

TRANSCRIPT OF
TEXAS DEPARTMENT OF TRANSPORTATION
PUBLIC TRANSPORTATION ADVISORY COMMITTEE
PUBLIC MEETING
TUESDAY, MAY 26, 2020
10:00 A.M.
VIRTUAL MEETING VIA WEBEX EVENTS

TRANSCRIBED BY: Angelica Mathews

TRANSCRIPTION DATE: June 8, 2020

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APPEARANCES

COMMITTEE MEMBERS PARTICIPATING VIRTUALLY:

- John McBeth, Chair
- Jim Cline, Vice Chair
- Marc Whyte
- J. R. Salazar
- Ken Fickes

TxDOT PARTICIPATING VIRTUALLY:

- Eric Gleason, PTN Director
- Josh Ribakove, PTN Communications Mgr.

ALSO PARTICIPATING VIRTUALLY:

- Michael Walk, Texas A&M Transportation
Institute

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MEETING AGENDA

ITEM

- 1 Call to Order.
- 2 Guidance on virtual meeting participation.
- 3 Approval of minutes from April 28, 2020
meeting. (Action)
- 4 Presentation and discussion on projected 2020
US Census funding impacts to public
transportation for Texas transit providers.
(Action)
- 5 Public Comment - Public comment will only be
accepted during the meeting. Link and
details are below. The meeting transcript
will be posted on the internet following the
meeting.
- 9 Propose and discuss agenda items for next
meeting; confirm date of next meeting.
(Action)
- 10 Adjourn. (Action)

1 PROCEEDINGS

2 JOHN MCBETH: Well, it being 10 o'clock we
3 will start our special virtual meeting and I will begin
4 by reminding everybody that since this is over the
5 phone if you're going to speak, please introduce
6 yourself so we all know who is talking. And somebody
7 just logged in. Okey dokey. The meeting is -- I'll
8 call the meeting to order and welcome everybody.

9 Josh, could you do a roll call of committee
10 members?

11 JOSH RIBAKOVE: Well sure I could. I know
12 John McBeth, our Chair is here. Jim Cline, you with
13 us?

14 JIM CLINE: Here.

15 JOSH RIBAKOVE: Alright. Ken Fickes?

16 KEN FICKES: Here.

17 JOSH RIBAKOVE: Very good. Marc Whyte?

18 MARC WHYTE: Here.

19 JOSH RIBAKOVE: J.R. Salazar?

20 J.R. SALAZAR: Here.

21 JOSH RIBAKOVE: And Derek, pardon me,
22 Dietrich Von Biedenfeld? Not yet. But we do have a
23 quorum.

24 JOHN MCBETH: Okay. We have a quorum and the
25 -- we will start with a briefing from Josh on our

1 protocols for this virtual special meeting. Josh, take
2 it home.

3 JOSH RIBAKOVE: Hi everybody. This is Josh
4 from TxDOT. I just wanted to let you know a little
5 guidance on participating in this virtual meeting.
6 Most important thing, please do mute your phone except
7 when you intend to speak. That will give us all better
8 audio quality. Please do not put the meeting on a
9 hold. That will allow us all to listen to your hold
10 music. Public comments can be made by the chat feature
11 of our meeting today. If you want to make a public
12 comment about any of the agenda items, simply send a
13 chat message to the host. Include your name, your
14 email address and if you represent an organization,
15 what that organization is. If you are -- if your
16 comment is about an item that we are covering in
17 today's meeting, it will be read at the meeting. If
18 it's not about one of our agenda items today, then it
19 will be transmitted to the Committee once the meeting
20 is over.

21 And again, please do mute your phone except
22 for when you are going to speak. Thanks.

23 JOHN MCBETH: Okay. Josh, thank you very
24 much. Our next Item, Item Number 3, will be approval
25 of the minutes from April 28, 2020. However as

1 (indiscernible) I'm going to request that we table this
2 Agenda Item due to minutes are not currently available
3 due to some technical issues. So, unless there is an
4 objection, we will table this particular item until our
5 next regular meeting.

6 And that brings us to the heart of the
7 matter, the reason we're having this meeting Item
8 Number 4, presentation and discussion on projected 2020
9 US Census funding impacts to public transportation for
10 Texas transit providers. This is an action item and we
11 will be taking action because Mr. Gleason is going to
12 need a recommendation from this group to carry to the
13 Commission as they need it for the Legislative
14 Appropriations Request. So, with that I'll introduce
15 Eric and Eric you can introduce Michael.

16 JOSH RIBAKOVE: This is Josh. I apologize
17 for interrupting but John, I think for meeting protocol
18 we need a motion and a second to table the minutes from
19 the previous meeting.

20 JOHN MCBETH: Oh, okay. Can I have a motion
21 from Jim and a second from Ken?

22 JIM CLINE: This is Jim, so moved for
23 approval of tabling the (inaudible).

24 KEN FICKES: Ken. I second the motion.

25 JOHN MCBETH: We have a motion and a second,

1 all those in favor signify by saying aye.

