/Fort Worth why would we want to take something that's broken and expand it statewide.

MR. GADBOIS: And what is it that's not working?

MR. SALAZAR: The level of -- this is J.R. The level of service -- everything that these clients are used to, that is not the service that they're getting now. And so they're complaining about drivers not showing up, about drivers not being able to speak English, of not having wheelchair tie-downs, being asked to transfer into a seat -- just a numerous amount of things that passengers that are -- MTP customers -- passengers don't like.

And I want to go back to something that Brad said about in the Fort Worth area -- you mentioned the Dallas area. In the Fort Worth area it's the same thing where -- is primarily riders that were there and made
the -- a lot of the comments.

But my comment was the company that I work for, Central Texas Transit, has been doing medical transportation since 1977. We've been doing that for 34 years, and I just don't think that a full-risk broker would come in and have the compassion for the people that we serve the way that we do as a company. And that's kind of tying back to something that Brad said.

MR. UNDERWOOD: Yeah, and Glenn -- and to me, it's an overall concept of taking a out-of-state for-profit company and putting them in charge of our society's most vulnerable individuals. It doesn't work. I think this is about reducing the amount of service.

MR. GADBOIS: But, Brad, I'm all for saying it that way. We're -- an approach to this is giving somebody a profit motive the only real incentive they have to do things incorrectly -- I'm all for saying that. But just saying we don't want number -- option number 1 I think is a mistake.

MS. BLOOMER: Right. Well, we will have to provide documentation or an explanation as to why we don't support option 1, option 2 -- whichever ones we don't. And we can work on that language.

I guess the question I'm trying to get to is do we want to specifically take a position on any of the
options or, like Brad was initially suggesting, stay away from the options and focus more on concepts -- what we would support.

MR. UNDERWOOD: I just didn't want to really limit us to say we want option 3 or option 4. I think to me we would be in support of anything that furthered public transportation and ultimately public transportation providers in the state -- ultimately providing a service -- not cab companies, not subcontracts, things like that.

MS. BLOOMER: Well, I think -- back to Glenn's point is in support of public -- meaning leveraging existing state resources --

MR. UNDERWOOD: Absolutely.

MS. BLOOMER: -- existing -- and I think one of my concerns too is the goal of the ease of administration of -- you know, if we're implementing a transportation program either on the HHSC side or the transit side our number one goal should not be ease of administration. It should be meeting the needs of the clients and the customers.

And it seems -- and I don't want to speak out of turn, but it seems like the way we're going and HHSC is going is that we're wanting to take the call centers and they're no longer going to be an HHSC. Everything is
being moved out and the responsibility is being moved out. And my concern is then what is HHSC responsible for and what is the goal of this initiative that they have to develop a model. Is it achieve administrative ease or is it to ensure the clients that need the transportation get it -- and maybe focus on the ultimate goal of the program, which is to get folks where they need to go and who is best at doing that.

And I think there is room for all providers -- public, for-profit, private, non-profit. It's just finding each person's niche to meet that need.

MR. GADBOIS: What I think -- I mean, I like Brad's suggestion and/or J.R.'s -- whoever it was -- that we're focusing on what we want and/or problems that need to be solved.

And so the four examples -- setting up a system whereby you're not focusing on the customer and the customer service, whereby you're not leveraging existing investments and resources, you have good experience now providing good quality service -- those are things we ought to get behind and make sure that they're solving -- not taking, you know, 1 off the table just to take it off the table.

MS. BLOOMER: Okay. I think I have enough.

And then if I can rely on maybe Brad and J.R. to assist --
and Glenn -- in reviewing the letter. Are we comfortable with the discussion here that we can go ahead and have the Chair draft a letter and send it to the commission?

MR. UNDERWOOD: I'd make that motion. Is that what you're looking for?

MS. BLOOMER: I'm looking for a --

MR. GADBOIS: Glenn seconds.

MR. GLEASON: Glenn, Michelle's looking for a nod from Eric.

MS. BLOOMER: I'm looking for a nod from Eric.

MR. GLEASON: You can't see that. She's not getting it yet. I would -- Michelle wants me to nod. I, frankly, need to hear that conclusion on how to approach whether or not to call out specific options as good or bad one more time. I'm not quite comfortable with the committee consensus. It's not that I have an objection to it.

I'm just confused on how to approach what has been suggested -- maybe we ought to identify 1 and 2 as something we're not supportive versus where the conversation ended, which I think was more emphasizing the positive things that we're looking for this model to do -- to leverage, as they say, investment, but then not necessarily wanting to take anything off the table. I'm just not quite clear on how you're --
MS. BLOOMER: Okay.

MR. GLEASON: -- expecting that to be phrased.

MS. BLOOMER: Well, and I think if -- if I'm
gauging the committee's discussion correctly I think we
want to take a position on 1, 2, and 5. We want to take
them off the table completely. No?

MR. GLEASON: That's not what I heard.

MR. GADBOIS: No.

MS. BLOOMER: I thought --

MR. GADBOIS: No. That's not what I --

MS. BLOOMER: I thought -- that's what I heard
from --

MR. UNDERWOOD: I agree. The reason why --
because they don't support our overall goals of moving
public transportation forward and the ultimate --

MS. BLOOMER: But my understanding, Glenn, was
that we -- your point was we just say we're in opposition
to it. We need to provide additional information as to
why we're in opposition to it. So are you --

MR. GADBOIS: So let's focus on 1. If we say
that the model has to leverage existing resources that are
doing a good job and it has to be customer service, if
somebody can figure out a way to do 1 -- it satisfies that
and other things would we really be opposed to it?

MR. UNDERWOOD: Yeah. And the reason why is
because you can't -- I think it's very difficult to put --
the way this model is set up they get paid regardless if
they deliver the service or not. I mean, it's a for-
profit model.

MR. SALAZAR: So the best way to make money is
not to provide service.

MR. GADBOIS: Wait.

MS. BLOOMER: Hold on. Hold on. There's like
three --

MR. GADBOIS: As long as they're setting it up
that way, Brad, then they don't comply with what we say
they need to do --

MR. UNDERWOOD: Okay.

MR. GADBOIS: -- in which case we would be
opposed to that.

MR. UNDERWOOD: Correct.

MS. BLOOMER: Okay.

MR. GADBOIS: But if they could put up
something that actually did a good job of leveraging
resources and provided good customer service through a
one-broker model, then we would be okay with that.

MR. UNDERWOOD: I think what you're talking
about, instead of a full broker model it's an asset-based
model, which would then -- basically goes back to a TSAP
is what it is. And that was one of the suggestions -- I
think that's sort of what you're alluding to -- is not a full-risk broker. It is an asset-based broker.

In a full-risk broker model -- let's just say, for instance, Dallas/Fort Worth is a $30 million a year contract. They have an exposure to lose millions of dollars if the service demands it. You know, if that many people are utilizing the benefit of NTP then they stand at risk.

Public transportation providers cannot put themselves on the chopping block to lose $3 million next year if it doesn't work out. That's a full-risk capitated broker model. And so that's the sheer concept.

An asset-based model -- or an asset-based broker would mean that a public transportation provider could, in fact, be considered almost like a TSAP -- exactly what we are at now.

MS. BLOOMER: So what we need to decide is if we're going to lay out the core parameters of a model that we would find acceptable versus if we want to say yes or no to 1, 2, 3, 4, and 5. And what I'm hearing is -- because I think what we can say is here are the core things the model has to have in order for us to be in support of it.

MR. UNDERWOOD: Correct.

MS. BLOOMER: These are the four things. And
if it doesn't have this, regardless of what model it is --
either one of these on this page or another one that comes
up -- we will not support it if it doesn't have these four
things that fit the customer or it's, you know, et cetera, et cetera. And in that way we are basically saying as it stands we would not support a full-risk broker model unless it meets these four things.

MR. GLEASON: This is Eric. And, Glenn, this one is mostly for you. Would the committee be willing to based on what they've heard from members about the experience to date is, following what Michelle just said, would the -- so basically setting up a performance specification, if you will, for how a broker model would need to perform to be successful.

