

TEXAS DEPARTMENT OF TRANSPORTATION COMMISSION MEETING

Mabee University Center
Howard Payne University
1000 Fisk Street
Brownwood, Texas 76801

Thursday, July 28, 2005

COMMISSION MEMBERS:

RIC WILLIAMSON, CHAIRMAN
JOHN W. JOHNSON
HOPE ANDRADE
TED HOUGHTON, JR.

STAFF:

STEVEN E. SIMMONS, Deputy Executive Director
RICHARD MONROE, General Counsel
ROGER A. POLSON, Executive Assistant to Deputy Executive Director

PROCEEDINGS

MR. WILLIAMSON: Good morning.

AUDIENCE: Good morning.

MR. WILLIAMSON: This is Brownwood. Let's try it again. Good morning.

AUDIENCE: Good morning.

MR. WILLIAMSON: Thank you. It is -- Richard, do you have a clock?

MR. MONROE: 9:11.

MR. WILLIAMSON: I will go by the lawyer's clock. Is 9:11 okay with you?

UNIDENTIFIED SPEAKER: Yes, sir.

MR. WILLIAMSON: It is 9:11 a.m., and it is a great pleasure that I have the opportunity to call the July 2005 meeting of the Texas Transportation Commission to order in the Heart of Texas and at the north end of the Hill Country, Brownwood, Texas.

Please note for the record that public notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 1:07 p.m. on July the 20th.

For the past several years, the Commission has gone on the road to different districts in the state, three or four times a year. We do this to permit ourselves the opportunity to meet with the community leaders in each corner of the state and understand exactly what the transportation needs are in our state from a perspective of those that we serve.

This marks the first time ever the Commission has held its meeting here in Brownwood. For 88 years, we have somehow found a way to meet elsewhere, and today we break that tradition.

We have received a great welcome since arriving here yesterday. At a reception held at the restored train depot yesterday, we were reminded of the importance transportation plays in the development of every city and town and urban center in the State of Texas. While we were at the depot, we all had a chance to see the newly unveiled statue memorializing that great American, Groner Pitts. I can tell you, you cannot have been in the transportation world or the legislative world or state government in the last, I guess, 40

years, without having been exposed to the -- the bubbly, effervescent, always positive and always-got-a-good-thing-to-say Groner Pitts. We are reminded that the State grows because of men and women like Groner who step forward and offer of themselves the best that there is to offer.

We are also happy to be in the home town or, I guess, adopted home town of that great football coach, Gordon Wood. Anyone who has grown up in Texas or spent any time around Texas football knows of the impact of Gordon Wood on the high school football community across our state.

I would also like to take this opportunity to recognize Dr. Lanny Hall who is president here at Howard Payne University and thank him for providing the meeting for this facility -- the facility for this meeting, and also to note that Lanny and I have a common bond in that we both have been through the grist mill in Austin as legislators. We were talking with a friend of ours at breakfast earlier, and the friend observed, and we agreed, that we wouldn't give anything for the years we had down there and we wouldn't take anything to go back.

Also, I want to express my appreciation to Bert Massey and Brown County Judge Ray West for showing us such a good time in our brief stay here.

Before we begin the meeting today, it is our habit to take just a second and ask everyone, everyone, to reach in their pockets and purses, pull out their telephones, their personal devices, their Dewberries, everything else that they carry -- you carry to communicate with, and do us the courtesy of putting your device on silent mode. There is nothing more disruptive to a meeting than have a phone go off while somebody is trying to make a point. Or, if you are former colleague, Robert Nichols, you just say, "I don't carry one of those things, and I don't have to worry about it." Thank you very much.

It's our custom to open our meeting with comments from each Commission member, and this morning we will begin with Mr. Houghton. Ted, the floor is yours.

MR. HOUGHTON: Good morning. I was not the benefactor of being with you all last night at the events, and I apologize for that, but pressing needs at my house took precedence over that. But I am so glad to be in another part of the State of Texas. This has been the fun part of this job, to see this great state, and I got to see

some of it coming in, and I'm going to see a little bit more going out.

But, good morning, and welcome to y'all who have traveled to be with us today.

MS. ANDRADE: Good morning. Mayor, once again, thank you for the hospitality. Lynn, thank you for the great evening. This visit has certainly been a memorable one, and you have made us feel very special.

Thank you to all of those that have traveled to Brownwood to attend this meeting. I know that I've got some friends here from Mission, Texas. Mayor Salinas, thank you so much for being here, and I look forward to taking care of business this morning in Brownwood. Thank y'all.

MR. JOHNSON: Unfortunately when you bat third, you see a lot of the same pitches, and I'm going to probably repeat some of what my colleagues have said.

First of all, thanks to the community and to the TxDot District for all of the efforts that they have made to make this, indeed, a special, and as the Chair pointed out, a historic occasion that we have now met in all 25 districts.

The hospitality of what I call West Texas, I think, is unsurpassed, even by all of the other parts of this great state, which makes it extremely incredible. One observation I have is that it feels strange just having four members up here. I had a family commitment last month when Robert Nichols resigned to run for the State Senate, so I missed that. I just wanted to put in the record what a great privilege and honor it was to serve with Robert. He was a warrior for State transportation, and I'm certain that should he be elected, he will likewise be a warrior for all of the other aspects that the State Senate has to deal with.

Lastly, on a purely personal note, I want to say that I'm deeply appreciative for all of the good wishes that people have extended to me, both last night and this morning.

MR. WILLIAMSON: Thank you, members. I'll just say again I appreciate the hospitality, Mayor.

Lynn, your crew did a great job in making us feel welcome here, and I can promise you it will not be 88 years before we show back up in

Brownwood, Texas.

If you are going to address the Commission today, I need for you to complete a speaker's card, and you can find it on the table, find the cards on the table to your left out in the lobby. If you are going to comment on an item on our agenda, an official item on the agenda, I need for you to fill out a yellow card, the yellow card. If you are going to comment in the open comment period about just whatever it is that is on your mind, which is okay, I need for you to fill out the blue card. And, regardless of the card that you fill out, we would appreciate it if you would try to limit your remarks to three minutes, unless you are an elected official or a former member of the Legislature, in which case we will be as patient as you want us to be.

Our first item of business is the approval of the minutes from the June 30th meeting. Members of the meeting, minutes are in your briefing materials. Do I have a motion?

MS. ANDRADE: So moved.

MR. JOHNSON: I wasn't in attendance, but I guess I will second it.

MR. WILLIAMSON: Oh. Richard?

MR. JOHNSON: Here's Ted.

MR. WILLIAMSON: We will back up. Members, you have in your packet a copy of the minutes of the last meeting. Our first order of business is to approve those minutes, if they are approvable. Do I have a motion?

MR. HOUGHTON: So moved.

MS. ANDRADE: Are we doing the same one?

MR. WILLIAMSON: We are doing it again.

MS. ANDRADE: Oh, I moved it first.

MR. HOUGHTON: Second.

MR. WILLIAMSON: The motion was seconded. All those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

Whenever we go out of town, we like to give the local community and the department district office a few minutes to bring us up to date on what is happening transportation-wise in the area. And to open the report I would like to ask our district engineer, a great American, Lynn Passmore, to begin the presentation. Lynn.

MR. PASSMORE: Okay. Thank you, Commission. Good morning, Chairman Williamson, Commissioner Houghton, Commissioner Andrade, Commissioner Johnson.

For the record, my name is Lynn Passmore, District Engineer for the Brownwood District, Texas Department of Transportation. On behalf of the Brownwood District employees and the nine counties that the Brownwood District serves, we are glad you're here. We are honored you are here. We hope you do come back soon, any manner you want to. We are at your disposal.

At this time, I would like to recognize a couple of groups, just no particular names; but to let you know that we do have good attendance from some groups there. First, I would like for the Brownwood District employees and any retirees to stand up. There is a group back yonder. Thank you.

It's a great opportunity to see -- for them to see the Commission and Government in action. So, everyone in the district was invited, a good many took me up. I am pleased with that.

Also, there are a few people from other communities besides Brownwood. So, I guess I would like for all -- first, let the ones outside Brownwood stand up. I know Comanche is here, maybe Brady. Darwin, stand up. And Brady. There is a few that are here, not just Brownwood. All right.

Brownwood, if you would stand up now and show your attendance. Thank you.

So, we did drum up a little bit of attendance for you. We are pleased they are here. You have met many of them already.

So, next I would like to introduce Dr. Lanny Hall, Dr. Hall is a -- has a long, distinguished career in academics across Texas from the high school level to the president of the university level. As Chairman Williamson has already stated, he did serve in the Texas House from 1979 to 1984. Presently he is the President of Howard Payne University here, which is the host of this meeting. I would like for Dr. Hall to welcome you first.

DR. HALL: Thank you very much, Lynn, Mr. Chairman, members. We are delighted to have you on our campus at Howard Payne University. It's quite an honor for us to assist in hosting of this. We -- I will resist the temptation to give you a full commercial about Howard Payne University, but suffice it to say, the institution has been around since 1889. We have 1,319 students. That was our enrollment last year. That is 1,100 here and a couple hundred at off-campus programs at Harlingen, Corpus Christi, Weatherford, El Paso and in Midland. So, we are -- our plan calls us to build the program to 1,500 a year and 500 at off-campus locations. We have a 40 million dollar endowment moving towards 75 to 100 million over the next five to eight years. In fact, Mr. Chairman, when you reverently asked people to reach into their pockets, as a Baptist, I got excited, thinking we were about to take up an offering.

I did -- our institution is fourth in the Western Region in US News and World Report Best Colleges for Best Value, and among all of the other things that we are proud of, we are proud to have contributed to Arnold Oliver's education. He played football here before he moved down to the University of Texas, and now he serves on our Board of Trustees, and we are delighted to have him.

