

1 TEXAS DEPARTMENT OF TRANSPORTATION
2 TRANSPORTATION COMMISSION WORKSHOP MEETING

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9 Ric Williamson Hearing Room
10 Dewitt Greer Building
11 125 East 11th Street
Austin, Texas

12 Wednesday
13 July 29, 2015
2:00 p.m.

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17 COMMISSION MEMBERS:

18 Tryon D. Lewis, Chair
19 Jeff Moseley, Vice Chair
20 J. Bruce Bugg, Jr.
Victor Vandergriff
Jeff Austin, III

21 STAFF:

22 Lt. General Joe Weber, Executive Director
23 Jeff Graham, General Counsel
24 Robin Carter, Commission Chief Clerk
25

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P R O C E E D I N G

MR. LEWIS: All right. If I can have everyone's attention. By my reckoning it's 2:00 p.m. I'll call to order the July 29th, 2015 Workshop meeting of the Texas Transportation Commission in Austin, Texas.

I'll note for the record that public notice of this meeting containing all items on the agenda was filed with the Secretary of State at 3:42 p.m. on July 21st, 2015 and that is seven days prior to the meeting which meets the requirements of the Governor's Code -- the Government Code, pardon me, Government Code Section 551.044.

At this time, I would like to ask that before we begin today's meeting that all of you join me in placing your cell phones and other communication devices in the silent or off mode which I have done. Please check them.

Now if you wish to address the Commission during today's meeting, please complete a speaker's card at the registration table. And there are -- there are two cards. If you wish to register your opinion or comment on an agenda item, that is one of the things -- I guess there are two things that are posted. But one of our agenda items, please complete a yellow card and identify which agenda item. It will have -- it will have a place for the agenda item number whether you wish to make a statement or just register your opinion, what your opinion is, you're for, against or

1 neutral, your name and your title and who you represent and
2 if you are here on behalf of an entity or a group.

3 And you'll sign that. If you haven't had these
4 already, they're on the registration table outside. Our
5 clerk, Ms. Robin Carter, is over here. You come up and hand
6 those to her. And when we get to that item, she'll hand me
7 that card.

8 Now if it's not an agenda item and you want to
9 address us about some item that's not on the agenda, we will
10 still take your comments, but we do that once we've
11 completed all other items on the agenda. And that's a
12 different card. And it lets us know that it's not an agenda
13 item. What you want to do is make a sort of a general open
14 address to -- to us. And that's the blue -- that's what the
15 blue card is for and it has similar -- similar requirements
16 on it. And the same thing when you're -- you've finished and
17 you'll give that to Ms. Carter.

18 Now out here this is this podium, our dais, that's
19 where you'll deliver your comments from. There is a
20 microphone there. Be sure it's right there with you so that
21 we'll be able to hear you. And if it needs to be adjusted,
22 go ahead. And if we can't hear you, we'll -- we will let
23 you know.

24 When you do come forward, please help us by
25 stating sort of what's on the card in this sense. What your

1 name is and here if you are here representing a group, who
2 you are here representing and what your title is. So you'll
3 say that and then give us the benefit of your comments,
4 whatever it might be. And this is true whether it's
5 addressing an agenda item or later in open comments.

6 Now regardless of which it is, we do request that
7 you limit your comments to a period of three minutes. So
8 please think about what you're going to say when you come
9 forward. Attempt with us to work with us by limiting your
10 comments to three minutes. And our clerk has a timer here
11 and I'll be looking at it and -- and letting you know if
12 your time has expired.

13 Now with those comments having been made, I'm
14 going to turn our microphone over to our Executive Director
15 Joe Weber.

16 GENERAL WEBER: Thank you, Chairman. At this
17 time, I would like to ask our Chief Strategy and Innovation
18 Officer Darran Anderson to provide a quick safety briefing.

19 MR. ANDERSON: Mr. Chairman, Commissioners,
20 General Weber, audience, this is your safety briefing for
21 today's meeting. Although unlikely in case of a tornado or
22 inclement weather today, we will shelter in place. We'll
23 stay inside. We'll move away from exterior walls and
24 windows. Our primary shelters here in the Greer Building
25 are the stairwells and the basement. The stairwell is

1 immediately outside and the basement one floor down.

2 Secondary shelters include the lower level of
3 those same stairwells, the interior hallways external to --
4 to this room and the centrally located restrooms which are
5 on both hallways outside of this room.

6 In case of a fire, we will evacuate. You'll find
7 fire alarm pull stations in the lobby area of every floor
8 including this one. Maps outlining our emergency evacuation
9 plans are posted on every floor near the elevators and
10 detail exit routes from the building.

11 Our primary exit is our front door which faces
12 11th Street. Our secondary exits are east towards Brazos
13 Street out this door right here. And also west through the
14 out hallway and -- and to -- towards Congress Avenue. And
15 our gathering area is across the street on the capitol lawn.

16 Also, there is an ABC type fire extinguisher
17 marked and located on each floor. If necessary, use as
18 directed by pulling the pin, standing approximately eight
19 feet away from the fire and squeezing lever and sweep side
20 to side and spraying at the base of the fire.

21 In case of an active shooter or bomb threat,
22 follow instructions from the public address system, security
23 and/or anybody -- any person on site that are giving
24 instructions. And primary with an active shooter, remember
25 that the last -- the last measure is active defense that

1 most direct measure is to escape and evade.

2 During medical emergencies, we'll have volunteers
3 that perform the following steps and in event of emergency
4 we'll contact 911 from a cell phone or we'll dial -- dial 9-
5 911 on the TxDOT landline phone in the lobby.

6 We'll provide our physical address to the 911
7 operator which is 125 East 11th Street which is across from
8 the state capitol. And if necessary, there's an automated
9 external defib -- defibrillator, an AED, outside at the --
10 at the -- at the guard post located at the -- in the main
11 lobby.

12 The AED kit will prompt the user for CPR action so
13 you don't have to necessarily know those when you start to
14 use it. First aid kits are marked and located on each floor
15 as well. Does anyone have any questions?

16 (No audible response.)

17 MR. ANDERSON: If not, thank you for your time and
18 let's have a safe and productive meeting.

19 GENERAL WEBER: Thanks, Darran. With that, I'll
20 defer back to you, Chairman.

21 MR. LEWIS: Thank you very much. At this time
22 what we typically do in our -- in our remarks is to have
23 first of all comments from elected state officials. I do
24 have -- there are no elected state officials here. So I'll
25 ask if -- if the Commissioners have comments to make. And

1 we'll begin -- Mr. Bugg, do you care to make any comments at
2 this time?

3 MR. BUGG: Not at this time. Thank you, Mr.
4 Chairman.

5 MR. LEWIS: Commissioner Vandergriff?

6 MR. VANDERGRIFF: No, not at this time. Thank you
7 again.

8 MR. LEWIS: Commissioner Moseley.

9 MR. MOSELEY: Chairman, the only comment I would
10 make is when Bill Clements was Governor he banned neckties
11 from the capitol for the summer months and since --

12 (Laughter.)

13 MR. MOSELEY: -- since today it's over a hundred
14 degrees I -- I've put my necktie in the closet. Good to be
15 with you.

16 MR. LEWIS: You set a fine example for all of us.
17 Thank you.

18 MR. AUSTIN: Well, how do you follow that?

19 MR. LEWIS: Commissioner Austin. All right. Then
20 that completes the opening statements. And thanks to
21 everyone for your brevity. And I'll turn the program back
22 over -- agenda back over to General Weber.

23 GENERAL WEBER: Thank you, Chairman. Item 2(a) is
24 an overview of our Department's operating budget. Our
25 Director of Finance Brian Ragland will present.

1 MR. RAGLAND: Good afternoon, Commissioners,
2 General Weber and Robin, of course. My name is Brian
3 Ragland. I'm the Director of the Finance Division here at
4 TxDOT. And I understand my role here today is to lead a
5 discussion on the -- on the Department's operating budget.
6 I have some very experienced and capable staff I've -- I've
7 brought with me. So if you see a note being passed to me,
8 that's -- that's who that is.

9 And also in the audience are the TxDOT division
10 and office directors who can assist with questions regarding
11 their specific operation. And I won't be shy to -- to call
12 upon them if -- if I become -- become stumped as -- on one
13 of their questions.

14 As you know, our budget is very large and complex.
15 Hopefully at the very least one of your takeaways today is
16 that you feel comfortable that we do have a disciplined
17 method to -- to manage our budget.

18 So I've got a Powerpoint here that's I believe
19 about 10 pages long. So I'll start with the slide number
20 two which is basically an overview of our process, a high
21 level overview. And we break it up into odd numbered years
22 and even numbered years and even numbered years because of
23 the way the legislature as you know appropriates our -- our
24 budget biannually -- biannually. I won't try and say that
25 again.

1 It's always a collaborative effort. So starting
2 with where we -- we are in the -- in the current calendar
3 year as you know, the session just ended. During odd
4 numbered years we -- we work the session and monitor the
5 budget discussions during the session very closely. Once
6 the -- once sine die has occurred, whether it's May 31st or
7 June 1st, is when we have our known numbers and can go to
8 work allocating those out around the Department to
9 accomplish the -- the goals and objectives that's -- that
10 you've given us.

11 What that involves is a very detailed process of
12 allocating out various strategies. Strategies is the term
13 the Legislature uses to group activities that are supportive
14 of the Department's goals and objectives. We allocate out
15 those strategies or multiple strategies to the districts,
16 divisions and offices. The acronym we use is DDOs and I'll
17 use that several times over today. And then we get feedback
18 on that.

19 The -- the -- there's an opportunity for those
20 DDOs to ask for additional resources and that's a secondary
21 process to the -- to the preliminary allocations I'll share
22 with you today. We gather those additional requests
23 together, take them to administration and allow them to make
24 decision based on priorities and available funding.

25 So obviously September 1st comes around and the

1 operating -- the fiscal year starts. The DDOs have their
2 new budgets and -- and prepare to execute those. We move on
3 into the even numbered calendar years and that's when we
4 start the cycle all over again and we begin discussions as
5 several of you know with the Commission starting in about
6 March to start putting together the priorities for the
7 upcoming legislative session and the legislative
8 appropriations request.

9 We work with the DDOs for the next three year
10 cycle, the second year of the biennium that we're currently
11 in at that point, as well as the two years that we'll be
12 addressing in our LAR. We allocate funding to the DDOs for
13 the second year of the biennium we're in following a similar
14 process to I -- as I've described in the -- in the current
15 year. And we do some preliminary allocations for the -- the
16 -- subsequent two years. But of course we have to wait and
17 see what the Legislature decides on those years.

18 So a little bit of show and tell, this is what our
19 LAR looks like. Several of you have seen this. I will say
20 if we were to publish a document that -- that captured what
21 we do once we get our numbers from the Legislature
22 internally, i.e., slicing and dicing into the various DDOs
23 and line items and budget accounts, this would be many, many
24 more reams thick than that -- thicker than that. And
25 thankfully we don't do that.

1 One mention about our -- about our budget from the
2 Legislature, unlike many agencies, our budget is estimated
3 based on expected revenues to the State Highway Fund. So
4 unlike other agencies it's not sum certain. If revenues
5 happen to come in lower than the comptroller's estimate or
6 the appropriations that have been granted to us, that
7 becomes our ceiling. If they come in higher than the
8 estimated revenues, then there are -- then there are ways
9 that we can get that additional funding during that current
10 budget period.

11 I'll move onto the next slide which --

12 MR. LEWIS: If -- if I could -- let -- let me --

13 MR. RAGLAND: Sure.

14 MR. LEWIS: -- ask some questions and I think each
15 Commissioner, you know, may be interrupting to ask questions
16 --

17 MR. RAGLAND: Please do.

18 MR. LEWIS: -- but one thing that I want to do as
19 I'm fairly new here and new to the process. Let's say --
20 and I'm just picking -- I'll just say finance for instance
21 has 232 FTEs.

22 MR. RAGLAND: Uh-huh.

23 MR. LEWIS: It's not 250 and it's not 200, 232.
24 So my question is what process do we go through to find out
25 that 232 is the right number? Is it -- is it just history,

1 you have that many last time and you need our -- our -- you
2 had 230 last time and you need to add two or is it -- is it
3 mostly history or is it sort of zero based go back to go and
4 -- and calculate?

