

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

TEXAS DEPARTMENT OF TRANSPORTATION
COMMISSION MEETING

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

Thursday
March 31, 2016
9:00 a.m.

COMMISSION MEMBERS:

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

STAFF:

James Bass, Executive Director
Robin Carter, Commission Chief Clerk

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

CHAIRMAN LEWIS: Good morning, everyone. Thank you very much for being here. The time is 9:00 a.m.; and I'll call to order the March 31st, 2016 meeting of the Texas Transportation Commission in Austin, Texas.

I'll first of all note for the record that public notice of this meeting containing all items on the agenda was filed with the Secretary of State's Office at 4:26 p.m. on March 23rd, 2016, which is seven days prior to the meeting, in accordance with the Government Code Provision Section 551.044.

At this time I would like all of you to please join me in placing your cell phones in -- either just turn them off, or put them in silent mode.

(Additional lights shone on dais.)

CHAIRMAN LEWIS: Let there be light.

If you wish to address the Commission during today's meeting, please complete a speaker's card at the registration table; or I believe we probably have some of those cards up here as well.

To make -- to comment or register your opinion on an agenda item, you'll fill out a yellow card. You'll identify the item. There's a place for your name; and if you're here representing a group, who

1 you're here representing. And then I'll call your name
2 as we reach that agenda item. When I do, just come up
3 here to this podium.

4 I've been told that there's been actually
5 a problem with people adjusting the microphone, that
6 it's causing feedback. So if you will, leave the
7 microphone where it is but just try to get close to it;
8 and it will pick up your remarks fine. And we'll let
9 you know if there's any problem with regard to that.

10 If it's not an agenda item -- and you
11 actually may address the Commission with regard to items
12 that are not on the agenda, but we are barred by the
13 Open Meetings Act from commenting on items that are not
14 on the agenda. So if you wish to speak on such an item,
15 you'll fill out a blue card. It has the same basic
16 information. Be sure that our clerk gets that card; and
17 we'll call your name after all the agenda items are
18 over. You may come up here and give your remarks; but,
19 again, there cannot be any feedback or discussion on
20 those items from anyone on the Commission.

21 Regardless of items -- of the color of
22 the card, whether it's open comment or comment on a
23 particular topic, we ask that you limit your remarks to
24 three minutes; and we will let you know when your three
25 minutes have expired.

1 Before going further, I'm going to turn
2 it over -- the microphone over to -- let me know when
3 the congressman gets here -- to James Bass for I believe
4 the safety matter.

5 EXEC. DIRECTOR BASS: Thank you,
6 Chairman.

7 At this time I would like to ask
8 Occupational Safety Specialist Sidney Malloy to come
9 forward and provide a quick safety briefing.

10 MR. MALLOY: Good morning, Commissioners
11 and Director Bass.

12 In case of a medical emergency, please
13 call 911. We are located at --

14 (Staff adjusts microphone for speaker.)

15 MR. MALLOY: Thank you.

16 We are located at 125 East 11th Street at
17 the Greer Building.

18 The AEDs are located on the first floor
19 at the security booth. First aid kits are marked and
20 located on each floor.

21 In case of fire or other needs to
22 evacuate the building, we will evacuate and exit the
23 front door of this building, facing 11th Street, and
24 proceed across the street to the Capital lot. Fire
25 extinguishers are marked and located on each floor.

1 In case of a tornado or inclement
2 weather, stay inside away from exterior walls and
3 windows. Shelters are the stairwells, basements,
4 interior hallways, and centrally located restrooms.

5 In case of an active shooter or a bomb
6 threat, just follow the instructions of the public
7 address system and our onsite security.

8 Thank you for your time; and have a safe,
9 productive meeting.

10 Thank you.

11 EXEC. DIRECTOR BASS: Thank you.

12 CHAIRMAN LEWIS: Thank you.

13 Before we start our meeting proper and
14 get to the agenda items, we do -- and we'll start also
15 with the comments of our Commissioners; but before we do
16 that, we have a visiting dignitary from out of state who
17 is -- we're very pleased to have here. And I'd request
18 that Commissioner Austin do the introduction.

19 COMMISSIONER AUSTIN: Thank you,
20 Chairman.

21 We're honored this morning -- good
22 morning, everyone -- we're honored this morning to have
23 one of our neighbors who does a lot of work for Texas in
24 the audience this morning. Congressman Garret Graves is
25 a Republican member of Congress from Louisiana's 6th

1 District, down in the Baton Rouge area. He is here. We
2 had the opportunity to have breakfast with him this
3 morning and visit, talk about a lot of very important
4 transportation issues.

5 Let me share with you just a couple of
6 comments about his background. He sits on a very
7 important committee to us, Transportation, in the House.
8 This is his first term. As y'all know, what has
9 recently passed and transacted, one, the implementation
10 of WRDA, but also the FAST Act, which is very important
11 for funding for not just Texas but across the country.

12 And as a member of the committee, he's on
13 the Subcommittee of Highways and Transit, Water
14 Resources, and Vice Chairman of the Water Resources
15 Environment Committee. He also works on the Coast Guard
16 and Maritime Transportation Committee, and he's a member
17 of the House Committee on Natural Resources. So a lot
18 of things that we deal with, from environment issues to
19 ports to airports, the Congressman is deeply involved.

20 He's a native of Baton Rouge. In his
21 background, he also worked for Congressman -- he's not
22 just new to the Congressional scene. He worked for
23 Congressman Billy Tauzin, who Chaired the House Energy
24 and Commerce Committee. He also worked for
25 Senator Vitter and Governor Bobby Jindal.

1 So with this, I'd like to introduce and
2 welcome to the podium and to Texas Congressman Garret
3 Graves.

4 (Applause.)

5 COMMISSIONER AUSTIN: I'd like to start
6 with all of us saying thank you for your vote and your
7 participation for helping pass the FAST Act.

8 CONGRESSMAN GRAVES: Sure, sure. No,
9 it's great to be in west Louisiana.

10 (Laughter.)

11 CONGRESSMAN GRAVES: You know, as we were
12 talking at breakfast this morning, it's amazing the
13 similarities and the parallels between our states; and
14 the issues that we dealing with the energy prices right
15 now, infrastructure investments, and the FAST Act is a
16 step in right direction.

17 In a previous life I managed a large
18 civil works program, an infrastructure program, in the
19 state of Louisiana; and when you have visibility on your
20 funding for the next two weeks, the next two months, or
21 even the next six months, you can't implement a program
22 effectively. And the FAST Act does provide stable
23 funding for the next five years. But, importantly, we
24 all need to be working together to determine how to fund
25 this program moving forward.

1 For those of you that may have had the
2 opportunity to dig through the bill, you will see that
3 there is some ancillary funding streams in there that
4 have absolutely nothing to do with transportation. The
5 gas tax was set up to fund that program, and it was
6 designed to be a user fee. And it was a pretty good
7 metric back in the day when it was established; but with
8 the onset of electric vehicles and hybrid vehicles and
9 these corporate average fuel economy standards, it no
10 longer is an accurate metric. And that's why we've seen
11 this significant decrease in the availability of funds
12 for our transportation infrastructure.

13 And for the state of Texas y'all have
14 done a fantastic job in introducing new and innovative
15 revenue streams, like P3s, in order to advance some of
16 your transportation priorities; and it's something the
17 state of Louisiana certainly is going to be modeling our
18 program after moving forward.

19 I-10, which goes from California to
20 Florida, drops down to one lane in one place; and that's
21 in the state of Louisiana, which affects this entire
22 corridor.

23 The WRDA bill, the Corps of Engineers
24 bill, we're going to be moving forward on it. Starting
25 on April 20th, we're going to be marking that bill up.

1 It is the bill that controls funding for dredging and
2 Corps of Engineers' activities and regulatory
3 activities, things that, again, affect both of our
4 states in a huge way; and I'm looking forward to working
5 with you on those as well and closely with your Texas
6 delegation.

7 So thank you very much for being here,
8 and we'll continue working together to address our
9 shared interests.

10 COMMISSIONER AUSTIN: And, Congressman,
11 thank you. Before you leave, I want to come down and
12 shake your hand and say thank you; but every good
13 Louisianan cannot leave Texas without a souvenir.

14 (Laughter.)

15 COMMISSIONER AUSTIN: And we're going to
16 be talking in a few minutes. This is the 30th
17 anniversary of the "Don't Mess With Texas" program. So
18 I'm going to give you a couple of decals and a patch
19 that we're getting ready to give to our Boy Scouts.

20 CONGRESSMAN GRAVES: Outstanding. Thank
21 you.

22 COMMISSIONER AUSTIN: I know you will
23 have a safe place for it. But thank you.

24 CONGRESSMAN GRAVES: Thank you.

25 CHAIRMAN LEWIS: Thank you very much for

1 being here, Congressman. Appreciate it.

2 (Applause.)

3 CHAIRMAN LEWIS: Thank you.

4 Moving to the agenda, our first order of
5 business, approval of the minutes for the February 25th
6 Meeting of the Texas Transportation Commission, Members,
7 draft minutes have been provided to you.

8 Commissioner Bugg, do you move to approve
9 the minutes of the February 25th meeting?

10 COMMISSIONER BUGG: So moved.

11 CHAIRMAN LEWIS: And, Commissioner
12 Vandergriff, do you second that motion?

13 COMMISSIONER VANDERGRIFF: Second.

14 CHAIRMAN LEWIS: We have a motion and a
15 second. All in favor, say aye.

16 (Chorus of "Ayes.")

17 CHAIRMAN LEWIS: Any opposed, no.

18 (No response.)

19 CHAIRMAN LEWIS: With that, we'll begin
20 to go through the agenda. We have some other visiting
21 dignitaries with regard to one of our items, I think
22 Number 8. And if we could begin with Number 8.

23 EXEC. DIRECTOR BASS: All right.

24 CHAIRMAN LEWIS: Oh, pardon me. Thank
25 you for mentioning that.

1 We do have -- I had skipped over the fact
2 that we have opening remarks of our commissioners, and
3 we'll begin with Commissioner Bugg.

4 Thank you for reminding me.

5 COMMISSIONER BUGG: Thank you,
6 Mr. Chairman.

7 I wanted to share with my Fellow
8 Commissioners that on March the 9th, just a couple of
9 weeks ago, that Chairman Lewis and Director Bass and I
10 had the opportunity to meet with Governor Greg Abbot at
11 the Governor's Office, along with his senior staff, and
12 brief the Governor and his staff on the progress on our
13 congestion relief initiative that we are referring to as
14 Texas Clear Lanes. I believe the Governor is very
15 pleased with the progress. I can tell you he's very
16 supportive.

17 I think he's very appreciative of how the
18 Commission unanimously approved the actions taken with
19 the amendment of the UTP in February. But I can also
20 assure you that we have the Governor's attention, and
21 the attention is on execution. And so I just wanted to
22 share with you that this afternoon, after we finish our
23 commission meeting, we will continue to have ongoing
24 Congestion Relief Task Force Meetings with all the men
25 and women at TxDOT that are going to implement this and

1 make this possible.

2 And my commitment to my Fellow
3 Commissioners is that we'll continue to execute on this
4 and continue to report back to you. So I just wanted to
5 thank you for the support that you've given not only me
6 as a Commissioner but to the whole Congestion Relief
7 Initiative. I want to thank each and every one of my
8 Fellow Commissioners, so thank you.

9 CHAIRMAN LEWIS: Thank you for your work.
10 Commissioner Vandergriff.

11 COMMISSIONER VANDERGRIFF: No comments.

12 CHAIRMAN LEWIS: Vice-Chair Moseley.

13 COMMISSIONER MOSELEY: Chair and Members,
14 I'll be a little longer today since a lot of activity
15 since we last met. Probably not as long as
16 Commissioner Austin, but I will be a little bit long.

17 (Laughter.)

18 COMMISSIONER MOSELEY: Mr. Chairman, I
19 would like to -- and Members -- talk about three topics:
20 Safety, State Highway 99, and then some of the flooding
21 that's impacted our state.

22 I wanted to say thank you very much for,
23 again, as Commissioner Bugg said, for the Commissions'
24 commitment to safety. I was pleased to represent the
25 Commission at a National Highway Traffic Safety

1 Administration Region 6 Safety Summit in Fort Worth,
2 gathering Louisiana, Mississippi, New Mexico, Oklahoma,
3 Texas, and Indian Nations together to talk about how to
4 reduce deaths on our highways. There are 32,675
5 Americans that die annually on our national roadways;
6 and, of course, we're committed in Texas to bring that
7 number down.

8 Yesterday I was pleased to join Carol
9 Rawson at the University of Texas for a press conference
10 on TALK. TEXT. CRASH. This is part of the National
11 Highways' designation of April as National Distracted
12 Driving Awareness Month. We were joined by students at
13 UT as well as by law enforcement officials to just talk
14 about some of the challenges that the motoring public
15 faces due to distracted driving.

16 And, of course, reaction time is doubled
17 whenever drivers read or send texts. Texting will take
18 our eyes off the road for nearly five seconds; and if
19 we're traveling at 55 miles per hour, that would be like
20 driving the length of a football field blindfolded. And
21 drivers who use a cell phone while driving are four
22 times as likely to get into a crash that's serious
23 enough to either cause injury or death. So we'll
24 continue, Chairman and Members, to pursue some
25 recommendations to bring back to the Commission related

1 to how we can reduce deaths and crashes on our roadways.

2 On another note, I'm very pleased,
3 Members, that we've had some celebrations in Harris
4 County and Montgomery County related to the Grand
5 Parkway. We've had the opening of a 14.8-mile Segment G
6 of Grand Parkway, State Highway 99, from I-45 to U.S. 59
7 or I-69, Commissioner Austin. And we're very, very
8 pleased that one of the informal celebrations was this
9 slide here.

10 Chairman and Members, I think perhaps
11 this goes down as TxDOT history because a District
12 Superintendent of the Methodist Church came to TxDOT
13 with the idea of teaming up with the YMCA on raising
14 money for a good cause and at the same time inviting
15 cyclists to come. And so not only did cyclists turn
16 out, more than 1000 cyclists showed up, Senator Watson,
17 to commemorate the opening of this segment of roadway;
18 and more than \$30,000 was raised to fight human
19 trafficking. So perhaps we made TxDOT history. I'm
20 very pleased that this could be a part of the informal
21 celebration.

22 We did have final delivery, Chairman and
23 Members, two days ago; and there was a luncheon attended
24 by well over 350 local leaders and stakeholders that
25 just really celebrated the conclusion of this segment.

1 And so we always tend to be in a little bit of a hurry,
2 but we did take time to talk about the value of this
3 roadway opening up. And standing next to me is the
4 widow of Bob Lanier, who was the former Mayor of Houston
5 but also the former Chair of this Commission and was the
6 visionary for the Grand Parkway, this 180-mile loop
7 around the Houston area that goes through seven
8 counties. We're very pleased that Elyse could be a part
9 of the celebration.

10 Bill Hale, our Chief Engineer, made some
11 comments at the speech. And, Judge Emmett -- I'm glad
12 to see you here -- he was very much -- Harris County has
13 been a full partner in this. And Judge Doyle's in this
14 slide from Montgomery County, and Commissioner Cagle and
15 Commissioner Clark were also present.

16 But some of the comments that Bill Hale
17 made about this segment, Chairman and Members, was
18 pretty fascinating. This is a design build development
19 agreement that cost \$1.043 billion. There are more than
20 120 bridges along the segments of F1, F2, and G.
21 10 million cubic yards of excavation. This equals 3,846
22 Olympic-size swimming pools. 1.8 million square yards
23 of concrete, which is approximately eleven NRG stadiums.
24 500,000 linear feet of prestressed concrete beams that
25 would stretch from downtown Houston to Galveston and

1 back to Houston and back to Galveston again. And
2 finally, 110 million pounds of reinforced steel, which
3 would be enough steel to build 45,800 cars.

4 The rest of the story is that about three
5 years ago, the Commission convened in Montgomery County
6 to hire Zachry Odebrecht on this project. And I think,
7 Members, we might remind ourselves: We had no
8 right-of-way and we had no utilities relocated. We were
9 totally starting from the beginning, 36 months ago, on a
10 billion-dollar segment of roadway.

11 And so that's why we take time to salute
12 Judge Emmett, Judge Doyle, myself, and other officials
13 that this project basically 36 months, a year later we
14 had groundbreaking; and 24 months later, we're able to
15 have the roadway open. So immediately after this slide,
16 the roadway was opened and is open today and serving the
17 motoring public.

18 And I close with this, Chairman and
19 Members. I just wanted to call out: In our Beaumont
20 District, our District Engineer, Tucker Ferguson, and
21 his team were really on Ground Zero. This was the area
22 that was most impacted by the heavy flooding, and we're
23 so pleased to have Congressman Graves here today. But
24 I-10 was impacted and was closed due to heavy high
25 waters coming through the Sabine River.

1 About half a dozen other nearby districts
2 helped tremendously, including the Austin, Bryan, Waco,
3 Yoakum, Houston, and Lufkin Districts. Everybody rolled
4 up their sleeves and pitched in. So, Mr. Bass, I would
5 just want to commend our team and thank them for their
6 above-and-beyond call to work.

7 This was pretty tough for our state. You
8 know, the diversion of not being able to go from
9 Beaumont across the Sabine added 200 miles of driving to
10 get around the Sabine River. So I think it highlights,
11 again, the strategic corridor that I-10 is and the value
12 of continuing to discuss the next generation of
13 interstates to make sure that these strategic corridors
14 are preserved and protected against some of nature's
15 curve balls that come our way.

16 Thank you, Chairman and Members.

17 CHAIRMAN LEWIS: Thank you.

18 Commissioner Austin.

19 COMMISSIONER AUSTIN: Good morning, again
20 everyone. I'd like to say thank you to Andrea, Melanie,
21 Melissa, part of our Federal team that takes care -- we
22 have a lot of -- takes care of our Federal initiatives.
23 We have a whole army of senators that help take care of
24 you guys, but we have a smaller group that takes care of
25 Federal and they do a great job. That's 50 percent of

1 our funding, almost 40 -- actually, 40 percent of our
2 funding; and it's very, very important working on a lot
3 of projects.

4 As we talk about Federal,
5 Commissioner Bugg and I had an Audit Committee meeting
6 yesterday; and we've asked for the last couple of
7 meetings to give us updates on the implementation of the
8 bills or policies that have been passed that have an
9 impact on the Agency. And I'm really impressed with the
10 diligence on the State side from the last legislative
11 initiatives and then also from the Federal side of the
12 progress that we're making really. They're really
13 moving fast and furious on this.

14 Over the last month I've had the
15 opportunity to travel a little bit. In addition to
16 seeing my normal routes in Houston and Dallas and some
17 of the East Texas District, I've been up in Amarillo and
18 Childress Districts. As I was traveling through, I had
19 the opportunity to stop by a few facilities from the
20 roadside parks. I didn't know -- y'all may not know --
21 we have rattlesnake signs, "Be careful of rattlesnakes."

22 But, also, what I wanted to share here,
23 as Commissioner Moseley is talking about safety, I
24 stopped here -- you see the picture -- in Donley County.
25 It's in the Childress District. I just popped in. They

1 never know where I'm going to be. But you see the sign
2 here. This is really important. They have had --
3 they have not had an accident in over -- almost ten
4 years -- nine years, eight months. And I want to say
5 that sets -- this is where -- this is Ground Zero in a
6 maintenance division where these guys are doing --
7 ladies and gentlemen, doing a great job; but I wanted to
8 give them a shout out.

9 I know we have many other districts in
10 areas, offices throughout the state, that do the same
11 thing; but that's what these ribbons are about, safety.
12 And they're living and breathing it.

13 I did ask them about Fleet Forward and
14 how it was doing. They said, "Initially, we were" --
15 this is a program we had to reduce part of our fleet a
16 couple of years ago. They said, "Initially, we weren't
17 sure; but now we're able to get the equipment we need
18 and rent it. And it's really working well, in fact,
19 even better equipment on an as-needed basis." So I was
20 glad to hear this progress.

21 I also stopped at the Childress office,
22 but I went on to the Amarillo Travel Center. I had to
23 stop, and I saw this sign in there. And I said, "Wow,
24 do we have this everywhere?" And what I learned is
25 absolutely not. Rick Upton, who is an ambassador there

1 at our travel center, made this from scrap materials.

2 And while I was in there, to see people
3 from out of state are coming in and taking their
4 pictures with, "Welcome to Texas," these are some of the
5 thing that our travel division does and takes care of.
6 And I was amazed at the number of people that came in,
7 "Do you have a map?" People still want a Texas map and
8 where to go. But, really, again, thank you for what
9 they do.

10 I did have an opportunity to go on to the
11 Amarillo District and look at a lot of their needs.
12 Later, we're going to be talking about energy sector.
13 They still have energy sector needs up in the panhandle;
14 it's not just in South Texas. So we need to make sure
15 we're here to serve the entire state, not just one or
16 two regions.

17 Also, last week we had the kickoff of our
18 Interstate 30 working group, much like what we did with
19 Interstate 20. Judge Moseley actually got these working
20 groups started on the interstates, working back with
21 Interstate 35.

22 We have had segment committees on
23 Interstate 69 that we're working with. Now, we're
24 coming back, listening to the locals. This is led --
25 this effort is led by Titus County Judge Brian Lee. And

1 there was -- they were -- you see a couple of the
2 exercises that we're going through of listing
3 priorities, what's important. Hopefully we'll have a
4 report at the end of this year of what do they want to
5 see happen from Texarkana into -- up to the edge of the
6 metroplex; specifically, what are the comments. Some
7 bridges need to be raised for safety; and the access
8 roads, maybe there's stretches we can go from two lanes
9 to three lanes, barriers in there.

10 I was amazed to learn that in a lot of --
11 much like Midland-Odessa, Chairman, the dual access --
12 two-way traffic on access roads that may not be safe.

13 But, anyway, just really appreciate what
14 they're doing; and this will -- like so many of our
15 other committees -- give us consensus as part of their
16 tasks as we begin looking at updating our UTP.

17 One thing I kind of mentioned a little
18 while ago, this is the 30th anniversary of "Don't Mess
19 With Texas." TxDOT, as you know, owns this brand.
20 Actually, I guess the first sign was up right outside of
21 Tyler 30 years ago.