As has been mentioned, I did log in a few years, five years, on the Transportation Committee in the Texas House of Representatives, served as a vice chairman and floor leader on the transportation budget, had a lot of great memories working with Mr. DeBerry, Mr. Goode, Sam Waldrop, Chair of the Commission, and other folks like Marc Yancey, and I have always found this agency to be top notch, and I know under your leadership, it continues to be top notch today.

We want to say thank you to you for what you have done for our area, and I would like to say thank you for what you have done specifically in our -- on the borders of our campus with the Carnegie Street extension, working with the City of Brownwood. That was before my time here, but -- and the Main Street improvements on Highway 377, makes our campus -- we are land-locked here, and you have really enhanced the borders of our campus by the

good work that you have done, and we also want to say thanks to Lynn Passmore and his great staff for the great service they give to us. Thank you very much. It's a pleasure to have you here.

MR. WILLIAMSON: Thank you, Dr. Hall.

MR. PASSMORE: Next to welcome you to Brown County, I would like to have our Brown County Judge say a few words. Our Judge is Judge Ray West. He went to -- got his law degree from Texas Tech University. So, Judge West.

JUDGE WEST: Good morning, Mr. Chairman and Commissioners. You suggested that elected officials have three minutes. Chairman, I don't want to disagree with you publicly, but that may be way too long for most of the elected officials that are here. Like a TxDOT contract, my comments will be directly proportionate to my fee.

Good morning. Welcome to Brown County.

On a serious note, we do want to extend to you our thanks for coming and meeting here, and if you haven't already had the opportunity to go by yourself and tour some of the most recent changes to our transportation system that we are the beneficiaries of, because of the Department of Transportation, it's amazing how much a town or a county can change for the better because of a change in streets and roads, and the ones that Lanny mentioned are just a few of the examples of the betterment that we see because of the work that this group does. But, welcome to Brown County.

MR. WILLIAMSON: Thank you, Ray.

MR. PASSMORE: Thank you, Judge.

Next, we will have the Mayor of Brownwood who has already talked to you more than once, but we are going to have him welcome you to Brownwood again. He is going to come back after my presentation for two reasons. One thing is that I think some of his comments will be more pertinent after I make my presentation, the latter part of it. The other thing is, in no way am I going to follow him on speaking, no way, over there.

So, Mayor Massey, has been a City council member since the seventies, for a few years, and the Mayor since 1982. I think they probably told you that, over there. A long time Mayor of Brownwood, does an excellent job. He is a UT graduate. He went to UT Law School. Mayor.

MAYOR MASSEY: Thank you, Lynn. Mr. Chairman, members of the Commission and Mr. Assistant Director, I have told three of you, but have not had the opportunity to tell Commissioner Houghton how pleased and proud we are to have you meeting here in our community. As the Chairman has already mentioned, it is a historic occasion for us, the first time that you have ever done so, and we are deeply appreciative of the fact that you give us the opportunity, first, to give you a warm Brownwood, Brown County welcome, and to let you know how much we appreciate the work that you do.

We also recognize that it is not easy. That it involves hard work, and the pay is not too good, at least from your position. And you have -- what you do, of course, has a tremendous impact on all of the areas of this great State.

Mr. Houghton, I would like to issue to you personally a welcome to our community and to our county, and I hope that if you finish in time today, you will have an opportunity to see part of our community of which we, as are all others in the communities of this State, very proud. And a great deal of what we take pride in, as Judge West has mentioned, can be directly attributable to the actions of the Texas Department of Transportation and our local district. We have just all but completed a seven-and-a-half million dollar road project in this community, which is probably the largest single bond issue we have ever issued for the work of constructing and rehabilitating roads, and that was matched by our partner, and slightly exceeded in some of the dollars that Texas Department of Transportation in projects on the -- on the State highways and other roads that fall within your jurisdiction.

We are extremely pleased and proud of the employees of this District and their leader, Lynn Passmore. We have been blessed with, in my public lifetime, three different very outstanding District engineers, and we appreciate either the omniscience of the Commission or the blessings of the Lord in that regard. And as I laughingly told Commissioner Andrade yesterday, if you have an opening somewhere for a District Engineer in a larger district and you are looking for a candidate, Passmore ain't it. He is right where he needs to be and right where he belongs, we think, and we don't want to lose him.

Mr. Commissioner, I will close by making a comment that was brought to my mind as you spoke about cell phones. Right after 9/11 -- and we have experienced disasters in this community primarily by the way of flooding over the last 20 years or so -- but right after

9/11 occurred, the City Manager of Brownwood and the Assistant City Manager who serves as the disaster coordinator, if you will, for both the City and the County came to see Judge West and myself, and they already were way ahead of us and had a book already prepared that continues to be a work-in-process on disaster response.

And, we were both sort of amused that they were coming to see us, because we really didn't think we were too high on Al Queda's list of potential places to do their work. But, they of course reminded us both of the things that could happen here, hazardous waste spills, floods we have experienced, tornadoes, and advised us both or reminded us that we were the only two officials in the County that had the authority to contact the Department of Public Safety at its regional office and work through the Governor's Office of Emergency Management, if we were overpowered with our local resources. And, to that end, they asked us both if we had cell phones, and I assured them that I did. Mine was only about, what, five or ten years out of date and it was laying in the seat of the car. Well, they were somewhat taken aback by that, but they turned to Judge West and said, "Do you have one?" "Yes, I do. My son has it at college in Lubbock."

So, as a result of that meeting, Judge West and I both now wander around at least in our vehicles with hard-wired cell phones that have enough range that they can find us if they think they need to, but we don't bring them to meetings. Thank you very much.

MR. PASSMORE: Thank you, Mayor Massey. As I say, he will be back at the end, right after I get through, to give you a little bit different perspective on transportation needs in the area. I'm going to operate this up here. If I mess it up, I will be looking at these two people right here to fix it for me, because I am somewhat challenged with computers. I will admit to that. I am not quite as young as some over there.

(Power Point presentation begun.)

MR. PASSMORE: I think that map will represent where we are. The Brownwood District for a point of reference is the true heart of Texas. The geographical center surveyed is probably about 30 miles south of here in McCulloch County just south of the Colorado River. You go to Waco. Everything says Heart of Texas. They are not it. Brownwood District is it.

I didn't see anyone from Waco back yonder, so I feel free to say that. I will probably hear from Richard, though.

But, there is a Heart of Texas park down there close to that site. If you are ever down 377 between here and Brady, you ought to stop and look at it. You can see five counties from the high spot in the tower.

I guess the other thing there is, you see all -- or many of the metro areas, maybe all of them, you try to draw lines, where do they cross at? Pretty close to us, usually.

First I am going to do a little short presentation on some things about our organization. I'm not going to cover how we're totally organized. Mostly we are organized in line with most rural districts, but I would like to point out a couple or three things in each area that are somewhat different.

In the administrative area, if it's not an engineering operation, I have an administrative area. That is something that some places don't have. There is one exception to that. The Public Transportation Program is in the engineering area, even though it is not engineering. What I am referring to there is your equipment shop area, your radio shop area, which we don't have a shop. But we have radio operations. We feel like that at times it has been difficult to find engineers, and so I would rather have people that are not engineers to take care of non-engineering items. That is my feelings and how we operate.

We also -- you saw our building grounds last night. I would say it's probably as good as anybody's in the state. It looks almost that good all of the time. We do not have a crew ourselves that takes care of that. We do have a Building Grounds Coordinator for the whole District over there, but it's all totally contract. We do not have a crew of three or four people that do that kind of work for the District, especially the District office. That is somewhat different from some of the places that I have been at.

You mentioned radio operations. Most places around the State do have a radio operations through the Department, through the District. We totally one hundred percent contract this operation. We do have -- it's out of the equipment shop that oversees it, but we -- it is totally contracted. Off and on, Carlos Lopez tries to convince us otherwise, but I said I need them out on the roads, not working on the radios. I can contract that. So, we do not have that expertise. It's totally contracted. Those are, in the administrative areas, three pertinent points that I would like for you to remember.

MR. WILLIAMSON: Do you contract much of that?

MR. PASSMORE: Sir?

MR. WILLIAMSON: Do we contract much of that administrative area?

MR. PASSMORE: Of course, in the -- I guess we could. Of course, in the shop area, we contract a lot of equipment repairs. Not as much as some of your metro areas, because we do have some limitations on some heavy equipment that we do more of ourselves. Even though we do a lot of contracting there, we have to haul it a long ways to Abilene.

MR. WILLIAMSON: I was just poking at you, Lynn.

MR. PASSMORE: I know. I would comment on that though. We feel like we do contract -- we do meet the State requirements and exceed normally on contracted items in the area.

In the transportation planning and development area, I think that places -- you have heard districts operate decentralized. You have heard some operate centralized. It is at our option. We normally operate in a decentralized area.

Well, I will leave it right there for now.

We have three area offices, as noted at the bottom; Lampasas, Brownwood and Eastland. They normally prepare their plans, oversee their construction. Obviously at times, the work isn't evenly distributed, so they do help each other out at times, from design work and/or construction inspection.

Also, when I say "decentralized", it does not mean that our design sections cannot do the planning, because they do a few to pick up the load in other places. So, we really have capabilities at four locations, but we do consider ourselves decentralized. And, we feel like that is the best way to go for our type of District. Not saying it is best for others, but that is what we do feel strongly, is decentralized design operations.

We use the services consultants not very much. It's very little. We have done a couple of PS&E projects that we haven't let yet, but in the process of letting soon, design work, but on -- for design work, we do not use very many. We do it almost entirely in-house.