5 MR. RAGLAND: I would say it's closer to zero --
6 zero based. Obviously we take history into account, but
7 there have been -- there have been efforts over the years to
8 right size the various DDOs based upon the -- the functions
9 that are -- that are contained within each and the -- and
10 the demands that are -- that are put upon them. Obviously
11 that changes over time as we either gain or lose certain
12 functions, then those FTE allocations need to be adjusted.
13 We've for lack of a better word inherited certain functions
14 from other agencies over the years. So we've also taken on
15 those FTE allocations.

16 There was -- there was a substantial effort
17 several years ago where there were metrics assigned to the
18 districts as to how many FTEs they needed based on their
19 relative workload whether it be engineering demands or
20 projects in the pipeline or road conditions or -- or those
21 sorts of things. So that's kind of my fuzzy answer.

22 I wouldn't say we do it every single year for the
23 finance division for example. We -- we went through an
24 effort about a year ago where we right sized based on
25 getting this new enterprise information system that you're

1 aware of.

2 MR. LEWIS: Yeah, you're referring now to the
3 Finance --

4 MR. RAGLAND: I am.

5 MR. LEWIS: -- Division? Okay.

6 MR. RAGLAND: So the Finance Division gained about
7 80 FTEs in the 2011-12 time period when -- when the agency
8 made the decision to centralize certain functions statewide.
9 So we -- we took on FTEs that were previously all around the
10 state. But also about a year ago we added a smaller number,
11 10 or 12 I believe because of the new systems that we had
12 implemented and the additional demands that were -- that
13 were being placed on us because of the system. So sort of a
14 fuzzy answer, but it's -- it's not completely just because
15 you had it and you get it again.

16 GENERAL WEBER: Chairman, can I just -- just a few
17 --

18 MR. LEWIS: Yeah.

19 GENERAL WEBER: When I first got here, that was
20 one of my questions with respect to our FTEs. How do we
21 find out that we rate 11,000 or 12,000? What is the
22 requirement in -- so, you know, and -- and having been
23 around some large organizations I've - you very rarely meet
24 people who have enough people. You know, they always need
25 more people in my case people and more ammo, but a lot of my

1 history.

2 But so the metrics pieces, it was clear that back
3 in 2009 or '10 y'all did a really good scrub. And there was
4 some formulas attached to that with respect to functions and
5 weight given to functions and how many people worked -- how
6 many hours to perform this function, how many people you
7 would need. So I thought that was a -- a really good scrub.

8 I think some of it has just the tone of the
9 Legislature. I know when I got here we had done some
10 outsourcing and everybody was looking at cutting back and
11 those type of things and I don't think the timing was right
12 to go to the Legislature when we're asking for more money
13 for roads. It was obvious to me that we needed necessarily
14 more FTEs. That was a factor. Outsourcing to me was a
15 factor. Some of the divisions -- that was affected much
16 more than others. And then continually talking and asking
17 with the DEs when I go around to visit do you have enough
18 people. First off, the -- the FTEs that you have, are they
19 filled? And if -- if they are, do you have enough. And so
20 that's some of the other way we get input.

21 But finally I would just like to add that I think
22 we -- and looking at FTEs, if we find ourselves where from
23 one year to another we're changing and adjusting, I think
24 that that can cause more damage sometimes than if you just
25 -- you have to -- if you make a change, sometimes you got to

1 leave it alone to see if that change is going to work or
2 have the effect that you want or not to have. So I just
3 would throw those comments on with respect to FTEs.

4 MR. LEWIS: Thank you.

5 MR. RAGLAND: And -- and obviously we have the
6 ability to -- as -- as we do the balancing act we have the
7 ability to supplement our forces with -- with outside help.

8 MR. LEWIS: Commissioner Vandergriff, did you have
9 a question?

10 MR. VANDERGRIFF: No. Oh, I apologize.

11 MR. LEWIS: Commissioner Austin.

12 MR. AUSTIN: Brian, you may get to this in a
13 minute, but I want to direct this to the General. You talk
14 about asking do we have enough people. Here we are. The
15 citizens are going to hopefully approve Proposition 7 coming
16 up later this fall. As we gear up with a potential big
17 inflow of dollars coming back in, do we have the staff now -
18 - and it may not be an easy answer, to begin to prepare for
19 the planning, the engineering, the procurement, the
20 construction to be able to deliver on these projects once we
21 get the new money?

22 GENERAL WEBER: Yeah, and -- and part of that
23 question -- that's a great question. But part of it is are
24 we organized properly to do that? And then that's where the
25 FTEs and the staff come in. And it's -- some of the members

1 in our Legislature have even asked that and I initially said
2 you know, there is a hesitancy to add more FTEs.

3 It's been interesting that some of the members
4 across the street based on what you've said have -- have
5 asked that question do you have enough FTEs to ensure that
6 you can execute what we've given you. So we're in the
7 process of looking at that right now.

8 MR. AUSTIN: So if asked, you could give us a
9 pretty good plan of what you would do to make changes to
10 move forward?

11 GENERAL WEBER: Yes. I mean, I -- I can and I
12 would like -- and I would start with a -- a change in our
13 organization probably which would affect the FTEs, where
14 they are, how many of them and where they are.

15 MR. RAGLAND: So this -- this next slide number
16 three is -- is our attempt to define for you what we
17 consider our operating budget. We exclude several
18 expenditure items from that term including our very largest
19 items because they are handled centrally and/or there is no
20 discretion as to their use. The -- the best example are
21 construction projects that have already let.

22 The budget appropriates dollars to continue to pay
23 out the progress payments for those particular projects.
24 But there's no reason for us to allocate out those dollars
25 to districts for divisions or offices. We handle those

1 centrally. The district's budgets for lack of a -- a better
2 term are handled through their letting allocations that are
3 -- that are in the UTP.

4 Another example of -- of items we exclude from our
5 -- from our term are -- is debt service. You know, we know
6 what that is. We know what the cash commitments are going
7 to be and there's no reason to -- to allocate that out to
8 anybody.

9 So the bottom half of the slide is what we do
10 include and what we do allocate out for -- for districts,
11 divisions and offices to -- to use in their daily
12 operations. That includes, and you can read this just as
13 well as I, but professional fees and services which are --
14 primarily are consulting contracts, grants, roadway
15 materials, utilities, fuel. Routine maintenance is -- is a
16 big item that's allocated out to districts and of course
17 employee costs which include our salaries, our -- our
18 benefit, some of our benefits, our travel, et cetera.

19 MR. LEWIS: Yeah, is that -- correct me if I'm
20 wrong, but on the -- on the benefits, I -- I thought you
21 told me previously that ERS -- there are a number of --

22 MR. RAGLAND: That's correct. So I --

23 MR. LEWIS: So I guess the major benefits aren't
24 included in these budgets because they're actually paid to
25 another agency?

1 MR. RAGLAND: Correct.

2 MR. LEWIS: Is that --

3 MR. RAGLAND: Yeah, I --

4 MR. LEWIS: Tell me -- tell us about that.

5 MR. RAGLAND: That's why I said some. What is
6 included here are things like longevity pay or, you know,
7 when an employee terminates and they have a vacation
8 balance, then it gets -- you know, they get a lump sum for
9 that cash value, those kind of things are in this number.

10 But the larger benefits, the state paid social
11 security is appropriated directly out of the State Highway
12 Fund to the comptroller's office. The state paid pension
13 contribution and the state paid insurance contribution --
14 health insurance contributions are appropriated directly to
15 the Employee's Retirement System out of the State Highway
16 Fund. So --

17 MR. LEWIS: So then they're not allocated to any
18 particular division where that employee is or anything?

19 MR. RAGLAND: No.

20 MR. LEWIS: Okay. I just want to know.

21 MR. RAGLAND: So --

22 MR. LEWIS: And that's about -- would that be 25
23 to 30 percent of the pay? I mean --

24 MR. RAGLAND: Probably more than that given the
25 actions of this -- of the -- of the past Legislature. They

1 bumped those up quite a bit, so --

2 MR. LEWIS: Okay. Thank you.

3 MR. RAGLAND: So moving on to some -- some details
4 here, this -- these first two -- or these next two slides
5 are visuals of the dollars allocated out to the primary
6 strategies that exist in the districts. And they're sorted
7 in descending order by FTE allocation.

8 So what I thought I would do is just walk through
9 one of these as an example and give you an idea of what each
10 column represents here. So I -- I'll pick Corpus since they
11 have five numbers instead of the typical four. As you can
12 see, they have 407 FTEs. They've been allocated
13 approximately \$7.6-million for in house engineering.

14 Those are -- those are -- the term engineering is
15 a -- is a little bit misleading here. It's really anything
16 that supports the engineering function so it's the -- the
17 strategy in the appropriations bill is called plan, design
18 and manage. So it's -- it's all of the in house folks that
19 support that -- those engineering functions whether it be
20 planning, designing, executing on those dollars.

21 The outsourced amount here for Corpus as an
22 example is almost \$3.4-billion. That's the amount that they
23 are able to use to hire outside consultants to help them
24 with their engineering activities in the simplest of
25 definitions.

1 Moving onto the -- the third column with dollars
2 in it, 25,000,000 and some change is allocated for in house
3 maintenance activities. Those are -- those are a
4 combination of salaries and roadway materials as -- and --
5 and some other stuff, but those -- those are the large
6 buckets inside of that number. And they perform routine
7 maintenance activities in their particular district.

8 Twent-three point 4 million is allocated in the
9 outsourced column for Corpus Christi. That would be the
10 amounts that we contract out for those same type activities,
11 routine maintenance, whether it be low intrusive roadway
12 improvements, overlays, patches, liter pickup, mowing, all
13 of those sorts of things. And then Corpus is one of two
14 districts that has a ferry operation, so they receive almost
15 \$16,000,000 for them to operate their daily 24 hour ferry
16 operations.

17 So those are the -- those are the major categories
18 of -- of spending that the -- that the districts have at
19 their disposal.

20 MR. LEWIS: And if I might ask just to take
21 Houston/Dallas for example, it looks like the numbers for
22 outsourcing both engineering and routine maintenance are
23 higher than -- than in house, I guess the in house would be
24 a -- that number would be somewhat higher if you added in
25 the employee benefits because -- because those that we

1 talked about, because those would not be in that in house
2 number.

3 MR. RAGLAND: Correct. Correct. Those are not
4 there.

5 MR. LEWIS: Getting a little closer, but it is
6 instructive to me that there's actually more outsourced
7 expense for engineering in Houston or Dallas and the same
8 for maintenance by some margin than -- than for in house.
9 Thank you.

10 MR. AUSTIN: Brian, one thing that would be
11 helpful on here, just to -- and for comparison sake with FTE
12 dollars, but also a lane miles that's overseeing. They got
13 to be very --

14 MR. RAGLAND: And that's -- I failed to mention
15 the routine maintenance dollars are all formulaic.

16 MR. AUSTIN: Okay.

17 MR. RAGLAND: So we give --

18 MR. AUSTIN: And that's factored into the --

19 MR. RAGLAND: Definitely. We give a -- a number
20 to the maintenance division and they run it through some
21 pretty complex formulas that obviously take into account
22 population, lane miles, but even things like weather
23 conditions, soil conditions, those sorts of things.

24 So move on to the next page which is just the rest
25 of the districts in -- in descending order. If there are

1 not any questions there, I'll move on to the divisions and
2 the offices. And so the next three slides will show you the
3 -- the preliminary 16 budgets for the divisions and offices
4 and which strategies they operate out of. Many as you can
5 see on this first page also operate out of the in house and
6 outsourced engineering and routine maintenance strategies.

7 In addition, there's an admin column which the
8 Legislature considers in -- in a strategy called indirect
9 administration which are the things that support the core
10 functions of the agencies but aren't necessarily
11 specifically traceable to those things. So things like
12 finance, HR, IT, there's -- there's many as you can see;
13 communications, support services. And so that's what that
14 -- that final column is there. And these are also sorted in
15 descending order of FTE size.

