



Prop 1 Stakeholder Committee

Meeting #1 Notes – Aug. 26, 2014, 1-3 p.m.

Welcome and Introductions

- Attending in person – Judge Cascos, Cameron County; Judge Gossom, Wichita County; Judge Self, Collin County; John Esparza, Texas Trucking Association; Judge Bradford, Midland County; Johnny Johnson, committee chair;
- Attending via WebEx: Jungas Jordan, Council Member Ft. Worth; Michael Morris, NCTCOG; Richard Zientek in for Judge Emmett, Harris County. Unable to participate: Judy Hawley, Commissioner/Port of Corpus.
- TxDOT Commission and staff: Ted Houghton, Victor Vandergriff, General Joe Weber, John Barton, Marc Williams, Russell Zapalac.
- Staff of: House Transportation Committee, Speakers Office, Lt. Governor's office, Senate Finance Committee, Senate Transportation Committee and the Governor's office.
- Houghton, Vandergriff and Johnson thanked the group for their participation.
- Weber: It's important to have a process that supports good planning, that works toward the economic good and population growth of the state, and supports TxDOT's efforts to work as a good partner.
- Committee Purpose and Timeline - Vandergriff emphasized the purpose of the committee: If Prop 1 is passed, TxDOT will get significant funding with a lot of people paying a lot of attention to this, so it's good to have a group with such experience to give advice and enhance the public's confidence. The committee will hold three total meetings; this one and two more leading to a presentation to the Commission in late September. Committee will focus on overall guidance for Prop 1 funding distribution and project selection by TxDOT and MPOs.
- Johnson – Noted he was eager to serve the state and Commission with this committee and that he was open to anyone providing commentary/opinion to help guide discussions, future deliberations, and conclusion. We will be up on the website in a day or two and people can submit comments that way or by mail to TxDOT in Austin. Additionally, there will be a period at the end of the meeting when anyone can ask questions. Continued committee efforts will be open to stakeholder input/public comment.

Overview of Proposition 1, SJR 1, and HB 1

- Trent Thomas, TxDOT – introduced legislative staff. Proposition was assigned last week by the Secretary of State as Prop 1. Thomas said a committee will be created if the proposition is passed. The committee has 30 days to adopt the set amount; if they don't act, the funds will be returned to the Rainy Day Fund. Goes then to legislature with recommendation. Question: anywhere on ballot that mentions amount of \$? No – likely \$1.7 billion but could be as high as \$2 billion.
- Question: Given reasonable timeframes from Nov. 4, when could we expect to move forward with projects? Once the proposition is canvassed over 20-30 days, and the committee meets, we could have funding in 50 days. However, we cannot expend those funds until they are appropriated to the agency via a supplemental bill or approval from the legislature. In a perfect world, earliest would be mid-December, but latest could run into the next session.
- Williams – We will put together a website for this committee with information of use to the committee and the public with links to additional information; this new webpage will also be a venue for accepting feedback regarding recommendations for Prop 1. Thomas noted he will send a link to the group of the State Legislative Affairs website.
- Cascos: Questioned how the Prop 1 strategy will connect to the proposed recommendations from the Panama Canal Stakeholder Working Group and those that will come out of the Freight Advisory Committee. Use of Prop 1 funds should align with TxDOT and MPO planning efforts. Williams advised that formulas include factors that incorporate changes in population and system utilization. Commission could give recommendations that encourage project selection that prioritizes alignment with existing state and regional plans that address changes. Zapalac clarified that the committee should keep this in mind when recommending the initial allocation of the funding per goal area (e.g., congestion, connectivity, maintenance).

Proposed Proposition 1 Distribution Concepts

- Williams – Reviewed 6 principles slide – hope to set the stage for us to be more proactive in system planning; as we talk category distribution, the legislature and our administration wants to be sure we highlighted these 6 points and these are consistent with MAP21 federal level and state level principles. Use of Prop 1 funds should align with legislative direction.