When it comes to land surveying, it's a different story. We do most of our land surveying through surveying contracts. We think that is the best way to go, even though these that do this work come out of San Antonio or Fort Worth, because they are not local companies. They don't have that kind of numbers in the local companies to handle the work when you have got 60, 70 parcel projects. We probably do the least amount of consultant work and design arena of any district most likely. In fact, Mike Behrens told me to do all of ours. I'm doing what he told me to at least. That is a couple of areas I would like for you to remember in the TP&D area.

In the operations, your larger districts have a Director of Operations and a Director of Maintenance. Ours are combined under Director of Operations. They are together on the far right over yonder. Those numbers do represent the number of people in the whole area and the total number for the District is 247. I told you yesterday we are bigger than Childress, but that is the only one.

You know in our -- in this area we do a lot of maintenance contracting for our rural districts, and these contracts are performed -- or they are prepared some in area offices, maintenance offices, and some in the district maintenance operations. Both ways, but we think it is very successful, the items we pick, to do maintenance contracts. It allows us to utilize our maintenance forces on other items that greatly enhance our pavement structure out in the roadway for the traveling public.

The long line striping arena is 100 percent contracted as directed by the administration. We are the first West Texas district to completely get out of the long line striping and retracing operation, so. And, we have been able to do that quicker than some to the west of us, I feel like, because we are closer to the stripers that come out of East Texas. We felt like if we went ahead and did that, that would bring them to the west side of Brownwood and maybe San Angelo, Abilene or others could utilize them and get closer to them. They wouldn't jump Brownwood. That would look bad.

We do not have special crews. A lot of places do have special crews that lay hot mix, shoot seal coats, repair bridges, replace grade pavement walkings. We have none of those. We do have an electrical crew that works on signals and illumination. That is our only special crew. We handle everything else out of the maintenance office, or it is contracted out. So, we are not big on

special crews. We took those people and put them out in maintenance offices and area offices to be closer to the roads.

So, I guess that's just real briefly some items that, I guess, I would like for you to remember on our organization. Many districts are like us. Many are not. Once again, we appreciate the latitude to do some different things to fit our situation of the area.

That gives you the whole picture, the Brownwood district, or nine counties. There is a maintenance office in every county. There are three area offices. Each area office has three maintenance offices that they oversee. And, I note later, again, but Lampasas, the City of Lampasas is closer to Austin city limits than it is to Brownwood. So, you will see that come into play a little bit later, and definitely closer to Killeen and all.

This has obviously been a very brief review of the organizational structure. In other areas we operate pretty much like all rural districts do. So, hopefully that has been some things that you can remember about our organizational structure.

Let's move on, very brief. That is -- I think the Mayor probably told y'all, if you were on the Mayor's bus yesterday, you will have industries in Brown County. No one there is outside of Brown County, just Brown County. In most places, TxDOT is one of the larger employers in the rural districts. You will see here, we are number fourteen. That is employees in Brown County. Obviously, if you put all of our employees, it would be bigger; but not all of them work in Brown County. But, the Mayor will expand on that later, I expect.

I already did something wrong. All right now. I might could figure it out, but it would take a lot longer, I will guarantee.

On this portion of the presentation, what I did was, I asked each of my staff members to just put together three or four ideas, operations, that they feel would be representative of their area to discuss, that would let y'all know the types of things we do or our thoughts regarding some different areas. This is not to indicate that these are our highest priority areas always, but it would be representative.

In the -- I did it again, Al. I thought that -- I know which one I punched wrong. I will probably do it again, too.

We do feel like in the administrative area, that -- this is a

circle that Mark Bradshaw, our Director of Administration, put together. They are our -- everything that we do in that area is related to employee safety, equipment care and money management. That is all that is important of every employee in the district.

First is employee safety. It is noted there, you know, we have been noted for having a very good safety record for a number of years in the Brownwood District; not always the best, but always pretty high up. You can see that in a minute there. And we feel like we do this through high profile safety coordinator, management emphasis, employee accountability and an active safety committee. There has been work at the state level recently about some of these items over there.

Safety has to be the most important thing to our employees, and it was driven home by the unfortunate accident last week in Mobund, or week before last. So, our objective is, we hope we never get in that position.

It's about our past history that will show a brief -- how we fit. We're -- as I said, we're never always number one. That isn't our objective really. I don't guess really. We would like others to be good too, but we are usually in the top five. We had a couple of bumps along the way, but I think I can put our safety record against anyone, for long term.

In the area of third party claims, as you see, the top five districts we see some money, extra money. We can use extra money. Our budget is already big. Childress is already big, so. Childress can make use of this, too. So, we do our best to pick up a hundred or two thousand every now and then. Plus, that means that we are doing a good job in safety. It says in FY06 we got 300,000. We tied for first with Odessa. We had to share the 400. That is why we don't have a 400 there first, but we believe that is indicative of our safety efforts.

Next is equipment care. We have a very aggressive preventative maintenance program with a high profile PM coordinator, has a management emphasis, operator accountability, and objective performance measures of -- I think this is more pertinent with what Mike has talked about at the last two DE meetings about equipment, I believe, over there. I think this would fit right in. This was -- already been prepared and done before he mentioned that, Steve. In fact, the -- I'll make note that a couple of people that are highly responsible for these, besides our Director of Administration, have recently been stolen by the Austin District

for the equipment shop supervisor and PM coordinator. So, we had to start over to tell you the truth.

But, this is just what it looks like. They -- the PM coordinator goes out and looks at equipment. That is a summary, and then reports to the supervisor where they are at. See, that there, it says, "Needs improvement." That means overall -- that is objective, based on some averages around our area. As we get better, those averages get better. Similar to our safety at the state level. That is the bottom side of it with a few notes.

We feel like we are safer if we have good equipment, and Mike Behrens has requested we run vehicles longer, and this allows us to do that. And, from a state-wide survey recently, there are two things that are highlighted there. Brownwood District Preventative Maintenance Program works on paper and in the field. Vehicle incident costs trending downward the last two fiscal years. We have had several districts come and look at this as a model, and Tyler came. Usually we go to Tyler to look at things, it seems like, around the state, but Tyler came here, most of the districts, to implement something like this. With Mike's comment, more might be interested in some of this, Steve.

The next part is money management. Y'all are very interested, from a state-wide perspective, of money management. We felt like we needed, several years ago, a way not just to look at what we had already done, but to forecast what we were going to do from our perspective here, over there. So, we put together a system that does forecast expenditures. It involves first line supervisors. They are the ones that have to submit information to us monthly. It utilizes the Intranet, which is readily available, on readily available software, and I say it's easily used by supervisors. I am probably at the bottom of that list, but most supervisors over there.

That is what the report looks like. They tell you each month or more often, if we want to pull it. That is forecast for what we are going to spend. So, we know where we are going and not where we have been all of the time. If you know where you have been, it wasn't good, you can't change it. If you think it is going to be bad, you can change it. And, that is our philosophy.

The other part of the report and results. In '02 it shows that we left \$74,000. We think that is pretty good. If you look at a three-year, the first thing you see was '03 was not so good. Well, we think it is, because that is the year that we requested to

reduce cash expenditures by five or ten percent. That allowed us, this concept, to do that more effectively. In '04, we were still doing some of that, so it allows us to continue that. So, we look at that as very positive that we did what was requested, to slow down cash expenditures in those time frames. That allowed us to do that better.

And, there is the results of these things, is you get safe employees, with monetary rewards, safe equipment, monetary savings, and management visibility with time savings. You do a better job, over there.

We go to operations area. Howard Holland, Director of Operations, put this together. You always talk about running over a deer. What about emus? For a while, they were running everywhere. Of course, not many of them now, but there was one of them over there that day, helping us out, it looks like. This is in Coleman County.

Safety, back to safety, we -- that is a section of Highway U.S. 67-377, between Comanche and nearly to Dublin, it stops at the Fort Worth District line -- that we milled the center lines. That is the first center line milled in the State of Texas that we are aware of, on a two-lane facility.

There was research project was going on. I think everyone was kind of afraid of it, getting a lot of complaints, we thought. I thought we would get complaints, too. I have had zero complaints, but remarkably -- we get very few compliments from the public. I've gotten compliments for this, over there. Unfortunately, we do not have the pavement or structure on many of our roads to do this, but I think it is something state wide, that does have pavement structure, that would provide a lot of benefit, and not from just the daytime noise when you cross that center line over there, but stripe visibility. The other concept was, well, that thing is going to hide the stripe. Actually, you are looking at it from a more vertical face. You see the stripes better, especially at nighttime. There is where the -- as it is shown there, end of the centerline rumble, it stops, and it just -- about the mid area, a drastic difference over there.

So, even though we can't use this everywhere, it is something that hopefully becomes something that people around the State can use for that situation, a two-lane roadway. It was amazing, no complaints, very positive.

ITS, the first thing that you think of ITS is San Antonio or Houston, or probably those are the first two. A very flashy ITS operation, cameras, get up early in the morning, watch what the traffic is doing on cameras. We don't have any cameras, but we do have ITS. It is just not as flashy. Existing ITS that we do utilize is closed loop traffic control systems to better operate our traffic signals. That is the number one complaint probably around the state is, "That signal doesn't let me go where I want to." Well, we are still not going to solve that problem, but we can maximize the capacity we have better if we can tie those things together in some of this.

We also have school flashers. That is the other big complaint area. The flashers are flashing when it is not school. We can change those with a pager and set them ahead of time from right here. We can fix it without going out to the site. That is ITS. We have all of our school zone flashers zoned.

We use spread spectrum radio here in Brownwood to relay information from signals, how they are operating back to the District office where we can do some adjustments from there or at least troubleshoot and then go out and do it in the field. So, there is a place for ITS in rural areas.