Is the committee also willing to then at the same time recognize that they're hearing that the current experience in Texas doesn't measure up?

MR. GADBOIS: If that's a question for me, sure. I'm very willing to -- and I actually said when I started, we can point to problems if -- you know, I'm fine with that.

MR. GLEASON: Okay.

MS. BLOOMER: I think what the committee is looking to do is maybe more focus on the positives and here's what we would be willing to support. And anything
that rhymes with these four core issues or components we
would support. And in that way, vice versa, anything that
doesn't we would not support -- without saying we take a
more positive approach versus a negative approach.

MR. GLEASON: So the plan making is that the
letter be as specific to recognize that the current
experience in Texas doesn't seem to measure up to the
specifications that the committee is interested in seeing.
That's what I'm asking.

MR. UNDERWOOD: I'm fine with it. Sure.

Absolutely.

MS. BLOOMER: Okay.

MR. GLEASON: Does that make sense?

MS. BLOOMER: I think so. But you're going to
help me write the letter. Right? (Pause.) All right.
Okay. So we have a motion and a second and we've had
significant discussion and clarification. Actually, you
know what? I think we have a motion. Did we have a
second?

MR. UNDERWOOD: Glenn seconded it.

MS. BLOOMER: Brad made the motion. Glenn --
okay. Glenn seconded.

MR. GADBOIS: I seconded.

MS. BLOOMER: Okay. Just going down the
list -- Brad?
MR. UNDERWOOD: Aye.

MS. BLOOMER: Christina?

MS. CRAIN: Yes.

MS. BLOOMER: Glenn?

MR. GADBOIS: Yes.

MS. BLOOMER: J.R.?

MR. SALAZAR: Yes.

MS. BLOOMER: Michelle. Yes. All right. We will get that letter drafted and sent, and we'll be sure to send it out to the members when we do.

Moving on to item 6, presentation --

MR. GADBOIS: Actually, before we move to the -- beyond this item, the question you asked but didn't wait for an answer on is do you write a legislative letter, and that's actually still the issue I'm more interested in.

And so I would like to ask the committee's interest in developing a letter that you all could look at and say yes to or we decide -- well, I guess we can't decide at this point. I don't know how good this is, folks. And, you know, frankly, there's no -- you know, it'll be legislative session before we move it forward, in which case it's too late.

MS. BLOOMER: Well, Glenn, here's --

MR. GADBOIS: So you all help me understand.
MS. BLOOMER: Here's the issue we -- that I'm having on the statewide legislative letter. At our last meeting we talked about the three items that the working group put forward -- the Texas Enterprise Fund, the Medicaid planning item, and exemption from state motor fuel tax. We're taking out the Medicaid planning item and making its own -- and making it its own letter and issue.

That leaves us the Texas Enterprise Fund and the exemption from the state motor fuels tax. And at this time I personally feel I don't have enough information to weigh in on the Texas Enterprise Fund issue, and we do on the state motor fuels tax.

So if we want to weigh in on that separately we can. Or if we want to hold off and weigh in on the motor fuel tax and the Enterprise Fund together we can do that as well. I'm agreeable to whatever the committee wants.

I just don't have enough information or a good enough understanding of the Texas Enterprise Fund and what we're asking and how that impacts statewide public transportation to weigh in.

MR. GADBOIS: Well, and we can be pretty quickly in dispensing that. What we asked for originally, and continue to ask for with the Enterprise Fund, is who do they fund that gets allocation every session and given money. And then there are projects that are selected to
be funded out of that fund.

All we are asking for is to make public transportation an eligible expense for that fund. That's it. There are eligible things listed -- public transportation is not one of them. What we have suggested here is we want public transportation to have access to that money. Then we can go, you know, ask the Governor to actually give us money out of that fund if it's funded.

MS. BLOOMER: And I think part of the discussion we had last time was what has historically been funded under the Texas Enterprise Fund and how does it work. And if we were to work for money for public transportation under the Texas Enterprise Fund how would it be awarded? Would it be competitively?

MR. GADBOIS: We are not --

MS. BLOOMER: Would it be project based?

And --

MR. GADBOIS: Again, we are not asking for money. We are asking to make public transportation an eligible -- eligible for some of that money, period. That's all we're asking for from the Legislature.

Then once that happens there's got to be a request to the Governor's Office, and the Governor is the one who then actually allocates. And what has historically been -- the money has been allocated to is,
you know, bringing an industry into Texas.

MS. BLOOMER: Okay. I guess I -- if we're going to ask for -- and I'm not saying that I don't agree. I'm just thinking if we're going to ask somebody to make public transit projects an eligible expense under the Texas Enterprise Fund the next question they're going to ask is what are you going to do with it and why should we make you eligible. And isn't everybody else that's already eligible for Texas Enterprise Fund not going to want another person invited to the Thanksgiving table to share in their pot?

MR. GADBOIS: I don't think they will care because there's no constituency out there until funds are allocated. And so it's really a question of whether the Legislature assumes this is a good idea to maybe fund. And all we have to do in that argument is help them to understand there's an economical development aspect to public transportation.

MS. BLOOMER: Yeah. Well, this -- and, I mean, I will bend to the will of the entire committee. But where I am is I just need more information. I don't know the Texas Enterprise Fund as well as I think you do, and so I'm just looking for maybe a Texas Enterprise Fund 101 or TEF for Dummies or something so I can better understand it so when I read the letter and I put my signature on
that letter I know what we're all talking about, I know what we're asking for, and I, if asked, can better explain why I am in favor of it. So --

MR. GADBOIS: Okay. Then let me put it in very stark terms. If we don't make a decision today on legislative stuff there's no reason to make a decision on legislative stuff. So you're going to be making decisions today to do something or we're too late to actually have a real impact.

MS. BLOOMER: Any other committee members want to weigh in? I will --

MR. SALAZAR: This is J.R. I'm not against the Enterprise Fund and I understand your comment, Glenn, about the -- you know, we need to move on it now. But I don't know that much about it either. And that's all I'm asking for is just a little bit more information on the Enterprise Fund.

And I know that we're not asking for money from them now -- we're just asking to be put on the list. But my question is what happens if we do get money from them -- if we do ask for money from them -- the ramifications of that. What happens then is some of my questions.

MS. BLOOMER: Brad, do you have any thoughts or comments?
MR. UNDERWOOD: I'm just consumed --

MS. CRAIN: This is Christina. I've got just a few. Can you hear me?

MS. BLOOMER: Yes, we can hear you great.

MR. SALAZAR: Yes.

MS. CRAIN: Okay. I agree with J.R. I -- and with Michelle. I don't know enough about the Enterprise Fund to make a decision today. I do think though that we have potentially a little bit more time. When would our next meeting be?

MS. BLOOMER: After the first of the year.

MR. GLEASON: It would be after the first of the year probably, Christina, unless some compelling reason to meet earlier.

MS. CRAIN: And, you know, I mean, the Legislature goes through May. So, I mean, I understand the concern, but, you know, things get dropped in there at the last minute. And I just think that we need to do this right if we're going to look at this. And I'm with both Michelle and J.R. I just don't know enough about it to make a decision today on anything.

MS. BLOOMER: Why don't we do this? Why don't we focus at least the next seven days on the Medicaid issue and getting that out. Because if we had to prioritize the three issues in front of us would we not...
put Medicaid up at the top of that list and then maybe the exempt-from-motor-fuel tax and the Texas Enterprise Fund.

And then in that time, Glenn, if you could work on something that would help the other committee members sort of get up to the same level of understanding of the Texas Enterprise Fund that you have and sort of just help us understand better why -- what it is and why it's a good thing and how we could use it to leverage and enhance public transportation, I think that would be extremely helpful.