16 It's important to note that many division
17 employees are not physically situated in Austin. They are
18 all over the state. They just report organizationally to a
19 division that's headquartered in Austin. The Finance
20 Division for example has almost 90 employees around the
21 state which is about 40 percent of our -- our count.

22 Any -- any questions here? I'll move on.

23 These are just more divisions and offices on down
24 to the -- on down to the -- the smallest, the office of
25 strategic planning. And then the -- the --

1 GENERAL WEBER: I have a question.

2 MR. LEWIS: Yes. Yes.

3 GENERAL WEBER: Brian, have you seen over the last
4 three or four of five years a migration of FTEs from the
5 districts?

6 MR. RAGLAND: Yes.

7 GENERAL WEBER: To up here --

8 MR. RAGLAND: Organizational --

9 GENERAL WEBER: -- in the corridors -- okay.

10 MR. RAGLAND: Not physically, but organizational.

11 GENERAL WEBER: All right.

12 MR. LEWIS: Okay.

13 MR. AUSTIN: Are you referring to consolidation,
14 General, or promotion from within or both?

15 GENERAL WEBER: It's more consolidation.

16 MR. AUSTIN: Consolidation, okay.

17 GENERAL WEBER: I -- I just -- I probably know the
18 answer to the question I asked, but I just think that over
19 the last three or four years we've pulled some of those FTEs
20 from the districts and brought them up here. Is that safe
21 to say or --

22 MR. RAGLAND: Definitely.

23 GENERAL WEBER: -- for bottom -- yeah.

24 MR. RAGLAND: Definitely. And then this -- this
25 third page is a little bit different. It lists four -- I'm

1 sorry, seven divisions and offices that also have some of
2 those engineering and maintenance and admin dollars
3 allocated. But they also have strategies in the
4 appropriations act that are -- have a one to one link to
5 their division. For example, the aviation division.

6 There is an aviation strategy in the General
7 Appropriations Act. And that's -- that's true for the rest
8 of these. So that's the column that says program. Those
9 are -- those are dollars that the Legislature has implicitly
10 -- or explicitly, I'm sorry, shown their desire for those
11 divisions to exist.

12 MR. AUSTIN: But Brian, one quick question.
13 Aviation, we have -- I see Dave Fulton out here. We have
14 revenue coming in on that as well. Don't we -- our revenue
15 transfers. Is that the only division here that we received
16 revenue from or for for any ancillary activities or --

17 MR. RAGLAND: Oh, the travel information division
18 has, you know, magazine subscriptions and some other
19 ancillary activities I would have to defer to them. I'm not
20 sure that any of the others do unless it's very, you know,
21 minor stuff like people come in and want copies, so we have
22 to charge them for --

23 MR. AUSTIN: Yeah.

24 MR. RAGLAND: -- open record, those kind of
25 things. But nothing -- nothing that's part of their day-to-

1 day business.

2 GENERAL WEBER: Crash records -- crash records. I
3 -- I think we charge for those, don't we?

4 MR. RAGLAND: I'll let John speak to that.

5 MR. BARTON: And this is John Barton, Deputy
6 Executive Director here at the Texas Department of
7 Transportation. We do have a couple of more -- traffic
8 operations does generate surplus revenues from our crash
9 records information system. They have also done a masterful
10 job I might say in reducing costs and -- and FTEs by
11 implementing technologies to do that crash records, data
12 assimilation and sharing.

13 They also have the logo program which is the blue
14 signs along our freeway network that allow for companies to
15 advertise for lack of a better term at their upcoming exits.
16 And that generates --

17 MR. AUSTIN: That generates a real --

18 MR. BARTON: -- about \$7,000,000 per year I think
19 was the last number I saw in revenues to the Department. So
20 there are -- there are programs like that that Commissioner
21 Austin intermixed in some of these that we don't talk a lot
22 about but they are out there generating revenues.

23 MR. AUSTIN: Okay. Thank you.

24 MR. RAGLAND: So I'll move on to slide number
25 nine. This -- this slide shows items that I previously

1 mentioned where expenditures are tied to our UTP or letting
2 process or where we have little to no discretion in their --
3 in their use. So we -- we call them statewide items or
4 centralized items. And we do not allocate them out to the
5 DDOs.

6 Just a couple of points here to mention. You'll
7 see that both for construction and for maintenance there is
8 an existing category and a new category. The Legislature
9 several years ago decided for transparency purposes that
10 they would like to see those separated. The difference
11 between those two is that existing construction contracts
12 are projects that are in progress prior to the -- the
13 beginning of the new biennium but for which we have to
14 continue to make payments on.

15 New -- new contracts are obviously those that get
16 let inside the new biennium. So that's the -- that's the
17 distinction between existing and new -- and is a frequently
18 asked question when I show this kind of slide.

19 The bottom of the page has various capital budget
20 items. Those are discretely appropriated as well by the
21 Legislature. And you can read them just as well as I can,
22 but those are items that the -- the Legislature deems
23 appropriate to separate out of our operating budget and --
24 and has -- they have some additional restrictions upon them.

25 Slide 10 is -- are some amounts that we are

1 considering contingent at this time. There are some
2 additional steps we need to go through to secure some of
3 this funding. Some of these line items you'll be familiar
4 with because they were asked for in the LAR last year. A
5 letter went over to the LBB and the Governor's office just
6 last week I believe requesting about \$80,000,000 of these
7 needs. And that \$80,000,000 came from the sale of real
8 estate that occurred during the current biennium. So we
9 feel like we've got a case to ask for those dollars to
10 address some of these needs. It does include the -- the
11 discounts on the -- on the toll roads.

12 I will mention that unlike previous Legislatures
13 that past Legislature or current Legislature put in a rider
14 that would require us to continue to sell real estate in
15 order to -- to use dollars towards some of our capital
16 activities, some of our facilities for example may require
17 that.

18 So -- so my final slide is a snapshot that comes
19 directly out of the General Appropriations Act. And this
20 again for transparency is -- is their -- is their effort to
21 show where the dollars go. These categories are legislative
22 line items, LBB dictated line items. So we use these same
23 line items within our internal system when we allocate
24 dollars out to the various DDOs.

25 This is informational only in the General

1 Appropriations Act. There is no limitation on any one line
2 item. It's -- it -- again, it's for transparency to show
3 sort of where the money goes in a more expenditure type
4 format versus strategy.

5 MR. AUSTIN: So Brian, if I read this right, less
6 than almost five and a half percent of our entire budget
7 goes to salaries and personnel cost. That's pretty
8 efficient.

9 MR. RAGLAND: That's if you -- correct, if you
10 exclude employee benefits. They are separately appropriate.

11 MR. AUSTIN: Okay.

12 MR. RAGLAND: Correct. Some of these -- some of
13 these names of these categories are not very intuitive and I
14 had to -- I had to ask myself on a couple of them. But
15 other personnel costs for example I typically have to
16 explain as including some other salary related items;
17 obviously the big one at the bottom is our roadway
18 construction rehab maintenance type activities, right-of-way
19 acquisitions, those kinds of things.

20 MR. VANDERGRIFF: Brian, the professional fees and
21 services, that's where outside consultants -- that's where
22 they are.

23 MR. RAGLAND: That includes the bulk of that are
24 outside consultants which may include engineering but it
25 also may include some -- some IT stuff, some -- some IT

1 stuff, some -- some surveying, some -- I'm not -- probably
2 not thinking of all the examples, architectural, those kinds
3 of things.

4 MR. VANDERGRIFF: Yeah, and these are typical not
5 ongoing positions but their position for a need. It has a
6 -- a finite shelf life.

7 MR. RAGLAND: They should be tied to -- directly
8 --

9 MR. VANDERGRIFF: Yeah.

10 MR. RAGLAND: -- to projects, yes.

11 MR. VANDERGRIFF: Yeah. But it is another way of
12 looking at personnel costs because it's -- it's part of it.

13 MR. AUSTIN: One other question here. Well, why I
14 guess we'll look at the debt service. The major -- how much
15 of that is interest and how much of that is principal?

16 MR. RAGLAND: Well, I hope that's on my cheat
17 sheet here. I'm going to have to --

18 (Laughter.)

19 MR. RAGLAND: I'm going to have to defer to Ben.

20 MR. AUSTIN: Just roughly. I know it's going to
21 change every year based on organization, but --

22 MR. RAGLAND: So I don't have the annual debt
23 service number on this sheet, but the total -- the total
24 principal versus interest is about a -- without -- without
25 factoring it, it's about a nine to about a -- I'm sorry,

1 it's -- I'll just tell you. It's 18,000,000 in -- in
2 principal in -- or billion, I'm sorry. And 12-billion in --
3 in total in interest. So --

4 MR. AUSTIN: The last comment I want to make,
5 capital expenditures. You know, that's going in to
6 rehabilitating our road system. And from our balance sheet
7 we expense that or how much of that is capitalized roughly?

8 MR. RAGLAND: Capital expenditures?

9 MR. AUSTIN: -- is it all -- right. If we
10 capitalize to be long term absent or do we expense it?

11 MR. RAGLAND: Well, it's a combination. The
12 interesting thing is is that the -- the LBB's definition of
13 capital does not always align with a CPA's --

14 MR. AUSTIN: CPA. Right.

15 MR. RAGLAND: -- definition of --

16 MR. AUSTIN: That's where I'm going.

17 MR. RAGLAND: -- capital. So this is a -- this
18 particular figure is likely higher than what we actually
19 capitalize in the financial statements because there are
20 items here that we would not consider capital --
21 capitalized.

22 MR. AUSTIN: The -- the point I wanted to make,
23 Commissioner Moseley, you always ask -- I've -- I've heard
24 you state several times what would it take -- what is the
25 value of our system? What would it take to replace? And I

1 think Commissioner Bugg right before you came along, we
2 received the annual audit from our TxDOT auditor looking
3 TxDOT's balance -- consolidated balance sheet. And if you
4 look at what we have in our balance sheet, there's like 85
5 -- I think 85-billion roughly.

6 MR. RAGLAND: Close to 90.

7 MR. AUSTIN: Close to 90. We had to change some
8 things on depreciation on how we treat items. But it would
9 be far greater than that if we were to come back and -- and
10 replace. And I just think that's something as we begin to
11 look at the value of the system while it looks like big
12 dollars to come back out and acquire -- or reacquire right-
13 of-way and do the things we have. It's a far bigger number
14 --

15 MR. RAGLAND: that 90-billion --

16 MR. AUSTIN: -- than this.

17 MR. RAGLAND: -- number you see in the financial
18 statements is a -- is on a cost basis. So that's what it
19 cost when it was built. So it could be many, many years
20 old. And in today's dollars, that number would be
21 significantly higher.

22 MR. LEWIS: All right. Thank you. Commissioner
23 Bugg, do you have a question?

24 MR. BUGG: Yes. Thank you, Chairman.

25 Brian, I just have a couple of questions. I'm

1 trying to reconcile Page 3 with your Page 11. And
2 specifically as you look at Page 11 for example, you've got
3 a -- a billion. And this is, you know, operating budget.
4 You've got a billion sixty-two -- call it billion and sixty-
5 three in debt service. And yet on Page 3 you say the
6 operating budget excludes debt service. So --

7 MR. RAGLAND: So this -- so this page is not
8 intended to be within the term of operating budget. This is
9 just grand total budget here.

10 MR. BUGG: Okay.

11 MR. RAGLAND: So -- so that's -- that's why it's
12 here on Page 11, but we -- we don't -- when I say we exclude
13 it, all that means is we don't allocate dollars out to the
14 DDOs to spend. We --

15 MR. BUGG: Okay. So the same --

16 MR. RAGLAND: The semiannual bill comes in and we
17 pay the debt.

18 MR. BUGG: The same logic applies then to capital
19 budget items which are excluded according to Page 3 and of
20 course capital expenditures is -- is a similar script or on
21 pages --

22 MR. RAGLAND: Well, that's one's a little
23 different. It's a partial. Some of the -- some of the
24 items that are in this number on Page 11 are in the includes
25 because it -- it might be something like --

1 MR. BUGG: Roadway materials. Yeah.

2 MR. RAGLAND: Roadway materials or, you know, even
3 -- even computers for example if you want to use a small
4 example.