Rural ITS also, that is a picture of Interstate 20. We are a member of West Central Texas Region that has already developed architecture. Abilene and Brownwood are together for this. The system that is being developed is for IH20 between -- actually between Dallas/Fort Worth area going west to El Paso. There is not much in place yet other than west of Fort Worth, but I think Abilene is going to get something in place here in the next year, so, and we hope to pretty soon.

The top picture looks pretty nice. The road is open. You can travel. The bottom picture looks different.

Let me catch up here with some of the details on this. This picture was several miles from the top of Ranger Hill in December of 2000. There was some ice started forming in that area, and we were working Ranger Hill. If you have never been up Ranger Hill, I will give you more details later, the problem there, but there was a wreck westbound, going up. Where they were working it, there wasn't much snow on the ground, just a slight dusting. We were towing the best we could, but once you get a wreck down that thing, you can't get to it then.

Then some gawker on the other side, probably, had a wreck right on the other side. We had both lanes shut down. Then it started snowing. It snowed over a foot right there in the next couple of hours, and that line of trucks backed up to the west over 30 miles to Callahan County.

Detours are somewhere between 50 and 60 miles, if you want to go around that site. No frontage roads. There are some -- one F.M.. There is an F.M. closer than that north and south, but the grades on it are worse than here and 20 foot wide. If you want to get to a U.S. or state highway, it is 50 to 60 miles to get around this site from over there, very much a problem. The other direction they were backed up at least 30 miles, too.

Why does this relate to ITS? We are in the process of getting a project let, hopefully in the next year, to do advance warning when people are in Odessa or Midland or Abilene or Weatherford; but not in Ranger or Strawn. There is no place for them. So, we have to advise them of these problems.

MR. WILLIAMSON: There are no people over there.

MR. PASSMORE: Sir?

MR. WILLIAMSON: There are no people over there.

MR. PASSMORE: On the interstate. The other thing you notice is, do you see any cars in there? That is just a line of trucks. Cars, fortunately, can get out, push it around and get turned around normally. They can with some help go the other direction and get out normally, but those trucks for 23 hours, they were stacked up over there. And, you couldn't get up or down. They couldn't even get the equipment down to the wrecks over there. That's a major problem. So, somehow first, we've got to fix a better warning. That is why our ITS project is coming up soon to hopefully do that.

Fort Worth already helps us out with their equipment. When something starts happening, we notify them and they start putting things on their message boards to warn people. But, Ranger Hill is the weak link on I-20. Other than maybe your urban areas obviously is a problem. But if you get in a rural area, Ranger Hill -- it is more properly named Thurber Hill. Ranger Hill is over to the west, but everyone calls it Ranger over there, but that is a very weak link to travel on I-20, and it is not just wrecks and problems in icy weather. It's in good weather. Any shower we will have wrecks

there just about. I will cover it in more detail why in a little bit.

Striping by contract, this is kind of hitting it again, but in response to an administration request, we did go 100 percent striping by contract about a year ago and successfully. We check their work with a retro-reflectivity meter to make sure that it meets the minimum performance standard. If it doesn't, they get to restripe it over there. They have equipment to check that too, so they don't have to do it very often. It doesn't pay very well to restripe. So, it is checked.

The item of work that we spend more money on in the Brownwood District is leveling overlay with maintainer. We spend 50 percent of our budget on this item of work, the maintenance budget is spent with one item of work. It is the item that allows us to have good roads though, to rate high on some of the things that you will see in a minute, and we even -- we hire contract flaggers to do flagging so we can get by with smaller crews. But, we are third in the State in square footage of -- square yardage of level up, only behind Llano or Waco. But that is our bread and butter item. That is why we wanted to show it. Fifty percent of our maintenance budget is one item, and that is it right there.

In the TP&D construction, they combine theirs, because they kind of lap over there. They wanted to note four areas that they think are strengths or successes for the Brownwood District. First is -- you might recognize the guy there beside the bus. He drove the bus yesterday, and probably today whenever you get back on and go back to the airport. But, we think public transportation is very important. This is in here partially because, I hope, obviously, but we believe it is important, and we are blessed to have two very fine operations areas in this area. The Central Texas Rural Transit District headquartered out of Coleman covers ten counties in three districts; San Angelo, Brownwood and Abilene, and I think J. R. Salazar -- he might be here today, but he runs the operations very well.

So back up on that and say, even though we are a rural area, we are a large percentage of elderly and disabled residents. Taxi services and intercity buses are simply non-existent. Rural public transportation providers fill this much needed gap by improving access to shopping, recreational, beauty shops, restaurants, employment, especially medical services, education facilities, senior citizen centers and others. So, without the established transportation in some other manner, this fills a real void in

public areas. It is very important to many of our elderly residents.

In the lower portion of the district, we have the Hill Country Transit District. They are based out of San Saba. They work in four districts. They work in the Bryan District, the Waco District, the Austin District and the Brownwood District. It is headquartered, as I say, in San Saba, in the Brownwood District. Carol Warlick is the -- in charge of that operation. Once again, a very fine operation. They also run an urban system in the Killeen-Temple area that you probably have heard about.

These two have car and -- Hill Country, they have -- they provide our transportation with two buses. So, we are also grateful for that today to them.

It is about success in all assessment areas. That is just a quick graph on three major assessment areas that the Administration Division looks at over there, being the TxTAP, which is in blue, which is Texas Traffic Operations Assessment Program. The maroon, the Maintenance Assessment Program, and the yellow is the Pavement Management Assessment, and that is based on the goals the Commission set years ago to meet by -- between 12, I think, over there. That is where we have ranked over the last four years in each one of them. We don't know how we went from first to sixteenth to second, but we will consider that -- we will scratch that one there, because we are usually a lot better than that over there. But, we think we do real well in those areas.

I would like to give recognition to all employees for those things right there to happen, because they cover the parts of the program that all travelers see; the pavement, the signals, the road side. That is what they are, so we feel like -- I feel like our employees do a great job for the State of Texas and the citizens of those areas over there, and that represents an accurate evaluation of it, we think, normally other than 16th, 17th.

As far as honing in on pavement goals, FY-02 is when a goal was set, so the actual savings -- and we were number five. In '03 we moved into second place. In '04 we went to first place. Then '05 it rained like the dickens there, and we couldn't get out and work on anything, and everything fell apart. We fell all the way to third. We let San Angelo and someone get by us, but we are after it again in '05.

As you see, we are well above the FY-12 goal soon. Don't get me

wrong. We won't be a hundred percent ever. I don't think there is anyway -- you know, way back in '96, '97 '98, but we do a good job in that area.

Bridges, once again, this is another Commission goal. I think Commissioner Johnson played a part in this bridge goal. And on-system, we are in good shape. We have very few on-system bridge problems. We say 94 percent of them are good or better. There is only two or three up there that might have a potential problem for on-system funding. They are just good shape.

Off-system is a somewhat different story. It's a real challenge. It has been a very aggressive problem for a number of years, but we are not there yet.

Let me back up. As you can see, 62 percent of them meets good or better condition. Obviously the last few years, the department's additional involvement financially has greatly enhanced the participation on some counties, because honestly, they had to have a little bit of money to participate. They still have to have some though because they have to spend it on something to replace what we did for them. That is still a problem to them. We have always done eight to ten bridges a year, and we are still planning to do that. If we do, we are not going to quite get to the 80 percent goal, you know. We are going to try to get there, but we are going to be close, but we may not quite make it still because we have a lot of old, very poor structures.

We also have historical problems. You know, some of these, it takes a lot more historical, environmental work to do one bridge than it does a big project, because these bridges are pretty old and are historical. So, a lot of coordination with local officials.

These are our total bridges in the District for offices, is 412, and we placed 113 of them in the last few years with 20 scheduled in the next three years. That is seven a year.

Bridges, an old bridge. Amadeo has been to this bridge once upon a time, but it received a lot of recognition, especially when then Governor and now President Bush came and dedicated this bridge in 1999. It is the only suspension bridge in the State of Texas with vehicular traffic. It spans the Colorado between San Saba and Mills County. If you ever want to look at an old bridge that is spectacular looking, that is the one. You have probably seen pictures of it down in the administrator's office. Wes had it. He

might have carried it off. I don't know.

But then a newer bridge is right out at the edge of the campus here, crossing the railroad tracks. In fact, Steve looked at it, a very small portion yesterday, from the back of the Depot.

That is kind of a special looking picture of all of the showers and all. Somewhat enhanced, I'm sure. That is the way it looks today, over yonder; but that is the largest project -- it is not just a bridge, but about a mile of roadway -- that the Brownwood District ever let, about eleven million dollars. It would have been what, six or seven years ago? But when you include the City's participation, utilities, the utility company's participation, the right of way purchasing, there is over twenty million dollars in that project, a huge investment in the City of Brownwood, that replaced a very outdated underpass that was a lot worse than the one y'all went under yesterday by the depot, the one on the city street. That is City, not State. But we had a lot worse one on our system. They don't have to improve theirs now. We've got a good place for them.

Downtown Breckenridge, a portion of this is enhancement from funds, about a third of it, and two-thirds of it is rehabilitation funds. For about seven blocks in downtown Breckenridge for the last 30 or 40 years, District engineers have come close to getting tarred and feathered, trying to solve a rough, rough, rough problem through Breckenridge. Four blocks of brick that was way out of shape over there. You had to hold on, make sure you had your seatbelt on tight when you went across those things over there, if you hit a rut or something there.

They are historical. The City or the citizens of Breckenridge definitely put up a fight for many years to save them. So, we decided we had to do something, so we combined enhancement funding and rehab to redo this area, and we have four blocks of bricks right now, the same bricks, but they are smooth now. And, the citizens of Breckenridge are happy, and now we can continue working on out to the east where we needed to go. We couldn't get there until we fixed this gap downtown. I think you will see it win some awards. It is bound to, it was such a successful project.