22 We're, next week, proud to announce a
23 partnership with the Boy Scouts across the state. We're
24 going to be working with them -- we'll have a kickoff
25 next week to work -- on April 9th to -- Keep Texas

1 Beautiful, one of our other partners -- to help pick up
2 trash across the state. Now, I know many of y'all in
3 here were Scouts. I'm a former Scout Master. I know
4 Commissioner Bugg was a Scout. I did ask him to join me
5 if he can still find -- Number 1, find his uniform and,
6 Number 2, fit in it. And I'll leave it at that.

7 (Laughter.)

8 COMMISSIONER AUSTIN: But when Scouts are
9 involved, you know, the way to incentivize as Scout is
10 to give them a patch. So we have a patch here,
11 celebrating the 30th-year anniversary. I'll pass some
12 down to the Commissioners. Y'all ought to have it as
13 well. And we also have some stickers that are available
14 to the public as well, celebrating the 30th anniversary
15 of "Don't Mess With Texas."

16 We are kicking off next -- Senator
17 Huffines, I know, is a Scout Master; and I asked him if
18 he wanted to join me on April 6th, that's next week,
19 2:00 o'clock at Circle Ten Council. He put his arm
20 around me and pulled me aside; and he goes, "We're going
21 to have a Scout Master Minute. A Scout Master Minute is
22 a teaching moment. Now, this is a member of the
23 Transportation Committee. I didn't know where this was
24 going. He said, "I teach my boys as part of the outdoor
25 code: If you see it, pick it up. Leave it better than

1 the way you found it." And I think that goes beyond a
2 Scout Master Minute. That's for all of us.

3 As we celebrate "Don't Mess With Texas,"
4 it is a litter campaign and I really ask: Let's all do
5 our part to keep Texas -- we ought to have pride, and it
6 starts in this room and with everybody else to make it
7 better. So Scout Master Huffines, I look forward to
8 seeing you join me there.

9 COMMISSIONER MOSELEY: And let the record
10 show Commissioner Vandergriff was a Scout.

11 COMMISSIONER VANDERGRIFF: You can be
12 there, too.

13 (Laughter.)

14 COMMISSIONER AUSTIN: And I will be
15 picking up trash in Tyler on Saturday, and ask y'all if
16 you see fit to do that to please join in.

17 I want to shift to a little more serious
18 topic if I may, the State Highway 130 bankruptcy that's
19 been in the news. I know there's a lot of myths
20 circulating around. What is the impact to the Agency?

21 The SH-130 Concession Company did file
22 for bankruptcy, and I want to say: There is no impact
23 to the Texas taxpayers and no impact to our department.

24 And I think this is -- a lot of folks
25 saying we'll rehab this. What is going to be the impact

1 to TxDOT? No State money was used to build, construct
2 the portion of State Highway 45 South to Seguin that is
3 operated by the SH-130 Concession Company; and I want to
4 say the State is not liable for any of its outstanding
5 debt.

6 And I'm proud to say I don't think
7 there -- there are not any U.S. banks that are included
8 in this. However, there's a TIFIA loan, 176 million;
9 and a private developer loan of 891 million. So I want
10 to say that there is no liability to Texas taxpayers.
11 And I think that's something, you know, that a lot of
12 people -- I get a lot of questions about that; and I
13 wanted to share that.

14 But SH-130 does continue to be viable
15 alternative for drivers as we look at moving traffic
16 throughout the state; and according to the contract,
17 SH-130 Concession Company remains responsible for
18 maintaining the road today, just as it did before they
19 filed bankruptcy. So I just wanted to share that, at
20 least worth noting it.

21 Today, I know we're also going to be
22 looking at SIB final approval. Thank you to my Fellow
23 Commissioners for the work on this. I'm really excited,
24 Commissioner and Judge Emmett. We're going to be in
25 Houston this week for the Final Four. Don't ask me

1 about my brackets because after week one, it was
2 completely gone, so.

3 Thank you. Chairman, that's all I have.

4 CHAIRMAN LEWIS: Thank you very much.

5 Thank all the Commissioners for those
6 excellent remarks.

7 We're getting back on the agenda now.
8 We'll take up Item 8 out of order, and I think before --
9 if we're ready for Item 8, then I think the first thing
10 we'll do is ask for remarks from visiting dignitaries.

11 EXEC. DIRECTOR BASS: Okay.

12 CHAIRMAN LEWIS: So before the actual
13 presentation on Item 8, let's discuss what Item 8 is.

14 EXEC. DIRECTOR BASS: So Item 8 concerns
15 the establishment of temporary truck toll rates on State
16 Highway 130 and State Highway 45 Southeast.

17 CHAIRMAN LEWIS: And before we ask
18 Director Nelson to come up and address those remarks, I
19 know we have some visiting dignitaries that maybe have a
20 crisis in their schedules because of other appointments.
21 So I'm going to start with Senator Watson.

22 Senator Watson, would you please come
23 forward; and after stating your name, give us the
24 benefit of your remarks?

25 SENATOR WATSON: Thank you very much,

1 Mr. Chairman.

2 I'm Senator Kirk Watson from here in
3 Austin, Texas; and I appreciate all the Commissioners.
4 I'm going to be very brief; although, I need to point
5 out as I'm listening to Commissioner Austin's report a
6 couple of things. One is I like to ride motorcycles.
7 And what some folks in the room will tell you, folks
8 that like to ride motorcycles, we like to wear vests and
9 put patches all over them.

10 (Laughter.)

11 SENATOR WATSON: And I'm reminded, as you
12 go out and -- bless your heart. I need one of those
13 patches. But as you go out and you visit -- and I know
14 all of you do that; you visit different places. I was
15 recently riding -- a couple of months ago I was riding
16 through Littlefield, Texas; and it looked like I was
17 going to get -- I was going to drown, I mean, it was
18 going to rain all over me.

19 So I pulled over into, like, a Valero
20 station and I saw a Texas Department of Transportation
21 truck guy dressed -- he obviously worked in the field
22 out there and was putting gas in his truck. And I just
23 went over to him and introduced myself and thanked him
24 for his service and he thought that was a little weird
25 and he moved on.

1 (Laughter.)

2 SENATOR WATSON: And we just kind of
3 waved at each other, and off he went.

4 I waited for a while and a few minutes
5 later, it looked like it was going to clear up so I got
6 back on my motorcycle and I only made it about 15 miles
7 and I was in another small town -- and I can't remember
8 now the name of it; I wish I could -- and pulled over
9 again at another kind of Utotem sort of deal because I
10 was worried about the rain.

11 And I'm standing out in front of this
12 place and about ten minutes later, this same guy, now in
13 his private car and now in civilian clothing, pulls in.
14 And he looks at me, and you can see the look on his face
15 like: Who is this guy?

16 (Laughter.)

17 SENATOR WATSON: And I said, "Well, one
18 of us didn't make it very far."

19 And he drawled at me and, "Yeah, but I
20 live here. So I think it's you."

21 (Laughter.)

22 SENATOR WATSON: And so I'm glad y'all go
23 out and visit.

24 Let me talk real quick about Item
25 Number 8. A real quick history on Item Number 8 is that

1 in 2013, TxDOT did really good work on a pilot project
2 to determine whether or not if we paid down the tolls or
3 we reduced the tolls, would be another way of saying it,
4 for trucks as they pass through basically Travis County
5 because, as you know, Segments 1 through 4 of 130 are
6 publicly owned, unlike the part that the Commissioner
7 just talked about. And the way I -- I say through
8 Travis County, but on that -- those segments, it goes
9 basically from 45 at the southern border of Travis
10 County/northern of Hays on up to Georgetown, SH-130
11 does.

12 And the pilot project was to determine
13 whether: Would it incentivize folks to -- truck drivers
14 to move over to SH-130 if they didn't otherwise have
15 business in Travis and Williamson County in those areas
16 where SH-130 would give them a bypass.

17 Commissioners, it was kind of our
18 approach to everything and the kitchen sink to try to
19 reduce congestion on Interstate 35.

20 Well, the good news is that sometimes
21 things work. And the pilot project revealed to us that,
22 in fact, there was an ability to incentivize truck
23 drivers that didn't have business on I-35 or near I-35
24 coming through those two counties to move over. We
25 actually saw reduction in the number of trucks in that

1 area.

2 So the last session of the Legislature
3 State Representative Celia Israel and I worked hard to
4 try to get money and funding for you to be able to do
5 that same sort of thing on the pilot project. The good
6 news/bad news is -- the bad news is we didn't get all of
7 the money that we had for the pilot project; but the
8 good news is we did get money. And that's the money
9 that you're dealing with here today. We got money that
10 allows you to create some rules.

11 I want to say to the Commissioners and I
12 want to say to the Director: But on behalf -- I want to
13 first talk to the Commissioners. Your Director and your
14 staff have worked very well with Representative Israel
15 and me to try to construct a program that you'll be
16 voting on that recognizes we didn't get all the money
17 that was in the pilot project but will actually provide
18 us with additional data about how we might incentivize
19 that kind of activity.

20 And you'll see the details, and I'm not
21 going to need to go into all of that. But I want to say
22 thank you to them because, once again, they've proved
23 themselves to be real professionals, trying to help us
24 figure out how to do this the best way.

25 I-35 is congested. It is badly

1 congested. This is one of those ways -- again,
2 everything and the kitchen sink ought to be thrown at
3 it. This is one of those ways that we can make a
4 difference, and I urge you to follow the recommendation
5 of your staff on this. They have been great in working
6 with us; and what we will do is, based upon what we
7 learned from this additional information, doing it
8 differently than we did last time. It will give us more
9 data. We will go back to the Legislature.

10 I reported yesterday to the Chair of
11 Finance and the Chair of the Senate Transportation
12 committees what we were doing here today with regard to
13 this so that they would know we're looking at this. And
14 we'll go back and -- if it provides the data we need, we
15 will go back and we will seek additional funding to do
16 these kinds of things.

17 So longer than I intended, but I deeply
18 appreciate the fact that y'all are paying the kind of
19 attention you're paying to this. And I deeply
20 appreciate the way that the staff has handled this.

21 Mr. Chairman, with that, that concludes
22 my comments unless anybody has any questions of me. And
23 I apologize, but I will need to run.

24 CHAIRMAN LEWIS: Okay. Any questions for
25 the Senator?

1 COMMISSIONER AUSTIN: Senator, I want to
2 catch you on your way out. When you sew this on your
3 motorcycle jacket, I want you to send a picture of it to
4 Bob Kaufman.

5 (Laughter.)

6 SENATOR WATSON: That's what I'll do.
7 Thank ya'll very much for your service.

8 CHAIRMAN LEWIS: Thank you. We know your
9 schedule is you have a conflict that you're late for. So
10 thank you for being with us, and we understand.

11 Representative Isreal, do you have a
12 conflict? Do you need to go ahead and speak at this
13 time?

14 REPRESENTATIVE ISREAL: I would like to.

15 CHAIRMAN LEWIS: Okay. Then you
16 certainly may.

17 After stating your name, please give us
18 the benefit of your remarks.

19 REPRESENTATIVE ISREAL: Good morning. I
20 don't know about the benefit of my remarks, but I
21 appreciate the respect. My name is Celia Israel. I'm a
22 State Representative for Austin and Pflugerville. I
23 happen to sit on the Texas Transportation Committee; and
24 as I've said before, chicks like transportation, too.

25 (Laughter.)

1 REPRESENTATIVE ISRAEL: Thank you for
2 listening. I come before you today as yet another
3 legislator who thinks her district is worse than
4 everyone else's when it comes to congestion and safety.

5 Agenda Item Number 8 represents one small
6 solution that Senator Watson and I had worked on in
7 response to these problems in Central Texas, encouraging
8 as many long-haul truckers as possible to use SH-130
9 instead of I-35.

10 As you know, TxDOT has already completed
11 two successful pilot programs; and although our bill did
12 not pass the Legislature, our budget rider did. A lot
13 of credit goes to your staff for scraping it off the
14 floor and presenting a viable option for you today.

15 While this item is not the silver bullet,
16 it is one more tool to increase mobility in our urban
17 corridor. As everyone here knows, when a truck gets
18 into a tangle with another vehicle at Riverside and
19 I-35, the interstate is shut down for at least four
20 hours, often more.

21 Mexico is one of our largest trading
22 partners; and most of those goods are coming from
23 Laredo, where I-35 starts. As I had mentioned in
24 previous correspondence to you, Austin has no hazardous
25 materials route and only one interstate to provide

1 relief as we traverse north and south through the heart
2 of Texas.

3 While we in the legislature have been
4 wringing our hands over congestion and safety, we have
5 done little to provide immediate relief. Funding a
6 program to reduce the tolls on the TxDOT portions of
7 SH 130 and 45 Southeast represents a concrete action to
8 improve congestion without actually requiring more
9 concrete.

10 After the dust of last session settled,
11 your staff was very helpful in making this budget rider
12 which funded the project with surplus property sales a
13 reality. You have that proposal before you today. Your
14 staff has assured me that they have coordinated with DPS
15 to ramp up traffic enforcement should you decide to
16 launch this initiative.

17 My father was a truck driver, and there
18 are truck driver advocates in the audience. And my
19 father used to have a saying. He used to say, "This is
20 God's Country. Don't drive like hell through it."

21 (Laughter.)

22 REPRESENTATIVE ISRAEL: My hope is the
23 presence of additional law enforcement will calm down
24 the unsafe speeds and encourage mutual respect on this
25 highway.

1 One thing to keep in mind is that since
2 we've done the two pilot programs, congestion and growth
3 has occurred, of course. And a recent headline that got
4 a lot of people's attention is that this region now has
5 over 2 million people in it. It was the Census data to
6 confirm what we've already been feeling.

7 Some day we may well find another use for
8 SH 130 and we may have the funding to change how that
9 asset is utilized; but until then, I would appreciate
10 your favorable consideration of this item and help us to
11 provide some relief to the Central Texas travelers.

12 I wanted to thank Mr. Bass and his team
13 especially, and I would also like to call out your new
14 District 14 Engineer Terry McCoy who been a great
15 listener. And, as you know, politicians like to be
16 listened to.

17 Thank you very much for all that your
18 team does, all of your employees around the state. We
19 appreciate their service very much, and we appreciate
20 your service to TxDOT as well.

21 Thank you for listening.

22 CHAIRMAN LEWIS: Thank you,
23 Representative.

24 Any questions for Representative Israel
25 at this time?

1 Vice Chair Moseley.

2 COMMISSIONER MOSELEY: Representative
3 Israel, thank you for your willingness to get involved
4 to open some dialogue with our stakeholders. That was
5 very, very useful to getting us to this agenda placement
6 today. And Commissioner Austin has some extra decals
7 and stickers that we'd like to present to you as well.

8 REPRESENTATIVE ISRAEL: This is my lucky
9 day.

10 (Laughter.)

11 CHAIRMAN LEWIS: All right. Thank you
12 very much. We realize that you may need to go. As you
13 do on your schedule, please just feel free to go on.

14 REPRESENTATIVE ISRAEL: I may stay for a
15 little bit longer, but I may have to split.

16 CHAIRMAN LEWIS: Very good.

17 And then at this time, Director Bass,
18 would you go ahead and have your...

19 EXEC. DIRECTOR BASS: Yes, I will ask at
20 this point for our Toll Operations Division Director
21 Rick Nelson to come forward and present this agenda
22 item.

23 DIRECTOR NELSON: Thank you, Chairman,
24 Commissioners, and Executive Director Bass.

25 I think you've already done a pretty good

1 job of explaining it, but let me give you a few more
2 details on the staff recommendation. It's a two-phase
3 program that we're looking at. Phase I will go from
4 April 18th, 2016 to October 31st, 2016 from 7:00 a.m.
5 in the morning to 7:00 p.m. in the afternoon, Monday
6 through Friday.

7 And what will happen is all the
8 trucks and vehicles will go down to the three-axle rate,
9 both -- they'll have both a pay-by-mail rate and the
10 TxTag rate for three axles; and the pay-by-mail rate is
11 approximately a 30-percent increase over what the TxTag
12 rate is.

13 So in Phase II what will happen is
14 November 1st, 2016 through August 31st, 2017, we will
15 continue to offer the three-axle rate to all trucks that
16 size and larger; but in addition to that, we'll allow
17 those who sign up for TxTags and have TxTag accounts to
18 go down to two-axle rate, which further reduces their
19 tolls during that period of time.

20 So I'd be glad to take any questions at
21 this point in time.

22 CHAIRMAN LEWIS: Any questions at this
23 time of Director Nelson?

24 Yes, Commissioner Bugg.

25 COMMISSIONER BUGG: Director Nelson, just

1 for context, would you share with us, those of us that
2 don't have these rates off the top of our head --

3 DIRECTOR NELSON: Yes, sir.

4 COMMISSIONER BUGG: -- so that everyone
5 in the room can understand the impact of this, tell us
6 what the toll rates are and what you're proposing the
7 discount will be under these two phases, please.

8 DIRECTOR NELSON: Yes, sir.

9 So on toll rates -- let me just give you
10 an example. So a dollar rate for a two-axle vehicle,
11 when you go to three axles, becomes \$2. When you go to
12 four axles, it becomes \$4. When it goes to five axles,
13 it would become 6. It's actually capped right now at
14 the four-axle rate there. So as it incrementally goes
15 up, it basically doubles for every additional axle that
16 you put out there.

17 EXEC. DIRECTOR BASS: If I could add, if
18 an 18-wheeler today, without the discount, takes the
19 full length of the trip of 45 Southeast and continues
20 north to the connection to I-35 -- and please correct me
21 if I'm wrong -- that they pay around \$24 today with a
22 TxTag.

23 During the first phase of the discount
24 period, such a truck with a TxTag would pay \$16; and
25 then in the second phase of program, again with a TxTag,

1 that same truck would pay \$8 for the full trip.

2 So in Phase I they have about a 33-
3 percent discount, and in Phase II they will have a
4 two-thirds discount on the rate that they will pay.

5 COMMISSIONER BUGG: Thank you,
6 Director Bass. That's what I was trying to get at.
7 That is a significant savings, and it could be a great
8 incentive to Representative Israel's point and
9 Senator Watson's point.

10 Thank you.

11 COMMISSIONER MOSELEY: Chairman, I think,
12 again, just a point of clarification that Senator Watson
13 and Representative Israel made in that this opportunity
14 basically provides the discount as long as the monies
15 are available; but it's designed that at a point that we
16 no longer have the funds, the rates return back. Is
17 that correct?

18 DIRECTOR NELSON: That's correct.

19 COMMISSIONER MOSELEY: Thank you.

20 COMMISSIONER AUSTIN: Thank you for your
21 presentation. How will this be shared with the trucking
22 industry, for those that may be coming into the area
23 that may not be from here or to fleets?

24 DIRECTOR NELSON: Okay. So there's a
25 media plan that goes with it; and basically on our

1 statements, we will tell -- our commercial truckers now
2 that have TxTag accounts, they will get that
3 information. And then there's also a process where it's
4 advertised, basically, so they're aware. The Texas
5 Truck Association, obviously, is a big part of getting
6 the word out for us, too, sir.

7 COMMISSIONER AUSTIN: Thank you.

8 CHAIRMAN LEWIS: Any other questions?

9 Yes, Commissioner Vandergriff.

10 COMMISSIONER VANDERGRIFF: Can you walk
11 me through how you're going to monitor the traffic that
12 hopefully moves over from 35 or some other road and
13 takes this based on the toll road discount? How are you
14 going to determine the success thereof of this program?

15 DIRECTOR NELSON: Yes, sir.

16 The TxDOT staff has been able to put in
17 additional counters so we got information before that
18 showed how many trucks were on I-35 and then how many
19 were on I-30 so we could tell what the baseline is. And
20 then we put in additional counters that actually have
21 lasers that tell us what the length a vehicle is, to
22 tell us if we have a reduction on I-35 and an increase
23 on I-30 that was attributable to this project.

24 COMMISSIONER VANDERGRIFF: Okay. So you
25 will have count points on both roads?

1 DIRECTOR NELSON: That's correct, at the
2 beginning and the end points, yes, sir.

3 CHAIRMAN LEWIS: Any other questions,
4 Commissioner?

5 (No response.)

6 CHAIRMAN LEWIS: Thank you very much. We
7 may be calling you up here in a few minutes, but right
8 now we'll go on into the comment cards. Thank you,
9 Director Nelson.

10 We have comment cards from Don Dixon.

11 Mr. DIXON, after coming forward and
12 stating your name and who you're representing if it's
13 other than yourself, and then give us the benefit of
14 your remarks.

15 MR. DIXON: Thank you, Mr. Chairman.

16 My name is Don Dixon. I'm representing
17 myself. And being in the manufacturing business, all of
18 our product went in and out of our plants in Houston and
19 at the port in San Antonio basically by truck. So in
20 manufacturing, which is totally -- very important for
21 the economy of San Antonio, we need a low-cost
22 transportation system. That's the reason the
23 interstates were put in and that they worked very, very
24 well.

25 Whenever you have a toll component on our

1 road system, the cost goes up. So that's a deterrent
2 to the use of that road. So while discounts may be an
3 idea -- you're picking winners and losers when you're
4 doing that. Trucks get a discount; a car doesn't -- my
5 hope and wish and recommendation is: Find a way to
6 eliminate the tolls completely on SH 130 from Seguin all
7 the way to Georgetown. Then you don't have to make
8 choices. You don't have to go to the Legislature to get
9 money. They can -- if they want to take a little extra
10 miles, they can take it without having to make economic
11 decisions. This is the direction we should be going.

12 We have a moment of opportunity, a
13 defining moment with the bankruptcy of the toll road.
14 Investigate every bit of that contract to try to get
15 that road to be a free road, and I believe the public
16 will support you on that. Talk to the legislature
17 people that are knowledgeable of this on how to fund
18 these type of projects and try to get ideas to get it
19 done.

20 In relationship to taxation, maintenance
21 of our road system, safety of our bridges, including our
22 bridges, is absolutely primary to the public; and when
23 they put in their gas tax of 38.4 cents of gasoline
24 taxes to accomplish that objective, every cent of that
25 money that's paid by the public should be dedicated to

1 make sure that we maintain our system, our bridges, and
2 maintain safety.

3 And consider, Mr. Chairman, a Minute
4 Order making sure that this happens that protects this
5 great system we have with these monies that come in.

