



DRAFT

Proposition 1 Stakeholder Committee

Meeting # 4 Notes – November 12, 2014, 2 pm

Welcome and Introductions

Committee members attending in person – **Committee Chair Johnny Johnson; Council Member Jungus Jordan;** John Esparza

Committee members attending via WebEx: Judge Ed Emmett; Commissioner Judy Hawley; Michael Morris; Judge Keith Self; Judge Mike Bradford; Judge Woody Gossom

Unable to participate: Judge Cascos

TxDOT Commission and staff: Marc Williams; James Koch; Karen Lorenzini; Trent Thomas; Annie LaGow; Doise Miers; Corey Hendrickson; Commissioner Vandergriff

Additional attendees: Pete Sepulveda on behalf of Judge Cascos; Lawrence Olsen, Texas Good Roads; Ashby Johnson, CAMPO; Jang Yen; FHWA; Sara Hays, Representative Phillips' office; Aaron Kocian, Lieutenant Governor Dewhurst's office; Steven Albright, Senator Nichols office, Senate Transportation Committee; Rob Orr, Senate Finance Committee

Election Results and Legislative Update

Chairman Johnson welcomed everyone and introduced Trent Thomas to give a briefing on the Proposition 1 election. Trent said the proposition passed by 79.78 percent. The votes will be certified between 15-33 days and that's when the clock starts for the economic stabilization committees. The committees will have 30 days after the votes are certified to make recommendations. There's two options to access these funds, Rider 18 (LBB request), or through a supplemental appropriations bill. While it would be a substantial request, the Rider 18 process would be the quickest method to access the funding. The supplemental appropriations would require legislative action that would take some time.

Public Comment on Proposition 1

Chairman Johnson asked Marc Williams and Lawrence Olsen to discuss public comments and information received related to Proposition 1. Marc reviewed the Proposition 1 webpage on txdot.gov and said only four comments have been submitted through the webpage, with one comment asking about the funding allocation associated with the proposition. The other comments weighed in on toll roads, transit funding, and TxDOT generally.

Lawrence briefly described the efforts of Texas Good Roads to speak to groups around the state in support of Proposition 1. Texas Good Roads has been traveling the state talking with people about

the need for additional transportation funding and he feels they were able to do some substantial education on transportation funding.

Chairman Johnson anticipates that public interest will grow so he requested that TxDOT modify the website to add the public involvement link to the top.

Review of September 5, 2014 Meeting/Committee Recommendations

Marc went through the highlights of the last meeting including the committee's five key recommendations. The committee's recommendations were captured in a white paper and Chairman Johnson presented these recommendations to the TTC on September 18, 2014.

Judge Emmett said a legislator asked him about a bill that was passed to address energy sector needs and asked why 20 percent of Proposition 1 will be used for energy sector. Marc responded that there's about a \$1 billion deficit a year to address energy sector needs, knowing that there's a deficit in addressing congestion and other needs too. Judge Emmett responded that he believes the energy sector allocation may need to be considered in light of recent energy sector funding approved by the legislature.

Funding for Energy Sector and Safety Priorities

Marc discussed that TxDOT received approval to use \$402 million from vehicle registration fees for energy sector and safety projects. This includes about 40 energy sector projects and about 100 safety projects. The TTC will consider this distribution at their November meeting.

John Esparza asked of the various allocations going to energy sector projects, if it will address the needs. Marc responded that some substantial steps have been taken to help address the needs for this year, but those needs will continue.

Ashby Johnson asked if these allocations will be addressing maintenance and energy sector needs. Marc answered that it will be addressing needs in both areas.

Michael Morris discussed that there are energy sector needs from several years ago that still need to be addressed. He said the state has inherited roads that still have needs from several years ago. Chairman Johnson said that there are areas that aren't as active as some roads are today, so the committee needs to take a comprehensive look and not just focus on those areas that are hyper-active now.

Discussion of Possible Distribution Scenario

Chairman Johnson started by saying the anticipated funding from Proposition 1 was about \$1.7 billion and now there are other funding streams that the committee should keep in mind, though the committee was set up to specifically address Proposition 1.