2 (Aye spoken in unison.)

3 JOHN MCBETH: I hear no nays. So we will
4 table the minutes and then back to Item Number 4,
5 presentation and discussion on the projected 2020 US
6 census funding impacts to public transportation for
7 Texas transit providers. Mr. Gleason, if you would
8 take this item.

9 ERIC GLEASON: Alright, thank you John.

10 JOHN MCBETH: You're welcome.

11 ERIC GLEASON: This is Eric Gleason with
12 TxDOT. Real quickly, Michael is going to walk with me
13 through the details of this discussion but just to set
14 the context for everyone. So, we've been talking about
15 Census impacts for a little while now and TGI has done
16 some (indiscernible) work to put some dollar amount
17 impacts amounts together for the anticipated changes.

18 We're going to focus today -- now, obviously
19 there are Census impacts on both federal and state
20 funding. Our focus today is going to be on state
21 funding impacts so that we can get through the
22 conversation at this meeting today and end up with --
23 should a Committee reach a consensus on a position,
24 looking for a recommendation to the Department with
25 respect to the 2022/2023 Legislative Appropriations

1 Request any funding recommendations to mitigate the
2 impacts of the census.

3 So, I'll let Michael walk through the
4 presentation. I think we would welcome questions along
5 the way. And I'll stay pretty quiet throughout to save
6 my comments for after Michael gets through the whole
7 presentation. So Michael, why don't you take us
8 through that.

9 MICHAEL WALK: Okay. Thank you, Eric. I
10 just want to confirm this is Michael Walk with Texas
11 A&M Transportation Institute and can y'all hear me
12 okay?

13 (All say yes in unison.)

14 MICHAEL WALK: Alright. Great. Thank you.
15 So as Eric introduced, we're here to talk about, you
16 know, focus on the state funding impacts of the
17 upcoming Census and to look for, you know, potential
18 funding strategies to address those anticipated
19 impacts.

20 Really the impacts boil down to a couple of
21 key changes that results from the upcoming Census
22 result. You know, the first key change that has an
23 impact on state funds is the designation of urbanized
24 areas and whether those urbanized areas that are
25 currently urbanized, you know, change category, you

1 know, from small urban to large urban for instance. Or
2 when currently non-urbanized areas become urbanized and
3 also from the expansion of urbanized boundaries. So,
4 if an urbanized area's boundary is going to expand and
5 an increase population and other factors that get
6 channeled toward the urbanized area and then decrease
7 the population (indiscernible) and land area that's
8 available for the rural area. So those changes to
9 urbanized areas are really key impact and we'll see how
10 that influences the results.

11 A second type of impact that we'll see is
12 changes to rural transit districts and what share the
13 overall rural population each one has. As a rural
14 transit districts population, you know, share across
15 the state increases then there's associated funding
16 decrease holding all other things constant.

17 And now if you look at these two main
18 impacts, the urbanized area designation and boundary
19 changes as well as the changes to rural transit
20 district population shares, we see anywhere from \$1.2
21 million of annual impact to \$3.3 million in state
22 funding. It just depends on how you want to try to
23 mitigate that impact. And so, we're gonna show you a
24 few options today after we go through the impacts
25 themselves.

1 So, this slide here with the state of Texas
2 on it is showing you the first category of change. We
3 talked about urbanized area categorization changes and
4 if you focus your attention on the upper right hand
5 part of the map, we are projecting the Census 2020 will
6 result in a category change where Amarillo, McKinney
7 and College Station-Bryan, all three of those will go
8 from being a small urbanized area to a large urbanized
9 area. That means their population will go to over
10 200,000 people. And so that's like the category change
11 will have implications on state funding.

12 In the lower left-hand corner there's two
13 locations, Eagle Pass and Rio Grande, that we
14 anticipate will go from being currently a non-urbanized
15 rural areas to actually becoming small urban areas
16 based on the census results. So, these two places will
17 be new small urban areas as a result of the Census.

18 A second type of change that affects rural
19 transit districts mostly is the change in population.
20 This map of Texas with the greens, and yellows, blues
21 and oranges, shows you the projected rural area
22 population changes as a result of Census 2020. And the
23 blue areas are -- and green, actually showing the
24 decreases or the cooling in population if you would,
25 and the yellow areas and orange are sort of the growth.

1 The warmth areas.

2 So, you can see that throughout the state,
3 you know, not every area is growing at the same pace.
4 Some are losing population from Census 2020. Others
5 are gaining population. And if you look at the rural
6 areas, the rural counties that were down by Rio Grande
7 and Eagle Pass you'll see those have the most
8 significant population loss and that's because those
9 new small urbanized areas are now in those boundaries
10 and so they'll actually take population away from the
11 rural part of the funding formula for those areas.