6 Thank you so much for letting me speak.
7 I'd be happy to answer any questions if you have any.

8 COMMISSIONER VANDERGRIFF: I can actually
9 ask you a question since it's not in open just
10 end-of-session comments. You obviously mentioned at the
11 beginning of your remarks your experience when you were
12 in business. Did you employ trucks, either in your
13 company or from outside, to haul goods for you?

14 MR. DIXON: Most -- every bit of our
15 transportation was common carrier.

16 COMMISSIONER VANDERGRIFF: Okay.

17 MR. DIXON: We did have some relationship
18 with -- we did rent some trucks on long hauls to
19 Southern California markets.

20 COMMISSIONER VANDERGRIFF: Okay. Common
21 carrier. Do you have any idea of, like, who actually
22 pays for the tolls, whether it's the trucker or the
23 shipper? In this case, it would have been you or a
24 trucking company, if you used one? Do you have any
25 opinion on that?

1 MR. DIXON: That's above my pay grade,
2 and I'm sure the trucking people have the answer to
3 that. Sorry about that.

4 COMMISSIONER VANDERGRIFF: Okay. Thanks.
5 I was just curious.

6 COMMISSIONER MOSELEY: Mr. Dixon, thank
7 you. It's always a pleasure to see you and to have you
8 join us.

9 MR. DIXON: My privilege, sir.

10 COMMISSIONER MOSELEY: Would you -- what
11 would your thoughts be on kind of a local -- let's call
12 it local control if a community felt like that there
13 wasn't enough general revenue money to build additional
14 capacity; but locally they felt like they would be
15 willing to pay toll, which we could all say is an
16 additional tax to add capacity? Would you -- what are
17 your thoughts about a local community saying: That's
18 the best thing for our economy and our quality of place?

19 MR. DIXON: Knowing the history of
20 transportation in the state of Texas --

21 COMMISSIONER MOSELEY: Right.

22 MR. DIXON: -- we basically had -- as a
23 state, we basically had that in 1917 before the Highway
24 Department was established. Everything was local
25 control. That's the way the roads were built, but that

1 was a patchwork system. Some people could afford it;
2 some people couldn't. We had pavement that was dirt,
3 and you had pavement that started to have concrete and
4 asphalt because of local control. So we've tried that
5 system.

6 And the system that has worked the
7 best -- and you-all -- y'all are the experts; you know
8 the history. The system that has worked the best is
9 when the State said that transportation is important,
10 and it is a duty of the State. And there was a big
11 fight in 1917 when this bill was passed because some
12 people didn't want to give us their relationships they
13 had with their business partners. They wanted to funnel
14 that money in to them. So there was a big fight back
15 then.

16 So the way it worked best is the State
17 system was funded from the public into the State; and
18 they built the system, as needed, to satisfy the needs
19 of the public. Now, that's the very best --

20 COMMISSIONER MOSELEY: I don't disagree
21 with you. No, I don't disagree. I'm just asking, if
22 we, the people, say, "This is how much money is
23 available" and the community says, "We're going to take
24 that money and build free lanes, and we want to add
25 capacity to the free lanes by having an option to build

1 new roadways, add capacity via toll system," are you
2 telling us that you still have concerns about that?

3 MR. DIXON: I definitely do. I think the
4 best system is a free public system throughout.

5 COMMISSIONER MOSELEY: Sure. Nobody
6 argues that.

7 MR. DIXON: Okay. And if that is the
8 best system -- and I think it is -- set that as the
9 priority of the State; and then fund it properly so you
10 don't have to come to that a decision.

11 COMMISSIONER MOSELEY: Okay.

12 MR. DIXON: That's what we've been --
13 that's the philosophy. That's what we've been working
14 for. We're making progress. We're not there yet, but
15 we have to get there.

16 COMMISSIONER MOSELEY: All right. Thank
17 you.

18 MR. DIXON: So, basically, I am not for a
19 patchwork system. I am for a statewide system --

20 COMMISSIONER MOSELEY: Fully funded by
21 the taxpayers.

22 MR. DIXON: -- fully funded by the
23 taxpayers properly.

24 COMMISSIONER MOSELEY: Thank you very
25 much.

1 MR. DIXON: Yes, thank you.

2 CHAIRMAN LEWIS: Thank you. If there are
3 no other questions, then thank you for coming forward,
4 Mr. Dixon.

5 MR. DIXON: Thank you, Mr. Chairman.

6 CHAIRMAN LEWIS: And we have John
7 Esparza.

8 Mr. Esparza, please come forward, state
9 your name and who you're here representing; and give us
10 the benefits of your remarks. And you may be able to
11 answer some questions by Commissioner Vandergriff. Go
12 ahead, sir.

13 MR. ESPARZA: Mr. Chairman, thank you
14 very much.

15 My name, for the record, is John Esparza.
16 I'm the President of the Texas Trucking Association.
17 I'll be brief. I really wanted to come today to offer
18 my thank you as well, not just for the Commission, but
19 most certainly the vision of Representative Israel and
20 Senator Watson in this project and this program.

21 In working with Mr. Bass more recently, I
22 thought that was an extremely thoughtful approach to
23 sitting down and looking at the program, the logistics
24 of how this would go in place and in getting the input
25 from the industry; and our job today, hopefully with

1 thoughtful consideration -- favorable consideration, I
2 should say, will just begin.

3 So as far as the trucking side of things,
4 we've primed the pump already in southern parts of the
5 state with our chapters to let the trucking industry
6 know that should this be possible -- and many of them
7 familiar with it because of the two pilot programs that
8 were successful in seeing an increase in truck traffic
9 on 130 -- we'll continue to work with the Agency in
10 promoting and most certainly safely moving freight
11 throughout this Central Texas region.

12 So thank you very much.

13 CHAIRMAN LEWIS: Thank you very much.

14 Do we have any questions of John Esparza?

15 COMMISSIONER VANDERGRIFF: Yes.

16 Actually, I'm going to make a remark since I didn't make
17 any opening. I want to say what great respect I have
18 for John Esparza and his association. In all the
19 transportation wars I've been involved in, I've got no
20 better friends and allies than the trucking industry and
21 the Trucking Association. I wanted to acknowledge that
22 in front of this audience how terrific I think you guys
23 are.

24 Answer me this question as to who really
25 usually pays the toll. And I know there's shippers.

1 There's trucking companies that do this. And then
2 there's the truckers that actually drive.

3 MR. ESPARZA: Yes, sir.

4 COMMISSIONER VANDERGRIFFF: And I think
5 you know that I've had members of yours describe to me
6 who really pays those tolls for the most part. So I'm
7 not trying to send you a loaded question, but...

8 (Laughter.)

9 MR. ESPARZA: Correct. And thank you for
10 your comments. And you know that's mutual, especially
11 with this board, and the other agencies as well, that we
12 are a stakeholder; and we want to continue to stay
13 involved.

14 So to your question, the industry's
15 really made up just about 50 percent of owner-operators,
16 folks like my dad was, my grandfather, my great
17 grandfather, who owned their own trucks and leased on to
18 companies, perhaps such as Mr. Dixson's, who needed at
19 certain times a more -- greater volume. When they do
20 so, they set contracts in place on the front end; and
21 then it's up to them on how they get there. If they so
22 choose to take a toll road, that is out-of-pocket costs
23 that would come out of the revenue they would otherwise
24 make, or profit that they would otherwise make from the
25 load.

1 The second side of that would be the
2 other half of the industry, which is fleet owned,
3 companies that own their own trucks and hire their own
4 drivers. If and only if and when the shipper says, "I
5 need this, and here's when I need it." And if there's a
6 toll involved, the shippers, many times, could be
7 negotiating on the front end they'd be willing to pay
8 that cost of getting it there in time; or to save time,
9 then they will do that.

10 So half of the industry will work where
11 the shipper takes that cost on, but the other half is
12 going to be coming out of the truck driver's pocket.

13 COMMISSIONER VANDERGRIFF: Okay. Thank
14 you.

15 MR. ESPARZA: Thank you.

16 COMMISSIONER AUSTIN: Now, I want to
17 follow up and ask a different question that related to
18 that. Y'all were talking about who pays the cost.
19 Where does the time factor come into the equation?

20 MR. ESPARZA: Now, more critically than
21 ever, especially with what's happening at the Federal
22 level with the discussion over hours of service, the
23 truck drivers have a specific amount of hours that they
24 can drive in the state of Texas -- and they now are
25 different than they are Federally -- but that's a

1 specific number, the number of hours that they can be on
2 duty.

3 So when that truck driver comes out of
4 Laredo and they're on the radio and they hear the
5 congestion that's happening here on I-35, they've got to
6 make a decision there based on the amount of time that
7 they can drive today on where they want to be.

8 Do they want to come through 35 and
9 potentially end up short of where they've got to be that
10 day to find parking, which is a challenge across the
11 whole country for trucks, or see an alleviation, here in
12 this case, State Highway 130. And what that will mean
13 to the trucking industry is now that becomes a more
14 viable option, especially with the lower costs for them.

15 COMMISSIONER AUSTIN: So it is
16 conceivable that in some cases the time will far
17 outweigh the cost of the toll, being able to accomplish
18 their objectives?

19 MR. ESPARZA: Certainly in some cases,
20 yes, sir.

21 COMMISSIONER AUSTIN: You may have
22 participated -- we've looked at a study, what is the
23 source and destination of a lot of the truck traffic
24 here on 35 coming into the Austin-San Antonio area. I
25 think what we found -- and I'll ask you to comment on

1 this -- a lot of it is not truck traffic that is
2 bypassing. There is a great deal of it; but a lot of it
3 is coming into -- because of the growth, coming into
4 this area, dropping off or picking up or redistributing.
5 And I'd just like to hear your comments to either
6 validate it or share otherwise.

7 MR. ESPARZA: Yes, sir, that is correct.

8 I think as was stated earlier, now as
9 Central Texas is a region where we're somewhere in the
10 neighborhood of 2 million people, that's a lot of
11 freight. And I've had the great fortune to serve this
12 Agency and the State at a capacity of sitting on several
13 advisory groups, one of which Judge Emmett has been on,
14 of course, and leading and that has been eye opening
15 experience for lot of us. And what that continues to
16 tell us is that with the volume of freight that's going
17 to come through this area, not just perhaps even
18 produced and exported out, but coming through this area
19 and this region of the state, Texas being geographically
20 located the way it is, in our partnership with Mexico,
21 we're going to continue to see an influx of freight.

22 From the trucking side of things, we've
23 seen over the last five years anywhere from 1.5, 1.4
24 percent increase to 3.3 and anywhere in between based on
25 what's happening in the state, of course, with oil and

1 gas today; but the idea that it will continue to grow is
2 something that no one disagrees with. And that means
3 what we do today to help alleviate congestion most
4 certainly will be paying off for us tomorrow. And as
5 you well know, a less congested road is a safer road.
6 And that's the way the industry looks at it as well.

7 COMMISSIONER AUSTIN: Thank you for
8 sharing.

9 MR. ESPARZA: Yes, sir. Thank you.

10 CHAIRMAN LEWIS: Yes, Vice Chair Moseley.

11 COMMISSIONER MOSELEY: Thank you,
12 Chairman.

13 John, so pleased to have you here today;
14 and thanks for your help on this agenda item. What does
15 it cost per hour to run an 18-wheeler?

16 MR. ESPARZA: Oh, that's a great
17 question. What we know is: Roughly, I can tell you
18 about 14,000 -- now, we're probably pushing close to
19 \$15,000 annually just on taxes and fees and things of
20 that nature for that truck. Labor is going to be the
21 biggest cost per truck --

22 COMMISSIONER MOSELEY: Right.

23 MR. ESPARZA: -- and then fuel, those two
24 in that order. But I'd be speculating hard if I --
25 there's so many different divisions of trucking and so

1 many different types of expenses, I would be really
2 speculating to try to give you an exact amount on a
3 daily cost.

4 COMMISSIONER MOSELEY: A number that I
5 heard a long time ago was about a hundred dollars an
6 hour. Would that sound about right to run an
7 18-wheeler?

8 MR. ESPARZA: Well, to give you idea, a
9 couple of years ago, prior to the recession that hit
10 back in '08, '09, we checked a load from McAllen to
11 Dallas; and it was about a 1200-dollar cost to move that
12 load. I should say that was the cost to the shipper.
13 That's how much that trucking company was receiving to
14 move that load.

15 COMMISSIONER MOSELEY: Right.

16 MR. ESPARZA: During the course of that
17 recession that was cut in half. Does that mean that it
18 costs less to move that load? Absolutely not. That was
19 just economics.

20 COMMISSIONER MOSELEY: Sure.

21 MR. ESPARZA: But trucking moves in such
22 ebb and flow and highs and lows, our guys don't get real
23 excited when the economy's pumping strong and they don't
24 lose their cool when it's slow, either, because at the
25 end of the day, it's still a very thin margin on the

1 trucking side, much like the grocery business or things
2 of that nature.

3 COMMISSIONER MOSELEY: It just seems like
4 if it is about a hundred dollars an hour to run an
5 18-wheeler, even the full toll on 130 at \$24, it seems
6 like the econometrics would say maybe by paying the \$24
7 and not getting -- sitting an hour on I-35, there may be
8 some return on investment there.

9 MR. ESPARZA: Certainly.

10 COMMISSIONER MOSELEY: It's not that
11 simple, I know; but it seems like...

12 MR. ESPARZA: Well, it's not. But it
13 does spark my memory to think if we use that \$100,
14 there's been many divisions of trucking that said it
15 costs -- if it's a hundred dollars to actually move it,
16 85 percent of that cost goes into the actual maintenance
17 of the vehicle --

18 COMMISSIONER MOSELEY: Right.

19 MR. ESPARZA: -- with all the other
20 factors that are involved; but that, again, would
21 fluctuate over time.

22 COMMISSIONER MOSELEY: Thank you very
23 much, John.

24 MR. ESPARZA: Thank you.

25 CHAIRMAN LEWIS: Any other questions

1 of --

2 COMMISSIONER AUSTIN: Just one comment,
3 and I want to kind of address this to James. I know
4 there's been conversation off and on: Can we make this
5 a permanent discount? I mean, we're prohibited from
6 doing that because of some of the bond covenants?

7 EXEC. DIRECTOR BASS: Correct. The
8 driver receives a discount; but for the bondholders,
9 they still need to receive full payment. And so this is
10 what the 18.7 million that the Legislature was able to
11 provide will make up that difference.

12 COMMISSIONER AUSTIN: Thank you.

13 CHAIRMAN LEWIS: Any other questions for
14 Mr. Esparza?

15 (No response.)

16 CHAIRMAN LEWIS: If not, thank you very
17 much for coming forward.

18 MR. ESPARZA: Thank y'all.

19 CHAIRMAN LEWIS: Director Nelson, would
20 you please come back up here? We'll see if there are
21 any other questions for you.

22 Commissioners, any other questions of
23 Director Nelson at this time?

24 (No response.)

25 CHAIRMAN LEWIS: If not, then

1 Commissioner Vandergriff, do you move that the
2 Commission establish temporary toll rates on SH 130 and
3 SH 45 Southeast, in accordance with the staff's
4 recommendations?

5 COMMISSIONER VANDERGRIFF: No, Chairman,
6 I will not vote.

7 CHAIRMAN LEWIS: Oh, I'm sorry. I'm
8 sorry. I keep picking you on the wrong one.

9 COMMISSIONER VANDERGRIFF: You do. I'll
10 be happy to explain that after the motion's been made.

11 CHAIRMAN LEWIS: No, no, that's fine.

12 Commissioner Austin, do you so move?

13 COMMISSION AUSTIN: So moved.

14 CHAIRMAN LEWIS: And, Vice Chair Moseley,
15 do you second?

16 COMMISSIONER MOSELEY: Second.

17 CHAIRMAN LEWIS: All right. Thank you.

18 And sorry for calling on you out of
19 order.

20 COMMISSIONER VANDERGRIFF: No.

21 CHAIRMAN LEWIS: Then at this time, if
22 there are no further comments -- any other comments? If
23 not then --

24 COMMISSIONER MOSELEY: Mr. Chairman, I
25 think Mr. Vandergriff wanted to explain.

1 CHAIRMAN LEWIS: Did you wish to make a
2 comment?

3 COMMISSIONER VANDERGRIFF: Yeah. I have
4 no finer two people in the Legislature than I think of
5 Representative Israel and Senator Watson. Obviously,
6 having made remarks about the Trucking Association and
7 the like, having served on the toll authority, I took
8 the position a long time ago that you just don't give
9 discounts. You have to accept the consequences of
10 having a toll road.

11 I'd much prefer it be a non-tolled
12 road -- and by the way, there's no road that's free;
13 it's either non-tolled -- than to be giving discounts.
14 And the discounts do come out of our sources that could
15 be to used to -- put to other use in TxDOT. So I just
16 can't vote for this. It would go against my heritage
17 and certainly what I think is in the best interest of
18 the Department.

19 CHAIRMAN LEWIS: Any other discussion
20 before we vote?

21 (No response.)

22 CHAIRMAN LEWIS: If not, we'll proceed to
23 a vote. All in favor of the motion, say aye.

24 (Chorus of "Ayes.")

25 CHAIRMAN LEWIS: Any opposed, no.

1 COMMISSIONER VANDERGRIFF: No.

2 CHAIRMAN LEWIS: Thank you. The motion
3 carries.

4 At this time we'll go back to our regular
5 order of business and proceed back...

6 EXEC. DIRECTOR BASS: Mr. Chairman, we
7 will go back near the top to Agenda Item 3, which is a
8 recognition of Former Chief Planning and Projects
9 Officer Russell Zapalac. And our Deputy Executive
10 Director Marc Williams will present.

11 MR. WILLIAMS: Thank you, Director Bass,
12 Commissioner Lewis and Members of the Commission.

13 It's my honor to be able to present to
14 you-all a resolution recognizing the service of Russell
15 Zapalac, P.E., in his service to the State of Texas and
16 the Texas Department of Transportation as our Chief
17 Planning and Projects Officer.

18 As many of you-all know, Russell recently
19 left the Department of Transportation; but this
20 resolution recognizes the dedicated service that Russell
21 brought to this organization. And just specifically, I
22 wanted to recognize a few things that were included on
23 this resolution -- and we have a framed copy of it here
24 that we will be presenting to Russell -- but, "Whereas
25 Comprehensive Development Agreements and Design Build

1 Contracts implemented under Zapalac's direction
2 included" -- and this is really a set of kind of what
3 have become or will become many of the crown jewels of
4 the Department. And we recognized one of them here
5 recently with the opening of the Grand Parkway in
6 Houston.

7 But the Harbor Bridge Project, State
8 Highway 360, DFW Connector, North Tarrant Expressway,
9 State Highway 183 managed lanes, the LBJ 635, the
10 Horseshoe projects in the Dallas area, State Highway 30
11 and 71, Express Lanes in Austin. And I mentioned before
12 the Grand Parkway, as well as Border Highway West
13 Extension in El Paso. Many of these have been
14 recognized nationally as award-winning projects for the
15 Department, and Russell in his leadership and team have
16 been key and integral in leading these projects.

17 But in addition to that, as his
18 responsibility as the Planning and Project Officer for
19 the Department entailed, he championed the Department's
20 implementation of NEPA assignment, which was, again, an
21 area that the Department has become very recognized
22 throughout the nation for and expediting our
23 environmental process and improving the timeframe for
24 clearing projects environmentally by 30 to 40 percent.
25 He's also led and helped direct our UTP and multimodal

1 program effort.

2 And in 2014 Russell received the American
3 Road and Transportation Builders Public Sector
4 Entrepreneurial of the Year Award; and that was in
5 recognition for many of the projects that he had led
6 that I recognized earlier, in total delivering about a
7 28-billion-dollar portfolio of projects with 25 national
8 awards.

9 And so it's my honor to present this
10 resolution in recognition of Russell Zapalac in his
11 career of loyal service on behalf of the State of Texas
12 and its citizens.

13 Russell, congratulations.

14 Thank you.

15 (Applause.)

16 CHAIRMAN LEWIS: Russell, your Chair
17 recognizes you. Please visit with us.

18 MR. ZAPALAC: Thank you, Chairman. Good
19 morning Commissioners.

20 And for the record, Russell Zapalac,
21 TxDOT's former Chief of Planning and Projects.

22 I'd like to thank, first off, the
23 Commission for the very, very nice resolution that y'all
24 provided.

25 Marc, thank you for the presentation, the

1 nice words and the years that we've worked together,
2 both before TxDOT and during TxDOT.

3 As most of you know, the Planning and
4 Projects Office was created about five years ago to
5 focus on getting projects through the planning process,
6 getting them environmentally cleared, looking at
7 innovative ways of funding them, and ultimately
8 delivering those projects.

9 As Marc indicated, the program was quite
10 successful. We were able to do all that, develop a true
11 multimodal planning process; initiate and work with the
12 Legislature to put the NEPA assignment in place, which
13 is saving the State months, if not years, on some of our
14 environmental clearances; and led the nation in the
15 innovative project delivery. And, you know, in the last
16 four years, we've delivered to the citizens of Texas
17 about \$9.5 billion in projects, the latest being the
18 Grand Parkway.

19 Commissioner Moseley, congratulations.

20 Presently, we have another 7.4 billion
21 under construction. So the program moving along and has
22 been amazing when you think about all that's been
23 accomplished in the last four years.

24 And although I have had the honor of
25 leading the planning and program groups, I really,

1 really have to say the success of all of those programs
2 is attributed to the great men and women who have worked
3 with the planning and programs and the rest of TxDOT
4 staff because it was a lot of communication, co-working
5 side by side throughout the districts and the divisions,
6 to make these projects the success that they were.

7 I would especially like to thank Phil
8 Wilson, John Barton, and all of his chiefs who have
9 worked with us to make the program successful; couldn't
10 have done it without all their support, just an amazing
11 group of people.

12 Also, the contracts and procurement
13 folks. You know, they don't get a lot of credit; but I
14 tell you what, if they wouldn't have delivered the
15 resources to help us bring the -- get the projects
16 implemented, we would never have made it. The Finance
17 Division and the Debt Management Office, you know, they
18 did an amazing jobs of keeping the projects funded,
19 keeping the cash flowing. You've got to think about it.
20 Some days over the last two or three years, we were
21 spending 3 to \$5 million a day in construction projects,
22 3 to \$5 million a day. And those guys kept the lights
23 turned on and kept the contractors running, so a big
24 hand to them.