But, if you want to drive across bricks, there are a lot of bricks in the State on city streets, you won't find many of them in U.S. highways, I don't think. But, Chairman Williamson, he has been driving through it when it was torn up. I hope he goes through it now when it is finished. It will look a lot better, Chairman. Of

course, the transportation enhancements here in Brownwood that tie to the depot, that y'all saw yesterday.

Our letting volume, it is normally the last couple of years the smallest in the state. Childress has been letting -- since it has done a lot of rehab work on I-20 and got a truck system, got ahead of us. Usually we are ahead of them, but we have been behind them the last couple of years.

But, the bad thing is, when you do a good job in pavements and all, you get somewhat less money. That is kind of tied to it there. So, you see, those numbers there for our annual letting are nowhere near projects that are let in your urban areas. We do the best we can with what we have. Not complaining though, over there.

And, the distribution of those funds, how we spend those funds, as you see, almost all of them are either in preventative maintenance or rehabilitation.

Okay, let me back up. If you average those, almost 94 percent of the funds we spend are on rehabilitation and/or preventative maintenance. Very little is left for -- out of other programs, enhancements or safety and such.

But, we do have capacity projects. We do capacity projects. We wait until a location that has capacity problems gets bad enough, honestly, until we go ahead and rehab it, and with that we add capacity and several of y'all drive between Austin and Brownwood across 183, and that is our best example. In three years -- in three projects over nine years, we did thirteen million dollars taking a rather narrow, two-lane that is in very poor shape to a four-lane poorboy that has four foot shoulders, not ten, sections, not divided. But it's a much improvement. So, we do capacity work, but we have to do that with rehabilitation funds essentially, or discretionary, the discretionary we get. And we have others like FM 2057 in Lampasas County we are fixing to try to let that we have a 22-foot FM down there. We will go over it more later -- for 7,000. It is actually 9,000 right there at 190. I will tell you why in a little bit there.

Safety projects; we do safety projects. That is some of the type we do; safety lighting, improve the intersections, guardrail safety treatment. We do it primarily out of rehabilitation money, because safety is so important we have to divert some. This is something else.

MR. WILLIAMSON: Can we go back to the hunting?

MR. PASSMORE: Yeah, let me -- we took a picture or two, then we get to the core.

We are -- back a few months ago, y'all approved safety projects. There were two districts that did not get any of those from the safety bond. It was Brownwood and Childress, and the administration looked real hard to find something for us. They didn't find anything that would compete with other districts. That is a positive. That means that we don't have the problems that other locations have, very positive. But, it does not mean we do not have safety problems. We do have those, so we do want to do all we can in those areas with funds that we can come up with, discretionary-wise.

What -- when someone says, or if you ask someone or tell someone and say, "I am from Brownwood" or the Brownwood area, Brady, San Saba, Breckenridge, the first thing they always say is, "Hey, I got a deer lease down there," or "Hey, I go skiing at Lake Brownwood" or go fishing at Lake Ivy or something. What the Brownwood area is known for is recreation, honestly. Every county has lakes, tanks, rivers, creeks for fishing, hunting for deer, turkey, dove.

Gary -- I will give Gary Humes credit, I think, for the next two there. He said, "People of West Texas drive east until they get here. We are an oasis to them. We are the first place that usually has full lakes and most of the time are green. People in East Texas drive west until they get here. We are quiet and peaceful for them." So, I think that pretty well sums it up for this area.

We do have three very beautiful state park roadways before you get to the real crunch here. Colorado Bend in San Saba County. Possum Kingdom is really in the Fort Worth District. They can't get there, though, unless they go through the Brownwood District. So we claim it. We maintain it. We spend the money on it, so we will claim it, and the Brownwood, Lake Brownwood.

And, down -- the primitive one here is Colorado Bend towards Austin. A lot of people from Austin utilize it. It is dirt roads, too. It is probably going to stay, that road, forever would be my guess. We maintain dirt roads. It is our responsibility, about seven or eight miles.

Well, that gets to that first part there. It says we are rural.

Look at statistics. Yeah, we are rural. We've got four times as many people as Childress, but that is not very many compared to everyone else. I realize. So, we like being rural. We believe that is very positive. It is a great lifestyle.

But, that does not mean we don't have funding challenges. That is before the brick in Breckenridge. The brick was placed in 1923. That is 1920. I know why they put brick there now with that mess. Hopefully our challenges aren't as great as it was right there, but we do have some.

These are our concerns, I guess. Follow the red, three spots and four lines, you might say. I will expand this a little bit. That is a very busy map, I realize, but what that is, is we took the existing network, whether it's two lanes, four lanes, six lanes, whatever it is on every road in the State, applied 2003 traffic volumes to it, and utilized kind of a formula that the Category 4 working group about three years ago used to show a quality of service. Obviously the quality of service is poorest in the metro areas, along the I-35 corridors. After that, there are spots. Brownwood has some yellow coming in from the east side, the Brownwood District does.

Let's draw a line. Most everyone talks about drawing the line at I-35. Well, from San Antonio north, we don't really think it is I-35 anymore. We think it is 281. That line goes out 281. That is where you have to draw a line on a major highway to truly get outside most of the problems to the east of us. So, you see there is very little red. I think Dublin may have red there, Steve. Easily understandable. But, that is what it looks like in 2003.

In 2023 -- just throw it up there -- red has grown to the west, especially close to the red that was already there in the previous line. Go on to 281. 281 does go through the Brownwood District through Lampasas County. So, anything that gets past 281 becomes an effect on us, on traffic. You will see there red has gotten over on some rural roadways in 20 years from now. So, we see -- we see it now. It is not a huge problem yet, but it is going to get there in the future.

MR. WILLIAMSON: Lynn, are you saying the quality -- the real quality of life is west of that black line?

MR. PASSMORE: You bet, to you now.

MR. WILLIAMSON: I think you have been spending too much time with

Arnold Oliver.

MR. PASSMORE: Oh, okay. There is quality of life all over Texas. Some a little bit better than others, we feel like. But there is quality of life everywhere.

There is a -- this black circle kind of encompasses the Brownwood District that shows the red lines that shows up 2023. The yellows have blotted out the urban and metro areas that have funding available through Category 2 and Category 3. Brownwood does not have those. So there are some problems here that we will cover in a minute in detail.

Any way you look at those lines, it is a whole lot easier there. Go up to the Brownwood District; not much red. Right here through Brownwood is a problem at times; not all the time, not huge compared to Weatherford. There is a road there in Weatherford I want to avoid, Chairman. It is terrible there where you turn off the interstate there.

MR. WILLIAMSON: Horrible.

MR. PASSMORE: It is stacked up as far as you can see. Fortunately, we don't have that problem, but what we see in the future, maybe we will be. So, we have got to be thinking out in front. But we throw -- you see the yellow coming down the 67 corridor, usually those are two lanes roads, instead of four lanes where the colors start showing up, coming out of the Fort Worth District. Then you put 2023 traffic on those, and East Texas has moved further west into the eastern side of the Brownwood District on the major corridor. The one from Comanche into the Fort Worth District, the U.S. 67/377 corridor, that really runs from Presidio to Fort Worth and Dallas.

Down there in Lampasas, it turned red everywhere it seems like over there. U.S. 190 to the east is existing four lanes. To the west, it is only two lanes. To the north is two lanes, 281.

From Austin to Abilene on the U.S. 183/84 corridor, there are 42 miles that are not four lanes. All 42 are in the Brownwood District, two of them at Coleman. The other four are red and yellow right there. We think those are concerns in the future for us. Of course, Brownwood itself, we have some problems here.

The Lampasas area, if someone asks you what is the fastest growing rural county in Texas, would Lampasas have been your answer?

Probably not, but it is. Also, it is the sixth fastest growing rural county in the nation. How come that? You know. Well, Lampasas, as I mentioned, is closer to Austin, closer to Killeen. It is more like Austin and Killeen, honestly.

Fort Hood is not in the Brownwood District. You just almost can throw a rock into it though. Part of Copperas Cove is in the Brownwood District. So, that is having a tremendous affect in that area; Austin moving north. Fort Hood affects moving east. Copperas Cove, they can only go one direction essentially. That is to the north, northwest into the Brownwood District because Fort Hood blocks them the other direction, and they are growing. It is the Waco District mostly.

But a toll road possibility, I've got to throw this in for the Chairman, of course. He will ask me eventually there. I am not working on that one, but Richard Skopik is, because it is a Copperas Cove loop that y'all have heard more than once about, I'm sure. If it comes to fruition as a toll road, that will be the first one in the Brownwood District, because the west end of it, the west half mile is in the Brownwood District. We will have a toll booth, half of it. I don't know if we will get half the money or not, but anyway. I will have to ask Richard that once we get a little closer.

But that is an area that is really a booming area. The good thing is, it wasn't real big to start with, so it can grow -- be the fastest growing for several years before it is a real problem, but as that 2023 projection, rural projection shows, it is probably going to get there.

IH-20, Ranger Hill, it is believed to be the steepest interstate grade in Texas. I'm almost certain it is. It is six percent grade, with reverse horizontal curves in that area. It is over a mile of six to four percent grade, no frontage roads. Reasonable detour lengths, 58 miles. You can type it different ways, but a long way. That is a picture from the bottom going up, and you probably came across that yesterday, Chairman Williamson, if you came down the interstate.

We believe that is something in the future we are going to have to address, and we think the only way to do it -- there it is looking at it a little further away. It looks a little better. It's steep over there. Probably get a new alignment, lots of money, because it is the weak link that somehow, some day, somebody has got to do something about, especially since they are hauling nuclear waste

over this route. Right now it is low level, but I think it could be a catastrophe with the potential for accidents there. Not just potential, they do happen. Even though we try our best to limit that.