12 So those are the main impacts, those
13 urbanized area categorization changes and the
14 population changes in rural areas. And those will have
15 implications for every individual transit district in
16 the state. And before we get into talking about how to
17 mitigate those funding impacts, we wanted to set the
18 stage to discuss two different ways to really to
19 approach a funding solution. One is to focus on long
20 term investment called sort of the growth approach.
21 Which would recommend a change that's permanent in
22 funding. A permanent adjustment to funding. And this
23 would adjust -- the long-term investment would adjust
24 the overall amount available, right? Every -- and I'm
25 sure you all pretty well understand the way the funding

1 formula works but, you know, the basics -- the basic
2 metaphor is, you know, the piece of pie or pick your
3 pie, and the more people the pie is fixed. And as more
4 people come into certain categories like new large
5 urbanized areas, you know, the supply hasn't grown and
6 so know there's -- everybody's gonna get a smaller
7 slice. And so, by the way, just to address is to a
8 long-term investments perhaps and add more funding to
9 create a bigger pie that's available for everybody.

10 Another approach to dealing with the funding
11 impact is by short-term investment. Perhaps limited
12 duration funding just a few years the amount of money
13 that would be available there and to help offset the
14 needs of individual transit districts and giving them
15 time to adjust to a new funding level but not actually
16 changing the amount of overall funding available.

17 So, there's two different ways. You'll see
18 in every scenario we're gonna show you, you'll see us
19 give you a number of either for a long-term investment,
20 a short-term investment. And so, we'll start with
21 Scenario 1 as one of three different scenarios. And
22 this is really just the baseline scenario. It's called
23 the No Changes Scenario. So, if you want to know what
24 the true impact of the Census is on allocations of
25 state funds, here's what the number looks like. To run

1 these numbers, you know, we input the new Census data.
2 Ran the new Census data and existing transit
3 information and ran it through the funding formula for
4 state funds. And if you add up the transit districts
5 that would have a loss in funding from FY20, you will
6 see that the rural transit districts, the sum up there,
7 the losses in that category, they would be \$416,000. A
8 loss in the large urban category, almost \$2.2 million
9 of loss in that category. Again, that's because we
10 have three new large transit districts -- large urban
11 transit districts all of a sudden in that category
12 without changing a slice of the pie. And so, the
13 overall mitigation here would be \$2.6 million, that
14 would be the cost of the Census impacts on individual
15 transit districts. So that gives you the baseline to
16 work from.

17 Another scenario -- so then the question is
18 if we -- rather than the No Changes scenario, how do
19 you correct or adjust for those impacts? And Scenario
20 2 is one approach. And it was Scenario 2 we're
21 proposing to maintain the per capita funding investment
22 across the state. Obviously, Texas is growing so if
23 you increased the amount of funding in the state fund
24 formula to accommodate that growth in population, what
25 would that look like? This table just summarizes that

1 for you. Where if you look in the -- from Census 2020
2 data, you know, the population of the Texas transit
3 districts are 10.2 million and the funding level was 34
4 million per year. Now this data excludes the Fort
5 Worth/DFW area transit districts since they are funding
6 it (indiscernible). Which gives you an average across
7 the three categories of rural, small urban and large
8 urban of \$3.09 and that's really the number of trying
9 to focus on. Obviously the population in 2020 is
10 projected to increase by a total of about 1.4 million
11 people across the transit districts -- of the state
12 funded transit district and so if you turn that into a
13 dollar value using \$3.09 on average across all the
14 categories, you concede to \$3.3 million. So, in this
15 mitigation strategy we would actually add \$3.3 million
16 to the state funding formula on an annual basis to
17 create a permanent change in the amount of funds
18 available.

19 Now if you take that additional \$3.3 million
20 and put it into the funding formula and then allocate
21 that money out to individual transit districts, rural,
22 small urban and large urban, some districts would still
23 see a loss because, you know, that additional money
24 still has to be allocated around using the formula and
25 if you have a population loss in your individual

1 transit district you might still see a loss in funding
2 even though the pie is bigger. And so some districts
3 do. And you can see here after we take that additional
4 \$3.3 million, put it into the funding formula and
5 allocate it to everyone, you see there's still a little
6 bit of loss on the rural side of about \$73,000 total
7 and on the large urban side about \$400,000, about
8 \$393,000 for around half a million dollars total of
9 district level losses compared to FY2020. So in this
10 Scenario 2 you're looking at changing the overall
11 funding investment, making a long-term investment of
12 \$3.3 million a year that keeps your per capita funding
13 constant with still also having potentially a short-
14 term investment of \$467,000 for the first few years to
15 help transit districts still adjust to the impacts of
16 the Census.

17 And the -- Scenario 3 is really the last --
18 sorry, the last Scenario we're gonna talk about today
19 and this one is changing the allocations available
20 inside each category. In particular we're trying to
21 address the three new large urbans. If you remember
22 Amarillo, College Station-Bryan and McKinney are
23 projected to become large urban transit districts post
24 Census. So one way to adjust the funding available to
25 large urban transit districts is just to if we package

1 up the money that they were allocated in FY2020 to
2 (indiscernible) district and move it from the small
3 urban category to the large urban category and then
4 allocate the funds there. So in this case we'd be
5 shifting the total of about \$2.2 million, which is
6 those three urban transit districts combined, taking
7 that \$2.2 million from the small urban category and
8 shifting it to the large urban category and then
9 allocating the results out and seeing what happens.
10 So, this doesn't involve an initial long-term
11 investment, it's literally just transferring funds from
12 small urban to large urban.