25 The General Counsel who kept us out of

1 trouble; and my motto was always: No one goes to jail.
2 They were successful in that.

3 (Laughter.)

4 MR. ZAPALAC: And then the district
5 engineers and their staff who worked side by side, all
6 of the PPO groups, the planning groups, to be sure that
7 the projects got delivered as efficiently and
8 successfully as possible.

9 And, finally, the Commission. You guys
10 gave us a vision, a goal; and then you let us deliver
11 it. So thank you for that.

12 In closing, I'd like to thank my
13 beautiful wife, Kim, and son, Collin, for allowing me
14 the opportunity to work at TxDOT. A lot of you know I
15 spent about 12 years prior to coming to TxDOT on the
16 road as a consultant. I averaged about three cities a
17 week all over the nation, four to five days away from
18 Austin every week. So I needed a change, and the
19 opportunity at TxDOT was great. It came at just the
20 right time.

21 Working with TxDOT has been challenging;
22 but it's been very, very rewarding as well. I've had
23 the opportunity to work on a lot of great projects and
24 with a lot of great people. And I want to thank all of
25 you for that, so.

1 (Applause.)

2 CHAIRMAN LEWIS: Commissioner
3 Vandergriff.

4 COMMISSIONER VANDERGRIFF: Yeah.

5 Russell, I have to say that, again, sometimes in former
6 lives you do things that you wish you hadn't; and
7 sometimes you look back and say, "That was a great." A
8 number of years ago before you got here, actually, I led
9 the charge to get the North Texas Tollway out of the
10 managed lane business and allowed TxDOT to move forward
11 with that concept -- allowed them the move forward with
12 the P3 Alternative Delivery Programs.

13 And in the metroplex I think we probably
14 have about 10 or 12 -- at least over 10 or close to 10
15 of the projects that have been done up there. And so
16 you add that number and the look at what averages about
17 28 billion coming from the State to make those happen,
18 it's incredible.

19 And numerous national publications have
20 noted the -- although, I don't want any of my Fellow
21 Commissioners to get any ideas that the DFW area still
22 doesn't need significant road funding for problems --
23 has had a dramatic and positive impact on congestion in
24 those corridors in which those projects have taken
25 place. And the public is pleased with those. We're not

1 hearing a lot of exceptions or complaints.

2 And about 20 -- if you look at that
3 10-billion-dollar figure, 28 percent of that was what
4 the State put in to make that happen. The private
5 sector and Federal loans that the private sector are
6 responsible for. Tremendous, tremendous work.

7 Under any funding scenario we have now,
8 past or future, those would have been challenging-at-
9 best projects to get out; but you did it and made use of
10 those tools and made us something that was the envy of
11 the Nation at that point in time.

12 So congratulations for doing that. And
13 all those people, the millions that drive those roads up
14 there, they won't know your name; but you know what you
15 did. I know what you did. And so do a lot of people up
16 there. So thank you.

17 MR. ZAPALAC: Commissioner, when you look
18 at it, with the CDA concession projects, we've leveraged
19 about -- for every 1 dollar of State funding we've put
20 in it, we've gotten 6 dollars' worth of project.

21 COMMISSIONER VANDERGRIF: That's
22 tremendous.

23 MR. ZAPALAC: If you look at the overall
24 project, it's closer to a 1 dollar for 3. The most
25 concessions, being up in the Dallas/Fort Worth area,

1 have really allowed transportation projects to be
2 accelerated.

3 COMMISSIONER VANDERGRIFF: Right. And
4 the money saved by not doing those went into others that
5 were non-tolled or non-managed.

6 CHAIRMAN LEWIS: Vice Chair Moseley.

7 COMMISSIONER MOSELEY: Thank you,
8 Chairman.

9 Russell, Congratulations on this new
10 chapter. But I wanted to say a hardy thank you on
11 behalf of the Agency for really an outstanding job.
12 You're a tall Texan and you're leaving a 28-billion-
13 dollar shadow at this shop.

14 The slide we had up there clearly
15 reflects a lot of your work on the Grand Parkway, and I
16 wanted to leave with this anecdote. I had a call right
17 after the earlier segment had opened from I-10 to 45.
18 And the caller said, "It used to take me 50 minutes to
19 go to the Woodlands, and now it takes me 15 minutes."
20 And the person went on to say, "I'm going to pay a toll
21 as long as I can get on that road and save that kind of
22 time." And they were so thrilled.

23 Mr. Dixon, hold your ears.

24 (Laughter.)

25 COMMISSIONER MOSELEY: But that was kind

1 of the sentiment that we got off of the Grand Parkway.

2 But the reality of it is, you know, the
3 definition of a miracle is compression of time. And so
4 imagine the return on investment by having these
5 strategic corridors that you've pioneered are going to
6 work for the economy of this 1.5-trillion-dollar state
7 economy and the cash-and-carry mode that's being held
8 up -- and if we had the cash and could do it, we could
9 borrow from ourselves; wouldn't that be wonderful? But
10 we also remember the cash-and-carry mode where it could
11 take 10, 15, and maybe 20 years to build a corridor and
12 devastating that is to the economy while that corridor
13 is under construction.

14 Now we're seeing these billion-dollar
15 segments that you are planning and designing and putting
16 in place coming up in a matter of 36 months. So it's
17 really a wonderful tribute to your leadership.

18 Thank you for helping us really push
19 through these projects. They don't just happen. It's
20 one thing for us to vote on, this concept, and say "Go
21 for it." And it takes a spark plug like yourself and
22 your team to go pull all those parts together, and for
23 that we give you thanks.

24 CHAIRMAN LEWIS: Commissioner Austin.

25 COMMISSIONER AUSTIN: Russell,

1 congratulations on a great career. Thank you for a lot
2 of things that you'd done. You know, gosh, for those of
3 y'all who might not have dealt with Russell, being
4 either by his side or hearing the aftermath, Russell has
5 been a good steward, a great steward of your dollars in
6 trying to stretch them, make them go a little bit
7 farther, trying to negotiate a little bit better. And
8 he has been a true team player for TxDOT.

9 But you're throwing out some numbers; and
10 I want to share something, kind of reflecting back,
11 Director Bass, to a number that was thrown out
12 yesterday, 21 billion for some of the debt. And just
13 kind of echoing a little bit of Commissioner
14 Vandergriff's comments, these roads that may have 21-
15 billion-dollars' worth of debt, they've all been
16 completed over different time spans; some 20 year, 20 15
17 years, some recent. Just for sake of discussion, I want
18 to say the average of 10 years.

19 So let's go back 10 years and apply our
20 recent construction cost index, 4 and a half percent.
21 The future value of that today would be 32 billion. So
22 let's think about that. It's a 50-percent increase,
23 \$32 billion that it would taken out of other funds to
24 build those roads. What would Texas look like without
25 those roads in that capacity across the state?

1 So I think we're looking at with the
2 Legislature -- I see Chairman Crucey there. The
3 Legislature had given us tools to use with what we had.
4 And, again, I would hate to envision Texas without
5 having that capacity because this miracle may not have
6 be happening; and I'm not going to attribute it all to
7 that. There's a lot of factors. Transportation is
8 something that impacts us every day.

9 And, Russell, with some of the innovative
10 projects, you've helped us maximize stretching dollars,
11 et cetera. And I think most recently one project that
12 you were deeply involved in was the Harbor Bridge and I
13 think you can celebrate -- you know, we all talk about
14 export of oil and gas. There in Corpus was one of the
15 first ones to export. Now we're going to have a bridge
16 that's going to help with the economic expansion.

17 Thank you for everything you've done; and
18 when you look back on the how much money you've saved
19 Texas with return on investment with a lot of these
20 innovative projects -- we haven't done a good job of
21 measuring it -- but you've been right there doing it;
22 you know what it is in your heart. And you've been a
23 great part of it. So thank you.

24 MR. ZAPALAC: Construction savings,
25 obviously, is there due to time and lack of inflation

1 and such; but the benefits to the state from economic
2 development are just huge. They're off the scale. And
3 those numbers are hard to get your arms around, as
4 Commissioner Moseley knows; but they're certainly out
5 there. And they're certainly helping make Texas a
6 better place every day.

7 CHAIRMAN LEWIS: Thank you.
8 Commissioner Bugg.

9 COMMISSIONER BUGG: Yes.

10 Russell, I just want to say thank you on
11 behalf of the people of the State of Texas and all of us
12 here at TxDOT for your years of service. And I want to
13 especially thank you for in early days when we
14 constituted the task force for Congestion Relief
15 Initiative, you were at the table and you were very
16 involved in that. And I appreciate you helping us kind
17 of get our wheels pointed in the right direction as we
18 moved forward. So thank you for your service.

19 CHAIRMAN LEWIS: And, Russell, I join
20 with my Fellow Commissioners in these accolades. Bruce
21 and I have been on the Commission for a year now. We've
22 made a year. And what's been impressive, I think, to
23 both of us is just the incredibly high level of
24 professional expertise and dedication within TxDOT; and
25 you're a great example of that and have been a great

1 example of that.

2 On a personal level, I want to say that
3 my experience has been, being on the Commission, lots of
4 people come up and say, "I want to come see you. I want
5 to come see you in Odessa. I want to come see where you
6 live and all that."

7 And I'll say, "No."

8 "No, no, no. I want to come see you in
9 Odessa."

10 And about a week later, they call and
11 say, "Can we meet in Austin?" Almost universally.

12 (Laughter.)

13 CHAIRMAN LEWIS: But I will say this:
14 You said, "I'd like to come see in you Odessa and visit
15 you." And you did it twice, and I really appreciate
16 that. And I appreciate you going to that extra length
17 because you wanted me to be comfortable and listen --
18 and be able to listen and see what was going on and why.
19 And that just meant a lot to me, and I want to thank
20 you.

21 I think with that, I think are we ready
22 for pictures?

23 Okay. Thank you. We're going to join
24 you down there.

25 (Photographs taken.)

1 EXEC. DIRECTOR BASS: Chairman, we will
2 now move on to Agenda Item 4 A, which is a discussion of
3 the Department's Legislative Appropriations Request; and
4 Chief Financial Officer Brian Ragland will present.

5 MR. RAGLAND: Thank you. Good morning,
6 Chairman and Commissioners, Guests.

7 I'm before you today to begin the process
8 with the Commission on the Legislative Appropriations
9 Request or "LAR," for short. The purpose of today's
10 agenda item is somewhat educational, being that I will
11 talk about the timeline, the important elements of the
12 LAR, our current budget, and its current structure.

13 So the first slide before you is just a
14 general timeline of the process that results in the LAR
15 being submitted to the Legislative Budge Board and
16 Govern's Office. These first few months it's really up
17 to the Commission as to the level of engagement and
18 formality that you want in the process.

19 But as you can see here, the July and the
20 August agenda items are a necessity in that in July
21 Transportation Code requires the presentation of a draft
22 to the Commission; and then in August the Commission
23 adopts the LAR. And we don't have the instructions yet;
24 but, typically, the LAR is due right at the end of
25 August in the even-numbered year.

1 And, of course, a lot of work going on in
2 the background with divisions and districts, kind of a
3 bottoms-up approach to gather data that will eventually
4 go into the LAR.

5 So just some elements of the LAR. The
6 first one I'll mention is Administrator's Statement and
7 I kind called that the Executive Summary. That's our
8 opportunity to explain what's being asked for in the
9 minute detail. It includes things, you know, like
10 policy issues that are going on with the Department,
11 certain budget drivers that are affecting the
12 Department, any new funding requests that we may have,
13 our organizational structure, and how all that ties into
14 to strategic plans and the dollars and resources needed
15 to implement such.

16 There are a lot of summary schedules
17 after the Administrator's Statement that roll up various
18 aspects of the LAR, including the strategies that break
19 out the dollars by goals and strategies, which I'll
20 mention next.

21 And so the LAR is a structure that's made
22 up of goals, and within that are strategies. And those
23 are -- really start with the development of the
24 strategic plan and flow into the structure of the LAR.
25 But those are what you might call our budget line items

1 or our strategies.

2 Also included in the LAR are FTEs. I
3 will note that an FTE is not necessarily a person.
4 There's a very high correlation, but an FTE is actually
5 a calculation of an equivalent to a full-time person.

6 Riders are on important part of the LAR
7 in the eventual Appropriations Act. Riders, as you
8 likely know, set forth specific instructions regarding
9 the expenditure or collection of funds. Riders can do
10 many things. They can direct or limit expenditures by
11 the Agency. They can make appropriations for particular
12 purposes. They can direct that certain budgets be
13 rolled forward from the previous biennium. They can
14 really -- they can direct us to provide certain studies
15 or certain reports with the money that's appropriated to
16 us. So they really can do just about anything that the
17 Legislature wants to put in the Appropriations Act to
18 get a certain point across.

19 Capital budgets are just like they sound.
20 The Legislature restricts how much can be used towards
21 certain types of capital expenditures, to include things
22 such as IT or Information Technology, equipment,
23 software, work on our buildings, our fleet, those kinds
24 of things.

25 And then, finally, on this slide are

1 exceptional items which can be very important.
2 Exceptional items are our opportunity to ask for things
3 that are considered above our baseline budget. And
4 "baseline" is typically defined as funding that we know
5 is available to us at that point in time. And I'll
6 speak more on riders and exceptional items in a few
7 slides.

8 So moving on, this chart attempts to
9 slice our current budget into what we think are logical
10 categories. As a reminder, our budget that we receive
11 from the Legislature does not align with the contract
12 lettings that we award. The budget that we receive from
13 Legislature are the dollars that are available to us to
14 make payments on those projects. So it seems like every
15 time we talk about the LAR and the GAA that that's a
16 good reminder of the way the budget works.

17 I'm not going to read off all these
18 categories; but, you know, based on my last comment, a
19 big chunk of the budget goes towards projects that have
20 already been let in the previous biennium or previous
21 biennia. Obviously, there's a significant slice to pay
22 back borrowed funds, which is debt service, and then a
23 very significant slice goes towards maintaining our
24 existing system.

25 This is a slide that shows our current

1 budget structure, which I referred to earlier as goals
2 and strategies. The big boxes are the goals that are
3 contained in the general Appropriations act, and then
4 the individual line items represent the strategies.
5 There are certain strategies up there in green. We
6 refer to those strategies as our project-related
7 strategies, our contracted project-related strategies.
8 And I'll point out why that's important in a minute, and
9 I'll also point out on this slide the last box, lower
10 rider is Proposition 1 amount; and that is sort of
11 unique in that it's its own goal and its own strategy.

12 So the Legislature chose not to
13 appropriate project development costs separately from
14 construction, so it's more of a total-project-cost
15 strategy; although, internally, we have the ability to
16 certainly budget and account for those various pieces of
17 project development and be transparent in that effort.

18 This slide depicts our ability to
19 transfer among or between strategies. The arrows that
20 say "LBB" means that we need their approval to transfer
21 in that direction from those groupings of strategies.
22 The lower left-hand box are those project-related
23 strategies that I showed in green on the previous slide.
24 Unique to those strategies we need LBB approval to
25 transfer within or out of those types of strategies.

1 And then the black arrows represent our
2 ability to transfer from strategies consistent with
3 Article 9 of the Appropriations Act, which I didn't
4 mention earlier Article 9 Riders are riders that
5 generally apply to all state agencies that gives us the
6 ability to transfer up to 20 percent, which is
7 represented by those black arrow.

8 This is the same dollar amount as the
9 earlier pie chart. The difference here is this is where
10 the money comes from, our method of finance. So the
11 23-billion-dollar biennial budget is broken down here by
12 method of finance. And, again, I won't read through all
13 of those; but I think it's fairly self-explanatory.

14 So earlier, I referred to exceptional
15 items. Again, our opportunity to ask for resources
16 above and beyond our baseline. We thought, as examples,
17 we would just show you the exceptional items that we
18 requested in the previous LAR. So the next three slides
19 list those 14 exceptional items. As you know some were
20 successfully implemented and either fully or partially
21 funded, and also several were implemented by a different
22 design than what we would have suggested in the LAR.

23 Given the lack of available funding in
24 the environment, a lot of times your exceptional items
25 are going to default to a request for general revenue,

1 knowing that other conversations will take place.

2 So just on this one, the first three add
3 up to \$10 billion. That represents our 5-billion-
4 dollar-per-year annual need. The fourth item, commonly
5 referred to as, Diversions, obviously that one was a
6 success.

7 Moving on, these were just various other
8 items that we asked for.

9 And then the final page, you'll see
10 Number 11 was the money requested related to the
11 discounts that you just approved.

12 Proposition 1's on there. Of course,
13 that was more of a technical request because
14 Proposition 1 had already been voted on and adopted by
15 the voters; but we needed to get it in the budget
16 through this means.

17 And then this page is really busy, but
18 this is just an example of the current rider that we
19 have in your budget structure. And we wanted to use an
20 example just for me to tell you what our options are
21 with existing riders.

22 We basically have three options: We can
23 leave it alone completely in the LAR, which implies that
24 we're okay with it as worded. Of course, we would go in
25 and change the fiscal years; but that's about the only

1 thing we would do. We can amend it by using
2 strikethroughs and underlines to clarify what would work
3 best for us. Or we can ask for its complete deletion.

4 So this is just an example of the Prop 1
5 Rider that currently exists which directs how those
6 funds will be allocated. The other things with riders,
7 obviously, is we can ask for new riders.

8 And this is my final slide. It just
9 speaks to Proposition 1 and Proposition 7. The reason
10 the slide is labeled as Timing Issue is because the
11 official estimates that come from the Comptroller's
12 Office or the Comptroller were not received until well
13 beyond the time that the LAR is submitted. So we will
14 be providing our own estimates of those amounts. And
15 then, obviously, the process will take place; and
16 adjustments will occur as needed once the official
17 estimates are out.

18 We will be -- unless directed
19 differently, we will plan on asking for the full
20 \$2.5 billion per year for Proposition 7 in the LAR.

21 And that's really all I have as far as
22 presentation, just a little Show and Tell. This is the
23 ultimate product for TxDOT. It's not a readable font,
24 either. So a lot of accolades to the staff and the
25 department that worked on preparing this document. It's

1 quite an effort every two years, and that's why we get
2 started early. We're six months away, but that time
3 will fly by. So appreciate any comments or questions
4 you have.

5 CHAIRMAN LEWIS: Questions?

6 Yes, Commissioner Austin.

7 COMMISSIONER AUSTIN: Page 241 -- I'm
8 sorry.

9 (Laughter.)

10 COMMISSIONER AUSTIN: I'm glad to see
11 some of things in here. I look forward to viewing what
12 we get to, looking ahead. Speaking of FTEs, as we take
13 a look -- I know y'all have been looking at where we
14 stand with unfilled positions but I don't want us to
15 back off because, you know, as Commissioner Bugg said a
16 while ago about execution, it's going to take people and
17 talent to make sure we execute it in a timely manner,
18 not just the Department but also we're going to be
19 relying on the private sector of area appropriately
20 outsourced. Just make sure we have enough individuals,
21 engineers, to really execute and move these projects
22 forward.

23 The second thing is technology. Please
24 make sure we include enough in there about technology
25 because I know, like a lot of other agencies, we have

1 aging systems. We have some software programs that are
2 no longer supported, and maintenance cost can be higher.
3 I know we're addressing a lot of these items; but as we
4 look ahead, like banks, we don't need the space that we
5 did before because of digitization. And I'm going to
6 view our records and things like that, how can we begin
7 over a multiple-year period to scan and digitize these
8 documents to where you can maybe share them among staff
9 for planning, et cetera, without having to have a big
10 warehouse. I think it's going to be a change in
11 culture, but let's take advantage of technology where we
12 can. I think that would be good dollars spent.

13 MR. RAGLAND: Yeah, technology always
14 gets special attention because it's part of that capital
15 budget I mentioned and is a subset of the overall budget
16 and needs special approval as to the amount you can
17 spend on those sorts of things. So it's always in the
18 conversation.

19 COMMISSIONER AUSTIN: And we're still
20 playing catchup.

21 CHAIRMAN LEWIS: Commissioner
22 Vandergriff.

23 COMMISSIONER VANDERGRIF: Yes.

24 First of all, I want thank your
25 predecessor, James Bass, and our Executive Director. I

1 think we had a conversation a while back, publicly and
2 privately both, considering an item I think all the
3 Commissioners but for sure I was definitely wanting to
4 be engaged in this up front and early. So thank you for
5 bringing this preliminary report, having more details of
6 conversations with you. And I'm one of the people that
7 actually is used to participating more robustly from a
8 Commission perspective in the presentation and
9 preparation of it; and I'll read the whole thing.

10 MR. RAGLAND: I failed to mention: I
11 realize that there are varying degrees of some
12 experience with the LAR, whether here at TxDOT or in
13 other roles. I know that you have experience,
14 Commissioner Vandergriff, with other agencies as well as
15 probably Commissioner Moseley. So I'm happy to sit down
16 and provide further education on the very complicated
17 process.

18 COMMISSIONER VANDERGRIFF: And for the
19 purposes of full disclosure, I'm very used to looking to
20 drive more productivity out of what you have versus
21 adding a whole lot of people to do it. So I'll be
22 looking to work with you on that from that perspective.

23 CHAIRMAN LEWIS: Thank you.

24 Any other comments or questions of
25 Director Ragland -- CFO Ragland at this time?

1 (No response.)

2 CHAIRMAN LEWIS: If not, I'll turn it
3 back to you and move on to the next item.

4 Thank you, sir.

5 MR. RAGLAND: Thank you.

6 EXEC. DIRECTOR BASS: We will now move on
7 to Item 4 B, which is a briefing concerning the Energy
8 Sector Program. Direct of District Operations Randy
9 Hopmann will present this item.

10 MR. HOPMANN: Good morning, Chairman
11 Lewis, Commissioners, Executive Director Bass.

12 It's a pleasure to be with you this
13 morning to introduce a concept of armoring some of our
14 major corridors in our active energy sector areas around
15 the state, particularly with oil and gas activity. And
16 I'm seeking your comments and your feedback on the
17 presentation this morning.

18 As I said, that is a concept program that
19 we are considering moving forward. So your feedback is
20 very important.