And then what we could do from that point on is focus on a second letter to potentially address those two items if we can all get on the same page regarding the Texas Enterprise Fund. If not, we can move forward with the state motor fuel tax item only. And then if we had to we can do a very brief conference call with everybody having had the Texas Enterprise Fund white paper and copy of a proposed letter with enough time to sort of review it and, if needed, ask Glenn independent questions so we can all get comfortable with it. At this point I'm just not ready to --

MR. GADBOIS: And I decline your offer to do more work on this. We've been talking about this for four months and I actually don't think, given filing deadlines and the need to round up sponsors, et cetera, for a bill,
that unless -- you know, yeah, we could try to hang this
on some Christmas tree legislation.

But, you know, that's lot of work. What we
were looking at doing was was weighing in as a committee
in time to have those people who are working on
legislation find an author that might be willing to
sponsor a bill, get it drafted and get it filed before the
filing deadline. And I just don't see that happening if
we wait until our next board meeting, which case it's
written.

You know, I'm fine with that. Let's just go on
and -- but we're not going to do anything more on this
Enterprise Fund.

MS. BLOOMER: Well, let me ask this question.
Would TTA be willing to assist the committee in sort of
drafting who, what, where, when, why, how -- all the
pertinent questions related to the Texas Enterprise Fund
to help the members get a better understanding? And
then --

MS. FISHER: I'll be happy -- I'll do that for
you, Michelle.

MS. BLOOMER: Great. Thank you, Nancy. And
then if all the committees can get to a -- members can get
to a plan where we're comfortable with it and want to move
forward we can work with TTA to draft language and then
take forward. Okay.

That leaves the motor fuels tax. I think we're all comfortable with that. Do we want to send then a separate letter or do we want to hold off and see what happens on the Texas Enterprise Fund? Or do we need to even deal -- TTA is moving that one forward. Correct?

MS. FISHER: Yes, we are.

MS. BLOOMER: Okay. Then maybe what we do is later on once it comes we can just support that initiative instead of taking a position out in front. Okay. All right. Okay. I think we are ready to move on --

MR. GADBOIS: And I need to scoot. Do you all need me to vote for anything else or do we have a quorum with me?

MS. BLOOMER: I think we have a quorum without you. Do you?

MR. GADBOIS: Good-bye. See you all later.

MS. BLOOMER: Thanks, Glenn. All right. So we're working on one letter by next Wednesday. Great.

All right.

Item 6, presentation on Moving Ahead for Progress in the 21st Century, also known as MAP-21. We'll be turning it over to Bobby.

MR. KILLEBREW: Thank you, Michelle. For the record, Bobby Killebrew, deputy director of Public
Transportation Division here at TxDOT.

If I may, does the committee need to take a five-minute comfort break because this may actually be a lengthy discussion as well and I don't want to impose on anyone that -- so should we adjourn for five-minute recess and come back or --

MS. BLOOMER: Let me just ask -- Christina, are you okay if we take a five-minute break and reconvene at 2:55?

MS. CRAIN: Yes.

MS. BLOOMER: All right. Great. We'll take a five-minute break. Thank you.

(Whereupon, a short recess was taken.)

MS. BLOOMER: Christina? (Pause.) Do we have Christina back?

(No response.)

MS. BLOOMER: I've lost Christina.

MS. CRAIN: I'm back.

MS. BLOOMER: All right. We have four members. We have a quorum. I'll turn it back over to Bobby for MAP-21.

MR. KILLEBREW: Thank you again, and welcome back from recess. Christina, my apologies. The folks here in the room were enjoying some leftover Halloween candy. I wish I could send you some real quickly through
an email or something. So --

MS. CRAIN: It's okay. I've got my own here.

MR. KILLEBREW: Absolutely. Thank you.

MS. GLEASON: Just put it on mute, Christina, and you'll be fine.

MR. KILLEBREW: What a busy fiscal year this has been. It started a busy fiscal year both the state and federal for us, and MAP-21 has brought a lot of changes to the transit world in particular. And I won't say that these are bad changes, but these are changes that we will have to probably go through a rule making process for.

And so today's conversation with the committee is, one of your major functions is looking at the Administrative Code and our rules that we operate under -- our funding formulas and so forth. This will start that ball rolling. The committee's been through rule making before. You know it's a pretty lengthy process -- on average, six months. So this is just the beginning of it.

In your packets sent to you through email -- and if you're here in the room also included here -- are some what I'll call white papers and also FTA fact sheets. There's 28 sheets and hopefully the copy you have at the very bottom of the page it will have page 1 of 28, 2 of 28, and so forth.
We'll also try to do our very best to put these in numerical order by their section number. That doesn't work quite as well when you look at these pages, but they're pretty much in order. So as you're thumbing through those we can probably use the section number as a reference or the page number at the bottom as a reference.

There's a lot of changes in programs that TxDOT does not administer. There's a lot of changes in the programs that we do administer. And if we had to prioritize as a state agency what we would ask the committee to focus on we have three programs in particular that we think are going to be our most urgent, highest priority, and most immediate impact to our business.

And so as we're going through here -- we'll probably go through the entire packet, but we want to circle back around in particular to three of those programs and ask for the committee's assistance and gathering their thoughts on those three programs.

Those three programs are the Section 5310, which most people call the E&D program, the elderly and disabled, or elderly persons and persons with disabilities; the Section 5311, which is our rural program; and a new Section 5339, which historically TxDOT has called that the State of Good Repair, or for the operators on the committee, the VCR program.
So in particular we think those are going to be the most urgent priority as we begin this fiscal year. But we will go through all the programs in your packet at a fairly quick pace.

And, for that, Kelly Kirkland and I both are going to do a tag team operation. And as luck would have it this is not actually by design, but Kelly's on the other side of the room, Christina, from me, so you may be hearing stereo when we're talking -- you may be hearing it from one speaker and then the other. That's only because we're separated by distance. And so, with that, I'd like to turn it over to Kelly Kirkland.

MR. KIRKLAND: Thank you, Bobby. Good afternoon, Madame Chair, PTAC members and guests. For the record, my name is Kelly Kirkland, and this afternoon I have the honor to represent the planning staff of the Public Transportation Division giving a short presentation about the new federal transportation bill, as Bobby mentioned, nicknamed MAP-21.

What I propose to do is go through the packet in order, very briefly touching on all of the sections that are mentioned there, and then go back and talk about the three sections that Bobby mentioned as areas that we felt could use some attention in the near future in terms of our Administrative Code.
And, finally, we'll talk a bit about 5307, which is not a program that comes through TxDOT, but has some changes I think that has some significant impact on operators in the state.

Starting off on page 1 of 28, of course, is the Section 5303, or MPO planning funds, that FTA has -- Federal Transit Administration. Just want to mention here that there is a fairly significant increase in this funding source from the prior year, going from about 6.9 to 8.5 million estimated for the full fiscal year of 2013.

On the downside I've been hearing from our Planning and Programming Division that on the Federal Highway Administration side, which also provides metropolitan planning funds, that program for Texas is going to be about flat from last year, and I think that's a big disappointment to the MPO planning staff.

On the next page we have a short talk about our Section 5304, which is our statewide planning funds. We use these funds -- the majority of these funds go for the regional coordinated plan process. We also have an emergency contract with Texas A&M Transportation Institute, who provides assistance to transit providers, both rural and small urban and some larger urban as well. And there's some further discussion on that, as Bobby mentioned, the FTA page with these fact sheets that follow
each of these white papers.

MS. BLOOMER: Can we ask questions as we go along?

MR. KILLEBREW: Of course. Sure.

MS. BLOOMER: I notice it says TxDOT in addition to the current required coordination with MPOs is now also required to coordinate with regional planning organizations to develop a long-range state transportation plan.

MR. KILLEBREW: That's correct. And the regional planning organizations are defined in MAP-21. And I think that some of our existing rural planning organizations may not meet the definition, but probably will probably be able to be addressed without a whole lot of effort on their part. It's basically adding representation for transits at that point.

MS. BLOOMER: I guess I'm trying to understand if this is -- I know the committee has had discussions in the past about PTN developing a statewide transportation plan. Does this formalize that requirement?

MR. KILLEBREW: I think what -- the way that TxDOT would satisfy that requirement would be the long range transportation plan that is currently the development that is spearheaded by our planning and program division. But we also participate in the
development of that plan.