5 MR. BUGG: Okay.

6 MR. RAGLAND: That -- that would be in the capital
7 expenditure's line item on Page 11.

8 MR. BUGG: So to make this data meaningful
9 information to the average taxpayer that might grab a hold
10 of this thing, when you look at the TxDOT \$12-billion a year
11 budget and that's what is on Page 11 and -- and you have
12 accounted for -- this is kind of a cash flow. It sounds
13 like kind of cash -- cash uses of the \$12-billion. Is that
14 a fair way to say it?

15 MR. RAGLAND: Yes, definitely a -- a cash --

16 MR. BUGG: So Brian --

17 MR. RAGLAND: But --

18 MR. BUGG: -- if -- if you were trying to explain
19 this to a taxpayer, would you say that you can tell the
20 taxpayer how much of this was used to basically build lane
21 miles and roads and all that? How -- how would you take
22 this information and explain it to a person?

23 MR. RAGLAND: What you would do is you would go
24 back to the underlying budget system that supports these
25 numbers and, you know, I didn't get into that detail here,

1 but we have all sorts of codes that we use that further
2 slice and dice these numbers, whether it be budget accounts
3 where districts take their organization and split them out
4 based on their need. But we also have what are called
5 function codes. So each expenditure gets a function code
6 and those function codes align to those sorts of -- of
7 categories that you're speaking to, so it's --

8 MR. BUGG: So is there currently with all the
9 complexity that you have with all the data systems that
10 you've got, and I know, Brian, you're on top of it, I know
11 you, but do we have a capability within TxDOT to try to
12 explain in common sense language to Texas taxpayers how we -
13 - you know, our mission, right, we go back to what is the
14 mission of TxDOT. The mission is to basically improve
15 transportation services for -- for everyone in the state of
16 Texas.

17 So how do we try to translate these dollars into
18 accomplishing mission? And I -- I guess I'm asking do we
19 have the ability today to really answer that question or do
20 we not have that capability?

21 MR. RAGLAND: I think we have the capability.
22 It's just a -- a matter of taking what we have in our
23 systems and the -- and -- and massaging them into what I
24 would call more sensible communications. As you know, our
25 budget complexity is dictated to us by the Legislature that

1 the public would never, you know, begin to understand --
2 under -- no -- no disregard to the public, but this is --
3 this is Texas state government budget lingo.

4 MR. BUGG: Right.

5 MR. RAGLAND: Our annual financial reports is our
6 CPA Gasby lingo. Again, not very helpful to the public. So
7 what we have to do internally is our -- is massage and mine
8 data out of our systems and put them into sensible
9 dashboards if you will that the -- that the legis -- I'm --
10 I'm sorry.

11 MR. BUGG: Well --

12 MR. RAGLAND: That -- well, include the
13 Legislature and the public --

14 MR. BUGG: Yeah. I would like --

15 MR. AUSTIN: -- with -- with that understanding.

16 MR. BUGG: -- to suggest that -- that ought to be
17 a key part of what you do because I think we're going to
18 have to do a better job of explaining to the Texas taxpayers
19 what we're doing with all this money and particularly with
20 hopeful advent of Proposition 17 being passed in -- in
21 November. I just think we need -- we can't reinforce enough
22 to the Texas taxpayers what we're doing with their money and
23 -- and do it in a fashion. I'm just focused on one piece of
24 paper.

25 I mean, I wouldn't even begin to -- to tackle that

1 book that you just -- you just held up. But -- but I think
2 it's very important that we can communicate better with our
3 Texas taxpayers about how we take mission and turn it into
4 results.

5 MR. RAGLAND: And I -- I think personally over the
6 years that I have been here, I have seen incremental
7 improvement in the way we communicate how we -- how we
8 utilize our resources. It may not -- it may not appear in
9 these formal documents, but I -- I often times see one
10 pagers that are prepared for the Legislature's use or for a
11 public hearing or -- or some other event that -- that is --
12 is put in a format that makes a lot more sense to those --
13 to those customers.

14 MR. BUGG: Okay. Well, I won't belabor it right
15 now, but -- but I did want to, you know, just understand
16 that. So thank you.

17 MR. AUSTIN: Right. Mr. Chair, if I may follow-
18 up, I -- I agree with what Commissioner Bugg is saying. And
19 I want to share -- there is one document that has been
20 prepared in transportation funding. And what this does do,
21 it goes through -- and I -- I pulled this out to look at it.
22 How do you take on what he said -- how do you better
23 translate this because, you know, there's this funnel here
24 at the factory. We -- we spend money to plan versus in --
25 internally versus outsource. We plan -- we have money to

1 oversee projects versus outsource. And that's where it
2 comes in.

3 We'll spend the money to acquire the right-of-way
4 or do some internal evaluation versus the outsource. So a
5 lot of that's tied back in and I -- I think if I understood
6 you right, you were saying with different cost codes, it'll
7 be allocated to specific projects --

8 MR. RAGLAND: Definitely.

9 MR. AUSTIN: -- that we're doing ourselves versus
10 outsourcing.

11 MR. RAGLAND: Uh-huh.

12 MR. AUSTIN: So there is an alternative cost
13 benefit analysis. Do we outsource or do we do it -- do it
14 in house. And then maintenance dollars is tied to a project
15 that tie back to -- ties back to funding. So maybe there's
16 a way we can improve this a ways, but there is a pretty good
17 document here.

18 MR. RAGLAND: There is a -- there is a group
19 that's being put together as we speak. I actually got put
20 on it last week, that's going --

21 MR. AUSTIN: Good.

22 MR. RAGLAND: -- going to put forth an effort to
23 improve our agency dashboard reporting. So I think, you
24 know, point well taken and should be a -- should be a goal
25 of that group to --

1 MR. LEWIS: Any other questions of -- of Brian at
2 this time?

3 (No audible response.)

4 MR. LEWIS: We do have a number of division
5 directors and we may -- we want to visit with them briefly
6 if -- if the Commissioners wish to do so. But first, I
7 would like to recognize -- we do have a visiting dignitary
8 state elected official. Senator Donald Huffines is here.
9 And thank you very much for coming. I've gotten a note here
10 -- I have a note here that says you're interested in
11 listening, not speaking. But if that -- if you do wish to
12 speak, we'll love to hear from you. But if not; welcome.
13 Thank you very much for coming here and -- and being with
14 us.

15 If -- if I might -- Brian, let me just -- just
16 sort of see what -- where we are here. In the finance
17 division, I'm going to start with you. Tell us about the
18 divisions of responsibilities in finance division and a
19 little bit -- a little bit -- just a little bit about them.

20 MR. RAGLAND: So we basically -- within -- within
21 DDOs, the -- the next level of organization are called
22 sections at TxDOT. And so in the finance division we have
23 four sections, the -- the first of which I'll -- I'll name
24 is the -- and is the -- well, one of the largest is our --
25 is our statewide section. So that's the 90 people that I

1 mentioned that are out around the state. And their primary
2 function is paying bills. They do a little bit of
3 collection of revenues but their primary function is -- is
4 paying the bills.

5 And they are organized in four areas. They each
6 have a manager that is out there with them. And they
7 support the districts that are assigned to their -- to their
8 geographic areas.

9 Here in Austin, we have another smaller payments
10 section that pays all the bills for the divisions and the
11 offices that are -- that are based in Austin. And then we
12 have a funds management section. That section is
13 responsible for all the budget activities which is the stuff
14 I've talked with you today. They prepare the LAR and they
15 prepare the operating budget. They work -- they work with
16 the various budget -- they have budget analysts that work
17 with the various contacts and the DDOs to help them monitor
18 and -- and execute their budgets.

19 And they -- and then also within that section is a
20 letting management group. And what those folks do is they
21 help support the engineering project function by allocating
22 an accounting for the immediate current year and subsequent
23 years letting allocations as opposed to the UTP group which
24 is housed in the TPP division. Obviously they look at it a
25 longer term.

1 And then the final section within the finance
2 division is our accounting section. And they do all of our
3 financial reports whether they're required by statute or
4 bond covenants or they're ad hoc type reports. We get
5 numerous requests as you can imagine from legislators,
6 members of the public, yourselves, our administration. And
7 so they -- they prepare financial reports.

8 They also work with the federal government,
9 primarily FHWA, in the activities that result in us
10 receiving our federal reimbursements on projects. So
11 they're -- they're the folks that -- that handle all the
12 tools for us to do the billings monthly of our large federal
13 dollars. And then a very small group as the administration
14 which includes me. So that's sort of how we're organized.
15 As you mentioned, 232 FTEs.

16 MR. LEWIS: Thank you.

17 MR. RAGLAND: Sure.

18 MR. MOSELEY: Chairman, just to --

19 MR. LEWIS: Yes.

20 MR. MOSELEY: -- follow --

21 MR. LEWIS: Vice Chairman Moseley.

22 MR. MOSELEY: -- follow on to your line of
23 questioning. It -- Brian, you're describing the four
24 different administrative units that have been established to
25 do procurement, is that correct, on behalf of --

1 MR. RAGLAND: A payment voucher. They process the
2 payments.

3 MR. MOSELEY: Process the payment.

4 MR. RAGLAND: The invoices, yes.

5 MR. MOSELEY: And when were these set up, about
6 eight or 10 years ago? Or when was this system put in
7 place?

8 MR. RAGLAND: You mean the organization?

9 MR. MOSELEY: Yeah, the structure.

10 MR. RAGLAND: The structure was --

11 MR. MOSELEY: Because I'm assuming this was done
12 in -- in the district prior to this system being set up; is
13 that correct?

14 MR. RAGLAND: Yes, and I don't -- I don't know if
15 I have all the dates in my head, but prior to -- prior to 10
16 years ago or less all of these functions were in the
17 districts themselves. So each district had an accounting
18 group.

19 MR. MOSELEY: Right.

20 MR. RAGLAND: And as the bills came in that
21 pertained to their district, those people paid those bills.

22 MR. MOSELEY: So the point was this was set up to
23 streamline and maybe more centralize the payment --

24 MR. RAGLAND: Correct.

25 MR. MOSELEY: -- structure.

1 MR. RAGLAND: Correct. There were as you know
2 several outside reports with recommendations as to how the
3 agency should operate. At least one of those if not more
4 were legislatively directed. And some of the reconda --
5 recommendations in those reports suggest that we should
6 centralize those indirect functions.

7 MR. MOSELEY: Are any of those units involved in
8 procurement?

9 MR. RAGLAND: They're in a different division.
10 They're in the procurement division.

11 MR. MOSELEY: But there are -- a similar structure
12 for --

13 MR. RAGLAND: Yes.

14 MR. MOSELEY: -- procurement. Okay. And the
15 reason I'm asking, I had heard more on the procurement side
16 than on the payment side that there could be some challenges
17 with our hiring minority and -- and hub vendors based on the
18 centralized procurement structure, that there's -- seems to
19 be more of a challenge rather than when it was at the --
20 done at the district.

21 MR. RAGLAND: I don't know that specific
22 situation, but these people are not physically -- their
23 physical location is no different. So --

24 MR. MOSELEY: Well, I -- I 'm not asking. I mean,
25 this -- this is in the procurement side anyway.

1 MR. RAGLAND: Right, but --

2 MR. MOSELEY: I was just going to be --

3 MR. RAGLAND: But if we had the same issue in
4 finance, my response would be, you know, their -- their
5 livelihood has not been impacted. You know, they are living
6 and working where they always have and -- and where they
7 want to.

8 MR. MOSELEY: But if you're consolidating all the
9 districts into four, then some of those -- some of those
10 people might not be in the district or are they all in the
11 district?

12 MR. RAGLAND: They're in the district facilities,
13 yes.

14 MR. MOSELEY: Okay.

15 MR. RAGLAND: Yes. So for example in the west, we
16 have -- we have people physically located in Amarillo,
17 Lubbock, Abilene, Childress, El Paso, Odessa, probably
18 missing --

19 MR. MOSELEY: But they're assigned to --

20 MR. RAGLAND: That's one --

21 MR. MOSELEY: They're assigned to one of the --

22 MR. RAGLAND: San Angelo, sorry.

23 MR. MOSELEY: They're assigned to one of the
24 administrative units but they're still living in their
25 district office.