21 I wanted to start with setting the stage;
22 and that's talking about the energy sector areas that we
23 do have in Texas, we are very fortunate to have in Texas
24 and then kind of review some of the historical damage
25 that we've incurred to our transportation infrastructure

1 in the past as a result of having very active energy
2 sector oil and gas activity in state of Texas.

3 It also brings about a safety component
4 as well, so we'll discuss that very quickly; and then
5 we'll talk about some of the current paths and current
6 oil prices and what that has meant to that type of
7 activity in the state of Texas.

8 And then we'll talk more specifically
9 about defining what is armoring. What is a major
10 corridor in the state of Texas. And kind of chart a
11 path forward on that.

12 COMMISSIONER VANDERGRIF: Why don't we
13 lead with this -- I don't mean to go out of order -- but
14 explain to me "armoring." Before you go over the
15 presentation, what in the heck is "armoring"?

16 MR. HOPMANN: I'm happy to do that.
17 "Armoring," our -- as you know, as all of you know, we
18 have an aging transportation infrastructure in the state
19 of Texas. And as you typically look back at some of our
20 smaller roadways, our Farm to Market type roadways and
21 Ranch to Market type roadways, they were never designed
22 to carry the volume of trucks and the weight of the
23 trucks on some of those transportation systems that we
24 have out there. The same type of thing can be said for
25 our state highway system and, to a degree, our U.S.

1 Highway system.

2 So the armoring would be to go in and
3 strengthen the pavement structure and to prepare them
4 for the next wave of active energy sector in the state
5 of Texas.

6 COMMISSIONER MOSELEY: For Farm to Market
7 we're talking and 15,000 pounds of weight?

8 MR. HOPMANN: I'm sorry. Say that again.

9 COMMISSIONER MOSELEY: The Farm to Market
10 and Ranch to Market, the design of those was to carry
11 about how much weight?

12 MR. HOPMANN: We're talking around 54,000
13 pounds is what they were designed, but in many of those
14 there service life has been far exceeded.

15 So that's what we mean by armoring some
16 of our corridors is strengthening the pavement
17 structure, but there's also other options available
18 about maybe adding some shoulders to the road and
19 protecting the edges of the pavement structures that we
20 have out there. So I'll get into that definition here
21 more specifically.

22 COMMISSIONER VANDERGRIF: Thank you, by
23 the way.

24 MR. HOPMANN: Yes, sir.

25 Here's a map of the state of Texas,

1 obviously, identifying five active oil and gas energy
2 areas in the state of Texas, obviously, the Eagle Ford
3 Shale in South Texas; the Permian Basin being the
4 largest energy sector plane in Texas, out in West Texas.
5 We have the Anadarko in the northeast corner of the
6 panhandle; the Barnett Shale that's sort of in upper
7 Hill Country, to the west side of the Fort Worth area.
8 And then the Haynesville/Bossier oilfield out in East
9 Texas that been a very old oilfield. So these are the
10 five areas -- when we talk about the energy sector for
11 oil and gas activity, these are the five areas that
12 we're primarily focusing on.

13 This is a map that we've obtained from
14 the Texas Railroad Commission. It is a map with all the
15 oil and gas wells permitted in the state of Texas. And
16 you can see it's quite colorful, with oil wells shaded
17 green, gas wells in red, and oil and gas in yellow. You
18 can kind of see it sort of follows that previous map I
19 just showed of those active energy sector areas; and the
20 density obviously relates to the number of wells in a
21 particular geographic area.

22 This is an additional map here, our new
23 Texas wells that were permitted from July 2012 through
24 July 2015. Again, this map came from the Texas Railroad
25 Commission. And you can see that although we've had

1 some pretty good oil and gas drilling activity in large
2 parts of the state, there's a significant number of oil
3 wells drilled in this period of time out in the Permian
4 Basin.

5 This is just a review of some of the
6 truck traffic, the heavy trucks -- the volume of trucks
7 and the heavy loads that some of these trucks are
8 carrying on our roadways during these active energy
9 periods to extract the oil and gas from our state. Lots
10 of roads. Lots of traffic. You see some of the edges
11 that are kind of beat up on some of these roadways. In
12 that picture on the top right, you can see a truck is
13 actually straddling the center line of the road, trying
14 to stay off that edge.

15 A lot of oversized, overweight products
16 are moved during these active energy periods. And the
17 bottom right-hand picture is just an intersection that
18 kind of shows the number of trucks that are making
19 turning movements as they go about their daily business
20 with the oil and gas industry.

21 Again, more pictures of some of these
22 structural failures that we can experience on our
23 roadways as a result of the heavy loads and the
24 increased truck activity on these roadways that, as
25 Commissioner Vandergriff was speaking earlier, they were

1 never really designed to carry the number -- the of
2 volume trucks and the weight of these trucks, just some
3 of the pictures that we've experienced.

4 And this may look like spots. I assure
5 you these are not spot pictures. We can go down the
6 road about another 500 feet and you take more pictures
7 that look very similar and go down 5 miles, 15 miles, or
8 50 down the road and you'll find this same type of
9 deterioration that's occurred on our system.

10 I mentioned edge drop-offs earlier. We
11 try to protect our edges. That's a very good
12 maintenance proactive program that we have within TxDOT
13 of kind the saying out in our maintenance operations,
14 "If you take care of the edges of the pavement, you'll
15 take care of the center of the pavement." So it all
16 starts on the edges. A lot of the weights are on the
17 edges, particularly on some of these narrow roadways
18 where these larger trucks seem to kind of run around on
19 those edges and it's starts breaking the asphalt off and
20 it doesn't take long before you've lost a lot of your
21 pavements as a result of the edge drop-offs and the
22 failure along the edges.

23 Again, some more picture of edge
24 failures; and we have a picture of some rutting that's
25 occurred. This is a picture of a worker that is

1 measuring the ruts and you can see he put a straight
2 edge across the ruts and he's measuring the depth of
3 that rut.

4 Here's a safety slide that was provided
5 to us from our Traffic Operations Division. It shows
6 the number of fatalities from 2010 through 2015 in the
7 different energy sector areas.

8 The Barnett Shale, you can tell it's kind
9 of been a steady growth in the number of fatalities; and
10 that be attributable to the fact that it's so close to a
11 major metropolitan area that's growing out to that
12 western area, so there's more population living out
13 there and vehicles traveling those roads.

14 The Eagle Ford Shale has dropped a little
15 bit in latter years as a result of normalization of
16 drilling activity.

17 The Haynesville/Bossier plane, as I said
18 is in East Texas; and it's an older oilfield. There is
19 drilling activity -- there has been drilling activity in
20 that energy sector area, but it's an old oilfield. So
21 it's more stabilized. You don't see the rapid increase
22 in the number of fatalities or the rapid decline in the
23 number of fatalities in that particular plane.

24 And then we have the Permian Basin, where
25 it really shot up with some of the activities, having an

1 extreme number of fatalities which has occurred out in
2 West Texas. It's kind of tailed off a little bit in
3 2015, which is a very good thing; but it's still an
4 extraordinarily high number.

5 The graphical representation of the same
6 data. You can see the different energy sector areas
7 represented by different colors. Some continue to go
8 up, as I said, in the Barnett Shale; some have tapered
9 off from 2014 to 2015 as a result of the normalization
10 of drilling activity.

11 The Commission has invested in these
12 energy sector areas in the past. This is just a quick
13 review of some of the investments you've made in
14 infrastructure to address the deterioration of these
15 pavements during the upswing in drilling activity. And
16 they're all listed there for your review.

17 And just as a reminder to all of us, most
18 of these went to repairing the pavements, not
19 necessarily armoring the pavements, not increasing the
20 pavement's structure, just trying to fix the damage that
21 was present there as a result of the last drilling
22 activity.

23 COMMISSIONER VANDERGRIF: I'm sorry to
24 stop you, but can I ask a question real quick on that
25 point? So after we've spent all this money, which is,

1 you know, a billion bucks, plus a billion dollars more,
2 and you're saying most of it went to just repair but not
3 kind of enforce or enhance, how long before those roads
4 have a problem again?

5 MR. HOPMANN: It depends on when that --
6 it depends on the price of oil.

7 COMMISSIONER VANDERGRIFF: Well, I
8 understand that. Okay. But the price of oil will come
9 back. So let's say it comes back.

10 MR. HOPMANN: Yes, sir.

11 COMMISSIONER VANDERGRIFF: Historical
12 average, maybe not the highs, certainly not the low. So
13 if that's happening, how long can we be pulling trucks
14 on those roads before they deteriorate?

15 MR. HOPMANN: I can't give you a specific
16 number.

17 COMMISSIONER VANDERGRIFF: Just a range.
18 Just a range.

19 MR. HOPMANN: But it's a matter of time
20 before we experience similar deterioration in those
21 roadways.

22 COMMISSIONER VANDERGRIFF: Well, but
23 similar meaning -- like I know if you put seal coat
24 down, that's not the same as a full rehab of it.

25 MR. HOPMANN: That's right. Correct.

1 COMMISSIONER VANDERGRIFF: It lasts a few
2 years versus lasts a decade?

3 MR. HOPMANN: That's correct. And it
4 varies. The state of Texas is really big, and you have
5 different subgrades across the state of Texas.

6 COMMISSIONER VANDERGRIFF: I understand.

7 MR. HOPPMAN: Out in West Texas you have
8 better subgrades, more rocky material. In the Eagle
9 Ford Shale it's a softer subgrade, as is in East Texas.

10 COMMISSIONER VANDERGRIFF: Okay. Well,
11 assuming regular traffic, is it fair to assume that
12 we'll be in the soup again on some of these roads in the
13 next few years?

14 MR. HOPMANN: Absolutely.

15 COMMISSIONER VANDERGRIFF: Not decade,
16 but a few years?

17 MR. HOPMANN: And that's the concern; and
18 that's the direction we're going with this idea, this
19 concept.

20 COMMISSIONER VANDERGRIFF: Okay. And
21 then is it fair to assume if you armor the roads, that
22 that might last a decade or so?

23 MR. HOPMANN: It would certainly last
24 longer. We'll be in a better position to make it
25 through; and in end, we may wind of saving the taxpayers

1 money because we're not out there continually having to
2 repair the same damaged roadway over and over again.

3 COMMISSIONER VANDERGRIFF: That's exactly
4 what I needed to know. I'll yield and may have a couple
5 of questions later.

6 MR. HOPMANN: No problem. I appreciate
7 the questions very much.

8 Well, here's a slide on the oil prices.
9 Historically, going back to 2006 you can tell it's very
10 volatile; and you can see it kind of drop off in 2014
11 and continue to drop off in 2015. But as you said,
12 Commissioner Vandergriff, it's just a matter of time
13 before that price goes back up, most likely; and that
14 energy sector activity will resume in our state. And
15 because of this normalization of prices in the price of
16 a barrel of oil, this may be a good time for TxDOT to
17 embark on an armoring program, to get out there on these
18 major corridors and strengthen their pavement
19 structures, add a little bit of width to pavements in
20 preparation for that next wave of activity.

21 Major energy sector corridors can be
22 defined as our primary corridors. Obviously it's not
23 every corridor. We cannot armor every road in these
24 energy sector areas because of vastness of these areas
25 in our state of Texas and the mileage of the number of

1 roads; but we can go in on our primary corridors used by
2 an industry and address them during this period of time
3 of normalization.

4 We can connect those active energy sector
5 areas to energy service providers, meaning, for example,
6 in the Eagle Ford Shale, many energy sector companies
7 actually work out of San Antonio; or they work out of
8 Corpus Christi but they don't -- San Antonio and Corpus
9 Christi proper do not necessarily fall within the
10 boundary of the Eagle Ford Energy Sector plane. So,
11 therefore, there may be some major corridors connecting
12 those cities where those companies operate and allow
13 them to get into those energy areas on these major
14 corridors that have received an armoring treatment.

15 To armor the pavements, as I explained a
16 little bit earlier, it's about strengthening the
17 pavement structures, perhaps adding shoulders to protect
18 some of the pavement edges, add turn lanes at key
19 intersections, and perhaps constructing some Super 2
20 type projects along -- identify Super 2 corridors. And
21 we do have a Super 2 plan. In Texas we do have those
22 corridors identified.

23 And just for definition purposes, a
24 Super 2 is adding alternating passing lanes on a
25 particular corridor that allow these heavy trucks or

1 passenger vehicles to pass one another out on the
2 roadway, which helps with our safety statistics.

3 And so if you're agreeable to pursuing
4 this concept of an armoring program, the path forward
5 and the steps we would would be to take have our
6 Districts identify these major corridors in these
7 respective areas. We would ask them to identify
8 projects and to prioritize those projects along these
9 major corridors. And we have the Districts develop
10 scopes for these projects and develop estimates for the
11 projects. And in the event they already have a project
12 planned on the major corridor in the energy sector area,
13 they may be required to go back and re-scope it re-
14 estimate it; and let's do the project correctly with an
15 armoring-type project, rather than a repair-type project
16 moving forward.

17 So the last two bullets, very quickly, we
18 would like to go out and seek feedback from the oil and
19 gas energy industry by going out and opening up a
20 dialogue with them in various areas around the state,
21 show them what our plan is and make sure we're
22 addressing proper corridors; and if our definition of
23 armoring a roadway fits their needs from an industry
24 perspective, then that will be a recommendation from
25 staff moving forward. And, obviously, as we do all

1 these things, we'd be happy to come back and present to
2 you in the future keep you informed of the progress so
3 that you can make a decision whether you want to pursue
4 this type of program.

5 COMMISSIONER VANDERGRIFF: Chairman, may
6 I ask another question?

7 CHAIRMAN LEWIS: Of course.

8 COMMISSIONER VANDERGRIFF: So how long
9 will it take you to hold these workshops and really come
10 back with something? And I'm not just interested in a
11 recommendation that we armor the roads. I want to know
12 what it costs to do that and what the investment needs
13 to be to do that and what the plan is to do that. How
14 long would it take you to pull that together?

15 MR. HOPMANN: The workshops we believe we
16 can do in the next several months, certainly in the
17 early part of the summer; and certainly by midsummer we
18 would have the workshops completed around the State of
19 Texas.

20 In the meantime, we can have Districts
21 working on their duties, as shown on the bullets on this
22 page, of identifying the corridors and projects, scoping
23 them, preparing estimates.

24 And I think we could come back to the
25 Commission with that in a matter of about three months,

1 make another presentation, and show you where we are.
2 And we can also report back how does this fit within the
3 current programs that we have ongoing within TxDOT out
4 in these areas. Many of these on types of projects may
5 already have a funding source available, so we're not
6 necessarily talking about the need for new funding
7 sources. It may be a need to re-prioritize some of
8 those funding sources or re-prioritize some of the
9 projects with the current funding sources; but there
10 probably is going to be a delta. And we can certainly
11 come back and report to the Commission what that
12 difference is in funds needed in order to pursue this
13 program.

14 COMMISSIONER VANDERGRIF: Commissioners,
15 I want to tell you a historical discussion two years ago
16 when I was asked by then Chairman Houton to serve on a
17 Proposition 1 Advisory Commission as the Commission
18 Representative -- Marc Williams led that, and I think he
19 would attest to what I'm about to say -- that I just
20 threw out there the idea when we were talking about
21 spending \$1.7 billion, that it wasn't going to fix all
22 the road needs in Texas. It wasn't going to fix the
23 maintenance; but maybe we ought to actually go fix
24 something, it was the generator of that money, which was
25 put it all towards the energy sector roads. You can

1 imagine that went over extremely well with all the
2 people from across the state that wanted to spread that
3 wealth. We did.

4 But I'm very concerned that we have
5 invested a billion plus, billion two, billion three and
6 that we may be back in the soup really quickly. And I
7 think it's imperative that we take care of areas of the
8 state that are really as responsible as any, if not more
9 so, for the abundant wealth in jobs and activity in
10 Texas. And I encourage you to hurry with getting that
11 work to us.

12 (Laughter.)

13 MR. HOPMANN: Yes, sir. Thank you.

14 COMMISSIONER VANDERGRIFF: Because there
15 will be a desire to go all across the state, but this is
16 a key thing we need to support and do it right so that
17 lasts a long time.

18 CHAIRMAN LEWIS: Thank you.

19 Commissioner Bugg.

20 COMMISSIONER BUGG: Thank you,
21 Mr. Chairman.

22 Randy, I want to first say that I applaud
23 you for putting this targeted statewide strategic plan
24 together because the economic development aspects of the
25 oil and gas industry in the State of Texas are so

1 intertwined.

2 And kind of keying off of the comments
3 that Commissioner Vandergriff just made, I did some
4 quick math; and on page 12, if you add up all the
5 funding that's already been used, that's 1.5 billion.
6 And so I, like Commissioner Vandergriff, because in
7 South Texas I hear stories all the time and see with my
8 own eyes our roads are just getting chewed up, you know,
9 by the energy industry. And we need to support not only
10 the energy industry, but we need to support those folks
11 that live in the areas affected that have nothing to do
12 with the energy industry. That's where they take their
13 kids to school. That's where they live. And so there's
14 a lot of implications here. And so I applaud you on
15 that.

16 I would ask on your process page of 15,
17 I'd like a little report on of the 1.5 billion that the
18 Commission has already basically approved for an energy
19 sector, what did we actually get for that? And then
20 handicap -- as Commissioner Vandergriff said, handicap
21 for us: What's it going to take to really do the job
22 the way you're outlining it, to armor our roads? And
23 then bring to us these funding sources that -- you know,
24 Prop 1 has an energy component, for example, and the
25 other things that we're keenly aware of. Come back to

1 us with hard dollars of what we've got to look at. It's
2 a cost-benefit analysis is what I'm really asking for.
3 And what we can get for "X" number of dollars. And I'm
4 with Commissioner Vandergriff. If you can do that next
5 month, that would be even better.

6 Thank you very much.

7 (Laughter.)

8 CHAIRMAN LEWIS: Not that we ask a lot.

9 (Laughter.)

10 CHAIRMAN LEWIS: Commissioner Austin.

11 COMMISSIONER AUSTIN: Randy, great work.

12 I echo my colleagues' comments. I think back to what
13 has been done before, and I think Commissioner
14 Vandergriff really hit on it. I think back in 2011 and
15 '12 Commissioner Underwood chaired an Energy Sector Task
16 Force and went around the state listening and
17 identifying needs of what needed to be done. That list
18 is still somewhere.

19 MR. HOPMANN: Right.

20 COMMISSIONER AUSTIN: And I hope we
21 don't -- the monies that we had available, we've spent;
22 and some of those roads still may need additional
23 repair. But let's don't forget about the work that has
24 been done. We can bring a lot of that forward.

25 In 2013 I believe there was a grant that

1 was given to TxDOT that we allocated out \$225 million
2 that went to the counties that's still available. And I
3 believe there was a period of time -- well, all the
4 counties could apply, not every county did. And it's my
5 understanding -- correct me if I'm wrong -- only about
6 50 percent of that money's been used?

7 MR. HOPMANN: That's correct. In the
8 last report I've seen, maybe a couple of percentage
9 higher; but that's pretty close.

10 COMMISSIONER AUSTIN: And I'm
11 disappointed in that because while we have such a great
12 need for the counties that have gone forward, there's a
13 period of time -- is it two years from now when that
14 money not available?

15 MR. HOPMANN: I believe that's correct.
16 There is a timeline.

17 COMMISSIONER AUSTIN: So what will happen
18 to that money that has been allocated unused? Will that
19 be redistributed or available to be redistricted among
20 the counties that did apply that may have additional
21 need, or do they come back into the general fund?

22 MR. HOPMANN: I cannot answer that
23 question directly because I'm not directly involved in
24 that program, but there are means legislatively on what
25 happens to that money.

1 COMMISSIONER AUSTIN: Now, that was a
2 grant program versus us identifying the roads that need
3 to be done. And before I leave that, please, would you
4 ask your other DEs to please get back out and go talk to
5 the Counties? That money's available. That can have a
6 big impact. Let's make sure we're utilizing that.

7 As we look at the impact beyond some of
8 the things I see in East Texas, in addition to energy
9 sector, roads that are already crumbling, in the last
10 two years we've had extremes, with floods followed by a
11 drought. And a lot of these Farm to Market roads or
12 ancillary roads were really having a big impact on a lot
13 of these things. But, please, I echo, let's move
14 quickly with this.

15 You know, Prop 1 -- going back to Brian's
16 LAR request, only 20 percent of Prop 1 is allocated by
17 formula to maintenance; and I would assume all of this
18 would come out of the maintenance budget unless we could
19 allocated additional money.

20 MR. HOPMANN: That's correct, it comes
21 out of current pending sources unless there's a
22 supplemental source.

23 COMMISSIONER AUSTIN: When I talk about
24 Prop 1, Prop 1 is generating a lot of money -- well, the
25 energy sector is generating a lot of money that we've

1 all enjoyed, coming back not just to TxDOT but the
2 overall state budget; and we need to take care of the
3 industry that takes care of us. That would be my
4 comment.

5 Thanks.

6 CHAIRMAN LEWIS: Vice Chair Moseley.

7 COMMISSIONER MOSELEY: Thank you,
8 Chairman.

9 Randy, thank you for the discussion item.
10 Thank you for the slides. It really highlights the fact
11 that our state carries the burden of taking care of the
12 rest of the United States. Nothing new. Since World
13 War II, we carried America through the war with our oil
14 and gas. We carried our allies. It all came out of
15 Texas; but it's wear and tear on our highways, on our
16 infrastructure. It wears out air quality.

17 And if the world was fair, we'd be
18 getting more money from the Federales because we are
19 carrying the nation on our back; and there are a lot of
20 states that refuse to do this. They don't want to do
21 refineries. They don't want to have -- but they want to
22 enjoy cheap oil and gas.

23 And so here we are with your slides that
24 show the wear and tear on our infrastructure. And the
25 slide that I was captivated by in addition to the

1 pictures was the slide -- I guess page 10 -- that shows
2 the traffic fatalities. Like Commissioner Bugg said,
3 individuals just happen to be living in these impacted
4 areas. They're really having a high cost for this wear
5 and tear.

6 And as you come back and report to us,
7 one of the things that we are aware of is that shoulders
8 are a huge safety factor and can have a big impact on
9 this slide. And so many of these roadways do not have
10 adequate shoulders for the job they're being asked to do
11 today. So I'd be pleased to get your thoughts as you
12 come back and report on the armoring of the roadways how
13 we can also add that safety feature to take a bite out
14 of these deaths on the roadways.