MS. BLOOMER: And that was the plan that we sent the letter to the commission --

MR. KILLEBREW: Uh-huh.

MS. BLOOMER: -- acknowledging their work on the first one and making recommendations to enhance it going forward?

MR. KILLEBREW: Right. The state --

MS. BLOOMER: Okay.

MR. KILLEBREW: -- long range transportation plan was developed and adopted by the commission in late 2010. And then an addendum, but would also serve as a stand-alone plan, was a statewide rural transportation plan that was just most recently finished and adopted.

MS. BLOOMER: And --

MR. UNDERWOOD: And this also assumes there is an RPO in the area. Like you said, a lot of them are not going to meet the definition of an RPO --

MR. KIRKLAND: Maybe not meet the --

MR. UNDERWOOD: -- and some areas don't even have RPOs.

MR. KILLEBREW: That's correct.

MR. UNDERWOOD: Okay.

MS. BLOOMER: All right. And I guess what I'm trying to get is the requirement -- there's the
requirement and then there is what we probably should be doing, which isn’t just meeting the requirement. And I think as a committee we’ve talked about sort of where is the state trying to go with public transportation and how do we see the investment the state is making in transportation making an impact and where do we want to focus that impact.

And I was trying to determine if we’re going to meet the requirement or we’re going to use the requirement to get us to that longer term planning. Because I know the rail division is new but they have a plan and this is what rail will look like in the state of Texas in 2030 or -- but on the public transportation side we don’t really have any guiding document.

And so I guess the question I had to ask is does this really use this as an opportunity to sort of develop that guiding document of what public transportation should look like in the state of Texas. I just throw that out there.

MR. KILLEBREW: And, if I may, this is Bobby. Just to iterate to what Kelly said. This plan requirement also filters over to the highway side of the House as well. So we probably do internally need to keep a close eye on what our sister division is doing and keep the committee apprised of that too as we go down the road to
make sure our buses are on that road with them. So I think it's an opportunity as well.

MR. KIRKLAND: And, FYI, the next redo for the state long range transportation plan is due in 2014. And I've been hearing from planning staff and planning and programming division they're going to be the consultant on board some time in early 2013 -- calendar 2013.

Moving to the next section on page 5 of 28 we have the Federal Urbanized Formula Program known as 5307. And I'd just like to point out here that we have one new urbanized area in the state -- San Marcos -- which is going to be eligible for the funds as the -- as a small urban agency between 50,000 and 200,000 population.

And we had four existing urbanized areas move from small urban to large urban status -- over 200,000 population. And that includes Conroe to The Woodlands, Killeen, Laredo, and Brownsville.

MR. KILLEBREW: Kelly, if I may also, there was another slight change in the Section 5307 program in the fact that previously under the 2000 census Galveston was considered to be urbanized area. The state in the 2010 census -- their population count was below urbanized status, and so now they are no longer in Section 5307. They have now become a member of the rural -- or the 5311 -- group. So that was also another significant
change in this program.

MR. KIRKLAND: Good point, Bobby. Thank you.

MS. BLOOMER: Question.

MR. KIRKLAND: Yes.

MS. BLOOMER: If we're going to move on. I know we wanted to focus on the impact to the TxDOT-funded programs. But some of these programs, even though they're not TxDOT funded, impact statewide providers, under MAP-21 JARC is now part of the 5307 Urbanized Area Formula Program or the rural program. Have they -- the eligibility is kind of fuzzy. So is it only designated recipients that are eligible for funds -- transit entities -- versus under JARC it was public, private, for profit, nonprofit. That will impact providers throughout the state.

And then the operating -- we heard something at the semiannual meeting that the operating exemption and the 100 bus sort of morphed and wasn't what people thought it was going to be and that would have negative impacts on providers throughout the state. Have we gotten any more information on what the operating exemption is and how that impacts providers throughout the state?

MR. KIRKLAND: Okay. Michelle, to take those questions in order, first the eligibility for being a designated recipient or a direct recipient of either 5307
or 5311 funds has not changed. So certain agencies that
can have been eligible under the old JARC with the freedom
programs may not be eligible under 5307 or 5311 to receive
funds directly.

MS. BLOOMER: So the only entities eligible for
5307 funds under MAP-21 are designated recipients or
direct recipients.

MR. GLEASON: To receive funds directly.

MS. BLOOMER: Directly.

MR. KIRKLAND: Directly.

MR. GLEASON: I don't believe there's anything
that would prevent a subsequent decision at the local
level.

MR. KIRKLAND: Sub-allocate -- allocate
subcontracts. Right.

MR. KILLEBREW: This is Bobby. Correct. The
direct -- the person who receives the funds directly from
the Federal Transit Administration has to be the
designated recipient or the direct recipient. There is
the possibility to sub-allocate. The people who they can
sub-allocate to is also very stringent. It can only be
sub-allocated to state or local governmental authorities,
including public transportation providers. So --

MS. BLOOMER: So it can't be --

MR. KILLEBREW: So -- now that's the allocation

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of it, if I may continue, that's very strict. And that's -- that goes back to federal statutory language, so that's in law.

That does not prohibit, say, a Section 5307 transit operator from working with a non-traditional provider that may have been a JARC provider in the past in some form or fashion, through purchasing things from them like service or using them in their regional transportation model to fill in a gap where the transit operator can't provide the service.

They're just not going to be able to allocate money -- grant it out, as you will -- to those entities, nor could those non-traditional providers actually be a direct recipient or a designated recipient in this program.

MR. UNDERWOOD: Okay. So you'd be forced to use the capital cost of contract in the 5307 program then to do that.

MR. KILLEBREW: You might fulfill it through a capital cost of contracting. You might also fulfill that if you're doing an in-local agreement with someone who has that level of organization. You might be able to do it that way -- as examples.

MR. KIRKLAND: And, Michelle, your second question. Of course, the MAP-21 did change quite a bit of
the authorization for agencies to use 5307 funds for operating expenses when those funds were awarded to a large urbanized area.

A little bit of background, there are about probably three or four different exceptions to that that were in SAFETEA-LU and prior legislation. For example, areas that had been newly converted from small urban status to large urban status were generally given some kind of a phase-in period to continue to use those funds.

All of that is absent in MAP-21. Instead, we have a special rule that applies to agencies in large urbanized areas with fixed route service and the buses are either 75 or fewer buses or 100 to 76 buses in peak service. And that was the description in the new legislation.

FTA, when they published the announcement of the apportionment for the continued resolution of funding for Federal 2013, also had a significant amount of guidance in many programs, including 5307. And one of the things they did was they said that agencies providing service in large urbanized areas -- that was at 75 bus or 100 bus.

But there was also another factor where it appears that what they did was take that agency's fixed
route service level and use that as a percentage to further impact the funding allowed for operating expenses.

MS. BLOOMER: So --

MR. KIRKLAND: So what it says is if you -- the original formula said if you had 75 or fewer buses in peak hour service -- fixed route peak hour service then you could use up to 75 percent of your share of the 5307 funds for operating expenses.

What they do now is say there's a 75 percent and there's a fixed route service factor -- it says your share of the fixed route service divided by the total fixed route service in that area applies to that funding formula.

In other words, if you have a -- an urbanized operator is in a large urban area and there's a transit authority also providing service in a different part of that large urbanized area, if your fixed route service -- and I believe it was -- was it revenue miles, Bobby? Do you recall what the --

MR. KILLEBREW: Yes, it's revenue miles. And maybe we can just use a real example for Michelle. This might help. Let's just pull out a real example. We're all amongst friends here so -- Dallas/Fort Worth area -- we'll go in Michelle's backyard.

We got Dallas, which is -- you know, the
DART -- which runs at a very large system up there and they're running different types of service. But they were in a fixed route service as well. To do this calculation of how much money that -- in the 5307 program that can be used for operating -- they're going to take that area's fixed route peak service and, if you have little systems also providing service in that area, say, like, Arlington, they're going to take Arlington's fixed route service, and as a percent of Arlington's fixed route service, compare it to, say, Dallas as a whole. That's how much operating assistance they can get.