1 MR. RAGLAND: They live and work in their home
2 district and they have a manager that is in one of those
3 places but obviously travels a lot to see them. And -- and
4 we have very good tools afforded to us with technology to be
5 able to do our jobs. And -- and on top of that quite
6 frankly we -- we put to pretty good use telework. So
7 there's a lot of flexibility for -- for employees.

8 MR. MOSELEY: Thank you.

9 MR. LEWIS: Any other questions, Commissioners, of
10 Mr. Ragland at this time?

11 (No audible response.)

12 MR. LEWIS: Thank you. Thank you very much. An
13 excellent presentation and --

14 MR. RAGLAND: Thank you.

15 MR. LEWIS: And for sending James Bass on vacation
16 so you can have this opportunity to visit with us. We
17 appreciate it.

18 MR. RAGLAND: He -- he may be watching, so he
19 might -- he might hear you himself.

20 MR. LEWIS: I'll bet not. Let -- let me say this.
21 We do have I think some of our division heads -- are here.
22 They're a number item -- I know that -- I'm sure we don't
23 want to go into all of them, but I -- I just want to take
24 just to give an idea of some of the things that you've
25 mentioned. Let me ask. Is -- is Mr. Kaufman here on

1 communications? Right. Yeah. Or someone on his behalf?
2 Please -- yeah, please come forward. And I'm not picking on
3 you. I'm just going to take a couple just to go through and
4 flesh out what has been -- we've been told about so in case
5 it affects some of our departments. And if you'll state
6 your name and title.

7 MR. BLACKBURN: I'm Jess Blackburn. I'm Director
8 of the Communications Division.

9 MR. LEWIS: Okay. Now taking this part on our
10 slide six, we have 94 FTEs. And we've been told here that
11 whereas this -- this may be a centralized function as far as
12 the framework, organizational framework, that frequently
13 these departments have FTEs that are located elsewhere in
14 the district so forth rather --

15 MR. BLACKBURN: Right.

16 MR. LEWIS: -- than here. And would you tell us a
17 little bit about the -- how your -- how your -- the
18 employees in communications are distributed elsewhere? Like
19 how many of them and how that's --

20 MR. BLACKBURN: Sure.

21 MR. LEWIS: -- decided on how they're distributed?

22 MR. BLACKBURN: Forty-two of -- of those FTEs are
23 spread across the state. And that's part of our public
24 information offices. Every district has at least one PIO
25 and our -- our metro districts actually have supervisors and

1 -- and a staff given the -- the size and complexity of the
2 -- the projects there. So, you know, not quite half of --
3 of our organization is spread throughout the state.

4 And they -- they function very much as part of the
5 district staff. They report to me, but, you know, our --
6 were previously and continued to be very -- very integrated
7 in the district operations.

8 MR. LEWIS: Now you also have I guess Texas
9 Highways Magazine.

10 MR. BLACKBURN: Now that -- I --

11 MR. LEWIS: Is that -- is that our communications
12 --

13 MR. BLACKBURN: It's under Mr. Kaufman, but that's
14 part of our travel division.

15 MR. LEWIS: Okay. So --

16 MR. BLACKBURN: I -- I can -- I can explain very
17 quickly what's part --

18 MR. LEWIS: Okay.

19 MR. BLACKBURN: -- of communications.

20 MR. LEWIS: So is that -- that's in travel
21 information.

22 MR. BLACKBURN: Correct.

23 MR. LEWIS: Okay. I -- and -- and this is good.
24 This is why this is good for me, because I thought travel
25 information would be the people that are out in the travel

1 offices and people coming --

2 MR. BLACKBURN: There are -- there are some people
3 out in the field as well and -- and have traveled and -- and
4 our --

5 MR. LEWIS: But it -- it -- oh, say -- so it's --
6 it's under Mr. Kaufman, but it's not under -- would not be
7 under you.

8 MR. BLACKBURN: Correct.

9 MR. LEWIS: Okay. Do you just happen to know --
10 we might have somebody here. I don't want to waste a lot of
11 time on this, but how many people are in the -- the Texas
12 Highway --

13 MR. BLACKBURN: I -- I would invite D.J. Lozada up
14 to answer that.

15 MR. LEWIS: Very good. Very good.

16 MR. BLACKBURN: I know there --

17 MR. LEWIS: And you're quite a --

18 MR. BLACKBURN: -- a level of picks, but --

19 MR. LEWIS: Do we have someone here? And thank
20 you. If you'll please come forward and just state your name
21 and your title. And I -- I just want to ask how many folks
22 are in Texas highways, an excellent publication we have.

23 MS. LOZADA: Thank you.

24 MR. LEWIS: State your name and title, please.

25 MS. LOZADA: Good afternoon. My name is D.J.

1 Lozada and I'm the Division Director for the Travel
2 Information Center --

3 MR. LEWIS: Okay.

4 MS. LOZADA: -- Division.

5 MS. LOZADA: And tell me about Texas highways as
6 far as a number of FTEs that are involved in it and if
7 they're all here or elsewhere.

8 MS. LOZADA: In Texas highways we have 21 staff.
9 In our division we have 98 full-time employees, 21 of which
10 are on the travel publications department. And for our
11 TICS, the travel information centers, we actually have 60 of
12 our 98 are in the field.

13 MR. LEWIS: All right. Thank you. Thank you. I
14 appreciate it very much.

15 MS. LOZADA: Yes, sir.

16 MR. LEWIS: Questions? Thank you. Okay, Mr.
17 Blackburn, would you please come back? I just -- just a
18 couple other questions then I'll --

19 MR. BLACKBURN: Okay.

20 MR. LEWIS: -- let -- let you sit down. As far as
21 -- so we got 42 public information officers out of the 94.
22 I actually -- and this is good for me because I thought the
23 -- the magazine was out there. Of -- what are your other --
24 other departments or offices within communication?

25 MR. BLACKBURN: Okay.

1 MR. LEWIS: About how many people?

2 MR. BLACKBURN: We were divided into four groups,
3 creative services which is -- is probably the -- the second
4 largest function that we have. There's 32 in that group.
5 And they are involved in media productions, our -- our video
6 and photography activity. Our website support services, so
7 everything that goes on TxDOT.gov is -- is coordinated
8 through that group.

9 We have a publishing and design services group.
10 So as -- as an agency we still publish a lot of pamphlets, a
11 lot of banners, a lot of posters to support campaigns and
12 the like. And they're involved in that activity. And then
13 an editorial services group that supports all of those
14 activities primarily writing and editing support of those
15 groups.

16 So -- and then we have the executive and employee
17 communications group. That's our internal communications
18 group. They produce an employee publication that comes out
19 six times a year, very involved in supporting Commission as
20 well as -- as our administration with talking points for --
21 for external speaking engagements and presentations.

22 And also is a group that has our customer service
23 operation that through CSTAR handles complaints that come in
24 to the Department. And we had about 11,000 of those last
25 year. So a lot of activity there. They process them, be

1 sure that -- that those are answered in a -- a timely
2 fashion.

3 And then -- and then I mentioned the PIO group,
4 but in addition to that, we have a media relations team that
5 responds to a lot of media inquiries that we receive from
6 print and broadcast, reporters. Also work proactively to
7 get good news out about what's going on in the Department
8 both through traditional media as well as more and more
9 active -- actively using social media to -- to get the words
10 out. And they -- they probably field in the neighborhood of
11 about a hundred inquiries a week. So a lot of activity
12 going on there, too.

13 MR. LEWIS: All right. Thank you. If there are
14 no other questions, then I would like -- if we have someone
15 here from Right-of-Way. And if you will please, sir, state
16 your name and your title with Right-of-Way.

17 MR. CAMPBELL: Good afternoon. I'm John Campbell.
18 I'm the Director of the Right-of-Way Division.

19 MR. LEWIS: If you will, tell me a little bit
20 about again the allocation of employees, you know, how many
21 are here in Austin, how many are out in the districts.

22 MR. CAMPBELL: We've got 173 allocated right-of-
23 way personnel in the division. Of those, 61 of them are
24 associated with the program operations here in Austin and
25 112 twelve of them are distributed through the -- the

1 districts.

2 MR. LEWIS: And then what's your -- actually, your
3 sort of command structure on that?

4 MR. CAMPBELL: We have five sections that are set
5 up. Four of them are internal support to the program
6 operations here in Austin. And the final -- the fifth
7 section is right-of-way project delivery.

8 Right-of-way project delivery is composed of four
9 branches. Each of those geographically represent a portion
10 of the state and they are responsible for the right-of-way
11 project assembly and delivery within those regions of the
12 state.

13 The four sections within the headquarters office
14 include our right-of-way assets management, our right-of-way
15 resources management, our right-of-way acquisition section
16 and our right-of-way map survey and utility section.

17 The program operations and headquarters, they are
18 responsible for maintaining subject matter expertise in
19 those arenas of specific responsibility. For instance,
20 right-of-way acquisition is our primary area of responsible
21 charge. We acquire all of the right-of-way under the power
22 of eminent domain, a portion of that through the process of
23 condemnation.

24 So we have to have very specifically qualified
25 credentialed experienced personnel to be able to assure that

1 we're in strict compliance with the legal framework that
2 defines acquisition by eminent domain.

3 MR. LEWIS: Now is any -- is any -- just looking
4 at this on Page 6, I take it that there's no outsourcing as
5 far as right-of-way folks is concerned, it's not something
6 that's outsourced. It's all in -- in house, is that right
7 --

8 MR. CAMPBELL: No, we --

9 MR. LEWIS: -- or am I missing --

10 MR. CAMPBELL: -- we outsource the acquisition of
11 about 65 percent of the parcels --

12 MR. LEWIS: From --

13 MR. CAMPBELL: -- that we acquire. The
14 outsourcing of right-of-way acquisition services is within
15 the actual right-of-way acquisition budget. So the
16 \$458,000,000 associated with the right-of-way acquisition
17 for this year includes consultant services that are
18 associated with delivering right-of-way consulting contract
19 services.

20 MR. LEWIS: Okay.

21 MR. AUSTIN: I was going to -- y'all are also
22 handling some of the real estate dispositions as well.

23 MR. CAMPBELL: That's correct.

24 MR. AUSTIN: On the --

25 MR. CAMPBELL: Real estate dispositions that we

1 deal with are that real estate that it's in current right-
2 of-way use. It was acquired for a right-of-way purpose or
3 as an active right-of-way use at this time.

4 MR. AUSTIN: Well, that's going to be more and
5 more important as we go through the next session. One last
6 thing as you talked about what y'all contract out. That
7 includes sometimes for surveys and appraisals?

8 MR. CAMPBELL: That's correct.

9 MR. AUSTIN: Okay. We've already talked about
10 that before.

11 MR. CAMPBELL: Yes, we have.

12 MR. AUSTIN: That's okay.

13 MR. LEWIS: Thank you. Any other -- any other
14 questions?

15 (No audible response.)

16 MR. LEWIS: Thank you, sir, very much for coming
17 forward, Mr. Campbell.

18 MR. CAMPBELL: Thank you.

19 MR. LEWIS: Fellow Commissioners, any other
20 questions of any other departments that were represented
21 here today?

22 (No audible response.)

23 MR. LEWIS: If -- if not, thank you very much for
24 your fine presentation and we'll -- I'll -- we'll return to
25 Executive Director Weber.

1 GENERAL WEBER: Thanks Chairman. Next is Item
2 2(b), an overview of our interstate corridors. Our Chief
3 Planning and Projects Officer Russell Zapalac will present.
4 Russell.

5 MR. ZAPALAC: Thank you, General Weber, Chairman,
6 Commissioners. Good afternoon. For the record, my name is
7 Russell Zapalac, TxDOT's Chief Planning and Projects
8 Officer. Item 2(b) is a discussion of an overview of our
9 interstate system. I wanted to just this afternoon walk
10 through if you will kind of a general overview of the
11 system, talk a little bit about the needs of the system and
12 then discuss our present planning operations and process
13 that's -- that's ongoing here.

14 I think everybody recognizes the importance of our
15 interstate system. The -- the interstates that run through
16 Texas tie the east coast to the west coast, tie Mexico to
17 Canada and connect up to our country's corridors of national
18 significance to deliver goods and people throughout the U.S.