15 MR. HOPMANN: Yes, sir. In fact, that's
16 one of our armoring strategies is to add shoulders and
17 protect those paving edges for that reason, from a
18 safety perspective.

19 CHAIRMAN LEWIS: First of all, thank you
20 for an excellent presentation and all the hard work
21 you've done on this.

22 One thing I'd like to ask you to address
23 really comes from Commissioner Bugg's question about the
24 San Antonio area because one thing that you discussed
25 with me is the effect of heavy traffic in particular on

1 roads that, depending on the soil, the types of soil
2 that the road is built on and how heavy traffic can
3 particularly impact those; and I think it was the Eagle
4 Ford area and probably the very western part of the
5 Permian Basin area. Would you discuss what that nature
6 is of how affects -- it goes also to Commissioner
7 Vandergriff question about how long can these roads
8 last.

9 MR. HOPMANN: Yes. Damage and
10 deterioration is very dependent upon the subgrade
11 material that we have across our state. So, for
12 example, the Eagle Ford Shale and also in East Texas
13 and, as you said, in the western part of the Permian
14 Basin, the soil is a little softer; and so the roads
15 don't hold up quite as well, compared to the Permian --
16 the biggest part of the Permian is rocky terrain, rocky
17 subgrade. So when we have failures on major corridors
18 in the Permian Basin, it's mostly a surface failure;
19 whereas, if you have a failure on our major corridor in
20 Eagle Ford or in these other energy areas, it's more of
21 a deep failure. So the cost to rehab those roadways and
22 repair that damage is greater on a per-mile basis in the
23 Eagle Ford and some of the other softer subgrade areas
24 in the state of Texas as compared to where you have more
25 firm subgrade materials.

1 CHAIRMAN LEWIS: Any other questions,
2 Commissioners?

3 (No response.)

4 CHAIRMAN LEWIS: If not, thank you very,
5 very much for the excellent presentation.

6 I'll turn it back to Execute Director
7 Bass.

8 EXEC. DIRECTOR BASS: Next we'll move to
9 Agenda Item 5, Aviation, which will be presented by our
10 Aviation Division Director, Dave Fulton.

11 DIRECTOR FULTON: This Minute Order
12 contains a request for grant funding approval for two
13 airport improvement projects. The total estimated cost
14 of the request as shown in the Exhibit A is
15 approximately \$240,000, approximately 90,000 in Federal
16 funds, 105,000 in State funds, and \$45,000 in Local
17 funds. A public hearing was held in March of this year.
18 No comments were received. Staff recommends approval of
19 this Minute Order.

20 CHAIRMAN LEWIS: Any questions of
21 Director Fulton at this time?

22 (No response.)

23 CHAIRMAN LEWIS: If not, if there are no
24 further questions, then Vice Chair Moseley moved to
25 award Federal and State Grant Funding in accordance with

1 the staff recommendations.

2 Commissioner Vandergriff, do you second?

3 COMMISSIONER VANDERGRIFF: Second.

4 CHAIRMAN LEWIS: We have a motion and a
5 second. If there's no discussion, we'll proceed to a
6 vote.

7 (No response.)

8 CHAIRMAN LEWIS: All in favor, say aye.

9 (Chorus of "Ayes.")

10 CHAIRMAN LEWIS: Any opposed, no.

11 (No response.)

12 CHAIRMAN LEWIS: The motion carries.

13 COMMISSIONER MOSELEY: Mr. Chairman, I
14 would have no objection when Commissioner Austin
15 returns, for him to reflect his vote on that.

16 CHAIRMAN LEWIS: Thank you.

17 EXEC. DIRECTOR BASS: Thanks Dave.

18 Next we'll move to Agenda Item 6 A, Award
19 of state funds; and the item will be presented by
20 Director of Public Transportation Eric Gleason.

21 MR. GLEASON: Good morning. Agenda
22 Item 6 A awards \$750,000 of state public transportation
23 grant funding to two transit districts continuing to
24 cope with the impacts associated with area designation
25 changes as a result of the 2010 Census.

1 San Marcos, one of the fastest-growing
2 cities in the nation, is continuing to transition its
3 service and capital investments to a level consistent
4 with those of a small urban area; and CARTS, the urban
5 transit district serving San Marcos, will enable an
6 early start as to needed services while the Agency uses
7 the funding they have to make some one-time capital
8 investments.

9 The city of Galveston is still struggling
10 from the impact of Hurricane Ike. And as a result of
11 that, the population loss associated with that in the
12 Census, they were redesignated as a rural area; and that
13 had a significant negative impact on the level of
14 Federal funding. The City is working very hard to
15 replace those lost federal funds with local sources of
16 revenue, and this award will allow them some additional
17 time to get those local sources in place.

18 These recommendations are the result of a
19 competitive call for projects, and the Department has
20 awarded funds for this purpose on two previous
21 occasions. And the staff recommends approval of this
22 Minute Order.

23 CHAIRMAN LEWIS: Are there any questions
24 of Director Gleason with regard to this item? Do have
25 any questions?

1 VICE CHAIR MOSELEY: I'll second
2 Commissioner Buggs' motion.

3 (Laughter.)

4 CHAIRMAN LEWIS: I think you're being
5 called upon --

6 (Laughter.)

7 COMMISSIONER BUGG: I'll make that
8 motion. Thank you.

9 CHAIRMAN LEWIS: -- Commissioner Bugg.
10 And I'll show we have a motion to award
11 state funds to public transportation providers in
12 accordance with staff recommendations. The motion was
13 made graciously by Commissioner Bugg and seconded by
14 Vice Chair Moseley.

15 Is there any discussion on this item?
16 (No response.)

17 CHAIRMAN LEWIS: All right. If not,
18 we'll proceed to take a vote. All in favor, say aye.

19 (Chorus of "Ayes.")

20 CHAIRMAN LEWIS: Any opposed, no.
21 (No response.)

22 CHAIRMAN LEWIS: It carries.
23 We'll proceed to the next item.

24 COMMISSIONER MOSELEY: Chairman, I
25 wouldn't have any objection to Commission Austin.

1 CHAIRMAN LEWIS: So moved.

2 EXEC. DIRECTOR BASS: Please continue
3 with Item 6 B.

4 MR. GLEASON: Thank you.

5 This Minute Order awards \$194,000 of
6 state and federal public transportation grant funds to
7 four transit districts currently providing their service
8 coverage in Clay, Montague, Wise, Cooke, Grayson, and
9 Fannin counties in north Texas. The recommended amounts
10 are identified in Exhibit A.

11 The need for these services was triggered
12 by the decision by traditional transit providers for
13 these six counties, the Texoma Area Paratransit
14 Services, otherwise known as TAPS, to temporarily cease
15 service operations on January 18th, 2016 for 90 days.

16 The four districts, Rolling Plains
17 Management Corporation in the Wichita Falls area; Public
18 Transit Services in Weatherford; SPAN from Denton
19 County; and the Ark-Tek Council of Governments, based
20 out of Texarkana have provided limited service in these
21 counties beginning January 18th and will continue to do
22 so through April 15th, which is the end of the 90-day
23 period.

24 And we have confirmed that the new
25 transit management companies selected to operate TAPS

1 services that they will be ready to restart operations
2 as TAPS after April 15th, and recommended amounts are
3 consistent with anticipated budget needs through that
4 date actually based on documented reimbursement
5 requests. Staff recommends approval of this Minute
6 Order.

7 CHAIRMAN LEWIS: Are there any questions
8 with regard to Item 6 B at this time?

9 (No response.)

10 CHAIRMAN LEWIS: Vice Chair Moseley, do
11 you move --

12 COMMISSIONER MOSELEY: Yes, Chairman.

13 CHAIRMAN LEWIS: -- we award federal and
14 state funds in accordance with staff's recommendation?
15 Commissioner Bugg, do you second?

16 COMMISSIONER BUGG: Second.

17 CHAIRMAN LEWIS: We have a motion and a
18 second. If there's no further discussion, we'll proceed
19 to a vote.

20 (No response.)

21 CHAIRMAN LEWIS: All in favor of the
22 motion, say aye.

23 (Chorus of "Ayes.")

24 CHAIRMAN LEWIS: Any opposed, no.

25 (No response.)

1 CHAIRMAN LEWIS: The motion carries.

2 EXEC. DIRECTOR BASS: Continue to
3 Item 6 C.

4 MR. GLEASON: This Minute Order awards
5 approximately \$372,000 in Federal Transit Administration
6 intercity bus funds to Greyhound to support continuation
7 of service connecting Del Rio and San Angelo through the
8 end of the fiscal year. The item supplements a previous
9 amount awarded to Greyhound for this service connection.

10 This amount is consistent with discussion
11 between Greyhound and the Department at the time of the
12 original award in July 2015 to address potential
13 additional funding needs identified in the original
14 proposal based on actual operating experience. The
15 staff recommends approval of this Minute Order.

16 CHAIRMAN LEWIS: Commissioners, are there
17 any questions or comments with regard to Item 6 C?

18 (No response.)

19 CHAIRMAN LEWIS: If not, Commissioner
20 Vandergriff, do you move to award Federal funds for
21 these areas in accordance with staff recommendation?

22 COMMISSIONER VANDERGRIFF: I do. And,
23 Mr. Chairman, I'm so excited that you still continue to
24 call on me to make a motion.

25 (Laughter.)

1 CHAIRMAN LEWIS: And, Commissioner Bugg,
2 do you second?

3 COMMISSIONER BUGG: I so second.

4 CHAIRMAN LEWIS: There's been a motion
5 and a second. If there's no discussion, we'll proceed
6 to a vote.

7 (No response.)

8 CHAIRMAN LEWIS: All in favor, say aye.

9 (Chorus of "Ayes.")

10 CHAIRMAN LEWIS: Any opposed, no.

11 (No response.)

12 CHAIRMAN LEWIS: The motion carries.

13 I'll turn it back to our Executive
14 Director Bass.

15 EXEC. DIRECTOR BASS: Next we have
16 Item 7 A 1, which is the final adoption of Rules to
17 Chapter 9 concerning Highway Improvement Contract
18 Sanctions. Director of Construction Tracy Cain will
19 present.

20 DIRECTOR CAIN: Good morning. This item
21 is to adopt final rule changes to allow the Department
22 to make sanctions against contractors who aren't
23 completing their work in a timely basis.

24 We did receive two comments on this. One
25 was from a citizen from Salado that was just commending

1 the Department for taking on this effort to sanction
2 contractors that aren't completing the work on time.

3 The second comment was from the AGC, the
4 Association of General Contractors; and they wanted a
5 minor change that just included wording that allowed
6 preliminary -- that required a preliminary determination
7 to be given to them so that they could respond to it
8 before any sanctions were to take place. We did make
9 that change, and they are okay with this in its current
10 form. We recommend approval of this rule change.

11 CHAIRMAN LEWIS: Commissioners, any
12 questions or comments regarding this --

13 Yes, Commissioner Austin.

14 COMMISSIONER AUSTIN: Thank you.

15 I want to make sure -- I want to
16 reiterate a comment I've made in previous sessions.
17 While we're looking at sanctions against contractors for
18 delays or management, whatever that might be, I want to
19 make sure we're doing everything we need to do on our
20 end not to delay them.

21 I think this is really a message back to
22 our Project Director Bass to the Districts that if
23 there's something we're doing, that we need to be held
24 accountable, too. And I've noticed -- I know in some
25 meetings that I've been in listening to some contractors

1 in the past that we're not making decisions in a timely
2 manner or that has happened that caused delays with
3 that. I think I've said my piece. Let's make sure
4 we're doing our end not to delay them.

5 DIRECTOR CAIN: Yeah, we are very serious
6 about that, also. We know that a lot of the delays on
7 projects are not the responsibility of the contractor.
8 So this rule would take into consideration everything
9 that's outside of their control before we would ever
10 consider a sanction based on this.

11 CHAIRMAN LEWIS: Any other --
12 Yes, Commissioner Bugg.

13 COMMISSIONER BUGG: Thank you,
14 Mr. Chairman.

15 And, Tracy, I want to thank you for
16 working on this. I think this is -- in early days of my
17 being on the Commission, one of the concerns I had --
18 and, Jeff Graham, I think you have also worked on this.
19 And I appreciate you also coordinating with AGC. I've
20 talked to several members of AGC on this particular
21 subject matter, not getting into the details. And so
22 I'm glad that you coordinated with them and are bringing
23 this forward as a recommendation.

24 And with that, I'll be happy to make a
25 motion to approve the adoption of this, Mr. Chairman.

1 CHAIRMAN LEWIS: All right. Any other
2 discussion?

3 (No response.)

4 CHAIRMAN LEWIS: If not, we have a motion
5 to approve the final amendments in accordance with
6 staff's recommendation. And, Commissioner Austin, do
7 you second that motion?

8 COMMISSIONER AUSTIN: I do second.

9 CHAIRMAN LEWIS: I have a motion and a
10 second. If there's no other discussion, we'll proceed
11 to a vote.

12 (No response.)

13 CHAIRMAN LEWIS: All in favor of the
14 motion, please say aye.

15 (Chorus of "Ayes.")

16 CHAIRMAN LEWIS: Any opposed, no.

17 (No response.)

18 CHAIRMAN LEWIS: The Motion carries.

19 Thank you.

20 Before we going on to the next item, we
21 have had votes on items in favor of Items 5, 6 A, 6 B,
22 and 6 C. And if there's no objection, then, I'm going
23 to re-open to the extent of allowing Commissioner Austin
24 to state his vote on those four items.

25 COMMISSIONER AUSTIN: Thank you,

1 Chairman. I did step away; but all four of those items,
2 5, 6 A, B, and C, I am in favor of.

3 CHAIRMAN LEWIS: All right. Then,
4 without objection, I'm going to request that the record
5 reflect an "aye" vote with regard to Item 5, 6 A, 6 B,
6 6 C motions by Commissioner Austin.

7 And we'll proceed on with the next item.

8 EXEC. DIRECTOR BASS: Next is Item 7 A 2,
9 Final Adoption of Rules to Chapter 21 concerning leasing
10 of right-of-way to saltwater pipeline operators.
11 Director of Right of Way Gus Cannon will present.

12 MR. CANNON: Director Bass, Chairman
13 Lewis, Commission, good morning.

14 For your consideration I'm presenting
15 Item 7 A 2, which provides for the final adoption of
16 amendments to revise Subchapters C and R of the Texas
17 Administrative Code Chapter 21 concerning utility
18 accommodation and leasing of right-of-way to saltwater
19 pipeline operators.

20 More specifically, the rules modify the
21 definition for leasing requirements for saltwater
22 pipeline facilities to implement House Bill 497 of the
23 84th Regular Session which addresses authorized
24 placement of saltwater pipeline facilities within the
25 right-of-way. The definition of saltwater pipeline

1 facility will now include saltwater intended to be used
2 in drilling or operating a well.

3 In addition, revisions were made to
4 Chapter 21 of our utility accommodations to add a
5 definition in terms of location for temporary saltwater
6 pipeline facilities in conformance with House Bill 497
7 provisions and modified design values for overhead
8 electric and communication horizontal clearances.

9 The Commission, by Minute Order 114448,
10 dated December 17th, 2015, proposed the amendments; and
11 no comments were received.

12 I'm pleased to answer any questions.

13 CHAIRMAN LEWIS: Are there any questions
14 of Director Cannon at this time with regard to this
15 matter?

16 Yes, Vice Chair Moseley.

17 COMMISSIONER MOSELEY: Chairman, only a
18 comment. We've been talking about wear and tear on our
19 roadways in oil and gas production areas. And, clearly,
20 that's because we don't have enough underground
21 highways, which are pipelines; and so it's good that we
22 are facilitating, you know, taking more and more ability
23 to take saltwater trucks off of our roadways.

24 Thank you.

25 CHAIRMAN LEWIS: Thank you. And with

1 that, Vice Chair Moseley, do you move to approve the
2 final amendments in accordance with staff
3 recommendation?

4 COMMISSIONER MOSELEY: So moved.

5 CHAIRMAN LEWIS: Commissioner
6 Vandergriff, do you second that motion?

7 COMMISSIONER VANDERGRIFF: Second.

8 CHAIRMAN LEWIS: We have a motion and a
9 second. Any discussion?

10 (No response.)

11 CHAIRMAN LEWIS: If not, we'll proceed to
12 a vote. All in favor of the motion, say aye.

13 (Chorus of "Ayes.")

14 CHAIRMAN LEWIS: Any opposed, no.

15 (No response.)

16 CHAIRMAN LEWIS: The motion carries.

17 MR. CANNON: Thank you.

18 CHAIRMAN LEWIS: Thank you, Director.

19 EXEC. DIRECTOR BASS: Next we have
20 Item 7 B 1, which is the proposed adoption of amendments
21 to Chapter 2 concerning environmental review of
22 transportation projects. Director of Environmental
23 Affairs Carlos Swonke will present.

24 MR. SWONKE: Thank you.

25 The Department's rules under 23 TAC,

1 Chapter 2 dictate the environmental review and approval
2 process for projects being developed and funded by
3 TxDOT. This Minute Order proposes a number of changes
4 to our environmental rules to add clarity, eliminate
5 duplication, and improve consistency in federal
6 environments.

7 Individually the changes are mostly minor
8 but overall will streamline and improve the
9 environmental review process. The changes have been
10 coordinated with our partners at FHWA; and,
11 Commissioner Austin, you may be interested to know that
12 I have notified Williamson County about our intention
13 hearing. So they know about it as well.

14 Staff recommends approval for the
15 proposed rulemaking.

16 CHAIRMAN LEWIS: Are there any questions
17 of Director Swonke at this time?

18 (No response.)

19 CHAIRMAN LEWIS: If not, Commissioner
20 Vandergriff, do you move we approve the proposed
21 amendments in accordance with staff recommendation?

22 COMMISSIONER VANDERGRIFF: So moved.

23 CHAIRMAN LEWIS: And, Commissioner
24 Austin, do you second?

25 COMMISSIONER AUSTIN: I second.

1 CHAIRMAN LEWIS: We have a motion and a
2 second. If there's no further discussion, we'll proceed
3 to a vote.

4 (No response.)

5 CHAIRMAN LEWIS: All in favor, say aye.

6 (Chorus of "Ayes.")

7 CHAIRMAN LEWIS: Any opposed, no.

8 (No response.)

9 CHAIRMAN LEWIS: The motion carries.

10 MR. SWONKE: Thank you.

11 EXEC. DIRECTOR BASS: Item 7 B 2 is
12 concerning the proposed adoption of amendments to
13 Chapter 6 concerning the State Infrastructure Bank.
14 Director of Project Finance and Debt Management Ben
15 Asher will present.

16 MR. ASHER: Thanks, James.

17 Good morning, James, Chairman,
18 Commissioners. This item is to consider new rules to
19 more effectively manage the available funds in the SIB.
20 As you may recall, there was a Commission workshop in
21 January on this topic with some suggestions for possible
22 changes to the SIB rules and guidelines.

23 I want to first briefly discuss with you
24 the proposed rule changes for your consideration today
25 on this agenda item, and then I'll additionally briefly

1 talk about some of the draft guidelines of the Executive
2 Director we'll be required to develop under these
3 proposed rule changes.

4 The proposed rules would bifurcate the
5 application into two baskets. The first grouping or
6 basket would be a first-come-first-serve application
7 process and those would be for loans of less than
8 \$10 million for a TxDOT project and that would require
9 one approval by the Commission.

10 The second grouping is something we've
11 been calling "a program call" and that would be for
12 applications for loans greater than 10 million for TxDOT
13 projects or for any local government projects.

14 These would be considered for approval by
15 you twice, both, initially preliminary and then final.

16 As mentioned earlier, the Executive
17 Director will develop internal guidelines and post this
18 information as well other information on application
19 deadlines for the program and available funds on our
20 website.

21 Once the program applications have been
22 received, the Executive Director will provide his
23 analysis and recommendations on prioritizing the
24 applications to the available SIB funds at that time and
25 for each approval of an application.

1 Factors are going to be added to the
2 rules. Formalizing the rules will include such things
3 as the benefit of the project, repayment of the loan,
4 repayment plan of finance, and comparison of the
5 proposed SIB loans to other funding alternatives, among
6 others.

7 Now I just want to move very briefly to
8 the draft guidelines. These are not part of the rule
9 amendments but, again, as I mentioned, would be internal
10 guidelines. I want to give you just a few highlights.
11 We're going to establish and recommend some additional
12 limitations. There would be a limit of the loan size
13 per project of no more than ten percent of the SIB.

14 And each time I'm talking about the SIB,
15 I'm including both the cash and the outstanding loan
16 amount, which is approximately \$475 million today.

17 In addition, there would be a limit of a
18 loan size per borrower as well no more than 15 percent
19 of the SIB.

20 And there would be one more additional
21 limit for project revenue loans. That is to say the
22 total for all borrowers who would repay loans for
23 project revenues would be limited to no more than 50
24 percent of the core of the SIB.

25 Some additional proposed guidelines

1 include establishing cash reserves of a minimum of
2 \$20 million for the first-come-first-serve basket.
3 Additionally, the program call could be suspended if the
4 cash balance was below 40 million; but as I say, we have
5 an initial of 20 and then another \$20 million at a
6 minimum available for the program call.

7 Any application to be considered under
8 this prioritization and approval process, the loan
9 amount would be limited to 35 percent of the total
10 project cost for the project under consideration.

11 Application deadlines for the program
12 call would be semiannual unless additional application
13 deadlines are needed in the interim.

14 And a little something specifically on
15 the loan disbursements -- we discussed with you
16 earlier -- the guidelines were going to have a
17 prescribed schedule of the drawdown of funds, but they'd
18 have to be at least one-third disbursed within a year,
19 two-thirds within two years, and fully disbursed within
20 three years.

21 I'd be happy to answer questions or
22 elaborate either on the rules or the guidelines for you.

23 CHAIRMAN LEWIS: Commissioner Austin.

24 COMMISSIONER AUSTIN: Thank you, James.

25 You and your team have done a lot of work on this, I

1 know, Director Bass, with a lot of input running
2 scenarios: How can we take all the comments we've had
3 over the last couple of years to benefit the counties,
4 the cities; I truly need this to help and try to
5 incorporate and bring some consistency.