Now, since we're amongst friends let's talk about this. If Arlington does not operate fixed route service --

MS. BLOOMER: Yeah.

MR. KILLEBREW: -- they only operate demand response service will Arlington be able to use any of the 5307 money they get for operating? That's where this -- where we're at at this particular point.

MS. BLOOMER: That -- is that the question we can't -- we aren't unable to answer at this point?

MR. KIRKLAND: No, we do have an answer to that.

MR. KILLEBREW: We do have the answer on this one.
MR. KIRKLAND: In FTA we talked with Region 6 staff and they said they had asked Washington -- and they said in that case Arlington would not be able to use any federal 5307 funds for operating expenses.

MS. BLOOMER: So, basically -- I'm sorry. I just -- this is I know recorded -- but that is ludicrous. Because none of these providers --

MR. UNDERWOOD: That was Michelle Bloomer talking.

MR. GLEASON: You have to identify yourself.

MS. BLOOMER: Yeah, this is Michelle Bloomer. That is absolutely ludicrous. And I don't believe that was the intent of the original language that was put forth, because basically now the only MPOs that can utilize 5307 funding for operating are your large metros.

So --

MR. KIRKLAND: And to be a large metro that has 100 or fewer buses at peak hour service. And how many of those are there?

MS. BLOOMER: So really nobody can.

MR. KILLEBREW: Well, if Arlington were to run a fixed route service then they would have a percentage of the 5307 money that they could use for operating. But because Arlington only runs demand response they would not be eligible.
MS. BLOOMER: But even if they ran a fixed route service, compared to -- because of the urbanized area, including both DART and the Fort Worth Transportation Authority, the amount of fixed route service any one of -- not just the four -- and I know we all call them the enclave -- but not just the four enclaves. There are five other providers in the Dallas/Fort Worth area that utilize operating assistance out of that pot that will no longer get it.

And so I guess my question is is do they understand that? Do the folks that drafted the 75 and 100 bus understand the implications that this now has, and what's going to happen when all these folks wake up and realize that last year they could use funding for operating and this year they either can't, period, or they can but it's such a small amount that it's not going to make their system viable.

And, I mean, I think it's not -- I mean, I'm not just concerned about D/FW. I'm concerned about the folks I heard at the meeting in July when Paulette was sort of walking through this -- and it's actually worse than I had thought in July.

MR. KIRKLAND: Yes.

MS. BLOOMER: And I'm not sure --

MR. KIRKLAND: Worse than we thought too.
MS. BLOOMER: -- the folks that sort of pushed for the change realized how that has ended up. And I don't know. I just --

MR. KILLEBREW: Michelle, if I may as well -- this is Bobby again. And I'm going to get really serious on this note because this is just a disaster here.

What we call the enclave cities up in the Dallas/Fort Worth metroplex they're -- basically we've always said they're grandfathered under the state statute, which is our state grant program, in how we give them state money. That statute is very, very specific to those systems -- without calling them by names -- but to those systems.

The statute also states that in order for them to receive state grant money it has to be a federally participating project. There has to be one dollar of operating federal money in the expense before state grant money can be used.

It is a double whammy for the enclave cities. And I do not believe anyone -- to answer your question and my personal opinion -- I do not believe the people who made these laws ever envisioned this to be the situation.

It is very, very serious for those specific systems in the Metroplex. It's very serious for all the other systems around the state that are also impacted by this,
but extremely serious for those four.

MS. BLOOMER: And I just want to -- my focus isn't specifically on those four. I'm more concerned -- I am concerned about those four obviously because they're from the region I hail from. But I'm worried about the entire state and the impact this has just on the operating issue. And then to top it off, oh, by the way, I guess if you can't use any of your federal money for operating now you're not going to get any state money either. And if folks don't --

MR. UNDERWOOD: Maybe those cities should just partner with DART.

MS. BLOOMER: Maybe our next -- maybe we have our federal legislative item for us. I mean, I don't want to take up any more time unless -- but I think it's extremely important that any entity that is going to be impacted by this be notified -- because I don't know that they are -- and so that they know what the impacts are and maybe we as a committee can start to address it as a federal legislative issue.

Because my understanding is this was not the intent of the folks that were trying to go forward and make -- sort of expand the use of operating assistance and give entities really local decision making -- saying, just give us the amount of money, tell us what we're required
to do with it, and let us determine how best to do it.
And now we're getting more restrictive on the transit
providers. Okay. Sorry.

MR. KILLEBREW: As a side note -- this is Bobby
again. Paulette Shelton did bring this up at the last
transit operators meeting. She has recently contacted me
for email addresses for urban transit systems who might
find themselves in this situation.

So she also was cognizant of the fact that PTAC
is another group for her to tap into. So you all may be
getting an email from Paulette on this very subject. I
don't want to speak for her, but I know she is interesting
in taking a lead on this and doing whatever is possible
and finding resources to help her in this endeavor as
well. So I will offer up her name, and, again --

MS. BLOOMER: Okay.

MR. KILLEBREW: -- you may be getting an email
from Paulette.

MS. BLOOMER: When you were having
communications with FTA at Region 6 was there sort -- was
there any indication from FTA, Region 6, on what their
thoughts were and how this would impact the transit
providers in their region?

MR. KIRKLAND: Michelle, this is Kelly Kirkland
again. Speaking with Peggy Crist, who is the planning
lead at FTA's Region 6 in Fort Worth, she said Washington FTA office was very clear that that was the correct interpretation -- that areas like Arlington would not be able to use any 5307 funds for operating.

MS. BLOOMER: And I guess I'm asking --

MR. KIRKLAND: But there's no follow up from them on what impacts it might have, no. They didn't have any of that.

MR. KILLEBREW: We did through a subsequent conversation did make our regional office folks know because we try to partner with them as much as possible -- that this was a double whammy for those in the Metroplex. It was a very serious whammy for any of those impacted in Texas, but absolutely disastrous for four systems for sure.

They were not aware of our state complications in the statute, but they are now however sensitive to the fact that they may be, but they did say, Voice your opinion, Texas.

MR. KIRKLAND: And, Bobby and Michelle, just to add onto that -- this is Kelly Kirkland again. There is a loophole in the state statute but it only applies to capital projects. There's a provision that says if the local provider says that there's no federal money available for the project then the commission makes the
determination project is vitally important to public transportation in that area. But that's only for capital projects.

Moving to the next sections -- turn to page 9 of 28. We have Section 5309, which was the old capital improvement program. It's now called Fixed Guideway Capital Investment Grants. And so far the only areas that are getting funded out of that would be the Austin, Dallas, Fort Worth, and Houston metropolitan areas because it's based upon either rail projects or HOV lane projects.

Section 5337 is State of Good Repair Grants, which now is going to be directly awarded to eligible agencies, which right now are only the Dallas/Fort Worth and Houston areas.

Turn to page 14 of 28. We have the Section 5310 program which has been renamed to say Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities.

This program -- you know, it's kind of surprising, but statewide we're receiving a little bit less money than we did in this program in the prior year. And there's quite a few changes here that I'd like to save toward the end of my presentation for time purposes.

MS. BLOOMER: Do we know why the funding is less? Or is that at the end of the presentation?
MR. KIRKLAND: Uh --

MS. BLOOMER: Are there less elderly and --
older adults and --

MR. KIRKLAND: It's possible that there's -- to answer that question, Michelle -- this is Kelly Kirkland.
The definition of individuals with disabilities was a concern from prior years because -- for example, the 2000 census -- in earlier years actually gave a count of the number of disabilities. So a person could have more than one disability and it will be counted several times. We understand that the census bureau's intent was to go back and say we'll just count people here, not the number of disabilities.

And there's also a question about the data source because census -- the long form the census bureau uses does not look at disabilities anymore. Instead, those are counted by American Community Survey, ACS. And updated information for that survey is not expected to be available until December.

But, you're right. It is kind of unusual thinking because the program is not only continuing the old 5310 program, but it also includes funding from the New Freedom program. And so how in the world could it be less, but --

MS. BLOOMER: Yeah. It's hard --
MR. KILLEBREW: -- that's concerning.