Then we get to the Brownwood area. That picture on top, if all of the -- not the bottom one there, but the top one shows four U.S. highways. That is not in Brownwood. That's in Early. But three of those come through Brownwood, and then you get the fourth one in front of my office. All four of them get on one route through Early. So, it is a major cross roads, and all of those are either one direction or all directions are trunk system highways, NHS highways, or on the connectivity network, Category 4 over there, and we do a lot of work with the City trying to have alternate routes to relieve some congestion that is already there, not to the extent that San Antonio has or Weatherford. We hope we don't get to that extent by doing something soon enough to alleviate some of those.

It takes a lot of coordination of local officials. We have access management. Commissioner Andrade said she had one complaint yesterday. That was the other word, access management. So, if we do have one disagreement with the City of Brownwood on occasion, it is always access management, I agree.

And, you have to throw in toll road feasibility once again. We did a study for a loop around Brownwood. That is the level of service now. Fortunately, there is not any red yet, but there is some blues and getting down pretty low at times. If we do it 2020, it has turned red along the 67/377 corridor. They are not great numbers, 34,000 or something. They don't sound big, but they are on just four lanes, not eight or something.

To add to that, that is the only east-west route we have in Brownwood. In 1988, '90, '91, and 2002 it looked like that picture in the upper right. That is down there at CVS Pharmacy where 377 comes into 67. There is about a mile of Brownwood that is under water through there, the way things are designed. The City has done a lot trying to figure out how to resolve this. It takes a lot of money to solve the problems, and they don't know a hundred percent solution yet with the flooding problems.

So, when that happens, Brownwood is cut off east-west, the Brownwood-Early area. You have to do a 60, 70, 80 mile detour, or if you are in a big truck, you better go 100 miles to get across because some other routes would be closed too if it happens, but it

is a problem. I would venture to say that Brownwood has about as big a flooding problem as anywhere in the state, except Houston when it comes to one of those really gushers. Steve, I can't compare to that.

Then you throw in our loop study that was done three or four years ago by a consultant. That is kind of a "What-if" situation. You hope some day to have something similar to that to help the situation east-west and for the industrial area. You see down south, just inside that dashed line is where the industrial area is, and it is becoming a truck problem, where you see in the future, coming out of Vulcan Materials and Kohler and 3M and other areas there, because all of them want to go north and east. No one goes south hardly at the present time, that comes out of there. The train is to the north. The big cities are to the north and all of that.

We checked the toll road feasibilities over there. That calculates 18 percent, Chairman. We are not there yet, but maybe some day we will be. Honestly, I can't get the Mayor or anyone in the City of Brownwood to be too interested yet, but we will still work on it in the future.

I thank you for the opportunity to address you. I hope I have left a few thoughts in your mind that --

MR. WILLIAMSON: Go back to the loop.

MR. PASSMORE: The picture. Okay.

MR. WILLIAMSON: Is this something that the community is ready to do?

MR. PASSMORE: We've had public meetings. Obviously we did the study. We had probably six, at least, and I would say ten years ago, probably 80 percent would say no way. I think the time we got through with the public meetings, I think the majority say, "Hey, we see a need for it," because obviously if we do something, it will be six, eight, ten years before any piece of it is on the ground. They understand that, and they do recognize now that some day something different has to happen. I'm not going to say it is a hundred percent for it yet, but I think most or many will agree that something in the future, has to have another alternate route through and around Brownwood in some way. The Mayor may address this in more detail in a minute.

MR. WILLIAMSON: I'm sorry; go ahead.

MR. PASSMORE: Once again, I thank you for the opportunity to tell you a few things about the Brownwood District. I hope you -- when you are making decisions for rural areas such as Brownwood, that maybe I have helped you out some. Thank you. I will let the Mayor come back up here since I finished, and he will get the last shot in, which is rightful.

MR. WILLIAMSON: He is going to have a hard time following you.

MR. PASSMORE: No, he will not have a hard time following me, I guarantee you that.

MAYOR MASSEY: I have a hard time following him all the time, Mr. Chairman. He just doesn't like to admit it.

I know, Mr. Chairman, you and Commissioner Andrade were exposed to, at great length, to what some call the Chamber of Commerce talk yesterday. I hope you will allow me a few minutes, so that I may expose Commissioner Johnson and Commissioner Houghton to it. You took the tour, and we appreciate that very much.

We understand why, but we are sorry the other two of you could not be with us. We have taken many people on the tour, and I told you this story. If my wife happens to be along, her usual response is, if I mention the tour, "My God, not the tour. Take me home. I have been on it more than once."

We have every intention in this part of the State to maintain what is commonly called the rural lifestyle, because we believe it is a quality of life that is desirable, and we believe that it is a quality of life that is bringing us growth in our communities, in Brown County and in the cities of Brownwood and Early particularly, and even in the smaller community of Bangs. We do have some transportation problems.

I told you before that we received great cooperation from the Brownwood District of TxDOT, and we are extremely grateful for that. The underpass, by the way, that the driver of the bus took you under down Vine Street yesterday as we left the historic depot does not belong to the City of Brownwood, despite what Lynn had to say. It belongs to the Burlington Northern Santa Fe Railway, and it was a great project when it was put in in 1916. You had a similar underpass where you saw the new -- brand new Austin overpass, and those monies were spent by TxDOT in cooperation with

us and that seven-and-a-half million dollar bond issue project that I mentioned to you.

Commissioners, we have about in excess of a 4,000 job industrial base in this community. The Chairman has already ribbed me about saying too often that is more industrial jobs than there are in Abilene or in San Angelo or the entire West Central Texas Council of Government service area.

We have an abundant fresh water supply with Lake Brownwood, which is authorized to impound 114,000 acre feet of water, which is admirably managed by the Brown County Water Improvement District and used in one way or the other by all of our communities, either by buying filtered water from the district or by buying raw water and filtering it in the communities.

We have a regional mall. We have recently located a Home Depot store, a new Chili's. If you want to buy some Starbucks, as the Chairman likes, when you leave we have that available to you, too. This is not the last of the retail development that we believe will happen in our community.

If you drew a circle and you placed Brownwood at the middle and you made the radius of that circle 60 miles, you would find on the east Stephenville. You would find on the south Lampasas. On the southwest you would find many communities only that are smaller than we are. It would be compressed slightly on the true west and on the northwest by Abilene, which is 80 miles away and by San Angelo, which is 90 miles away. All of the surrounding counties have people in them that come to this community to work. One even drives from San Angelo, a 90-mile round trip to work for one of our industries.

From a retail perspective, the people within that circle by and large come to Brownwood, and we believe our statistics on the increase in sales tax revenue as recorded by the Texas Comptroller of Public Accounts and is remitted to us indicates that. We believe that we serve 100,000 area population in terms of a job base and in terms of a retail base.

We work hard. We spent a lot of money at it. TxDOT joins us in -- within the confines of the communities of Brownwood and Early, which are, of course, side by side. However, those industries need a corridor as good as we can find to get to the two regional air service centers, the metroplex with DFW, which is 125 miles to Fort Worth, 160 to Dallas, and Austin, which has, of course, now

Bergstrom International Airport, which is about 150 miles by the time you get to the south side of Austin, slightly further than that to the airport. We have a great deal of traffic that utilizes U.S. 377 between here and the metroplex and U.S. 183 between here and the City of Austin.

The Brownwood District has expended such funds as it might use on both of those roads over the course of years. They began working on U.S. 183 when I was a college student in the 1960s. There still remains a few miles of that road that is not at least what I understand TxDOT refers to as a poorboy four-lane road. It is much better. All of you, I'm sure, as you come to Austin have experienced 183 on the west side of Austin. The Austin District has, of course, made that considerably better. It is still bottle-necked obviously as you go through the City of Cedar Park and the City of Leander.

We would urge upon you a strong look at allocating the money -- and we don't live in a vacuum. We do understand the demands and the needs for the money you have to allocate in the seven major metropolitan areas of this state, but we would love to see that a four-lane road all the way. We'll be satisfied with a poorboy four-lane road all the way, with a little bit of expansion of shoulders. That involves not just the Brownwood District, but the Austin District as well. We understand the demands on them for construction projects.

We would -- there are only a very few miles that remain to be done between Brownwood and, really, Coleman on U.S. 377 to turn that at least into a poorboy four-lane road all the way. Portions of it between Dublin and Stephenville, about a 15-mile stretch, is your most modern design, separated four-lane highway. And if you had ever driven before that was constructed between Dublin and Stephenville, if there was a more dangerous road in the State of Texas, I don't know where it was, at least in the rural areas. That has been a great benefit.

The industries need that for truck traffic. Our industries, many of them, are located in -- are national or international concerns, and they have a great need both for their truck traffic and for their company officials to get back and forth from DFW to Brownwood. We are 50 miles away from the nearest interstate, Interstate 20, which is, of course, an east-west corridor, and that is the only interstate that is anywhere near close to us. As far as a north-south corridor is concerned, we are approximately 125 miles away from 35W. So, we don't have the benefit of interstate

service. We don't expect you to build interstate service. We understand that.

Some years ago when your trunk money was allocated to ten years worth of paving strategic corridors, Brownwood and these two roads that I have mentioned, if rated with West Texas, would have been the number one project, but for reasons that we don't truly understand, we were rated with East Texas. We don't claim we are in the same kind of shape that East Texas is. We have already said to you several times that this is Central Texas, and it is not West Texas. But I would say to you that West Texas is not just a region. West Texas is a state of mind, Mr. Chairman. And, it is a state of mind that says we are going to grow and prosper no matter what the odds. We are going to do our part and more than our part to see that that happens, despite any difficulties of weather or climate that we may have.