6 If I may I want to say the Legislature
7 approved the State Infrastructure Bank in 1995. In '97
8 a lot of the rules were put in place as we have them
9 right now. What is the State Infrastructure Bank or the
10 SIB? The SIB is a lending tool revolving fund that's
11 administered by TxDOT that we've had the State Highway
12 Funds that have been appropriated or allocated to the
13 SIB to help Cities, Counties, Water Districts borrow
14 money if they need to, say, if they don't have the cash
15 for a match or to purchase right-of-way or move
16 utilities. For example, if their match is \$5 million
17 and they don't want to take it out of reserve, they can
18 borrow from the State Infrastructure Bank at a very low
19 rate and pay it back on terms that they would like.
20 We're not a lender of last resort, but we are a friendly
21 lender. And it is only available to Cities, Counties,
22 and Municipalities and revenue projects.

23 With that, we faced the situation,
24 Chairman, last year where with the applications that
25 were coming in, we were almost -- we were over-

1 subscribed, meaning we had more applications coming in
2 and wants than what we had available funds.

3 Ben, you mentioned this a while ago --
4 and I know that y'all gave me a printout of this -- the
5 total SIB loan -- the funds available in the SIB of
6 475.8 million, that -- the breakdown of loans that are
7 outstanding of that 475 is basically 195 million, which
8 means we have about \$281 million of available cash to be
9 lent. Now, we have some applications that are pending
10 that have not been -- or been some others that haven't
11 been funded yet.

12 Another report, being we're having this
13 discussion, is looking ahead with the implementation as
14 we begin updating the UTP with the full flux in a couple
15 of years of Prop 7 dollars coming in. We need to
16 execute, and we don't want the holdup to be the cities
17 or counties or whatever projects that we have available;
18 we have a tool where we can help them manage their cash
19 flow so we can move these projects along.

20 This is a good program. There are a lot
21 of loans that are in here that have been repaid over the
22 years. Some we them got them paid much quicker. I know
23 of another one that in East Texas 46 million they're
24 issuing bonds in May to pay this off. So this will add
25 some additional funds coming back in.

1 Two things of note in here: I really
2 like the cash reserve because that's going to give the
3 Executive Director the opportunity to execute quickly on
4 the small ones. This is really important for the
5 disadvantaged -- economically disadvantaged counties who
6 may not have the money, period, to where they can still
7 participate in funding that becomes available.

8 One other thing in here that we are
9 looking at, we're kind of breaking down the rules versus
10 guidelines for the ex -- how we're going to operate
11 internally. With the guidelines as it exists today,
12 before this is finally implemented, it is possible for
13 one borrower to have the full amount. It is possible
14 for revenue projects to have a full amount or a
15 combination there of.

16 What is proposed in here for the
17 guidelines is to make one project -- loans that involve
18 project revenues would not exceed in its entirety more
19 than 50 percent of the outstanding balance. So what
20 we're doing, we're bringing the ceiling down from 100
21 percent down to 50 percent.

22 The second item in here is, you know,
23 talked about a return, that no one project would exceed
24 10 percent. We're doing this for diversity and
25 protecting the portfolio, where we don't put all the

1 eggs in one basket, one loan, Commissioner Bugg, much
2 like what we do in the bank. We have legal lending
3 limits.

4 And the 15 percent was picked, I'll say,
5 arbitrarily but with some definition of how a bank would
6 work, capping a legal lending limit. Since these are
7 unique entities, I would like to ask my Fellow
8 Commissioners, I know the limit per borrower, instead of
9 that 15 percent that we consider raising that to 20
10 percent because these are -- they're the cities,
11 counties. Because they have a definite revenue stream,
12 they're pretty safe loans. We have not had any
13 defaults at all. But keep the one project at 10
14 percent, which means they can have two projects of 10
15 that would not exceed 20 percent. That would be the
16 only amendment that I would like to discuss and proposes
17 to the guide -- and that is a guideline for the
18 Executive Director, not the rules that will be put in
19 place.

20 EXEC. DIRECTOR BASS: Correct, so not --

21 CHAIRMAN LEWIS: Okay. Let me just --
22 and I want to be clear. So it's not a motion to amend
23 the staff recommendation. It's a comment to the
24 guidelines, but not the rules.

25 COMMISSIONER AUSTIN: And let me put some

1 numbers -- and I should have done this a second ago.
2 What numbers are we talking about?

3 Well, the 475 million in the total SIB,
4 State Infrastructure Bank. Ten percent is about 47
5 million. So what we're saying is no one project can
6 exceed 10 percent or that 47 million. Now, as the fund
7 grows, that number increase as well.

8 The 15 percent proposed is 71 million,
9 which means we would not have total loans to one entity
10 where they would exceed -- 15 percent is 71 million; my
11 recommendation is for 20 percent, which would be almost
12 95 million, which that would grow as -- and, again, this
13 is based on some of the comments we heard when we had
14 our workshop as well.

15 CHAIRMAN LEWIS: Very good.

16 Vice Chair Moseley.

17 COMMISSIONER MOSELEY: Chairman, thank
18 you.

19 I really just wanted to say how much I
20 appreciate Commissioner Austin working with Ben Asher
21 and with James Bass to come back and bring these
22 recommendations because we clearly needed to look at a
23 fresh approach to this wonderful tool, the State
24 Infrastructure Bank; and if anything, it would be
25 wonderful if we could vigorously look at putting more

1 money into the SIB because I think it's a great tool for
2 communities.

3 And it's almost counterintuitive, but I
4 think the spirit of the SIB is that if a County -- let's
5 say a rural County has maybe not as good of an
6 investment rate credit rating; they're not as finally
7 secure as some of the other counties, this is a tool
8 they could use to advance projects.

9 And so I'm pleased that those guidelines
10 are in place to give all counties, but especially those
11 underserved Counties a chance to use this funding
12 structure.

13 Thank you so much.

14 CHAIRMAN LEWIS: Any other questions or
15 comments?

16 Yes, Commissioner Bugg.

17 COMMISSIONER BUGG: I'd also like to
18 thank Commissioner Austin for working on this.

19 You know, the SIB bank is essentially a
20 bank. And we're both in the banking business, and I was
21 amazed that it didn't have the kind of structure in
22 terms of guidelines that are now being proposed.

23 So, Commissioner Austin, thanks for
24 taking this on.

25 And James and Ben, thank you for doing

1 that.

2 And, Ben, thank you for bringing the
3 guidelines part of this to the attention of the
4 Commission, knowing that that's not part of rulemaking;
5 but it is a very important component of the entire
6 administration.

7 So with that, I'll make a motion to
8 approve this.

9 CHAIRMAN LEWIS: Well, I think I'm going
10 to let Commissioner Austin.

11 COMMISSIONER BUGG: Oh, okay. Okay.
12 (Simultaneous speakers.)

13 CHAIRMAN LEWIS: We'll have the bankers
14 in on this, for sure.

15 And before we take the motion, I want to
16 be sure of what we've got on the motion.

17 Director Asher, here's the question: I
18 don't have the sections in front of me. I want to be
19 sure I've got to sections, that I'm understand what this
20 motion is. First of all, this, of course, is the
21 proposed adoption, not the final. But the proposed
22 adoption would be to repeal Section 6.24 in its
23 entirety; is that correct?

24 MR. ASHER: Correct, Chairman.

25 CHAIRMAN LEWIS: And then, would it be

1 for adopting amendments to 6.31 and 6.32?

2 MR. ASHER: Correct, Chairman.

3 CHAIRMAN LEWIS: So that's going to be
4 the motion. Okay.

5 Then I'm going to recognize
6 Commissioner Austin, do you move that we approve the
7 proposed -- it's a proposal -- that we proposed to
8 repeal Section 6.24 and then we adopt the amendments to
9 6.31 and 6.32 in accordance with staff recommendation
10 for this first adoption?

11 COMMISSIONER AUSTIN: I couldn't have
12 said it better myself. So moved.

13 CHAIRMAN LEWIS: And, Commissioner Bugg,
14 do you second?

15 COMMISSIONER BUGG: I do second.

16 CHAIRMAN LEWIS: Without anything
17 further, we'll proceed to a vote. All in favor of the
18 motion, say aye.

19 (Chorus of "Ayes.")

20 CHAIRMAN LEWIS: Any opposed, no.

21 (No response.)

22 CHAIRMAN LEWIS: Okay. The motion's
23 adopted.

24 Thank you.

25 COMMISSIONER AUSTIN: Mr. Chairman, I'd

1 like to also thank Jeff Graham and his team because
2 there's a lot things, as we're going through and looking
3 at this, what looks like it's a very simple process,
4 it's not.

5 James, you've had a great impact on this.
6 There are a lot of people that need this. And I echo
7 Commissioner Moseley's comment about the need to
8 potentially put more funds in here; and just as one item
9 subject, what would it take to do that? We'd have to
10 move funds, or what kind of commission action might that
11 take?

12 EXEC. DIRECTOR BASS: It would require a
13 Minute Order by the Commission to do so. The last time
14 that was done, by memory, I think, was in 2011.

15 COMMISSIONER AUSTIN: Very good. Thank
16 you.

17 CHAIRMAN LEWIS: If there's no further
18 discussion on that item, then -- well, and again, my
19 thanks as well for all the hard work.

20 We'll proceed on.

21 EXEC. DIRECTOR BASS: Moving on to
22 Item 7 3 B, which considers proposed adoption of
23 amendments to Chapter 7 concerning Rail Safety.
24 Director of Traffic Operations Carol Rawson will
25 present.

1 MS. RAWSON: Good morning. The Minute
2 Order before you proposes changes to our existing rules
3 concerning rail safety. These proposed amendments
4 correct statutory references, update the toll-free
5 number for railroads to use in reporting rail safety
6 incidents, and clarify the application and approval
7 process for waivers of railway clearance provisions,
8 known as clearance deviations.

9 Recent requests indicate that railroads
10 and other impacted entities need clarification of the
11 Department's application and approval process to obtain
12 waivers from clearance provisions for structures over
13 and alongside railway tracks. There are specific
14 clearance distances defined in statute. The vertical
15 clearance over a railroad track is 22 foot, and the
16 width of the area alongside railroad tracks is 8 and a
17 half feet from the center of the track.

18 When rail safety can be maintained, the
19 Commission can waive the clearance provision. Clearance
20 deviation was removed from the General Railroad Safety
21 Administration Review Process due to the Commission
22 involvement.

23 With your approval we will post these
24 proposed amendments to the Texas Register for public
25 comment.

1 Staff recommends approval of this Minute
2 Order.

3 CHAIRMAN LEWIS: Are there any questions
4 of Director Rawson with regard to this matter?

5 COMMISSIONER MOSELEY: Chairman, just a
6 quick comment that Carol's bringing forward her
7 recommendation as a result of the Legislature placing
8 what has been historically at the Railroad Commission
9 the Safety of the Rail. So it's an important new
10 responsibility that our Agency's picked up and thank
11 you, Carol.

12 CHAIRMAN LEWIS: Any other questions or
13 comments with regard to this matter?

14 (No response.)

15 CHAIRMAN LEWIS: If not, Vice
16 Chair Moseley, do you move to approve proposed
17 amendments to Sections 7.31, 7.33, 7.34, and 7.36 in
18 accordance with the staff recommendations?

19 COMMISSIONER MOSELEY: So moved,
20 Chairman.

21 CHAIRMAN LEWIS: And, Commissioner
22 Vandergriff, do you second?

23 COMMISSIONER VANDERGRIFF: Second.

24 CHAIRMAN LEWIS: We have a motion and a
25 second. Any discussion?

1 (No response.)

2 CHAIRMAN LEWIS: If not, we'll proceed to
3 a vote. All in favor of the motion, say aye.

4 (Chorus of "Ayes.")

5 CHAIRMAN LEWIS: Any opposed, no.

6 (No response.)

7 CHAIRMAN LEWIS: Thank you. The motion
8 carries.

9 EXEC. DIRECTOR BASS: Next we have
10 Item 7 B 4 which considers proposed adoption of
11 amendments to Chapter 9 concerning contracting for
12 architectural, engineering, and surveying services.
13 Professional Engineering Procurement Services Director
14 Martin Rodin will present.

15 MR. RODIN: Good morning.

16 This Minute Order proposes revisions to
17 Rule 9.31, 9.32, 9.34 through 9.37, and 941 concerning
18 contracting for architectural engineering and surveying.

19 Effective June 22nd, 2015 the Federal
20 Highway Administration revised 23 CFR 172 relating to
21 procuring and management, administration of engineering,
22 architectural, and surveying contracts.

23 The States were then given twelve months
24 from this effective date to make corresponding revisions
25 to their own rules and procedures.

1 Amendments to 9.31 will add, delete, and
2 modify various definitions in terminology to clarify
3 processes.

4 Section 9.32 will be amended to include
5 multiphase as a third contract type, in addition to
6 specific and deliverable contracts and -- specific
7 deliverable and definite deliverable contracts.

8 Language will also be added to 9.32 B 1 C
9 regarding definite deliverable contracts to clarify that
10 this contract period may not extend beyond five years
11 from the date of execution of the contract.

12 Amendments to Rules 9.34, 9.36, 9.37, and
13 9.41 will update citations and correct references to the
14 PABST division.

15 And, finally, language will be added to
16 9.35 to include a request for a proposal step in the
17 selection procedures for Federal processes.

18 Staff recommends approval of this Minute
19 Order, and I will be glad to answer any questions.

20 CHAIRMAN LEWIS: Commissioners, are there
21 any remarks for --

22 Yes, Commissioner Austin.

23 COMMISSIONER AUSTIN: Martin, thank you
24 for doing this; and I agree with what we're doing. I
25 had a question just to talk about contract management.

1 We have been -- Commissioner Bugg and I
2 and the Audit Committee have been looking at change
3 orders to contracts and I know I looked at a report from
4 January for the overall change orders and it came back
5 to about 2 percent. So I'm really proud -- and I
6 believe it's been reported, looking at some other
7 states, some other states were 4 percent, 5, 6, 7
8 percent. So I'm really proud of what our team is doing
9 in managing all change orders, whether they're required
10 or discretion. That's with the construction side.

11 As we look at engineering, architectural,
12 maintenance, some of the other types of contracts, I
13 know there's different escalation clauses in the various
14 contracts; and there's different overhead rates that are
15 brought forth.

16 With the overhead rates, I believe some
17 of them are mandated by FHWA. I believe some overhead
18 rates -- we have one that may submit -- James, help me
19 here. We have four different regions, kind of, that we
20 have different overhead rates for our contracts. For
21 example, you know, labor may be in Laredo different than
22 what it is in Fort Worth or Amarillo. That's why we
23 have a different overhead rate.

24 One concern that I have, in the spirit of
25 being good stewards of y'all's dollars, your dollars,

1 when we look at these overhead rates, we don't control a
2 lot of what's submitted back in to us with some of these
3 other contracts. Various calculations will be loaded
4 into these that will go up maybe 6 percent, 8 percent.
5 Sometimes that's given to us in a way that we don't
6 control. So, in essence, over a period of even a
7 five-year contract, that contract could end up being
8 150, 60 percent of the original bid. Am I looking at
9 this right?

10 MR. RODIN: Well, for our types of
11 contracts, Commissioner, the overhead rate that we use
12 are by each individual firm. So we're required to use
13 those overhead rates from each firm, and the contract
14 that they're negotiating for has a ceiling on it for
15 that type of work for that period of time. They cannot
16 exceed that ceiling without requesting a supplemental
17 agreement. Supplemental agreements have to go through
18 signature authority and be approved by either myself,
19 Bill Hale, or Executive Director Bass.

20 EXEC. DIRECTOR BASS: And that ceiling
21 amount on the contract includes the overhead. It's
22 included in that ceiling.

23 COMMISSIONER AUSTIN: And that ceiling
24 would be an annual rate of increase. So will you give
25 me a range or some examples of some ceilings, not

1 calling by names, but just some examples of what those
2 ceiling rates would be?

3 MR. RODIN: Absolutely. Having been a
4 consultant prior to coming back to TxDOT for 17 years --

5 COMMISSIONER AUSTIN: You know where I'm
6 going.

7 MR. RODIN: -- rates can vary anywhere
8 from -- one of the firms I was with had an overhead rate
9 of 1.04. And there's firms out there that do materials
10 testing, do geotech, that have overhead rates of 1.8 or
11 even 2.0. So, I mean, the range is broad, depending on
12 how much equipment you have to bring in, how much
13 capital you're going to have to carry, versus if you're
14 providing services.

15 If you're just providing PSE services and
16 things like that, your capital outlay is not in
17 equipment and things like that; but if you're providing
18 survey, geotech, utility investigations, that requires,
19 you know, trucks that are 250,000-dollar utility trucks
20 and survey equipment and things.

21 So the rates vary. Overhead rates vary
22 widely across firms; but they do have to negotiate every
23 contract, saying: We're required by Federal Law to
24 negotiate every contract. So we negotiate a ceiling on
25 that contract and we can include causes for escalation

1 of their rate over a five-years period, but we're still
2 capped at what's agreed on. I mean, those rates are
3 negotiated prior to signing the contract. So we're
4 still capped at the amount we agreed to for each
5 contract.

6 COMMISSIONER AUSTIN: Capped on the
7 overhead rate.

8 MR. RODIN: Well, capped on the rate and
9 capped on the dollar amount on the contract.

10 COMMISSIONER AUSTIN: I know this is a
11 discussion for another time, but I just wanted to get a
12 little clarification as we go forward. I'm good with
13 your recommendation.

14 MR. RODIN: Thank you, Commissioner.

15 CHAIRMAN LEWIS: Any other questions of
16 the Director at this time?

17 (No response.)

18 CHAIRMAN LEWIS: Okay. Then,
19 Commissioner Austin, do you move that we approve the
20 proposed amendments to Sections 9.31, 9.32, 9.34, 9.35,
21 9.37, and 9.41 in accordance with the staff
22 recommendation?

23 COMMISSIONER AUSTIN: So moved.

24 CHAIRMAN LEWIS: And, Commissioner Bugg,
25 do you second?

1 COMMISSIONER BUGG: I second.

2 CHAIRMAN LEWIS: We have a motion and a
3 second. All in favor, please say aye.

4 (Chorus of "Ayes.")

5 CHAIRMAN LEWIS: Any opposed, no.

6 (No response.)

7 CHAIRMAN LEWIS: The motion carries.

8 Thank you.

9 We are at a point where we still have
10 several more items to take up. So why don't we go ahead
11 and say let's have a 15-minute break at this time, and
12 then we'll come back and reconvene in 15 minutes, which
13 will be five minutes after 12:00. Thank you very much.

14 (Off the record from 11:52 a.m. to
15 12:05 p.m.)

16 CHAIRMAN LEWIS: Let's get back on the
17 record. And everyone is present, and I will ask
18 Executive Director Bass to proceed with the next item,
19 which is what, 9 A?

20 EXEC. DIRECTOR BASS: It is 9 A. Having
21 dealt the Item 8 earlier, we will move on to Item 9 A,
22 which the appointment of a director to the Grand Parkway
23 Transportation Corporation. Associate General Counsel
24 Rebecca Bronson will present.

25 MS. BRONSON: Thank you, Director Bass,

1 Chairman, and Commissioners.

2 This Minute Order is to fill a vacancy on
3 the Board of Directors of the Grand Parkway
4 Transportation Corporation known as GPTC.

5 GPTC, a corporation formed by the
6 Commission under Chapter 431 of the Transportation Code
7 is responsible for all matters related to the
8 development, construction, operation, and financing of
9 certain segments of the Grand Parkway, State Highway 99
10 in the Houston area.

11 GPTC is governed by a three-member Board
12 of Directors composed of full-time department employees.
13 The vacancy on the Board was created by the resignation
14 of Mr. Bass upon his becoming Executive Director of the
15 Department.

16 This Minute Order proposes Brian Ragland,
17 the Chief Financial Officer, to fill the vacancy.

18 Staff recommends approval of this Minute
19 Order.

20 CHAIRMAN LEWIS: Any questions at this
21 time for our Associate General Counsel?

22 (No response.)

23 CHAIRMAN LEWIS: If not, then Vice
24 Chair Moseley, to you move to appoint the Director to
25 the Grand Parkway Transportation Corporation in

1 accordance with staff recommendation?

2 COMMISSIONER MOSELEY: Yes, sir.

3 CHAIRMAN LEWIS: And, Commissioner
4 Austin, do you second?

5 COMMISSIONER AUSTIN: I second.

6 CHAIRMAN LEWIS: We have a motion and a
7 second. Any discussion?

8 (No response.)

9 CHAIRMAN LEWIS: If not, we'll proceed to
10 a vote. All in favor, say aye.

11 (Chorus of "Ayes.")

12 CHAIRMAN LEWIS: Any opposed, no.

13 (No response.)

14 CHAIRMAN LEWIS: The motion's adopted.

15 EXEC. DIRECTOR BASS: Please continue
16 with 9 B.

17 MS. BRONSON: Item 9 B is to fill a
18 vacancy on the Texas Private Activity Bond Surface
19 Transportation Corporation, known as the PABST
20 Corporation.

21 The PABST Corporation was created by the
22 Commission to issue private activity bonds, forming par
23 of the plan to finance for Department projects delivered
24 under a comprehensive development agreement.

25 Again, Brian Ragland is proposed to fill

1 the vacancy on PABST Corporation three-member Board of
2 Directors, resulting from the withdrawal of Mr. Bass
3 upon his becoming Executive Director of the Department.

4 Staff recommends approval of this Minute
5 Order.

6 CHAIRMAN LEWIS: Any questions?

7 COMMISSIONER AUSTIN: I have one
8 question. You're talking about PABST in general. You
9 know, we're about to reach, as a nation, the limit on
10 the number of PABST -- the amount that can be issued.
11 There's a 15-billion-dollar limit, and we're -- with all
12 projects that are in the hopper or applied for from
13 various states, we're almost about to hit this cap.
14 This was not included in the reauthorization.

15 My question is for you or Director Bass.
16 If, for some reason, that cap is not increased for an
17 additional PABST to be issued, do we still have a need
18 for this corporation; or is this corporation in
19 existence as long as we have PABST outstanding on any
20 projects?