MS. BLOOMER: -- to imagine how it could go down given the population of older adults is only increasing.

MR. KILLEBREW: Exactly.

MS. BLOOMER: And we brought another program in under it, but, yet -- so I can't imagine that the adjustment for the individuals with disabilities in the data question would have such a --

MR. KIRKLAND: That big a negative impact.

MS. BLOOMER: -- negative impact that it would make it for.

MR. KILLEBREW: This is Bobby. If I may, too, on those comparison when we did the 2012 number, if you're looking at the little table there, we, on purpose, put the New Freedom program in that table as well so that we'd be comparing apples to apples. So both years reflect that New Freedom component, even though in 2012 it was a separate formula program so it's apples to apples.

You know, 2013 is the first time that census numbers -- or in this case for this program -- the ACS data is being applied. So a lot of these formulas at the federal level is your proportionate share to the rest of the country. It doesn't mean that Texas has any fewer individuals with disabilities or fewer elderly people; it
may mean that we don't have as many proportionately to the
rest of the country as we'd had under the previous census.

But I think Kelly also -- a good point he made
was using the old census data and the previous calculation
where people get to count -- where they counted
disabilities more than once, or an individual more than
once if they had multiple disabilities, in some of those
larger states, you know, as you're comparing this to the
whole this may have equaled things out now that they're
doing it just the one count.

MR. KIRKLAND: The next program I'd like to
talk about is the 5311, or the Rural Formula Grant program
on page 17 of 28. And, as was mentioned earlier, the JARC
program was rolled into this, so you're seeing somewhat of
an increase in our statewide estimate of the available
funds for this program. And, as before, we're going to
come back to this later.

Next up is page 21 of 28, Section 5326, Transit
Asset Management, which talks about the state setting
goals, plans, targets, and report on its progress and
assist our sub-recipients too with the same thing.

Page 24, the Public Transportation Safety
Program, Section 5329. This program requires the
Secretary of Transportation at the federal level to
develop some guidance on this. What's kind of ironic is
the guidance is not actually due until 18 months after the program became effective, which should be six months before this bill expires.

Page 27 is Section 5339, the Bus and Bus Facilities Formula Grants. As Bobby mentioned, this program in prior federal transportation deals was a discretionary program, either discretionary to Congress -- what we called earmarks -- or discretionary to FTA, and they would run a competitive program for this. It's now a formula program to large urbanized areas, small urban areas, and rural areas.

Okay. That is the projects in brief. Going back to the 5310 program, page 14 of 28. Several things here of particular note. One new item is how the funding is distributed. Of course, it's distributed to designated recipients, but similar to how the JARC and New Freedom programs were handled in SAFETEA-LU, it's now allocated to large urbanized areas, small urbanized areas, and the state as a whole.

And large urbanized areas are tasked by FTA to select a designated recipient for their urbanized area. That was something that was not clear in the legislation in MAP-21, but it was part of FTA's Federal Register notice on October 16.

TxDOT is still going to be responsible for
administering this program for small urbanized areas and rural areas of the state. Operating assistance is available, but, at a minimum, 55 percent of the funds have to go to capital projects -- and you might call these the traditional types of projects under the old 5310 program.

New Freedom type projects are eligible in terms of, for example, providing alternatives to transportation for people with disabilities and seniors. There's no requirement, however, that any such projects be funded out of this program.

And you can see have a number of items there at the bottom of page 14 where we think could be looked at because they might have an impact on this program.

I'd like to mention also that Eric sent out an email to the MPOs affected by this -- the large urban area MPOs -- describing this and letting them know that they would have to select a designated recipient in the near future. There is some small guidance in the statute that says that the selection of the designated recipient needs to be consistent with the planning process described in Sections 5303 and 5304 -- in other words, the planning process for metropolitan and statewide planning.

MR. KILLEBREW: If I may -- this is Bobby. There are a couple of things continued into this program.

One is the coordinated public transportation health and
human service plan. The projects still have to come from that plan. The language was changed a little bit. I believe it says now -- I believe it now says must be included in the plan. The SAFETEA-LU version of that was "must be derived from." FTA has interpreted that to mean the same, so that is good news -- yeah, derived from, included in --

VOICE: Oh, good.

MR. KILLEBREW: Yeah, they're the same. Believe it or not they're synonymous. Yay, FTA, you came to your senses on one thing. Congratulations.

There -- the breakdown on how the funding comes through to the state of Texas is it comes in three pots now. That large pot is 60 percent, so you don't have to do the math. The next two pots are 20 percent each, so small urban's 20 percent, rural's 20 percent. There is some flexibility in funding movement between those pots. The large pot can't move down, but the small pot and the rural pot does have ability to move up. There's also flexibility to move up between the small urban and the rural pot. So some flexibility does exist under the statutory language if needed.

MR. GLEASON: Bobby, that last point -- this is Eric. Within the small urban/rural, you can move up or can you go both ways within that group?
MR. KILLEBREW: It's my understanding within
the small urban and the rural you can go both ways.

MR. GLEASON: Okay.

MR. KILLEBREW: And some of the -- you know, the opportunities that we see with MAP-21, you know -- and I keep saying opportunities because they have -- MAP-21 has gotten rid of some of the boutique programs, as we used to call them. We had all these programs and they were all siloed, they all had their own unique little characteristics about them and it became problematic to actually administer both at the state level and sometimes at the provider level.

So with this consolidation of programs we have some opportunities. But we don't want to be blindsided by the fact that here in Texas we have our own formulas for handing out this money once it gets to us. And how should we best do that? Should we go forward as is -- the way the current formula is -- or is this something that needs to be tweaked? And that's what we're, you know, bringing before you today is these initial conversations.

I would like to point out the Administrative Code that we have today on how to hand out money in this program will work. There's nothing that is broke about it that would keep us from handing out funds. It may not work the best way -- may not work the best way for
everybody -- but it will work.

May be cognizant of the fact that it does take around six months to do a rule making change. We have six months worth of money here at TxDOT right now. If we hold that money to go through a rule making process that means we're going to be six months, maybe nine months, down the road before we get to the commission to make funding awards.

It may be more important to hand out money this fiscal year as the rules currently exist and look forward to the future -- 2014 -- to make significant changes. That's the million that Kelly discussed that we're going to host with the MPOs later this money.

We've already picked our projects for 2013 for the whole state, including the large urbanized are. Those have already been vetted through a local stakeholder process. And I know some of the people on this committee are participants in those local stakeholder processes.

We would like to offer to the MPOs in the large area -- or whoever their designated recipient is -- our list of vetted projects. We've discussed that with FTA. They will be joining us on that webinar later on this month as well, and they also would like to see funding go out as quickly as possible and not be held up by some bureaucratic process. So we'd like to keep those things
in mind as we go through here.

I don't want to go necessarily through the formula we have here at TxDOT, but if that would be helpful to the committee members -- I know it's on your white paper that you see before you, but that is the existing formula that I talked about that would work today -- may be cumbersome now that we've got changes, but I'll leave that for the committee's discussions. And I think before we go on to the next program we might want to see if there's any discussion on this item.

MS. BLOOMER: This is Michelle. I think probably just due to time we probably just need to go through the three programs -- the 5310, 5311, and 5339 -- and then see where we are. And we can have discussion then, or we may need to give the members time to sort of digest the information and come back with questions.

But I would agree on any of the programs that we definitely do not want to hold up releasing funding to any of the entities in order to try to get a better process in place. If the existing rules will work I think let's get as much money out as possible and give us time to see what we need to address and how best to do that.

MR. KILLEBREW: This is Bobby again. The only feedback I've gotten thus far from the community at large about this program -- because I have gotten some feedback
that was unsolicited, by the way, but I did get some feedback. Because the New Freedom program was rolled into this -- which again talking about some of those non-traditional providers -- under the Texas formula some of those non-traditional providers would not be eligible for these fundings -- some of the non-traditional New Freedom providers would not be eligible for funding under this program. But the projects we've picked under 5310 for 2013 do fit within the scope of what we normally do for 5310 funding.