We believe we are, if you divide the State in half in terms of your projects, a West Texas location as opposed to an East Texas location, and we would certainly urge upon you as you consider future projects that you not rank us with East Texas, and instead, put us in categories that rank with West Texas. We were slightly out of the money on the dedication of ten years of your trunk system money, and Commissioner Nichols was kind enough to fly out here and let us show what we had, but the money was allocated before that actually -- that trip actually took place. We appreciated the trip and enjoyed meeting him and visiting with him. We would have appreciated the money too, as well, for those two roads that I am talking to you about.

Commissioner Andrade, we also find that we are having more and more commerce going back and forth to the City of San Antonio, and Lynn has mentioned to you U.S. 281 as it goes from Lampasas to San Antonio. I have considerable experience on that road because the two most important people in my family, our two grandchildren, live on the north side of the City of San Antonio and, boy, does 281 need some work, particularly from Blanco to San Antonio, where the high growth area is along 281. So, I would urge your consideration of that, but make that number three, will you, behind the first two.

You have got a long meeting. You have been very kind to listen to Lynn and visit with us, and I appreciate it more than I can say. I don't know who that guy was in front of the historic Brown County Jail, that is now our museum that had a cigar in his mouth and looked like he just crawled out from under the culvert. But you've

got to keep in mind when you are taking photos that if you don't have much raw material to work with, that is what you usually get. Thank you so much for being here. You honor us by your presence.

MR. WILLIAMSON: Thank you, Mayor.

Members, anything you wish to share with the Mayor or Lynn?

MR. JOHNSON: I'm just proud to have part of West Texas.

MR. PASSMORE: Thank you. 281 does -- part of San Antonio is west of 281. Give West Texas, too, part of that income. I don't know where you live.

MS. ANDRADE: I will remember that.

MR. WILLIAMSON: Okay. Steve, that was a good presentation. Y'all did a good job laying out your issues and your strengths and weaknesses. We appreciate the time and effort you put into it. We are going to take about a ten-minute break. Give everybody a chance to kind of resettle and get back down to the business of the department.

(Recess from 10:35 a.m. to 10:51 a.m..)

MR. WILLIAMSON: Steve, we are through with the recess. At this time, I will turn the meeting over to you and let's take up items that were posted on our agenda.

MR. SIMMONS: Thank you, Mr. Chairman and Commissioners, and for the benefit of the audience and before we actually begin the remaining agenda items, I would like to introduce members of the department who are here from Austin who will present the various agenda items and/or who are here in support of the Commission meeting.

From our Administration, we have Amadeo Saenz, our Assistant Executive Director for Engineering Operations. Amadeo is out. We have Ed Serna, Assistant Executive Director for Support Operations. From our divisions, we have Jim Randall, Director of our Transportation, Planning and Programming Division; James Bass, Director of our Finance Division; Phil Russell, Director of our Texas Turnpike Division; Brett Bray, from our Motor Vehicle Division; Randall Dillard, our Public Information Director; Diana Isabel, from our Human Resources Division; Bobby Killebrew, who is our Interim Public Transportation Division Director; Richard

Monroe, our wonderful general counsel, keeps us in line. Where is Richard? There he is. And Elizabeth Boswell from our Construction Division.

We also have your commission aides. I would like to introduce them. We have Mary Anne Griss. We have Phyllis Chandler. We have Shawna Russell and Tammy Stone.

With that, Mr. Chairman, we will begin with Agenda Item 2, the approval of the new administrative rules. First up are rules related to job application procedures. I will call the Department of Human Resources Director, Diana Isabel.

MS. ISABEL: Good morning, Commissioners. For the record, my name is Diana Isabel. I am the Director of the Human Resources Division for Texas Department of Transportation. The minute order that you have before you proposes the adoption of an amendment to Section 4.13, and this is to comply with recent legislation that was passed under House Bill 1814. And what this legislation does, is it puts our classification system more in line with the revisions that were made back in the 77th Regular Legislative Session. Prior to '91, the department was required to post positions at Salary Group B13 and above, which is our director series, and back in the 77th Session that was changed to be modified to begin at a B17. So, this legislation and these proposed rules will allow us to now be aligned with the State classification system and also still comply with the intent of the earlier law.

So, this will give us flexibility to recruit and retain and hire in critical positions within the department to meet staffing needs, and those will be determined by the Executive Director. These will have comments accepted until 5:00 p.m. on September the 12th. And with that, I would suggest that these proposed rules be adopted.

MR. WILLIAMSON: Members, you have heard the explanations and recommendation by staff. Do you have any questions of staff? Do I have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and a second. All those in favor of the motion, will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MS. ISABEL: Thank you.

MR. WILLIAMSON: Thank you, Diana.

MR. SIMMONS: Move on to proposed rule for Chapter 7, Rail Facilities, with Phil Russell from our Turnpike Division.

MR. RUSSELL: Good morning, Commissioners, Steve, Roger. For the record, I am Phillip Russell. I'm the Director of the Turnpike Division.

Commissioners, as you know, we have been utilizing a concept called Comprehensive Development Agreements for a number of years in delivering some of our turnpike projects. A CDA really is kind of a turnkey delivery system wherein as a single team we have the experience and the ability for that team to design, construct, operate and maintain, even finance projects. To date, we have used CDAs on turnpike projects, but recent legislation now has expanded our authority so that we can use CDA-type delivery systems on rail projects.

The rules before you, the proposed rules before you today will essentially set the process on how we select and contract with the CDA proposed for rails. From a continuity, consistency standpoint, the process, the rules are exactly the same as what we are utilizing currently on CDAs for turnpike projects.

I will be happy to address any questions that you might have, and staff would recommend approval for these proposed rules.

MR. WILLIAMSON: Okay, members, this is a pretty big one. You've heard the staff's layout and recommendation. Do you have questions of staff?

MR. JOHNSON: I have an observation, no questions.

MR. WILLIAMSON: Please share your observation.

MR. JOHNSON: The observation is this: I think given the expanded

scope of this department's purview on more matters -- almost all matters dealing with surface transportation, from roads to public transit and now railroads, I think this is an extremely important step, and I think it was very wise of the Legislature to include this, because it gives us another tool to deal with the ever-increasing challenges that we face.

MR. HOUGHTON: My question, Mr. Chairman, is an observation. My question/observation is, do we have the folks to meet the new initiatives? Rail CDA is significantly different than road CDA. Who are we going to rely on in the department to review these types of CDA proposals?

MR. RUSSELL: I think, Commissioner, the answer would be, yes, we do have the expertise in-house to review these proposals generally. As to getting specific knowledge, specific rail knowledge, two things would come to mind. First off, of course, Mario Medina that works in Jim Randall's division is kind of the department's rail expert in that area. So, I would envision having Mario very closely involved. If we need to go out and privatize and bring in a consultant with specific rail knowledge, then that would be my other suggestion.

MR. WILLIAMSON: Amadeo, do you have anything to add to that?

MR. SAENZ: That pretty much reflects.

MR. WILLIAMSON: Hope, do you have anything?

MS. ANDRADE: No.

MR. WILLIAMSON: It seems like inevitably when we are at our out-of-town meetings, one of these monumental rules come through. I think this is a big one.

MR. HOUGHTON: It is. It's huge.

MR. WILLIAMSON: Okay.

MR. HOUGHTON: Have we gotten any interest or any inkling of any rail CDAs?

MR. RUSSELL: I think, Commissioner, to my knowledge, the groups that have come in, at least in my area, it has been more of a situation where it is a combination, kind of a rail project, slash turnpike project. Probably Amadeo or perhaps Jim would have better

knowledge if we've got any rail --

MR. HOUGHTON: Don't have to disclose who, just if we are already seeing an interest.

MR. SAENZ: Good morning. For the record, I am Amadeo Saenz, Assistant Executive Director for Engineering. We have had some interest in possibility of some rail CDAs. The question was always there. With the change in the statute, basically we now have clear authority to be able to move forward, but we have received a CDA for a potential passenger rail type service in a certain part of the state.

The other thing is, Mario Medina who is our rail expert within the department, is working with a consultant that is doing some rail studies, rail capability studies, and I think with that as those projects kind of more forward, that they identify some key projects, this will give us the capability to move forward and could get some rail-only CDA potential projects. Of course, the other thing is that the -- we also get the Bill where we now -- or it will require a Constitutional Amendment for having railroad relocation. We don't have any funds, but it kind of starts setting the ground work that we can get some private --

MR. JOHNSON: We started that process, haven't we, Amadeo, as the outside consultants identifying opportunities --

MR. SAENZ: Yes.

MR. JOHNSON: -- or revenue to in fact --

MR. SAENZ: Right. As part of our feasibility study, we are also looking into identifying potential revenue sources that could be used to capitalize this rail mobility fund, or identify sources that we could use then to tap into, to be able to build in rail projects. We have started that by bringing those consultants on board.

MR. JOHNSON: Okay.

MR. WILLIAMSON: Okay, members, anything else? You have heard the staffs' explanation and recommendation. You heard the staffs' response to questions. Do I have a motion?

MR. HOUGHTON: So moved.

MR. JOHNSON: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion, will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

Let's go hustle some railroads, Phil.

MR. RUSSELL: Thank you, Mr. Chairman.

MR. WILLIAMSON: Thank you, Phil.

MR. SIMMONS: I will now ask Jim Randall to come forward to present rules on the Unified Planning Work Program.

MR. RANDALL: Good morning, Commissioners. Jim Randall, Director of Transportation, Planning and Programming Division.

Item 2(a)(3), this minute order proposes amendments to Section 15.4, to be codified under Title 43(K)(C), part one, relating to the Unified Planning Work Program.