21 MS. BRONSON: PABST corporation needs to
22 remain outstanding. It will have bonds issued, and
23 there could be changes in the future with any of those
24 bonds in the future as well. So it would be a good idea
25 to keep the PABST corporation in existence as long as

1 there are bonds carrying its name.

2 COMMISSIONER AUSTIN: And I agree with
3 everything you're saying. We were not here when this
4 was established, so it's just a little history. Thank
5 you.

6 CHAIRMAN LEWIS: Any other questions of
7 the General Counsel's Office?

8 (No response.)

9 CHAIRMAN LEWIS: If not, Commissioner
10 Vandergriff, do you move to appoint the new director to
11 the Texas Private Activity Bond Surface Transportation
12 Corporation in accordance with staff recommendation?

13 COMMISSIONER VANDERGRIFF: So moved,
14 Chairman.

15 CHAIRMAN LEWIS: And, Commissioner Bugg,
16 do you second?

17 COMMISSIONER BUGG: Second.

18 CHAIRMAN LEWIS: We have motion and a
19 second. Any further discussion?

20 (No response.)

21 CHAIRMAN LEWIS: If not, we'll proceed to
22 a vote. All in favor, say aye.

23 (Chorus of "Ayes.")

24 CHAIRMAN LEWIS: Any opposed, no

25 (No response.)

1 CHAIRMAN LEWIS: Thank you.

2 EXEC. DIRECTOR BASS: We now move on to
3 Item 10 A, which consists of the awarding of maintenance
4 in department building construction contracts. Director
5 of Construction Tracy Cain will present.

6 DIRECTOR CAIN: Good afternoon.

7 This first item is for the consideration
8 of award and rejection of the maintenance contracts that
9 were let in the March 3rd and 4th, 2016 state letting.
10 They represent a total of 18 projects. We received 73
11 bids, giving us an average of a little over four bids
12 per project. The low bid value was \$27 million and a
13 little bit, and we had an overall overrun of 14.25
14 percent.

15 The staff recommends award of all of
16 these maintenance projects, and I'd be happy to answer
17 any questions.

18 COMMISSIONER AUSTIN: One question:
19 Commissioner Bugg and I had a discussion on this -- you
20 were there -- yesterday in the Audit Committee Meeting,
21 looking at contracts. And with a lot of these
22 maintenance contracts, these are built in, for the most
23 part, where we have the ability to extend them if we
24 need to up to year. How do most of these, in general --

25 DIRECTOR CAIN: Well, sometimes, like the

1 mowing contract, that we used as an example yesterday, a
2 mowing contract would be maybe for one year; but it
3 would have the option to extend for another additional
4 year. That doesn't apply to all of these, but some of
5 them have that built in.

6 COMMISSIONER AUSTIN: And the benefit to
7 the Department is that we don't have to take time,
8 motion labor and RFP. We'd lock in our costs.

9 DIRECTOR CAIN: Yes, sir.

10 COMMISSIONER AUSTIN: Thank you.

11 CHAIRMAN LEWIS: Any other questions of
12 Director Cain at this time?

13 (No response.)

14 CHAIRMAN LEWIS: If not, Commissioner
15 Austin, do you move to award the highway maintenance and
16 these department building construction contracts as
17 listed in Exhibit A of the Minute Order in accordance
18 with staff recommendation?

19 COMMISSIONER AUSTIN: So moved.

20 CHAIRMAN LEWIS: And, Commissioner Bugg,
21 do you second?

22 COMMISSIONER BUGG: Second.

23 CHAIRMAN LEWIS: We have a motion and a
24 second. All in favor, say aye.

25 (Chorus of "Ayes.")

1 CHAIRMAN LEWIS: Any opposed, no
2 (No response.)

3 CHAIRMAN LEWIS: Motion carries

4 EXEC. DIRECTOR BASS: Please continue
5 with Item 10 B.

6 DIRECTOR CAIN: This item is for your
7 consideration of the award or rejection of highway
8 construction projects that were also let on March 3rd
9 and March 4th in the State letting. They represent 51
10 projects. We received a total of 235 bids, giving us an
11 average number of bidders of 4.61 bids per project. The
12 low bid value was 148,400,000. We had an overall
13 overrun of 8.2 percent.

14 Staff recommends award of all of these
15 construction projects, and I will be happy to answer any
16 questions.

17 CHAIRMAN LEWIS: Are there any questions
18 of Director Cain on this matter?

19 (No response.)

20 CHAIRMAN LEWIS: If not, Commissioner
21 Bugg, do you move that we award the Highway and
22 Transportation Enhancement Building Construction
23 contracts listed in Exhibit A of the Minute Order in
24 accordance with staff recommendation?

25 COMMISSIONER BUGG: So moved.

1 CHAIRMAN LEWIS: And, Commissioner
2 Vandergriff, do you second?

3 COMMISSIONER VANDERGRIFF: Second.

4 CHAIRMAN LEWIS: We have a motion and a
5 second. If there's no discussion, we'll proceed to a
6 vote. All in favor say aye.

7 (Chorus of "Ayes.")

8 CHAIRMAN LEWIS: Any opposed, no

9 (No response.)

10 CHAIRMAN LEWIS: The motion carries

11 EXEC. DIRECTOR BASS: Brings us to
12 Item 11, the eminent domain proceedings. Director of
13 Right of Way Gus Cannon will present.

14 MR. CANNON: Good morning again.

15 For your consideration, I'm presenting
16 Item 11 which authorizes the filing of condemnation
17 proceedings necessary to progress the acquisition of 80
18 parcels by exercising eminent domain; 48 of the parcels
19 are not controlled, and 32 are controlled.

20 Staff recommends your approval of Minute
21 Order.

22 CHAIRMAN LEWIS: Are there any questions
23 of Director Cannon at this time?

24 (No response.)

25 CHAIRMAN LEWIS: If not, then I'll ask

1 Commissioner Bugg if you have a motion to present to the
2 body.

3 COMMISSIONER BUGG: Yes, Mr. Chairman.

4 I move that the Texas Transportation
5 Commission authorize the Texas Department of
6 Transportation to use the power of eminent domain to
7 acquire the properties described in the Minute Order set
8 forth in the agenda for the current month for
9 construction, reconstruction, maintenance, widening,
10 straightening or extending the highway facilities listed
11 in the Minute Order as a part of the State Highway
12 System and that the first record vote applies to all
13 units of property to be condemned.

14 CHAIRMAN LEWIS: Commissioner Bugg has
15 moved to authorize the condemnation. Vice
16 Chair Moseley, do you second the motion?

17 COMMISSIONER MOSELEY: Second.

18 CHAIRMAN LEWIS: We have a motion and a
19 second. Any discussion?

20 (No response.)

21 CHAIRMAN LEWIS: If there's no
22 discussion, we'll proceed to a vote. All in favor, say
23 aye.

24 (Chorus of "Ayes.")

25 CHAIRMAN LEWIS: Any opposed, no

1 (No response.)

2 CHAIRMAN LEWIS: The motion carries.

3 DIRECTOR CANNON: Thank you.

4 EXEC. DIRECTOR BASS: Item 12 contains
5 the Routine Minute Orders, including donations to the
6 department, real estate dispositions, reports,
7 transportation planning, highway designations, access
8 control, and speed zones. Staff recommends your
9 approval.

10 CHAIRMAN LEWIS: Thank you.

11 Commissioners, are there any questions
12 concerning the Routine Minute Orders?

13 (No response.)

14 CHAIRMAN LEWIS: If not, Commissioner
15 Vandergriff, do you move that we approve the Routine
16 Minute Orders in accordance with staff recommendation?

17 COMMISSIONER VANDERGRIFF: I move.

18 CHAIRMAN LEWIS: And, Commissioner Bugg,
19 do you second?

20 COMMISSIONER BUGG: Second.

21 CHAIRMAN LEWIS: We have a motion and a
22 second to approve the Routine Minute Orders. If there's
23 no further discussion, we'll proceed to a vote.

24 (No response.)

25 CHAIRMAN LEWIS: All in favor, say aye.

1 (Chorus of "Ayes.")

2 CHAIRMAN LEWIS: Any opposed, no

3 (No response.)

4 CHAIRMAN LEWIS: The motion carries.

5 We do have an Executive Session item that
6 we need to go into Executive Session. However, we also
7 have four open comment cards; and in consideration of
8 those folks who have come here and stayed with us, if
9 there's no objection, we're going to proceed to allow
10 them to make a statement at this time.

11 COMMISSIONER MOSELEY: No objection.

12 CHAIRMAN LEWIS: There being no
13 objection, we're going to proceed on then and take this
14 out of order. We'll take the open comments first and
15 then go into Executive Session.

16 We have an open comment card -- the first
17 one we have -- and I want to mention this, also, just to
18 reiterate: Whatever the statement is is fine. It's
19 considered not an agenda item, and the Commissioners
20 cannot respond or give any information or feedback, by
21 law.

22 So the first one we have is Norma
23 Saldana.

24 Ms. Saldana, if you will, please come
25 forward. After stating your name and who you're here

1 representing, if it's other than yourself, then please
2 give us the benefit of your thoughts. And I'll let you
3 know when your three minutes have expired.

4 MS. SALDANA: Okay. Thank you.

5 Good morning, Commissioners. I come
6 before you on behalf of Hidalgo County, one of the
7 poorest counties in the nation and, in fact, as a
8 property owner, as well as the wife of a hundred-percent
9 disabled vet who served his country for over 30 years.

10 The proposed State Highway 68 project is
11 an issue that is of extreme importance to myself and my
12 neighbors and countless others. We were first notified
13 of the project in 2014 at a TxDOT meeting. We have met
14 numerous times with TxDOT Pharr District reps, our RGB
15 delegation, and we have educated ourselves on this
16 project.

17 Since my last testimony to the Commission
18 I stand before you pleading for your leadership
19 regarding the ethics of this project as Commissioner
20 Underwood requested.

21 On March 2016 TxDOT conducted an open-
22 style meeting. We had requested a public hearing, which
23 we didn't get. While they introduced other options, it
24 is our understanding that the original 2014 proposed
25 route is favored above all others. And we also met with

1 TxDOT reps at the meeting; and they indicated that there
2 was not a toll road, while in 2014 TxDOT's website
3 indicated six-lane toll roads, which I have provided
4 copies and and also maps which are incorrect as
5 Highway 493 runs parallel to State Highway 68. And you
6 should have them in front of you.

7 We continually feel misled regarding the
8 specifics of this project. We demand accountability and
9 transparency; and, yet, we find ourselves in the same
10 position since 2014. Along with my testimony, I have
11 provided a four-year accounting on the Donna
12 International Bridge, which has an estimated
13 25-million-dollar loss in the last four years.

14 State Rep Mando Martinez promotes that
15 this is where we need to start the project. Why, when
16 the bridge can't even sustain itself? I have also
17 provided a four-year study that indicates that this is
18 not a financially viable option.

19 Sixty percent of commercial vehicles with
20 Mexican plates will ride free and 80 percent of
21 personally Mexican plated vehicles will ride free on the
22 taxpayers of Texas.

23 I understand the complexity of government
24 and have the utmost respect for your leadership.
25 However, I feel that I have to stand before you because

1 our local leadership has failed us. And your TxDOT
2 engineer, Toribio Garza, Jr., went so far as going to
3 one of our impacted property owners -- so he's a
4 business owner -- and told him he didn't need to come
5 today, that the decision would be made locally and that
6 the Commissioners really have no say-so.

7 We feel that we are being intimidated in
8 vocalizing our concerns and have come here and for us,
9 as you know, is a sacrifice. I look forward to working
10 with you in stopping any future funding on State
11 Project 68 until we get answers.

12 I am also handing a sealed envelope to
13 the Honorable Chairman that as form Commissioner Joseph
14 Palaco, out of the County of Hidalgo, with his concerns
15 and his recommendations, along with maps of where we can
16 better use the state money.

17 In closing, I would like the record to
18 reflect that I am opposed to any and all further
19 appropriations to a toll road misguided at TxDOT as a
20 highway expansion project in Hidalgo County, also known
21 as State Highway 68. I ask for your leadership and
22 integrity on such, a bad public policy that will impact
23 the lives of Texas property owners.

24 Thank you.

25 CHAIRMAN LEWIS: Thank you, ma'am.

1 Phil Rivera.

2 After stating your name, you may give
3 your comments, sir.

4 MR. RIVERA: Good afternoon.

5 My name is Philip Rivera, and I'm
6 president of Rivera's Machinery, a farm equipment
7 business located on Interstate 2 in Donna, Texas.

8 The reason for my appearing before you
9 today is in regards to the State Highway 68 project that
10 is being proposed for Hidalgo County. Our company is a
11 family-run entity, started by my father in 1975, passed
12 down to my brother and myself; and now is into a third
13 generation. Having been in business all these years and
14 having seen so many businesses rise and fall, it makes
15 you appreciate so many things, things like the freedoms
16 and liberties we have and hold so dear in this country
17 and state.

18 Among those rights, we the right to
19 succeed or fail, the right to work as hard as we wish to
20 and to reap the benefits and rewards of our labors. It
21 is in defense of these principles and ideals for which I
22 stand here today.

23 I first appeared before the Commission in
24 November 2014 to staff to the revelation of the proposed
25 project and the alarming reality that the path was to go

1 right through our business property. Since the route
2 that would severely impact our business is among those
3 still under consideration, I must assume it will be the
4 selected route and plan accordingly.

5 I've also had numerous discussions with
6 our local TxDOT office and Toribio Garza as well as
7 talks with our local RMA and other business owners and
8 property owners along this proposed route that will
9 likely be affected.

10 While I'm sure no one relishes the idea
11 of having their home, land, or business taken due to a
12 highway project, I believe something is being lost in
13 these discussions. Not to minimize the loss of any
14 individual's home or land; but frankly, a home or open
15 land are some of the easiest things to replace in our
16 society today.

17 Replacing and valuing a business,
18 however, is much more difficult since oftentimes a
19 business is very dependent upon its location, clientele,
20 and facilities, but especially in our case have built up
21 over the course of decades.

22 Having been in the farm equipment
23 business now for 41 years and gone through many of the
24 trials and tribulations that can put you out of
25 business, we fully realize that our location is a huge

1 part of our success. This is something not easily
2 recreated or duplicated and is the reason why we cannot
3 give up our location. Losing all even part of our
4 property would, in my estimation, mean the end of our
5 third-generation business. It just costs too much, and
6 the struggle is so difficult to even contemplate.

7 Having said all this, I don't want it to
8 sound as if we don't only flexibility or are offering
9 only problems without solutions. We have proposed
10 numerous compromises and ideas at both the local office
11 as well as this office that I believe are very viable
12 alternatives that will allow us to keep our business.
13 Chief among them are adjusting the path of this roadway
14 slightly to east of us through open land that is for
15 sale, with a property owner who is anxious to sell
16 because this situation leaves him in a total state of
17 limbo, unable to sell or to build, because of the
18 uncertainty involved.

19 CHAIRMAN LEWIS: Pardon me. If you will,
20 sum up your remarks.

21 MR. RIVERA: All of my ideas and analyses
22 have been previously submitted, and will be including
23 them in these comments.

24 In conclusion, we have one simple request
25 of the Commission here today; that is this, that all

1 efforts be made, that all steps be taken, and that all
2 possibilities be considered to save our business and
3 allow us to continue operating. For us, our business,
4 and our employees, survival is literally our goal. In a
5 state where we are fortunate enough to have an
6 environment that realizes the importance of a strong and
7 viable business, anything less than this is in conflict
8 with those high ideals.

9 Thank you Commission Member,
10 Mr. Chairman, and Mr. Executive Director for your time
11 today and the opportunity to speak.

12 CHAIRMAN LEWIS: Thank you, sir.

13 Amy Nobles.

14 After stating your name, give us the
15 benefit of your remarks.

16 MRS. AMY NOBLES: My name is Amy Nobles.
17 Good afternoon, Commissioners and Director Bass.

18 Thank you again for listening to our
19 concerns regarding the 249 Toll Road and specifically
20 our County Road 307.

21 I am here today to highlight our concerns
22 about the route selection process and to update you on
23 an important development in the area. Since you last
24 met, the property owned NOV, National Oilwell Varco,
25 adjacent to properties being considered for the route

1 placement has been listed for sale. This property was
2 used as criteria in many of our conversations with TxDOT
3 as a neutral landowner, and we were told routes were
4 relocated from the original 2014 preferred route to
5 access this property quickly since they were not a
6 stakeholder in opposition to the road.

7 Their property is up here, and then they
8 own the property on the other side of County Road 306.
9 As you can see on the map, the property where all routes
10 converge is the NOV property, all this (indicating.) I
11 would highlight that all routes closest to the black
12 route, which was preferred by the majority of
13 stakeholders, utilizes the most property owned by NOV.

14 It would, therefore, make sense that
15 TxDOT set as a priority in this area with such
16 controversy the greatest use of NOV land. This, again,
17 would point you to the black route, which is in the
18 center here (indicating.)

19 It appears the political support for toll
20 roads is changing in our state with the election of
21 Governor Abbot who ran in opposition to the use of toll
22 roads, with the November vote on Proposition 7; and
23 votes from the people to use tax dollars, not take-home
24 dollars, to fund their roads. And with the discussions
25 held this week with TxDOT by the House Transportation

1 Committee to review Austin's tollways, freeways, and
2 discuss how often the toll road structure does not fund
3 itself. For example, your original planning report
4 detailed how the Grimes County portion of the 249 Toll
5 Road will never carry the capacity needed to pay for
6 itself. It would require income from the other portions
7 of 249 to be feasible. It's the great example of a toll
8 project that should be considered as no go and could be
9 a win for TxDOT with the voters.

10 You have the funds needed to widen 1774.
11 The drawings to widen 1774 were done several years ago,
12 so you aren't starting from scratch. TxDOT recently
13 purchased land at the intersection of 1774 and
14 Highway 105. Grimes County will get the improved free
15 road they need, and TxDOT will have been able to find a
16 non-tolled solution to a rural county traffic need. In
17 our house, we like to call that a lay-up, an easy
18 bucket.

19 We come to speak here each month. Next
20 month it will be a year of Thursdays, not because we're
21 necessarily curious about TxDOT affairs in general, but
22 we are here month after month because we are passionate
23 about this particular tract of land, its legacy, and our
24 confidence in your ability to look at the facts when
25 making a decision about the state corridors or to decide

1 even if the road is needed at all. Please make the
2 right decision to either not build the toll and expand
3 1774 and 105 or choose the route that favored by the
4 majority of stakeholders, the black route.

5 Thanks.

6 CHAIRMAN LEWIS: Thank you.

7 And we have Sandra Nobles.

8 After stating your name, give us the
9 benefit of your remarks.

10 MRS. SANDRA NOBLES: Good morning,
11 Commissioners. My name is Sandra Nobles; and I'm here
12 again representing myself and my husband, Robert, who
13 was not able to be here today due to illness.

14 We are asking for your support in the
15 black route for the 249 Toll Road that will affect
16 property owners on County Road 307 in Grimes County.
17 If you recall, the black route was the preferred route
18 of all but one adamantly opposed property owner on
19 County Road 307.

20 This route gets to property owned by
21 National Oilwell Varco the quickest and least
22 detrimental to permanent residents on County Road 307,
23 which was a goal of the Bryan District. And as Amy told
24 you, NOV has just been put up for sale, the property on
25 County Road 307, 306, and FM 1748.

1 The blue and green routes will be
2 devastating to our property as well as our adjoined
3 neighbors, the Eversolls and the Schillings. Those
4 routes will split properties, come across lakes and
5 cemeteries, create noise from traffic, and destroy the
6 beautiful views of country living. It will take away
7 from our hay production and cattle production.

8 Just this past weekend our children and
9 grandchildren spent the weekend with us. The kids were
10 able to ride their four-wheelers through the woods and
11 across the creeks, seeing deer, rabbits, squirrels, and
12 birds. They enjoyed the carefree atmosphere of our
13 country homestead.

14 We wish to preserve this type of country
15 living for them in years to come. Please help us
16 accomplish that goal by selecting the black route. We
17 hope that a decision will be made soon so that we and
18 our neighbors can continue on with plans to build barns,
19 additional homes, and utilize the pastureland.

20 Thank you for your time and consideration
21 of the black route.

22 I also have a note here from Robert, and
23 I'd just like to submit it to save some time.

24 Thank you very much.

25 CHAIRMAN LEWIS: Thank you.

1 That completes all of the open comment
2 cards which we have.

3 So all of the agenda items except for the
4 Executive Session have been completed.

5 We will at this time go into Executive
6 Session as provided by Government Code Section 551.071
7 and .074.

8 For the record the time is 12:29 p.m.
9 (Off the record from 12:29 to 1:17 p.m.)
10 (Commission in Executive Session.)

11 CHAIRMAN LEWIS: Let's get back into
12 session.

13 We have had the Executive Session. Now
14 that's been concluded. The meeting of the Texas
15 Transportation Commission is reconvened. The time at
16 present is 1:17 p.m. All the items have been completed.

17 Is there any other business to come
18 before the Commission?

19 (No response.)

20 CHAIRMAN LEWIS: There being none,
21 Commissioner Austin, do you make a motion that we
22 adjourn?

23 COMMISSIONER AUSTIN: I so move.

24 CHAIRMAN LEWIS: Vice Chair Moseley, do
25 you second that motion?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSIONER MOSELEY: Second.

CHAIRMAN LEWIS: All in favor of the motion, say aye.

(Chorus of "Ayes.")

CHAIRMAN LEWIS: Any opposed, no.

(No response.)

CHAIRMAN LEWIS: The motion carries.

We're in adjournment, and the time is

1:18 p.m.

(Proceedings adjourned at 1:18 p.m.)

C E R T I F I C A T E

I, Debbie D. Cunningham, CSR, Certified
Shorthand Reporter, in and for the State of Texas do
hereby certify that the foregoing pages 1 through 166
constitutes a full, true, and accurate transcript of
stenographic notes taken by me at the time of the
proceedings.

IN WITNESS WHEREOF, I have this date
subscribed my name.

Dated: April 13, 2016.



Debbie D. Cunningham, CSR

Texas CSR No. 2065

Expiration: 12/31/2016

VERITEXT LEGAL SOLUTIONS

Firm Registration No. 571

300 Throckmorton Street, Suite 1600

Fort Worth, Texas 76102

Phone: 817-336-3042