- General Weber –The experience on the committee represents the agency’s stakeholders and will be of help to the agency and commission. If passed by voters in November, Proposition 1 represents a great opportunity and we need to spend it properly. But we must have the flexibility to adjust on the fly. The committee needs to help the department make decisions for the economic good of our state and planning for the future – what you decide will be building blocks for the future of the state.
- Barton noted the \$5 billion funding gap and that the growing energy sector is having significant impact on infrastructure – the entire state has deposits below our surface providing opportunities but also demands on our system – not predictable and significant. TxDOT has proposed a 60%-20%-20% framework as a starting point for discussion/debate (as outlined in the presentation). This is a statewide vote and because of that, funds need to be provided in statewide fashion. We have diverse needs and a population that wants to be served.
- Williams: any questions at this point on this philosophical framework of 60%-20%-20%?
- Question: Energy impacts – maintenance or congestion? Williams: What we felt is that energy impacts are different in different parts of the state; in the south, maintenance impacts to highways are most pronounced; in other regions – Midland/Odessa – impact is more to traffic/congestion as well as roads – especially on I-20; so we propose not to restrict use of energy funds but leave that up to those regions to address per their needs.
- Williams –Outlined that all funds must be used for on-system, non-tolled and non-transit related projects. Question was raised on new location projects and whether or not they fit into this restriction. Williams clarified that new location facilities can be brought on-system through Commission action, and by doing so, would still qualify for this funding.
- Question: Is this based on current information? Williams: Yes, we are going to project out future needs –all formulas are driven by factors that change as population changes, as system utilization changes – so the outcome of formulas aren’t static. Consider population as a factor in the distribution of funds between congestion/connectivity to ensure public/legislative support, regional benefits and to balance urban/rural needs.
- Question: Are we going to factor in projected growth? Should we invest in areas where there’s not a problem today but where problems are anticipated years from now? Williams: Formulas will change over time; legislation says that we have to use existing formulas – so we are somewhat tied to formulas we have today, but the formulas account for changing demographics. The formulas are updated every five years based on history not necessarily

on projections. Additionally, the committee can provide direction that supports project selection that responds to regional and statewide plans that address projected growth.

- Morris: For those things we can't predict, we need to carve out a portion of this money for the Commission. Suggested a distribution of 50% for Congestion, 30% for Maintenance/Energy and 20% for Connectivity/Commission. Everyone should be able to go to MPOs, districts, Commission to be heard on what the needs are.
- Question: Is the plan geared more toward the bigger bang for the buck or a peanut butter spread approach and how do we balance that? Williams: The committee's desire to look at targeting larger and more strategic investments can be reflected in its recommendations.
- Williams: Discussed slides on congestion funding and Category 2 formula – developed to account for a number of factors important in urban areas; once funds are distributed, projects are prioritized by districts/MPOs. Need to be forward thinking and align projects with long-range planning instead of just focusing on immediate need.
- Committee members commented on the ability for districts and MPOs to work together to pool money on common projects.
- Williams: Connectivity slides: preliminary recommended approach would help address the committee's desire to advance larger and more strategic projects, as the money would be aggregated for a region and TxDOT would work with districts and MPOs in identifying the highest priority projects in that region that would be priorities for funding. If we see a willingness by the legislature to continue this program for multiple years, it may be that we can work in those regions to focus money on one corridor and could maybe make that a multi-year commitment. Project selection should come from regions. Connectivity funding should include funding new corridors.
- Comment: Looks like formula 4 has something for everybody. We could convince the whole state that every district will take a strategic systems approach versus projects, creating opportunities for statewide benefits.
- Williams: While Category 4 does not have a specific formula that goes with the basic tenants of Category 4 were good for addressing both the congestion and connectivity. We could prioritize around these tenants for project selection as long as we offer a formula to address the legislative direction for the funding distribution.
- Judge Cascos – Suggested giving consideration to focusing connectivity funds on broader corridors to help fully solve problems.
- Weber: There are no definitive answers at this time; there are positives and negatives to each view.