MR. KIRKLAND: Moving to the next program, 5311, Formula Grants for Rural Areas, we have some changes here. One change is that the program has actually increased in size -- the funding level's increased for Texas. And that's true even if you don't look at the JARC funds that were transferred -- or what would be an expectation of the level of JARC funds transferred over.

As Bobby mentioned, of course, we have a formula for allocating these funds. And on page 18, to try to do an apples-to-apples comparison of what we did with this program in 2012 with the level of funding we had available then, and if we had had the MAP-21 level and used the same process as we did in 2012, this would be the difference here.

The main difference, of course, is the amount
of funds distributed by vehicle revenue mile is quite a bit higher because the overall program is higher. Inner city bus percent -- 15 percent required by statute is a bit higher too.

But most of the other items are very much equal to what we did with 2012 funds. And that is based upon the -- where the funding formula works, particular the 20.1 million level and then the description of how funds can be awarded by the vehicle revenue mile with an allowance for a maximum allowed amount, which is a percentage of new funds minus inner city bus and state administrative cost.

MS. BLOOMER: Kelly, on the one, two, three, fourth row where the 1.2 million is it says "amount will vary year to year." The amount in fiscal year 2012 is not typical.

MR. KIRKLAND: Yes.

MS. BLOOMER: Is that 1.2 higher or lower than typical?

MR. KIRKLAND: Higher than typical.

MS. BLOOMER: So what's typically prior year deobligated funds. Is there --

MR. KIRKLAND: Well, looking at -- for example, we're looking at the same thing for our minute order in December. And I think it was late October we got the
quote from our financial staff, and I think it was 157,000 or 154,000 -- something like that -- total available -- is deobligated prior year funds.

MS. BLOOMER: And is that generally sort of the -- what we tend to refer as the crumbs -- just the little bits here and there versus, say, complete projects that don't move forward?

MR. KIRKLAND: Yes.

MS. BLOOMER: Okay.

MR. KILLEBREW: And this is Bobby, if I may. These are illustrative purposes only numbers. I see you've already taken some notes, members. I just want to make sure I point that out. These are illustrative only. These are not meant actually have -- by any means so --

MS. BLOOMER: Right. No, I was just trying to get at magnitude. Because 157,000 magnitude is considerably different than 1.2 million if we're talking crumbs versus folks are planning well and spending their money well -- those are two different issues.

MR. KILLEBREW: Yes.

MS. BLOOMER: Okay.

MR. KIRKLAND: This program had a change at the federal level on how the funds are distributed to Texas. There was a new factor added to the federal formula -- and that's the low income populations in rural areas. And you
see that because the JARC program got rolled into this one. So, you know, it took on some of those characteristics.

You know, again, some of the questions that we're thinking about in our minds we'd ask the committee to think about as well as the funding formula -- as you look at this table and you see how the money's being distributed today by the Texas formula to our individual rural transit districts -- you know, does that need to contain some element as well for low income because JARC's now a piece of this.

Does it mean we need a set-aside for JARC, you know, type projects? You know, is the amount that's going to vehicle revenue mile -- is that too high? Maybe that base of 20.1 million that gets handed out based on need and performance -- maybe that's too low because this program's gotten bigger. So those are the type of questions that are running through our minds that are probably running through your mind as well.

Will this formula work today? Yes, this formula will work today. And we only have six months' worth of money. We don't even have $20.1 million worth of money. So, you know, we're planning to go to the commission to hand money out as quickly as possible in this program -- it will be our December commission.
meeting -- so that we can -- did I just say that backwards?

       MR. GLEASON: I don't think so.

       MR. KILLEBREW: Okay. I'm sorry. I was drawing blanks too. So to hand these funds out so that, again, we can get the money out to the transit operators because we know that they need the money as quickly as possible. Even though we only have six months we need to get it out the door.

       And we've made an administrative decision here at TxDOT we are not taking any of our administrative money off the top of this first pot of money. We will be required to do the 15 percent for inner city bus. We cannot get around that step to our provision, but we are not going to take any TxDOT money. We'll take ours out of the last piece.

       MR. KIRKLAND: Okay. Are there any other questions about 5311 program or -- all right. Page 27, Section 5339, Bus and Bus Facilities Formula Grants.

       This is kind of a derivation of the 5309 program except modified to be a formula program. And the formula --

       MR. GLEASON: And not to have a lot of money.

       MR. KIRKLAND: And not to have -- well, not to have a lot of money too -- true. As you can see on that
page, we have -- we're estimating that for all of federal fiscal year 2013 there will be just under 23 million awarded to urbanized areas, 200,000 population and above; about 3.7 million available for small urbanized areas; and, by statute, 1,250,000 available for statewide purposes, particularly rural.

And the main comment I would have on this, in the past there's been discretionary calls from FTA for these kind of programs, and Texas has been pretty successful at that -- very successful this last year in getting just under 13 million for replacing rural transit vehicles. And 1,250,000 a year for that same purpose and apparently no other programs available I think is going to be a real squeeze on rural transit districts.

In other words, looking at the designated life span of vehicles and their cost and how many vehicle miles were run up each year, that statewide the rural systems lost about four-and-half to $5 million in the value of their fleet. And so this number is pretty ridiculous. It's the number every state gets for this purpose -- Delaware, Rhode Island, and Texas.

VOICE: Same thing every year?

MR. KIRKLAND: Yes, they could. So there is going to be a process that TxDOT will need to develop in order to award these funds for small urban and for rural

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areas. Large urbanized areas get this money awarded directly to them.

And I don't think that we've had a request -- we don't have to set up a designated recipient for this program, do we? I don't think that was in the statute. Okay.

MR. UNDERWOOD: Which is so weird about this because the small urbans were eligible for the State of Good Repair on their own. As far as applicant wise they were --

MR. KIRKLAND: Right.

MR. UNDERWOOD: -- because they were direct recipients they could apply.

MR. KIRKLAND: And now that program has changed --

MR. UNDERWOOD: And that --

MR. KIRKLAND: -- so it only applies to fixed guideway --

MR. UNDERWOOD: Right. So --

MR. KIRKLAND: Okay.

MR. KILLEBREW: And this -- again, this is Bobby. I hate to keep belaboring, but this is another program where we do have something in our Administrative Code that we can get this money out the door. And, again, it might not be best and we certainly would look for the
committee to take a look at this program.

That's why we've highlighted this as one of the three because the language we have for our distribution of these funds is pretty general. It's something that we might want to have the committee weigh in about looking to see if this is the best way to do this for what we're getting now under this new program.

MR. UNDERWOOD: Well, because this is a capital program would the money have to go out the door that quick? Could we not hold that off if they're just giving -- you've only half of this 1.2. Right?

MR. KIRKLAND: Actually, a little bit less than that.

MR. UNDERWOOD: A little bit less than that. So we're just pushing out --

MR. KIRKLAND: [inaudible] thousand.

MR. UNDERWOOD: I don't know what that would even mean for a transit agency. $40,000 -- here you go to go buy something capital -- well, we couldn't use it. I mean, what are we supposed to do with that kind of thing. Or you'll get the other half later. I don't imagine very many agencies if they're going to buy a bus or do some capital replacement are going to say, Well, I'm just going to take the PGA and set it to the side until I get the other portion of it.
MS. BLOOMER: You can go buy half a bus.

MR. UNDERWOOD: Half a bus. I'll put a down payment down or something. I mean, I don't know what that number translate into, but it's not very much at all I don't think.

MR. GLEASON: And -- this is Eric. I might suggest to the committee that they take -- I think the issue that's triggered by this small amount of money under State of Good Repair applications -- and I think you probably need to roll it into your conversations on the 5311 program and to talk in the context of what kinds of decisions make sense to help us ensure that we can, in fact, replace the fleet as we need to -- that we can, in fact, support facility remodeling or development as it needs to.

The only good thing about this is that it does bring a certain amount of, if you will, certainty from one year to the next about how much money there is. There's not a lot.