Marc offered a 60/20/20 distribution for the committee to respond to and discuss:

- 60% (3/5ths) of Funds for Congestion and Connectivity needs
 - 30% distributed using TxDOT/MPO's Category 2 formula (target MPOs/TMAs and District Priorities)
 - 30% distributed using Category 11 formula (target strategic corridors using Category 4 principles)

- 20% (1/5th) of the funds to be distributed for maintenance to districts by TxDOT's Category 1 formula
- 20% (1/5th) of the funds to be distributed for Energy Impacts to highways using formulas accounting for highway conditions and current production activities

Judge Self said 3/4 of the states in the US have fewer people than his COG, so he continues to advocate for funding going to TxDOT districts to better ensure local control.

Marc responded that ideally the districts and COGs would work together at the local level on priorities and ask the TTC to vote to approve that funding and that the COGs and TTC need to agree on funding the priorities.

Ashby asked if there is a "credit" for local entities that are willing to partner and allocate local dollars for projects. Marc said that there's not a process in the formula distributions to "give credit" for local dollars but local dollars are something that may come in to play.

Marc continued discussing the categories for the funding distribution. Category 2 – is a formula based on MPO statistics such as population, lane miles and congestion. TTC distributes based on those formulas and districts and MPOs work together to decide on those projects, usually added capacity type projects.

Category 11 – is based on district statistics such as VMT and miles of highway. Many DE's use Category 11 for safety projects and it is usually guided by districts.

Michael Morris states that his area hasn't seen Category 2 funding in over 10 years. He asks if the funding is more assured if TxDOT and the MPO's both approve the project.

Commissioner Hawley asked if the two funding allocations can be layered and used together. Marc responded that yes that can be done.

Marc then presented a conceptual distribution chart for the committee to react to and discuss. He also presented a chart that shows distribution factors, and said the dominant driver in the distribution is traffic and congestion.

Marc presented a spreadsheet with MPO population information originally provided by Michael Morris. Items such as population, centerline miles, etc. were added to the excel sheet to show comparisons of MPOs and TxDOT districts. Marc addressed the reasoning behind adding more information to the excel sheet to ensure the committee could see all the attributes that will be included in funding decisions. Michael Morris noted that his intention was to point out the importance of equitable distribution of funds recognizing the strong support that voters had offered toward Proposition 1 across the state. Judge Emmett said the formulas have been carefully constructed and that the committee should stick to the formulas. He went on to say that he's concerned that the energy sector was allocated \$402 million after the committee decided on the 60/20/20 and that had he known that he may have recommended adding more to the first sections and decreasing the energy sector funds.

John Esparza said that ideally we would reconsider how to allocate the \$402 million so the committee can continue on with the 60/20/20.

Chairman Johnson reminded the committee that they are setting a template for how to allocate future funding so they don't want to set too strict of a template initially.

Councilman Jordan asked if this is something that will have to be considered every year. Marc responded the current distribution under consideration is for FY 15. Future distributions may continue to follow this distribution or look at a modified distribution. We would likely expect some legislative guidance on both current and future year allocations.

Judge Gossom said he thinks the committee needs to keep on the 60/20/20 allocation they previously recommended.

Commissioner Hawley commented that the allocation strategy should stay the same as many citizens were aware of this recommendation when the public voted in the election.

Michael Morris asked if the committee could continue considering the “hybrid” section to also accommodate energy sector needs. He went on to say that if the formula doesn’t have to be the same every year that the formulas change to address initial energy sector needs then adjust that in future years to address other needs in maintenance and congestion.

Marc explained that the “hybrid” is a formula to consider a variety of needs.

Michael Morris recommended that TxDOT get clarification on if we’re going year-to-year or if planning can be done over several years.

Discussion and Next Steps

Marc presented the anticipated process timeline. The TTC will discuss the initial distribution in November and there will be ongoing discussion with legislators and MPOs. It is anticipated that the TTC will approve a funding distribution in December and that in January and February TxDOT Districts and Divisions and the MPOs will begin selecting projects that align with the funding distribution. In February the TTC will review and approve recommended projects through the UTP. Marc anticipates that by February many projects will be ready to receive funding, though some may take longer, depending on the time needed for the MPOs’ processes.

Chairman Johnson said he’s heard from the committee that they don’t want to drift too far from the 60/20/20 allocation but there may be small adjustments in some areas. He asked that if committee members have any adjustments they think should be considered, that they send those to Marc. Chairman Johnson also asked that TxDOT get clarification on if the legislature intends for this to be a multi-year template.

Chairman Johnson asked that Marc get the committee together again around the second week of December. Marc will send out a few options for the next meeting.

Chairman Johnson thanked those participating today and for their work. Commissioner Vandergriff also thanked the committee for their work. Chairman Johnson adjourned the committee.