- Comment: Committee may not be able to adequately determine the suitability of specific distributions to Districts/MPOs. Commission, staff and MPOs are best able to determine specific distributions, formulas and final project selection.
- Chair Johnson – Agreed and suggested that the committee should focus recommendations on a broad template within which the Commission could work.
- Comment: When a voter comes to cast yes or no, they expect to get something; we need to show regional benefit so someone can't say "I get nothing out of this."
- Comment: Everything is voter driven. We need to step outside our county and regional boxes and come into the state box and promote this as one large community.
- Barton: Commission made a hard decision in 2009 to put money into the I-35 corridor and was criticized statewide – but if we step back, the state of Texas as a whole benefited tremendously.
- Jordan: 86% of the population lives in urban areas; however, the greatest miles are found in west Texas with the lowest density of population.
- Comment: We have to balance rural, urban, and metro.
- Morris: We need to honor the notion of formula, but advance the strategy of partnership.
- Williams: Remaining 2 slides – 20% for maintenance – Category 1 –percentages are good because maintenance benefits everyone; 20% for energy impacts – similar to maintenance formula but should weight for current energy related activities that most impact the system.
- Question: Does this apply to every district? Yes. Active production in all 254 counties.
- Judge Gossom– Identify major connectivity projects and consider distributing up to 50% of the funds to those projects and then put the remaining dollars into other areas.
- Judge Self – Noted the use of Category 1 formula to distribute maintenance funds seems appropriate. Judge Bradford –Need to ensure that energy sector distributions account for active wells and wells going into production to adequately address transportation impacts.
- Williams: Future committee meetings - Friday, September 5, 2014 from 10:30 am to 1 p.m. Tuesday, Sept. 16, 10:30 a.m. to 1 p.m. as a follow-on meeting.
- Johnson – Advised the committee members to consider three items before the next meeting:
 - Think about the most necessary and appropriate mix of funds
 - Specify a % breakdown of funds and determine what, if any caveats, incentives or requirements you would place on the categories
 - What should the extent of the committee's recommendation to the Commission be on the use and prioritization of funds?
- Goal is to provide recommendations to the Commission at the 9/18 Commission meeting.

- Johnson: Ponder what recommendations this group might have for the Commission to make this process as understandable and meaningful for stakeholders as possible; this money affects everyone in the state – so think about those and be ready to discuss at first of next meeting.

Proposition 1 Stakeholder Committee Charge: Provide recommendations to the Texas Department of Transportation on the distribution of potential funding provided by the Transportation Funding Ballot Proposition using existing formulas adopted by the Texas Transportation Commission.

Summary of Key Comments from Round 1 of Committee Discussion

- Use of Proposition 1 funding should align with legislative direction.
 - *Allocation of funds by TxDOT*
 - *Use of existing formulas adopted by the Texas Transportation Commission*
 - *No funding of toll road*
 - *Expedite project delivery*
 - *Align with state and federal program requirements*
- Use of Proposition 1 Funds should align with Strategic Plans of the Department and Metropolitan Planning Organizations, including:
 - *Statewide 2040 Long-Range Plan*
 - *Texas Freight Mobility Plan*
 - *Panama Canal Stakeholder Working Group Report*
 - *Metropolitan Transportation Plans*
- Distribution and use of Proposition 1 funds should account for changes in demographics and transportation activities.
 - *Adopted formulas should include factors that adapt to change*
 - *State and regional plans should guide priorities for the use of Proposition 1 funds and ensure that priorities account for transportation needs to respond to projected growth in population and transportation*
- Congestion and Connectivity funding should be strategic in focus and directed toward major projects of regional significance.
 - *TxDOT Districts and MPOs should work with local stakeholders to identify top strategic priorities that enhance economic opportunity and freight movement*
 - *Commission should guide funding of locally selected strategic priorities based on project readiness and statewide priorities and encourage partnerships with MPOs*
 - *To facilitate project delivery, funds can be exchanged between TxDOT districts and MPOs on an annual basis*

- *To align with local and statewide Transportation Improvement Programs the Texas Transportation Commission should account for up to four years of Proposition 1 funding distribution to allow for planning and project development*
- *Connectivity funding should include the funding of new corridors.*
 - *New corridors should align with adopted State and Metropolitan Transportation Plans*
 - *Commission should include new strategic corridors to be funded under Proposition 1 on the state highway system*
 - *Principles outlined under Category 4 – Statewide Connectivity Corridor Projects of TxDOT’s Unified Transportation Plan provide a good set of principles for fund distribution and project selection*
- *Consider population as a factor in the distribution of funds between Congestion and Connectivity to ensure public/legislative support, provide regional benefits and balance urban and rural needs.*
- *Formula(s) applied for energy sector distribution should best account for current energy related activities that most impact the transportation system.*
 - *In selecting formulas, consider activities related to factors, such as for active wells and wells going into production, to adequately address energy related transportation impacts*
 - *SB 1747 distribution may best account for energy production factors as compared to HB 1025*
- *The Proposition 1 Stakeholder Committee may not be able to adequately determine the suitability of specific distributions to Districts and MPOs.*
 - *Committee will focus on overall strategic guidance for Proposition 1 funding distribution and project selection by TxDOT and MPOs*
 - *Texas Transportation Commission, TxDOT staff and MPOs may be best able to determine specific distributions, applicable formulas, and final project selection*
 - *Continued committee efforts will be open to stakeholder input and public comment*