19 The interstate system here in Texas provides us
20 access to all points within the -- the U.S. and beyond. It
21 also in our metropolitan areas acts as a mainstreet if you
22 will for -- for most of -- of our citizens allowing them to
23 get to their jobs, get to their recreational facilities.
24 And it's -- it by far drives the economy of Texas, the
25 economy of the cities and the economy of the -- the nation.

1 As we look to the future and think about growth
2 approximately 45,000,000 people are projected to live in
3 Texas by 2040. That's a 69 percent increase on where we are
4 right now. That growth will be focused in the -- the
5 metropolitan and urban areas of the -- of the state and
6 along the -- the interstate corridors.

7 If you look at the -- the graphic, what that
8 represents is a county-by-county look at the change in
9 population between 2013 and 2040.

10 Just to kind of summarize a little bit and what
11 really drives it home is if you look in the DFW area, we
12 expect another 6,000,000 people in the DFW Metroplex by
13 2040. In the Houston-Galveston area another 5,000,000. In
14 the Austin-San Antonio corridor, another three and a half
15 million. And a -- and down in the -- the valley we're
16 expecting another increase of another million people by
17 2040. That's -- that's a huge number when you think about
18 providing the infrastructure for -- for those people. And
19 also we need to understand that approximately 85 percent of
20 the Texans will live in counties serviced by those
21 interstate corridors.

22 Just kind of a quick overview of usage on the
23 interstates. The interstates represent only one percent of
24 the lane miles in Texas. However, they carry 25 percent of
25 the total vehicle mileage traveled in the state. If you

1 look at a -- a breakdown of -- of passenger vehicles versus
2 trucks, 84 percent of the passenger vehicles, 84 percent of
3 the -- the vehicle miles traveled are passenger vehicles and
4 the other 16 percent is trucks. I think most people would
5 guess it would have been a lot more trucks, but trucks
6 certainly feel like they're -- they're taking over our
7 interstates.

8 When we look at what's going to happen by 2040, we
9 expect to see a 52 percent increase in vehicle miles
10 traveled in our interstates. It's a -- it's a huge number
11 that we're going to have to start planning for at this point
12 in time to get there.

13 One of the things I guess as -- as we move forward
14 and think through is the -- the impact that all this
15 projected increase in population will actually have on our
16 -- on safety, congestion and on the condition of our
17 pavement on our Texas roads and bridges.

18 This slide represents what congestion looks like
19 today in 20 -- well, in 2013. And where it will be in 2040.
20 As you can tell, what ends up happening over the next 25
21 years is across the straight -- across the state our
22 interstate system sees a -- a significant increase and
23 congestion on every facility. That includes even in our
24 rural areas we see a -- an increase in congestion by one to
25 two levels. But if you look at the metropolitan areas, you

1 see a -- a huge increase in -- in congestion levels. Three
2 or four times the congestion levels of other places.

3 When we talk about pavement condition, our
4 districts have done a fantastic job of keeping the -- the
5 pavement condition on our interstate system good or fair.
6 We continue to -- to recognize that most of our interstate
7 especially on our rural -- rural interstate were built in
8 the -- the '60s, the '70s. And have never been rebuilt, had
9 -- never had a complete rebuild. So they're getting to the
10 point that they're -- they're at their -- their life and
11 they're coming up on having to be rebuilt.

12 In addition as we put more and more traffic on
13 these facilities with the population increase expected and
14 we get weather events such as we've had the last several
15 months, we're going to see more and more issues with our
16 pavement condition deteriorating.

17 Finally, we talk a lot about crash data. When you
18 look at the -- the interstate systems, we've seen the number
19 of crashes on both our rural and our urban interstates
20 increasing over the last several years. We've also seen
21 urban interstate crashes at a much higher rate than our
22 rural interstates. However, we do see a higher fatality
23 rate of -- on our rural interstates than our urban
24 interstates. But if you'll note for the most part on these
25 slides, these urban interstate as well as the -- the rural

1 interstates, you continue to see an increase from 2012 to
2 2014 of -- of crashes.

3 We also have the ability to look at hotspots and
4 zone in on hotspots as far as crash rates go so we -- we can
5 sit back as we start doing our planning and thinking through
6 where we need to focus our improvements and our efforts in
7 planning -- looking at those hotspots. Take that and also
8 look at the congestion levels and see where -- where those
9 projects are most congested, where there -- that need is.
10 And then obviously the pavement condition; which of those
11 facilities are actually at the end of their life span, which
12 of them are going to have to be replaced in the relatively
13 near future, completely reconstructed.

14 Currently we have efforts going on in many of the
15 major metropolitan areas. We -- we're -- we're doing
16 planning work and -- and setting up various projects.
17 Obviously I-35 here in Austin, San Antonio, Waco. Working
18 with the -- the Houston district on the 610 and I-45, I-35
19 east and I-35 west and the Dallas-Fort Worth working on 635
20 in Dallas. And then doing planning on various bottleneck
21 locations.

22 Also again, talking about as -- as those
23 interstate facilities get to the end of their life and have
24 to have major reconstruction, major maintenance, looking at
25 I-45 in Dallas, I-10 in El Paso, I-20 in Midland-Odessa,

1 again focusing on -- on the plan and starting to prioritize
2 what the needs, identify the needs for those various
3 facilities.

4 We're also looking at connectivity and how we --
5 we tie our major metropolitan areas. The I-45 between
6 Houston and Dallas, I-10 segment south -- or east of San
7 Antonio. And I-30, I-20 east of Dallas. I-20 segments in
8 west Texas. I-10, I-69 and various other locations around
9 the state that require connectivity improvements.

10 To date, the way we've identified these areas and
11 -- and identify the need just to engage the local
12 communities through stakeholders, through -- through
13 advisory committees and working groups to basically have --
14 encourage a two-way dialogue if you will to -- to figure out
15 what that community feels the problem areas are, to
16 determine what we need to be doing and overall get community
17 by and from the start on projects and get an understanding
18 of their -- their priorities as we move forward.

19 Some of our best successes have been on the I-69
20 Advisory Committee, the I-35 Advisory Committee and the I-20
21 Working Group report, that committee. You know, what we
22 found by pulling these committees together is -- is getting
23 an overall understanding of what that community feels the
24 priorities are along that corridor. Getting the -- the
25 citizens to own up to the corridor's long term vision and

1 more importantly the community champions and the community
2 supports that that generates.

3 As we move forward working with Commissioner
4 Vandergriff, you know, incorporating the -- the HB 20
5 process into our planning process and ultimately continuing
6 to -- to reach out to the communities and the stakeholders
7 for -- for their assistance, their -- their thoughts, their
8 priorities and incorporating that with the committees for --
9 on the HB 20 process and bringing that -- putting that
10 ribbon if you will around the overall planning process so
11 we're prioritizing projects according to the requirements of
12 HB 20.

13 With that, any questions?

14 MR. LEWIS: Yes, Commissioner -- Commissioner
15 Austin.

16 MR. AUSTIN: Russell, I've got several comments
17 and I -- I know I've got another slide that you put up. We
18 have -- we have a copy of this, congressional high priority
19 corridors. But just in thinking back, you know, you talk
20 about growth. If you look back at one of those early maps
21 you put back up, the growth in Texas is 85 percent of the
22 population is going to be close to one of these interstate
23 systems. That's you build it, they have come and they will
24 continue to come.

25 And I keep looking at, you know, Interstate 69.

1 You know, you look at the -- the routes that we have and
2 certain segments. It's not all complete yet, but we have it
3 pretty well-aligned. The population group between 2000 and
4 2010, an average of 25 percent. And I think those numbers
5 will still be as high, if not, higher, as we look what's
6 happened since 2010.

7 And as -- as we keep -- and I want to go back to
8 one of our sys -- one of your previous maps. If you look at
9 the interstates, let's see, at Page -- let's go to Page 6.
10 Actually, Page 5. If you look back at this -- the
11 interstate system here, you see that the congestion.
12 There's going to be a high correlation between what we see
13 on this map and when we come back to the hundred most
14 congested roadways as documented by TTI. If you look at a
15 lot of our programs and projects that are in the UTP right
16 now, they're addressing these very corridors.

17 But it's not just within these major cities where
18 the congestion occurs. You've got to travel these roads
19 where there's an East Texas, West Texas, Central Texas to
20 get to the big larger cities. And then when they leave, you
21 know, they're passing through and they're going back out
22 through these systems.

23 I look at the -- between Houston and Dallas,
24 Interstate 45. A lot of traffic in there. As we look at
25 our systems, these are relief routes, port routes, freight

1 routes. As we begin looking forward, I want to talk to you
2 in a minute about some -- the possibility of, you know,
3 Chairman, about some working groups.

4 But with Texas is a multimodal state. I know some
5 people don't like that word. I do. We can't ignore it.
6 Because we -- we look at moving freight out of the ports to
7 our airports, our inland ports. How can we take some of
8 this freight capacity off our roads and put on other systems
9 such as rail? You know, the -- the Inland Ports Alliance
10 for example has a lot of air traffic coming in moving goods
11 and services. We'll facilitate it once it -- once it
12 leaves.

13 But our seaports, you know, can we put them on
14 barges, Commissioner Moseley, to keep the Intercoastal
15 working? There's a lot of things that we need to keep in
16 mind. But let's don't forget what this map does not show.
17 I like to say that Texas interstate system is the trunk
18 system. And those are going to be relief routes to the
19 interstate system. That's our U.S. highway system.

20 As we look at bottlenecks, you know, there are
21 alternative routes to the interstates. For example, coming
22 in from Beaumont. If you're coming in from the -- the east,
23 you can take U.S. 69 up through east Texas and completely
24 miss Houston and the -- and -- and the Dallas-Fort Worth
25 metroplex. That ties -- so our trunk system is extremely

1 important as well. I just don't want us to forget about
2 that as alternative routes.

3 A couple of questions Russell and -- and I -- you
4 know, anybody jump in. With all of these choke points, you
5 know, a couple years ago there was the Rural Transportation
6 Plan that was put together. Each of the districts had a lot
7 of input from stakeholders around. It was a very, very good
8 document. And it did not address the inner city, you know,
9 the Houston, Dallas, the larger area of -- of inner city
10 traffic, but it looked at many of those projects that came
11 back or identified and prioritization were the inter --
12 segments of the interstate system. For example, Interstate
13 20, I know at east Texas, west Texas, it had parts of
14 Interstate 10. The -- the -- all -- almost all the way
15 through. They had part segments of 45 and -- and others.

16 As we begin looking and planning, how will you --
17 will you address these choke points and use what's already
18 been done to help prioritize -- or -- and identify first and
19 prioritize projects?

20 MR. ZAPALAC: As -- as we sit down with the -- the
21 working groups and -- and start to -- to bring that
22 information forward, I think one of the things that the
23 working groups have often got involved with is -- is those
24 feeders to the interstate system and how you -- you actually
25 move traffic there.

1 And I think that's a -- the -- the trunk system
2 provides that -- that feeder if you will, those primary
3 feeders to the interstate. So they're critical and I think
4 the working groups reach out to -- to a large degree and
5 look at those as we saw on the I-20 working group who were
6 looking at connections all the way up into Oklahoma and --
7 and how you make those work and how you plan for those in
8 the future.

9 MR. AUSTIN: You mentioned an I-20 working group.
10 I know what -- I had asked for this to be studied as -- as a
11 trial -- kind of a trial to look -- how do we address the
12 interstate system statewide. But we picked a small group
13 from coming -- starting in from Dallas, include Dallas
14 County going all the way through the state line to just
15 Taylor and Harrison County.

16 Six counties, they came together, produced a
17 document. But after some public input, public hearing, a
18 lot of discussion, and they came through and identified
19 basically a 10 year plan or -- or longer. Some was actually
20 much longer. Where are the choke points, how can we reach
21 consensus to address those. Some were just adding frontage
22 roads. Some included just two to three, maybe a four mile
23 stretch adding a third lane not all the way through. But
24 what's -- what was realistic and what could be funded, they
25 did a great job.