13 So, once you take that shift of funds from
14 the small urban category to the large urban category,
15 run the allocation formula and see what comes out,
16 there's still come losses, right. So, on the rural
17 side it's back to our original number because we didn't
18 do anything to adjust rural funding yet. So, there's a
19 417,000 approximately in rural loss and on the small
20 urban and large urban side you have about \$436,000 and
21 \$331,000 of individual transit district losses. So
22 you'd still need, if you transfer those funds from
23 small urban to large urban to reflect the shift of the
24 three new large urban transit districts, you would
25 still need about \$1.2 million to offset those initial

1 district losses and help transit districts adjust to
2 the new funding levels available.

3 So just to summarize those three scenarios,
4 we want to put together this table. You know, Scenario
5 1 was when we do no real change at all. This is just
6 the impact of the Census itself. And that requires,
7 you know, an actual, you know, it sets us back, right,
8 by \$2.17 million. And for a long-term investment to
9 funding and as well as we have the short-term
10 investment of \$417,000. On the per capita option, that
11 was Scenario 2 that would require the \$3.3 million and
12 a long-term investment actually changing the amount of
13 funding available. We still have a little bit of a
14 loss on the short-term side. And then on Scenario 3 is
15 when we shift the funds from the three small urban
16 transit districts that are now becoming large urban, we
17 just shifted their funds over but there's still a
18 short-term investment needed of about \$1.2 million.

19 So, I know that was a lot of information. I
20 want to stop there and see if there's any questions and
21 then I'll turn it over to y'all for discussion. So,
22 any questions about the analysis or what the numbers
23 represent?

24 JIM CLINE: Michael, this is Jim Cline. One
25 of the questions I had was you showed the deficits but

1 if we're keeping the same amount of money, does that --
2 are there increases that go with some of those deficits
3 as well? In other words, when you show deficits
4 (indiscernible) went large that meant the small went up
5 by that same amount?

6 MICHAEL WALK: That's correct Jim. So when
7 we're looking at tables, for instance going back to the
8 Scenario 1, right, which is when we don't do anything,
9 this is just Census impacts, you know, there's some
10 transit districts -- basically this is mostly the rural
11 districts that now have urbanized areas in them, you
12 know, they would lose approximately \$416, you know,
13 977. But there's every other transit district -- rural
14 transit district is gaining some money. Same thing for
15 the small urban here. We don't show any losses because
16 everybody in the small urban category would actually
17 gain funds under doing the do the nothing scenario.
18 Does that answer your question, Jim?

19 JIM CLINE: Yeah, it does. That's where I
20 was trying to measure (indiscernible) and who wins in
21 (indiscernible) in the discussion. I say wins and
22 lose, I mean just the pluses and the minuses.

23 MICHAEL WALK: Yeah.

24 JIM CLINE: This is Jim Cline. My thought
25 process was, well that goes in the discussion so I'll

1 (indiscernible) ask a question.

2 MICHAEL WALK: Other questions?

3 JOHN MCBETH: Michael, this is John McBeth.
4 I'd like to express my appreciation for the work you
5 guys did on this and also for allowing us to postpone
6 this to just a meeting all on the phone because this is
7 really important thing. Your scenarios -- our history
8 in Texas has been that when we have Census impacts we
9 make up those impacts for those systems that were going
10 to lose money so that they do not so that we're moving
11 forward and not backward. I particularly like your
12 Scenario Number 2, which is to maintain the per capita
13 because I think anything other than increasing the per
14 capita is going backwards and I don't think this is the
15 time for us to be going backwards. I really like to
16 maintaining the per capita of \$3.09 per person and just
17 biting the bullet and I'm always in favor of long-term
18 investments not short-term investments because short-
19 term investments mean that people have short memories.
20 Particularly the people I deal with in the legislature
21 so I know 3.3 million is a lot of money in the current
22 environment but I think that's the Scenario I would
23 feel comfortable with. And I'm not just looking at it
24 from the point of view of Bryan-College Station because
25 we would profit the most out of that. I'm looking at

1 it from the point of view of the entire state and
2 maintaining our historical precedent of always
3 correcting for Census impacts and moving forward. I
4 don't want to go backwards. It took too long to get
5 where we are now so that's just -- that's my two cents
6 worth and I'll be happy to listen to anybody else
7 that's -- if they have any other scenarios. I think we
8 could look at Scenario Number 3 as a fallback position
9 in the event that we can't get Scenario number 2 but I
10 really do feel like we need to go forward if we're
11 gonna be progressive here.

12 JIM CLINE: Hey Michael, can you help me
13 remember something on the applicability of funds, the
14 use of the funds because my recollection was that when
15 it moved to the -- when you transfer from -- when you
16 move from small to large you cannot use that money for
17 operating anymore. And I may be incorrect on that.
18 Could you help me with that? Kind of (inaudible).