Now, under the previous authorization it was anybody's guess from one year to the next on what you might get. But I know we had just 13 -- Brad, you on your own had -- what? -- over 4 million one time --

MR. UNDERWOOD: Yeah, 4.1.

MR. GLEASON: -- as a single urban applicant.
And so it's pretty stark in terms of -- unless there's some
unknown federal program that they have that they're going
to come up with on a discretionary basis it's pretty
stark. And I think the only thing that's good about it is
it squarely places the onus on us with what we've got to
try and figure something out. But that's about as good as
I can make it.

MR. UNDERWOOD: Yeah. And I think you're right
about the 5311 program in that we've had the revenue mile
program that we've had for the last couple of years. And
it's recommended that you do capital projects with it, but
it's not enforced that you have to use it for, you know,
federal -- for capital projects. So maybe combining some
of these -- I don't know.

I just don't know the push to get this money
out honestly. I think it might be an official test,
because we're not going to get revenue mile money usually
until typically the summer time. Correct?

MR. GLEASON: Whenever the balance is --  MR.
UNDERWOOD: On the second half. Yeah, exactly. So I
think, if anything, we could push this out with that. And
I just don't see the --

MR. GLEASON: I don't think there's an issue of
waiting on this. I don't think we want to find ourselves
two years from now not having done anything with it yet.
MR. UNDERWOOD: I agree. I do.

MR. GLEASON: But I think we can wait for the balance of the apportionment and consider it in the context of a larger conversation of how do we take care of our capital needs.

MR. UNDERWOOD: Yeah. And I don't know if that's a one meeting kind of thing in January -- if it might be a workshop kind of thing where you kind of lay all this out in an all day kind of thing to talk. I mean, these are big decisions. I don't know that we can tackle them in a meeting kind of like I --

MS. DALTON:

MR. GLEASON: My recommendation to the committee will be when you go down that road is you consider some kind of a process -- some kind of an engagement process for the industry. The history of the revenue mile for general purposes is that we have been for several years being prescriptive about how to use the -- some of the rural program funding for fleet. And what we began to hear back after about the third year of that is we began -- a growing number of people saying I don't need it for fleet anymore.

And the issue was, let me make my own decision -- I know what's best for my system. Let me make that decision. But the risk -- and the deal was this is
all you have.

MR. UNDERWOOD: Right.

MR. GLEASON: We're not going to have money any longer to give you for a fleet. We're giving it to you in revenue miles. You have to make the decision to spend it that way. And there were people who were saying, You know what, it's hard for us to do that -- hard for our boards to resist using extra money for service, so we're real anxious about that.

So I think we need to have a pretty good open conversation about the best way to get there. And from the state's standpoint we don't have a preference. Our interest is making sure we have strong, viable, sustainable systems -- and that's a service and a capital interest.

MS. BLOOMER: Right.

MR. GLEASON: And so however we get there is fine.

MR. UNDERWOOD: And I think we have a cliff coming, to be quite honest, because most of our buses were '08s, '09s.

MR. GLEASON: We've been at this cliff before.

MS. BLOOMER: And we knew this cliff was coming, you know --

MR. UNDERWOOD: We knew it was coming.
MS. BLOOMER: -- as soon as we got --

MR. UNDERWOOD: You know, we've talked about it for four years.

MS. BLOOMER: -- ARRA money.

MR. UNDERWOOD: Exactly.

MS. BLOOMER: I think what would be helpful though is to take the existing fleet -- the statewide fleet -- and determine what's necessary to keep it at a state of good repair. Because, again, back to sort of what I thought the intent was of a program called the State of Good Repair versus maybe what actually is the reality of a program with 1.2 million a year and to reach a state of good repair are two contrasting things.

MR. GLEASON: Well, this program is called Bus and Bus Facilities now. And so for what it's worth it's no longer officially associated with State of Good Repair.

Now, the flip side of it, what is still called the State of Good Repair doesn't include the rural -- you know, any small urban or rural system in Texas. So, you know --

MR. UNDERWOOD: Michelle, I don't disagree with you. So you're kind of thinking of a concept of looking at PTMS and going these last -- how many of this will buy this last 15 of the ones we're going to replace regardless of where they're at the system. Is that what you're
trying to say?

MS. BLOOMER: Well, I'm trying to figure out what our state fleet need is in order to maintain the vehicles at a certain --

MR. UNDERWOOD: Well, I think --

MS. BLOOMER: -- level of -- state of good repair or whatever we agree. Because if we then get to the point with the vehicle miles where we're not going to say -- because I agree. We shouldn't be telling people what to spend it on.

But then there are some people then that will get in a situation that they'll always put it in operating and then they'll end up on the revers side where we were eight, ten years ago where they couldn't really -- they were paying more to run the vehicles they had than if they would just replace them.

So I think maybe it's some larger conversation of we're not going to tell you where to spend your money but here's performance measures and X percent of your fleet has to be good, better --

MR. UNDERWOOD: Well --

MS. BLOOMER: -- only X percent can be bad and fair.

MR. UNDERWOOD: But that's kind of subjective too depending on your PTC that's regular.
MR. GLEASON: Kelly had a number earlier of four to five million, which was the average amount of the annual depreciation of a fleet. That’s not a bad starting point if you just want to kind of lock in generally on a general number -- order of magnitude number. But that’s just for the rural program. That’s not touching the small urban program who --

MS. BLOOMER: Right.

MR. GLEASON: Those vehicles typically are more expensive and sometimes they come with a longer life span. So it’s -- you know, and we can do things here to extend the life of these vehicles too. It’s a really interesting and complex problem with a lot of different ways to solve that I think we have to figure out.

MR. UNDERWOOD: I agree.

MS. BLOOMER: But not today. Right?

MR. GLEASON: But not today.

MS. BLOOMER: Okay.

MR. UNDERWOOD: Are you sure? We can change my flight again.

MR. KIRKLAND: And, to conclude, I just want to mention one more thing about the 5307 program. Of course, we talked about the situation with operating in large urbanized areas.

But also we have four places in the state that
went from small urban to large urbanized status. And the irony is that three of those four -- Brownsville, Killeen, and Laredo -- get less funding out of the 5307 large urbanized pot than they did out of the small urbanized pot.

And even if you go to the 5339 program and add the money they're getting directly from FTA on that they're still getting less. And, like Brownsville, for example, over 14 percent less; Killeen, 11.9; and Laredo, 10 percent less than they received under last year's 5307 program. The exception is Conroe/The Woodlands, which, because it made a huge jump from being a fairly small urban to being a little bit larger large urban system.

MS. BLOOMER: Okay. We're losing members. Christina, are you still on the line?

MS. CRAIN: Yes, I am.

MS. BLOOMER: I think it's -- do you have to take him to the airport? We're losing Brad here because he has to catch his flight, and J.R.'s his taxi, so we're going to lose basically everybody but --

MR. SALAZAR: I never ride CARTS; I ride car when I come.

MS. BLOOMER: All right. Thanks, guys. All right. Does that conclude our presentation on MAP-21?

MR. KILLEBREW: I think we lost our quorum so
we'll have to officially end the PTAC meeting, but we can continue a discussion. It's just that we'll need to call the meeting to a end.

MR. GLEASON: If I may, Michelle, one approach the committee could choose to take is in -- is as members read through this and they have questions as individuals they could send us the questions they have.

MS. BLOOMER: Okay.

MR. GLEASON: And we could collect all the questions and begin to maybe organize them in a way that made some sense.

MS. BLOOMER: Okay. I think that would be helpful. And then -- but with the goal being not holding up any existing funding and getting it out maybe minus the 5339 money out to the providers while we're having conversations. Okay.

All right, then. I think because we've lost all but two members, we will call the meeting -- we'll consider the meeting adjourned.

(Whereupon, at 4:00 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF: Public Transportation Advisory Committee
LOCATION: Austin, Texas
DATE: November 8, 2012

I do hereby certify that the foregoing pages, numbers 1 through 107, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Penny Bynum before the Texas Department of Transportation.

11/12/2012
(Transcriber) (Date)

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