1 I would like to see us consider, Chairman, doing
2 this potentially statewide, because as we look at our
3 interstate system throughout the state, you know, there's
4 different -- there's going to be conflicting priorities,
5 conflicting uses. With that, I -- I took the liberty of
6 doing something, proposing.

7 Using kind of who we -- looking at the interstate
8 systems 10, 20, 30, 40, 35, 37, 45 and I-69, the interstate
9 systems that we have right now. Using Interstate 20 as a
10 model -- well, I worked on it -- I would like to propose
11 that we consider working groups over the next couple years
12 to address work with local stakeholders to work on each of
13 these segments. And we can't do them all at one time, but
14 maybe we start working with -- with y'all's direction, pick
15 two or three of the priorities, you know, like 10 -- you
16 know, I think Interstate 20 east of Dallas-Fort Worth, maybe
17 45, a couple others, begin.

18 But double team with Commissioners. I think it's
19 important, because as I kind of picked here, you know, just
20 looking at the obvious, Interstate 10. Bugg, Moseley,
21 that's y'all's corridor. 35, you know, Commissioner
22 Moseley, former Judge Moseley, you started that I-35 program
23 many, many years ago. And obviously with Commissioner
24 Vandergriff, you know, with 35. And, you know, we used to
25 have -- you showed a picture of it and I had a copy of this.

1 My 35 advisory committee. This committee does not
2 exist anymore, but they published an outstanding document,
3 the buy in. And if you go back and, you know, I was
4 flipping through this the other day. This was published
5 August of 2011. If you look at the projects that we have
6 underway right now, they were created bottoms up and had buy
7 in from -- throughout the entire corridor, that's what's
8 being implemented right now and it shows it worked. The
9 same with the I-69 Advisory Committee.

10 But if you look at these other corridors, I-35,
11 you know, Moseley, 37, you know, Commissioner Bugg and maybe
12 that -- that kind of ties in, the 45, Moseley, Vandergriff,
13 I-69, you know, Commissioner Moseley you've worked with me
14 on -- on that as well. Just throwing out some ideas, how
15 can we pick a few to begin working on them. And Russell,
16 just, you know, we had a discussion.

17 If we want to do this, do a short period. 12 to
18 -- 12 to 14 months, 18 months. Don't drag it out, but to
19 where we could have potentially some good consensus built
20 with these corridors before the next legislative session.
21 And that ties in with everything else with the
22 identification, you know, it ties into House Bill 20 as --
23 as well. I just like to throw -- throw that out for
24 discussion and with an idea recommended to work with you
25 guys to begin to plan something.

1 MR. ZAPALAC: And -- and I think, Commissioner, we
2 could -- staff could easily come back at another time and
3 maybe recommend -- three, two, three, four of those high
4 priority corridors that -- that took into consideration some
5 of these -- the accident data, the pavement condition,
6 freight bottlenecks as you know, the Freight Advisory
7 Committee is getting ready to publish their report here in
8 the next few months on -- on the freight bottlenecks within
9 the state, so --

10 MR. AUSTIN: You know, can we put this other map
11 back up if you don't mind, the congressional high priority
12 system? Just as food -- it's -- it was an interesting
13 comment as we were talking about this earlier, Russell.
14 This map has been designated -- well, this shows all of the
15 U.S. system routes, primarily interstates, but there's a lot
16 of non-interstate roads on here that for various reasons
17 have been designated congressional high priority corridors.

18 Now if you look at Georgia, I think they had a
19 chairman of transportation. I think they had everything in
20 there.

21 (Laughter.)

22 MR. LEWIS: You think?

23 MR. AUSTIN: The spaghetti bowl. You look at
24 Missouri, there's a high correlation. If we were to reduce
25 today, I think we can look at Pennsylvania with Chairman

1 Shuster.

2 Where I'm leading -- look at Texas. What we have
3 on here, part of the ports to planes corridors. It's not a
4 -- it's not an interstate system, but would tie up going
5 through Midland, Lubbock, San Angelo. I think at times into
6 30 -- I-37, I believe.

7 Then if you look at -- we have 35 on here. That's
8 the one that's labeled number 23. You -- everybody knows I-
9 35. Then you have the red one which is I-69 corridor. But
10 what's missing are our east/west corridors, 10, 20, 30 and
11 40. Now what's interesting if you look at where 40 would go
12 through, you know, Amarillo, Oklahoma, it's not there it's a
13 major corridor going away. U.S. Interstate 70 is on there.
14 That's the one coming through Kansas -- this is labeled
15 number three going all the way to the east coast.

16 Interstate 20 is on, but it's through Alabama and
17 -- and Georgia. Interstate 10, good gosh. That's our port
18 connector coming out of the Port of Houston. It's -- it's
19 nowhere on there. I'm not suggesting that we mirror this,
20 but as we begin looking -- working with our federal partners
21 as well as state, these were high priority for some reason.
22 One of our federal initiatives is to take I-69 and let that
23 become a national freight corridor as well because it's --
24 it is our Texas port-to-port connector.

25 So how do we incorporate these east to west moving

1 traffic not just within our state, but we need to be aware
2 of what's happening outside our state as well? But this was
3 pretty interesting over time, how did we get there, what's
4 missing, what -- what's not there? So how do we bring back
5 more recognition to these?

6 All that to be said, thank you for -- for showing
7 that. I appreciate what y'all are doing and working on
8 these, but there are some opportunities to use what we've
9 done before. It does work listening to our groups.

10 We have the I-69 Advisory Committee. We -- when
11 they started four years ago -- oh, and actually, they did a
12 great job in producing a document that worked on these
13 hotspots in the five segments. We -- we reauthorized that
14 18 months ago, Chair, to -- to expire and this December.

15 There is still a lot of work to do with the I-69 I
16 think before the end of the year it would be good to hear a
17 report from them and we need to make the determination
18 should we extend that again. My recommendation is going to
19 be yes for another two years because they are helping bridge
20 a lot of gaps with that.

21 But not having a -- an advisory committee like I-
22 69, I think we should have some working groups to listen to
23 stakeholders to help identify priorities and really reach a
24 consensus on how and what we're going to do throughout these
25 corridors.

1 MR. VANDERGRIFF: Chair, can I make --

2 MR. LEWIS: Yes, Commissioner Vandergriff.

3 MR. VANDERGRIFF: -- just one comment? I -- I
4 would just say on one of these projects -- first off, I --
5 the -- the staff studies so much stuff. Then you got so
6 many groups and studies going, it's amazing. I don't know
7 how you can keep track of it all.

8 But I do want to note on I-35 a couple of things
9 that I think are relevant for this discussion is that when I
10 first came on the Commission, my predecessor Commissioner
11 Bill Meadows was kind of the champion for the I-35 corridor.
12 And since I'm from the same area, that become my job and
13 basically, I came in at the tail end of that process. It
14 had been a multiyear process with every stretch of that road
15 connected in individual groups and then overarching group
16 over the whole thing.

17 It was an amazing piece of work. The Department
18 did a terrific job. Those -- those groups that kind of
19 finish their multiyear work and it's not that they were
20 really disbanded as much as the job had been completed.
21 They're still there, they're still there active, they're
22 still interested.

23 But it really then transitioned into a funding
24 issue and I -- I'm sorry I don't have that map in front of
25 me, but Russell, can you remember how much dollars that was

1 just for I-35 alone? That -- that was unfunded. We --
2 they've done a lot of work along the way. But potential
3 opportunities, just a ballpark.

4 MR. ZAPALAC: It's an excess of 10-billion.

5 MR. LEWIS: 10-billion.

6 MR. VANDERGRIFF: Yeah. And that's how much that
7 is left to do, right?

8 MR. LEWIS: But I'm -- I'm sorry. I -- I didn't
9 hear it.

10 MR. ZAPALAC: It's an excess of \$10-billion.

11 MR. VANDERGRIFF: And that's what's left to do.

12 And -- and the reason I wanted also to note that is that --
13 because probably a lot of people and maybe even on the
14 Commission would know this, but Senator Huffines -- so I
15 hope I'm not outing you so to speak, Senator, but he -- he
16 --

17 (Laughter.)

18 MR. VANDERGRIFF: Yeah. New -- new term to be
19 able to use with you. But anyway --

20 (Laughter.)

21 MR. VANDERGRIFF: -- upon being elected to the
22 Senate, he took a great interest and -- and he said I don't
23 want to pick a project in my area. I want to pick a project
24 that, you know, really affects the state statewide. And he
25 has spent a considerable amount of time along with his staff

1 of really getting information of the Department in looking
2 at that. And -- and in that particular corridor, I think
3 the main thing is the funding challenge right now, because
4 they got all the information. It's the funding challenge.

5 And -- and again, I'm putting a little pressure on
6 Senator Huffines, but I know that that -- he has been
7 interested in that corridor and has really intended to
8 champion that going forward, so --

9 MR. AUSTIN: Talking about 635?

10 MR. VANDERGRIFF: No. No. He's also doing that
11 one as well. That's a different corridor. But -- but at
12 least on the I-35 it wanted -- wanted to note that. So
13 works there, it's done, it's completed, it's a funding
14 issue. It's in the legislator's hand to some degree.

15 MR. LEWIS: Thank you, Commissioner. Commissioner
16 Bugg.

17 MR. BUGG: Thank you, Mr. Chairman. Russell, I
18 just want to applaud all the work you've done to kind of
19 pull this together and really kind of bring to the
20 Commission's knowledge all the strategic thinking. You're
21 -- you're using the word prioritization, but as many of us
22 in this room know, the interstate highway system was really
23 conceived by President Eisenhower in 1955. And as many of
24 us know in this room, it was built and completed in Texas in
25 1974. Basically the 1974 population standard.

1 So what you're doing is you're bringing to mind
2 for all of us to know that we need to take the limited
3 resources that Commissioner Vandergriff is talking about and
4 how do we deploy those so that we get the maximum benefit to
5 help again kind of getting back to this customer service of
6 the taxpayers of Texas. So I just want to say I applaud you
7 for the focus.

8 MR. LEWIS: Yes, Vice Chair Moseley.

9 MR. MOSELEY: Thank you, Chairman, members. I
10 appreciate so much your presentation, Russell. And
11 Commissioner Austin, thank you for your willingness to be
12 the liaison to our congressional delegation, because clearly
13 that's going to be critical when you look especially at the
14 priorities the federal government is coming up with.

15 We -- we are facing this tsunami of automobiles
16 that are coming with population explosion. The new demand
17 on our highway system to the shipping lane of Panama opening
18 and bringing more tonnage into our ports, fracking. And
19 then the economy of Mexico, we -- we've got some
20 extraordinary mega trends demanding more capacity. And
21 clearly the Interstate Highway System has to be thought of
22 in -- in next generation terms.

23 So this is a wonderful discussion. I think -- I
24 think, Commissioner Vandergriff, the dollars will -- if we
25 -- if we start there, we probably won't get very far in the

1 discussion. But I think it's a healthy -- probably a
2 healthy -- healthy discussion to at least open the doors and
3 think of the big ideas in Houston. There is a discussion
4 about upgrading our main street of I-45. And that's a \$6-
5 billion discussion right now.

6 And of course, we don't know, Chairman and
7 members, where any of that money will come from. But at the
8 same time we remind ourselves that of a state economy of 1.5
9 trillion, Houston's about half a trillion dollars of that
10 economy. And so this is a roadway that's been serving for
11 half a century the economic engine and this gateway
12 community.

13 And so we're -- we're asking ourselves what does a
14 new main street look like based on what Commissioner Bugg
15 said. It was designed for traffic flow half a century ago
16 and the traffic demands have changed significantly. And
17 then if you look 25 years in the future or 30 years, those
18 demands are even more significant.

19 So I think this is a very wonderful discussion and
20 then we can let Senator Huffines and other leaders
21 understand how -- how the dollars have to come together to
22 get us to where we need to go.

23 But -- but I think the big ideas, I think it's an
24 important thing for us to do and I appreciate Commissioner
25 Austin your enthusiasm on this and I -- I would just add

1 perhaps also we've talked a little bit about ports to planes
2 and some of the other corridors. We should also include
3 that as a part of our discussion going forward because I --
4 I know there's another group that's talking about a new
5 interstate from Fort Bliss to Fort Hood to Fort Polk to
6 Atlanta and -- and I think Judge Thompson's heading that
7 group up. And then there's east Texas -- pardon?