19 MICHAEL WALK: Jim, that's just the federal
20 side.

21 ERIC GLEASON: Hey Jim -- yeah, that -- this
22 is Eric. That's just on the federal side. The state
23 funds, we use large urban on the state side. Those are
24 areas on the state that formed urban transit districts
25 when they were under 200,000 in population and now have

1 progressed beyond the 200,000 threshold and under the
2 statute because they have done that, they either remain
3 an urban transit district, which would -- in which case
4 they continue to qualify for state funding. Or they
5 can choose to form a transportation authority and
6 potentially levy a sales tax. But until they do that -
7 - until they do that, they remain an urban transit
8 district and (indiscernible) for state funds. So, in
9 the state funding discussion, large urban
10 (indiscernible) those systems like Lubbock, Killeen and
11 Brownsville and Conroe Woodland and a few more, I just
12 (indiscernible) at the moment.

13 JIM CLINE: Okay, I was incorrect then
14 thinking it was -- I was thinking federal.

15 ERIC GLEASON: Yeah. That's where it does
16 get confusing where you begin to mix federal into the
17 state conversation, it does get confusing.

18 JIM CLINE: Uh Michael --

19 J.R. SALAZAR: (Inaudible) --

20 JIM CLINE: -- Oh, okay. I'll hold my
21 thought. Go ahead.

22 J.R. SALAZAR: Sorry, Jim. This is J.R. I
23 had a question on when you talk about moving the money
24 from the small rural to the larger rural, maybe you and
25 Eric can talk me through that. Because I didn't think

1 we had that flexibility to do (inaudible).

2 ERIC GLEASON: So, J.R., moving from small
3 urban to large urban, what the legislature does -- all
4 the legislature does is adopt a biennium total, single
5 numbers for rural small urban and large urban. Texas
6 Administrative Code is where that number gets broken
7 down into the specific allocations that we use. So, in
8 this instance it would take a rule change but right now
9 we have a mount that are hard wired into the tack on
10 the allocations to each of the three categories. So we
11 can go in and through rule making the Commission can
12 change those amounts and so if we were to -- if the
13 decision and the result were to mean that the amount
14 associated with Amarillo, Bryan-College Station and
15 McKinney, if it were to -- if the idea were to move
16 that to the large urban then we would need to do a rule
17 change to make that happen.

18 J.R. SALAZAR: Okay. Can I ask another
19 question -- may I ask another question, John?

20 JOHN MCBETH: Sure.

21 J.R. SALAZAR: I had a couple of things, one
22 is I'm trying to think of, you know, making sure that
23 we got a couple of things going on here with Census
24 (indiscernible) with the drops in sales taxes are
25 happening. But I think one of the (indiscernible)

1 involvement in the per capita allocation and how we do
2 that but from the general public's perspective I think
3 the biggest is thing how can we retain the operating,
4 you know, the funding for these folks so that they can
5 continue to provide service? That's probably the
6 number one thing that I would say would be really
7 important is at the end of the day, whatever scenario
8 we choose or recommend, are we doing a good job at
9 maintaining services? Particularly in the more
10 (indiscernible) environment and how that -- how that
11 comes to.

12 And then Eric, I think at the, you know, we
13 had a lot of discussion last time about the some of the
14 federal piece that would come into this with the
15 special funding under the CARE Acts stuff, it would be
16 interesting to see how it would all fit together to see
17 the total package. So, it's not today's but I think
18 again that would be important so that's -- those are
19 two items to -- for consideration. Thank you.

20 ERIC GLEASON: Okay. So, if I can, a little
21 context for the Committee. Throughout this
22 presentation that Michael did, we talked about long-
23 term investment amounts and short-term investment
24 amounts and early on up front we distinguished in --
25 from a strategic stand point given the current economic

1 environment, you know, we won't have a forecast until
2 July sometime, which is when the Comptroller has
3 indicated they'll come out with their first forecast
4 attempting to reflect anticipated impacts of the
5 economic (indiscernible). We are suggesting throughout
6 this presentation that any amount associated with a
7 long-term investment or an overall addition for growth
8 in the program which would be permanent increasing the
9 pie -- size of the pie as Michael described it, but
10 that strategically would be requested as an exceptional
11 item request. Now recall exceptional item requests
12 being that these are funds outside of department
13 forecast revenue, i.e. in this instance they would come
14 from somewhere else. And, you know, even that seems
15 particularly problematic in this environment with the
16 Governor already calling for reductions in general
17 revenue budgets across state agencies. But
18 nevertheless, it seems as though program growth is
19 strategically perhaps an exceptional item request. And
20 anything labeled as short-term, which means it's just
21 designed to provide a little additional funding for a
22 set period of time, say three years following the
23 Census where individual agencies can adjust their
24 services and budget to adapt to the new amount of money
25 that they're gonna receive on an (indiscernible) basis.