8 MR. ZAPALAC: Potentially the I-14.

9 MR. MOSELEY: I-14. And then there's this group
10 at east Texas that Commissioner Austin referred to. And so
11 I think it would be useful if we could also appreciate all
12 the other discussions of other corridors as we go forward.
13 But thank you so much.

14 MR. ZAPALAC: And Marc -- Marc threw me a lifeline
15 here on the 35 improvements. It's actually in excess of 29
16 billion --

17 MR. MOSELEY: Yes, that's what -- that's what I
18 thought you were a little light there. I was not going to
19 try to correct you, because I've seen it. But that brings
20 up the thing I would just like to at least, you know,
21 conclude my thoughts on this is that the Department has done
22 an excellent job with all the different groups that we
23 already have in place of quantifying some of this.

24 And I think all the Commissioners have probably
25 seen -- the -- the one thing the Department doesn't do is

1 name some of its projects very creatively. It's the Purple
2 Map Project is what they call it. And that's been produced
3 -- and someday they'll tell me how they come up with purple
4 if it's the name of it, but they produced those starting
5 about going on two years ago now and then have updated them
6 and have given those to the legislature.

7 And they really identify all the major corridors
8 that we have and have numbers associated with those
9 corridors, timelines potentially. And really all it takes
10 is money. And so now I am going to put you on the spot. I
11 -- I could say the number myself, but in the next five
12 years, next 15 years, what is that dollars figure just in a
13 ballpark?

14 MR. ZAPALAC: Well, the -- the overall dollar
15 figure --

16 MR. VANDERGRIFF: Right.

17 MR. ZAPALAC: -- is close to a little over \$90-
18 billion.

19 MR. VANDERGRIFF: Right. So --

20 MR. ZAPALAC: The -- what we could hopefully
21 deliver in the next five plus years or so is probably
22 upwards in -- I would love to say about \$30-billion if --
23 if we had -- had the funds available.

24 MR. VANDERGRIFF: If we had the funds. And the
25 math won't compute to that based on our current dollars.

1 But it -- but it is very worthwhile to go look at all those
2 studies and all that information that we've got because I --
3 I think it's very extensive on -- on what's out there than
4 the art of the possible and the need and the timeline of
5 when they can hit it. So I appreciate that work that's out
6 there. Thanks.

7 MR. LEWIS: Commissioner Bugg, did you have an
8 additional comment?

9 MR. BUGG: No, sir.

10 MR. LEWIS: Then I'll go to Commissioner Austin.

11 MR. AUSTIN: Russell, on slide four, I want to
12 just reread this. The interstate vehicle miles traveled is
13 projected to increase by 52 percent by 2000 -- by 2040.

14 MR. ZAPALAC: Right.

15 MR. AUSTIN: compared to 59 percent the rest of
16 the system. So the entire state, we're looking at 59 and 52
17 percent VMT increase. So I want to reflect back. When we
18 were working on -- and sharing with the public the need for
19 Proposition 1, I believe I had my numbers right. If we were
20 going back 40 years, population increase, not vehicular
21 miles traveled, but population increase about a hundred and
22 twenty-five percent, new capacity I believe we only
23 increased about nine percent. So I'm going to frame that
24 back to here.

25 Over this projected period up to 2040, what is our

1 estimated, and I know we haven't calculated, capacity
2 improvement or addition? It's going to be a pretty small
3 percentage. I would --

4 MR. ZAPALAC: Well, it's certainly not going to
5 increase by 52 percent.

6 MR. AUSTIN: Right.

7 MR. ZAPALAC: so -- but obviously we're going to
8 rely on technology and -- and smart vehicles and -- and some
9 other mechanisms to increase that capacity. But of our
10 facilities. But we are going to have to increase our
11 interstate facilities, the capacity to those. At least to
12 the degree of providing six lane interstate facilities
13 connecting up our major metropolitan areas.

14 MR. AUSTIN: And again, I just don't want us to
15 fool ourselves by saying, you know, it would be enamored
16 that we have all this money coming in, but right by -- with
17 population, vehicle miles increasing, I still say we're way,
18 way -- way behind in adding new capacity. And back to the
19 question earlier, not having enough people, we're going to
20 have to be able to perform. And we're going to rely on
21 industry -- private industry to help us execute a lot of
22 this. So Texans gear up. We're going to need your vote.

23 But one other thing that's a big part of this.
24 Well, we're talking about -- our Prop 7 at the state level.
25 And Senator, thank you for all your help and your committee

1 of bringing this forward. We also have another piece.
2 Forty-two percent of our funding comes from federal. And
3 they're in the midst of trying to reauthorize everything
4 right now and I believe we're -- we -- we could be looking
5 at -- yeah, three months extension. Three months doesn't
6 help us plan.

7 So we have a lot of work to do federally as well.
8 Not to tie in all these dollars. And hopefully an increase.
9 If the feds will do what we've done at the state level, you
10 know, we can begin to make a dent in some of this
11 congestion.

12 MR. ZAPALAC: And -- and as you indicated, setting
13 up the working committees and the working groups and moving
14 forward, to get to that road map that we would like to have
15 on each of these corridors is a -- a 12 to 18 month process.
16 So obviously starting and -- and starting that process as
17 soon as we can is something that we would really like to do.

18 MR. LEWIS: Thank you. General Weber, did you
19 have a question?

20 GENERAL WEBER: Thanks, Chairman. Russell, I -- I
21 guess my question is is I'm trying to look -- I'm thinking
22 2040 because the statistics that you give and we all know
23 are pretty -- I mean, are pretty startling. And -- and I
24 know to think a 2040 when you're sitting in I-35 right today
25 at a hundred and five degrees and you're not moving anywhere

1 is difficult to do.

2 But as we improve the interstate system and
3 connectors in these big congested areas, we look at how many
4 more trucks are going to be in our roads in 30 years, 20
5 years; vehicle miles traveled, population, more vehicles.
6 Will we reach a point where the percentage of mobility,
7 traffic ability, flow and all that, where that percentage is
8 not higher than the percentage of vehicles and trucks and
9 everything else, in other words, we run out of physical
10 space to solve our transportation problems with roads.

11 And -- and I think that that could happen. So
12 again, you mentioned earlier we would be forced 30, 40 years
13 from now to look at transportation as a system. And is --
14 and -- and is there -- and that's pipelines, that's rail,
15 that's -- that's a lot of things that people don't want to
16 hear about.

17 But are we -- can we look at that to see if we can
18 find what year we hit that point to where slap a -- we -- we
19 can't slap another lane on an interstate that's going to fix
20 our congestion problem. We got to do something else.

21 MR. ZAPALAC: And -- and I think the answer is
22 obviously probably difficult to get your arms around, but
23 it's going to be different for each corridor. But you can,
24 you know, take and look at I-35 here in Austin. Just the --
25 the effort that it's going to take just to put one

1 additional lane in each direction on that facility is -- is
2 mind boggling. It -- it'll be -- you know, if you look from
3 Hayes County to -- to Williamson County and -- and threading
4 that needle, you're in -- in the \$3-billion neighborhood, so
5 --

6 GENERAL WEBER: Yeah, but -- but that's just the
7 challenge to putting a lane in, but is it going to achieve
8 the effect? In other words, in 30 years from now, are you
9 -- are you going to be with four lanes just like we are now?
10 That's the issue.

11 MR. ZAPALAC: Right. And to answer your question,
12 no. The capacity on that lane will evaporate relatively
13 quickly after it's constructed. So we're -- we've got to
14 look at those alternate modes and -- and other ways of
15 moving people and goods through the state.

16 MR. LEWIS: Thank you, Russell. If I might ask,
17 on -- on slide six, you know, this is the pavement
18 condition. And it's the percentage of our interstates that
19 are good, fair or poor condition. And in looking at that,
20 I'm presuming this as percentage of total lane miles of the
21 total miles and interstate. Four -- four percent of the
22 miles of all our interstate would be --

23 MR. ZAPALAC: Would -- would be in --

24 MR. LEWIS: -- poor --

25 MR. ZAPALAC: -- poor conditions.

1 MR. LEWIS: -- poor for instance? Which sounds
2 good, but I mean, looking at the -- at the map, it looks
3 like the percentage of lane miles in Harris County, in this
4 immediate area, Dallas-Fort Worth, The Valley, San Antonio,
5 El Paso, where most of our -- our people live, it's a very
6 high percentage of -- of the interstates that are in poor
7 condition. Is that --

8 MR. ZAPALAC: Yes, sir.

9 MR. LEWIS: That's what it looks like; is that
10 right?

11 MR. ZAPALAC: That -- that's -- I think that's a
12 -- a good analysis. I think -- if you think about it, those
13 are the facilities that get pounded by the heavy traffic day
14 after day after day. And so those are the ones that are --
15 are the hardest to maintain as well. Plus they're the --
16 they're the ones that are most difficult to completely
17 rebuild.

18 MR. LEWIS: And -- and I was going to ask you
19 about that earlier. That gets to my question. And that --
20 that is anytime any commissions ever up -- up here looking
21 at this chart, are they always going to see that same
22 condition and how much of it is just the heavy traffic and
23 how much of it is difficulty doing maintenance in an area
24 that you have to -- you know, you have to shut down a lot
25 because of rush hours and so forth? Go ahead.

1 MR. ZAPALAC: I think -- well, first off, our --
2 our -- the districts, our districts do an excellent job of
3 maintaining these projects under -- under traffic at night.
4 Rebuilding these structures, I mean, that -- it's a -- it's
5 a huge -- a huge task to undertake.

6 As -- as you know, looking at 35 here in Austin or
7 -- or in El Paso, the I-10 out there -- we're -- we're
8 focusing on building alternative routes to get people around
9 just so we can start taking those main facilities down and
10 start rebuilding them. So it's -- we really have to
11 orchestrate those reconstruction projects to make them
12 successful and make them happen.

13 MR. LEWIS: Thank you. Commissioners, any other
14 questions?

15 (No audible response.)

16 MR. LEWIS: If not, excellent presentation and
17 thank you very much. Director Weber.

18 GENERAL WEBER: I think that's -- I think for
19 today that's the end of our presentations, Chairman. Thank
20 you.

21 MR. LEWIS: Thank you. Fellow Commissioners,
22 there -- we will not be meeting in Executive Session today.
23 All of the items on today's agenda are completed. Do we
24 have any open comment cards? We do not. Our clerk tells us
25 we do not have any open comment cards. So there's no other

1 business to come before the Commission. Oh, pardon me.
2 Senator Huffines, do you have any remarks that you would
3 care to make?

4 SENATOR HUFFINES: We're working to get you some
5 more money.

6 (Laughter.)

7 MR. LEWIS: That's actually all we wanted to hear.
8 So you said it all.

9 (Laughter.)

10 MR. LEWIS: Well, said. So thank you very --
11 thank you very much, Senator. And again, thank you from all
12 of us. Thank you very much for being here. We -- we
13 appreciate it.

14 There being no other business before the
15 Commission, I believe that Commissioner Bugg has a motion to
16 adjourn.

17 MR. BUGG: Yes, sir.

18 MR. LEWIS: And that Commissioner Vandergriff had
19 wanted to second that motion.

20 MR. VANDERGRIFF: Absolutely.

21 MR. LEWIS: There being no discussion on the item
22 and there being a motion and a second, all in favor, say
23 aye.

24 (Chorus of "Ayes")

25 MR. LEWIS: Any opposed?

1 (No audible response.)

2 MR. LEWIS: No. There are no opposed. And
3 therefore, the motion carries. And thank you to all for
4 being here. Thank you. And I'll note for the record that
5 it is 3:54 p.m. at this time.

6 (Proceedings concluded at 3:54 p.m.)

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C E R T I F I C A T E

I, Kimberly C. McCright, CET, do hereby certify that the foregoing pages 1 through 86, constitute a full, true, and accurate transcript from electronic recording of the Workshop Meeting, held at the Ric Williamson Hearing Room, 125 East 11th Street, Austin, Texas, on Wednesday, July 29, 2015 at 2:00 p.m. DATED this 13th day of August, 2015.



Kimberly C. McCright, CET