1 It's kind of bridge funding if you will. And the
2 notion would be then that after 2 years that those
3 funds would be removed from the equation and agencies
4 will have adjusted.

5 Now in this -- when we talk about the short-
6 term investments, these funds would be held outside of
7 these (indiscernible) --

8 TOM LOGAN: (Indiscernible) --

9 ERIC GLEASON: May I ask someone make sure
10 they're muting their phone.

11 TOM LOGAN: (Indiscernible).

12 JIM CLINE: I think that's Tom Logan.

13 TOM LOGAN: (Indiscernible).

14 ERIC GLEASON: Someone's having a
15 conversation that we're all hearing.

16 JIM CLINE: Eric, I think it's Tom Logan.

17 ERIC GLEASON: I think so too.

18 JOSH RIBAKOVE: I muted Tom Logan.

19 JIM CLINE: Okay. Thank you.

20 ERIC GLEASON: Sounded like Tom to me as
21 well. Okay. Short-term investments would go away at
22 the end of three years and so -- I lost my train of
23 thought. But anyways, and those are thought of as
24 part of a baseline request from the department which
25 means that the department would be asked to include

1 this amount, the Commission would be asked to include
2 the short-term investment amount in the baseline
3 appropriation request that the department submits to
4 the L(indiscernible). Meaning it would be funded from
5 forecasted department revenues. No additional -- we're
6 not growing the pie. We wouldn't go in and modify
7 (indiscernible) as we would with a long-term investment
8 increase. We would just simply apply these for a short
9 period of time in addition to formula allocation.
10 Individual agencies would receive some amount of
11 additional (indiscernible) funding to keep them, if you
12 will, whole. Kind of a do no harm strategy, where they
13 wouldn't see a change in their state funding until
14 three years following the Census which would have given
15 them enough time to adapt their service and program
16 strategies.

17 So that's kind of how we've broken it down.
18 Any sort of long-term growth, this is just a
19 recommendation from us, the Committee could choose to
20 recommend to the Commission that the 3.3 million be a
21 part of the baseline request. They could recommend
22 that. You could recommend that. We're suggesting
23 strategic -- any long-term growth be addressed
24 exceptional item. Any short-term investment be
25 addressed in the baseline increase. That make sense.

1 JOHN MCBETH: Yep. This is John again. I'm
2 still partial to Scenario Number 2. I think it's the
3 best public policy stance. I know it's exceptional,
4 but I think we can sell it because when we created the
5 large urban area set aside in the last session, we did
6 that with absolutely no objections from anybody at all.
7 And I think we can go forward and make the case that,
8 okay we're back and we have these three areas that have
9 now joined and we need to increase the size of the pie
10 for them so that we do not take money from the already
11 long established small urban pot which has got two new
12 members coming into it and move it so that there's a
13 smaller piece of pie there. So, I'm partial Scenario
14 Number 2 and I'd be happy to entertain anybody that
15 would like to go some other direction but I've heard no
16 other person (indiscernible) on this so I would
17 entertain a motion that we adopt Scenario Number 2 and
18 recommend to Department that they carry that forward to
19 the Commission as an exceptional item so that we
20 maintain the per capita investment we've been making in
21 Texas going forward.

22 ERIC GLEASON: John, this is Eric.

23 JOHN MCBETH: Uh-huh.

24 ERIC GLEASON: You had earlier -- you had
25 earlier in your previous comments mentioned Scenario 2

1 -- 3, I'm sorry, Scenario 3 as a backup.

2 JOHN MCBETH: I think that's a good fall --
3 I'm a great believer in suspenders and belts to put it
4 in a vernacular but yeah, I think that's a good backup.
5 And I think we can include -- I don't know if I want to
6 include that in our recommendation. I just want to
7 keep it as a hold card that we would use as a backup.
8 I don't like anybody getting hurt. It's been too hard
9 to establish the funding stuff that we currently have.
10 But I think Scenario Number 2, TTI's done a good job
11 recommending that to us because that historically is
12 what we have done. We've gone after more money, it's
13 easy to justify. I think from a legislative point of
14 view we can go in and work with all of our delegation
15 statewide to get that increased funding. So I don't
16 think it's -- I think it's gonna be a hard task but I
17 don't think it's impossible task based upon our success
18 at creating this new large funding pool the last
19 legislative session without any objections whatsoever.

20 MARC WHYTE: Guys, this is Marc. I'll just
21 say that I'm not sure I know exactly what the right
22 answer is here, but I am a little weary of that
23 increase spending. It's a lot of money and -- and I
24 don't know. During times like this I'm not sure if
25 spending that here is the right way to go. So I'm just

1 sort of still mulling this over in my head but I wanted
2 to just throw that out that that's where my head is
3 right now.

4 J.R. SALAZAR: This is J.R. I just have a
5 couple comments or questions. Michael, can you go back
6 to the details on Scenario 2 for me?

7 MICHAEL WALK: (Indiscernible) just slide,
8 J.R.?

9 J.R. SALAZAR: Yes, sir.

10 MICHAEL WALK: Okay. Do you have question I
11 could answer for you or?

12 J.R. SALAZAR: No.

13 MICHAEL WALK: Okay.

14 J.R. SALAZAR: It's just my comments. I
15 agree with John. I like Scenario -- or Option Number
16 2. Anything that can help the majority of the group
17 and maintain that for a long-term period, I think is a
18 better -- a better method than a short-term investment
19 at this time. That's just my quick comments. I prefer
20 Option 2.

21 JOHN MCBETH: Are there any other comments?

22 JIM CLINE: Yeah, John, just a couple quick
23 (indiscernible) -- one thing that I'm trying to
24 (indiscernible) in my head and -- is which one of these
25 scenarios on it -- and I know that Michael when you

1 start running the numbers through the formula it can
2 have some quirky things can happen but with this, which
3 is -- which of these scenarios keeps the funding as
4 close to 2020 as it is? And it sounds like if we go
5 with Scenario 2 -- well there's really two questions.
6 One is, which one keeps us in the 2021/'22 biennium --
7 (indiscernible) biennium and is it close to what is
8 now? And then the other part is, if we do this
9 Scenario 2 does the 3.3 drop off in three years? And I
10 was a little bit confused by that on what Eric had
11 said. Is it what -- which one of these categories is
12 the 3 -- just drops off after 3 years? Because that's
13 --

14 ERIC GLEASON: Jim, this --

15 JIM CLINE: -- another cliff a little bit
16 further down the road.

17 ERIC GLEASON: Jim, this is Eric. So,
18 anything through long-term investment is intended to
19 mean a permanent increase in funding. It does not drop
20 off. Anything listed under short-term would drop off.
21 Okay? So, the 3.3 in this case would be a permanent --
22 it would take our annual state funding total from about
23 \$35 million across all categories to \$38.3 million.
24 Permanently. As permanently as anything can be.

25 JIM CLINE: And Eric, I -- the other part is

1 what do you think the -- you know, where are you in for
2 increase, which I think is end of the day, some
3 increase is a good idea for sure. But what is the, you
4 know, when we start kind of reading the tea leaves and
5 seeing what could this be if we -- if instead of it --
6 you know, instead of an opportunity for an increase
7 we're actually faced with decrease and thought about
8 how that would end up working. I don't know what the
9 likelihood of that is, I mean, certainly the economics
10 are not in our favor right now. I wasn't sure what
11 that would be in terms of discussion from your side of
12 it. But maybe if you have any insight in what that
13 possibility is.

14 ERIC GLEASON: So, I have no insight
15 specifically on what that possibility could look like.
16 The position that we're in, at least I would say for
17 the '22 and '23 fiscal years, for those two years is we
18 are holding back an amount of CARES Act funding
19 specifically in it (indiscernible) of a situation for
20 those two years where because of the economic downturn
21 you might see a decrease in appropriated levels at
22 state (indiscernible) transportation grant program
23 funding. Okay. Now, I don't have any detail about
24 whether and if so, how much that might be. But our
25 intention is to hold back on a significant portion of

1 CARES Act funding. Which we can use to fill that gap
2 until we know that that is. And so that's the strategy
3 we have and that's the opportunity we have in the near
4 term with CARES Act funding to where it crosses over
5 possibly into this conversation. You know, to fill
6 that gap independent perhaps of Census impacts. That
7 make sense.

8 JOHN MCBETH: Yeah. Yeah, it does.

9 JIM CLINE: I think it makes sense. I just
10 wanted to make sure -- I think the connection between
11 these two is important.

12 ERIC GLEASON: Now I -- now I do need to be
13 clear on one very significant (indiscernible), it is
14 the CARES Act money that the department has is rural
15 program funding.

16 So, whoever is typing on their keyboard -- if
17 you put your phone on mute, I'd really appreciate it.

18 The -- we have rural program funding so we
19 could plug any gap in state rural grant funds. Now
20 we've made it clear, we've made it known to the urban
21 transit districts in the state that as they pursue
22 their grant applications with FTA for the CARES Act
23 money that they got directly, they need to be thinking
24 about this and our advice to them, a very strong
25 recommendation to them is that they not allocate all of

1 their CARES Act funding and one time. That they set
2 aside an amount in anticipation of a gap in state funds
3 because that's the money they have. We don't, TxDOT,
4 we don't have any say over what urban transit districts
5 recipient of 5307 funding do with their CARES Act
6 money. They're gonna have to do this on their own as
7 an individual direct recipient. So, we have money to
8 plug whatever gap that might on the rural side of state
9 funding. But urban transit districts individually are
10 gonna have to make sure they're carrying a balance as
11 well if they want to close a potential gap in their
12 state funding.

13 So that's where I think we're at risk as a
14 state and, you know, is that sort of situation where an
15 individual districts are gonna have to make sure that
16 they (indiscernible) do that to a certain extent. And
17 I'm not in a position to tell them how much that should
18 be a time, you know. That's what we have.

19 JOHN MCBETH: Okay, are they any other
20 comments? Hearing none, there's two people that are
21 for Scenario 2. I will entertain a motion that we make
22 the recommendation to go with Scenario 2. Do I have a
23 motion?

24 KEN FICKES: This is Ken. I motion we
25 approve it.

1 J.R. SALAZAR: This is J.R. I --

2 JOHN MCBETH: I got a motion from Ken and I
3 need a second.

4 J.R. SALAZAR: This is J.R. I'll second that
5 motion.

6 JOHN MCBETH: I have a motion and second. Is
7 there any discussion? Hearing none, I will call to
8 question all of those in favor signify by saying aye.

9 (Aye spoken in unison.)

10 JOHN MCBETH: All those oppose by saying no.
11 Hearing no no's, the motion carries and that will be
12 the recommendation that we -- that PTAC make to Eric
13 and Eric makes to the Commission. Okay.

14 ERIC GLEASON: Okay. We will do that. I do
15 appreciation everyone's time today. And we will
16 include this recommendation in a letter to the
17 Commission to be signed by John and we'll have a draft
18 for that out, John, to you for you to see later this
19 week.

20 JOHN MCBETH: Okay. Super.

21 UNKNOWN MALE: Does the Committee -- okay.
22 We're good. That's good.

23 JOHN MCBETH: Okay. That moves us to Item
24 Number 5. Josh, do we have any public comments that
25 have come in during this phone conversation?

1 JOSH RIBAKOVE: We do have one public
2 comment. This is comment, he says his name is Harrison
3 Humphrey's working with Air Alliance Houston as a
4 Transportation Policy Advocate. The comment: public
5 transportation agencies across the state will be facing
6 huge budget short falls due to the pandemic. Is there
7 any additional flexibility beyond what is currently
8 available in state funding to help transit agency's in
9 either operating cost or capital improvement? And
10 second question, does the Commission have rulemaking
11 authority to diversify our SHF constitutionally
12 dedicated funds (indiscernible)?

13 JOHN MCBETH: Both good questions. Eric? I
14 know the -- I know the answer -- I know the answer on
15 the constitutional question because I've asked it
16 myself and I know that answer.

17 ERIC GLEASON: That is answer is no.

18 JOHN MCBETH: Absolutely a big fat one too.

19 ERIC GLEASON: Yeah, there is no -- no flux
20 to there. The answer to are there -- if I understood
21 the other question, it was, I think I can paraphrase
22 it. So, on the federal side we've got some flexibility
23 with CARES Act funding to help systems get through this
24 next future. Are there similar funds available on the
25 state side or any flexibility? And I am not aware of

1 any at this point is the answer I have for that. So,
2 I'm not aware of any additional funding available to
3 deal specifically with this situation.

4 JOHN MCBETH: Okay. There are no further
5 questions, Josh?

6 JOSH RIBAKOVE: That was the only question we
7 received today.

8 JOHN MCBETH: Okay. That moves us to Item
9 Number 6, propose a discuss agenda items for the next
10 meeting and confirm the date.

11 JOSH RIBAKOVE: This is Josh, once again our
12 date traditionally would be the last Tuesday in July,
13 that is July 28th.

14 JOHN MCBETH: Does anybody have a problem
15 with that date? Hearing none we will adopt that date
16 of the next meeting. And hopefully that meeting will
17 be in Austin. Not a virtual meeting.

18 ERIC GLEASON: We'll see.

19 JOHN MCBETH: We'll see. Yes, we will see.

20 ERIC GLEASON: Maybe we'll have a Legos pool
21 party.

22 JOHN MCBETH: Yeah, sounds like a lot of fun.
23 Item Number 7, adjourn. Do I have a motion to adjourn
24 from Jim?

25 JIM CLINE: So moved.

1 JOHN MCBETH: And do I have a second from
2 Ken?

3 KEN FICKES: I second (inaudible).

4 JOHN MCBETH: Okay, we have a motion and a
5 second. All those in favor signify by saying aye.

6 (Aye spoken in unison.)

7 JOHN MCBETH: Being all ayes and no nay's, we
8 are adjourned. Thanks everybody for the virtual
9 meeting and your patience and hope to see you on the
10 28th of July in person. Thank y'all. Bye.

11 (END OF PROCEEDINGS.)

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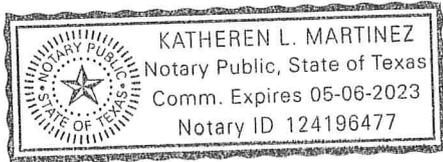
1 THE STATE OF TEXAS)

2 COUNTY OF TRAVIS)

3 Before me, Katheren Martinez, on this day
4 personally appeared Angelica Mathews, known to me to be
5 the person whose name is subscribed to the foregoing
6 instrument and acknowledged to me that they executed the
7 same for the purposes and consideration therein
8 expressed.

9 Given under my hand and seal of office this.
10 9th day of June, 2020.

Katheren Martinez



11 NOTARY PUBLIC IN AND FOR
12 THE STATE OF TEXAS
13 COMMISSION EXPIRES: 5/6/2023

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