Section 15.4 currently provides travel outside the metropolitan area boundary by Metropolitan Planning and Organization staff and other agencies, participating in the metropolitan planning process shall be approved by the department and funded with Federal Transportation Planning Funds. The proposed amendment to Section 15.4 removes this requirement and instead requires the department approval of travel outside of Texas. The amendment further provides that travel to Arkansas by the Texarkana MPO staff and travel to New Mexico by the El Paso MPO staff shall be considered in-state travel.

The minute order submitted for your consideration authorizes publication in the Texas Register for the purpose of receiving public comments. Staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you have heard the explanation and recommendation by staff. Do you have any questions?

MR. HOUGHTON: Did we annex New Mexico by any chance?

MR. RANDALL: Sir?

MR. JOHNSON: Can we annex them?

MR. HOUGHTON: Did we annex New Mexico?

MR. RANDALL: No, sir; but the Metropolitan Planning boundaries, as you well know, extends into New Mexico.

MR. JOHNSON: As you well know.

MR. WILLIAMSON: Maybe we need to just issue some toll debt and buy them. Do I have a motion?

MR. HOUGHTON: So moved.

MR. JOHNSON: Second.

MR. WILLIAMSON: I have a motion and a second. All of those in favor of the motion will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. RANDALL: Thank you.

MR. SIMMONS: Commissioners, our next item is a discussion item relating to temporary license plates.

MR. BRAY: Mr. Chairman, Members, Mr. Simmons, I am Brett Bray, Director of the Motor Vehicle Division.

I haven't appeared before the commission in a very long time, and the reason for that is the -- under the umbrella of the Department of Transportation, there was a Motor Vehicle Board, and the Motor Vehicle Board was responsible for dealer regulations and rules connected with that. As you probably are aware, the Motor Vehicle Board was abolished recently, and the authority for rule-making was

transferred to the commission, hence my being before you today.

This agenda item is a discussion of temporary cardboard tags. This is not about license plates that you are probably more familiar with, coming out of the Vehicle Titles and Registration Division, and we will get into that a little more. I believe I have a chart here to talk about that with you. I did bring with me today Carol Kent, my Director of Enforcement, and Larry Bullard, our chief investigator. They're subject matter experts. If we get too detailed and beyond my area, I would like to offer them up to you for answers.

Ten years ago, regulation of used car dealers in Texas was transferred by the Legislature from VTR to the Motor Vehicle Division. This included, among other things, authority to regulate dealer plates, and those are two kinds. There are metal dealer plates and there are paper tags.

Metal dealer plates are a lot like what you and I have. They are a metal plate that you put on a vehicle, and it authorizes you to operate that vehicle in the State of Texas. Metal dealer plates are in the system like our plates are and can be accessed by law enforcement. Paper tags are not. Temporary -- we call them temp tags or temporary tags, and it is what we are here to talk about today, not metal tags.

Temporary tags are used to give buyers temporary authority to operate vehicles while the dealer is applying for title, among other things. After a time when we received authority to regulate this area, we noticed that they were subject to widespread abuse, and there were no controls whatsoever. We brought this to the Motor Vehicle Board's attention in December of 1996. In January of 1997, the Texas Automobile Dealers Association persuaded someone in the Legislature to introduce legislation that prevents the department from producing the temp tags and issuing them, or contracting for their production and issuing them.

In case I am not clear up to this point, temp tags, unlike 48 other states in this country, can be produced by anyone anywhere in Texas.

MR. HOUGHTON: Can I stop you right there?

MR. BRAY: Yes, sir.

MR. HOUGHTON: In fact, if we are precluded from doing anything,

are we precluded from doing anything from this point forward, too?

MR. BRAY: The 19 -- I did kind of step over that. I apologize. The 1997 legislation that prevents the department from producing tags or contracting for the production, left the ability to dictate format and form, and that's really what I'm bringing to you today, is a discussion of, if we can change the form and why we should change the form.

MR. HOUGHTON: Production is then handled by whom?

MR. BRAY: Well, in Brownwood, Texas, it's handled by Moore Printing Forms or Moore Business Forms and, I believe, Brownwood Printing, something to that nature. It is handled by between 200 and 300 licensed printers in the State of Texas, all over.

MR. HOUGHTON: We can't change that?

MR. BRAY: No, sir, not at this time.

MR. JOHNSON: What were -- you mentioned, Brett, some of the abuses that we determined were occurring. What were the nature of some of those abuses?

MR. BRAY: I have a list of ten things. It is my own personal, shorthand list of bad things that happen with temp tags. If you want to avoid liability insurance or if you can't get liability insurance, operate a vehicle on a temp tag. If you want to avoid registering your vehicle for some reason or titling your vehicle, operate on a temp tag. If your vehicle can't pass inspection -- and I'm not just talking about -- I am talking about lights and brakes and the normal things you and I think of about inspection, but I am also talking about salvage vehicles. If your vehicle -- if you have a salvage vehicle and you can't pass inspection and so you won't be able to get a regular title, won't be able to get plates to operate on the streets, drive around on a red tag.

If you want to avoid the emission -- which probably is significant to you, if you want to avoid emission standards, drive around on a red tag. If you can't get a driver's license or for some reason you don't want to be in the system, you can operate a vehicle on a red tag, and nobody is going to really check you unless you happen to get pulled over for some sort of infraction. You can avoid paying tolls by running toll booths with a red tag, and you are never going to get caught.

MR. HOUGHTON: I want to go back, Brett, to not being in the system. Why would you not want to be in the system? I am setting you up on this.

MR. BRAY: Yes, sir, you are. There are a myriad of reasons why you would not want to be in the system. I don't even know where to begin.

This matter was -- with the great efforts of Chairman Williamson, who I had hoped to thank somewhere along in here later, this matter was before the Senate Transportation and Homeland Security Committee in the Senate side this last legislative session. I think that speaks for itself. It is more than just a transportation issue. It is a Homeland Security issue.

My personal view, I don't touch on it as much, as Homeland Security is just strictly officer safety. But, there are a lot of reasons why you wouldn't want to be in the system and most of them are nefarious reasons.

MR. WILLIAMSON: You are a bomber. You are a rapist. You are an escapee.

MR. HOUGHTON: With full disclosure, I've had the FBI and DEA in my office on the issue on the border. It seems to be an issue on the border, especially at border crossings.

MR. BRAY: And you have stolen my ninth reason, which is if you want to perpetrate criminal activity without detection, you would use a red tag.

Then one that doesn't get much play is, if you are a dealer and you want to play the float somehow and avoid turning in your registration revenue and possibly even your sales tax revenue, you keep people on red tags, and that has happened. Again, I have subject matter experts who deal with this on a day-to-day basis.

MR. HOUGHTON: So, it's -- the amount of revenues in this float system is probably significant?

MR. BRAY: We think so.

MR. WILLIAMSON: Well, as an example, I go down to my Ford dealer or my Chevrolet dealer -- no, I never buy a Dodge, so I go to my Dodge dealer. I pay cash for my truck, tax, title and license, right?

MR. BRAY: Yes, sir.

MR. WILLIAMSON: Write them a check for \$18,000; \$17,000 for the truck and \$1,000 for the tax, title, license and registration. They are going to take care of turning in all of the paperwork and send my plates to me, or they will bring them by. In a small town, they will bring them by. So, the guy deposits or the gal deposits my check, gives me the tag, puts that tag on the back of my truck, and 30 days later then turns it all in and buys my tag. He's floated my money 30 days? Is that what you are --

MR. BRAY: No, sir. Actually, by law, they are allowed 20 days to do the paperwork.

MR. WILLIAMSON: Then give me an example. I couldn't create my own. Give me an example of how it might work, a float.

MR. BRAY: You were right on track. He deposits the money in the bank. And, quite frankly, this runs -- this runs the gamut, because you are using an example of a franchise dealer, and that is probably more of a monetary issue. We see things like red tags being sold in flea markets along the border, and that is kind of a whole other element, a whole other issue.

MR. JOHNSON: You are talking about just the tags now? You are not talking about the vehicles that are attached to the tags being sold in flea markets?

MR. BRAY: That is yet another problem. But, you were on track. In your example, and this was actually the title page. I hope that you can tell it. If you bought your vehicle in December of '04, your Dodge truck, and you paid, as you said, and they deposited it, as they said; but then they didn't go down in the time period that they were supposed to have done so and gotten your title taken care of and your plates taken care of, then you can come in and complain and somebody will come along and mark out the "One" that was on that tag and put a "Two" in there, and you are now good for yet another month.

The average -- a lot of this has to do with the failure to pass title, which is the single largest complaint we receive at the agency. Believe it or not, the average length of time for a failure to pass title complaint, where someone has not received their title, is 13 months.

MR. HOUGHTON: Thirteen months?

MR. JOHNSON: This is just stealing in the world of used cars; is that correct?

MR. BRAY: No, no. As a matter of fact, it is not. This has to do with new cars, too. It is usually a little bit different issue. It is an officer safety issue in that as far as I know, criminals are just as capable of buying new cars as they are used cars, and they are just as undetected when they do so.

This is a concern about -- about the deputy sheriff in Brown County at midnight, or even the officer on LBJ freeway at 3:00 in the afternoon. When they pull over a vehicle right now with a red tag, they know nothing about ownership, occupants or anything. And, they have no way of accessing any information because --

MR. HOUGHTON: It is not in the system?

MR. BRAY: They are not in the system.

MR. JOHNSON: Well, let's assume for a moment that the Dodge truck that the Chairman has purchased, there is a lien placed on it by the Williamson State Bank of Parker County. Does that affect this cycle of going from the red tag to the permanent tag or the ability to alter or delay?

MR. BRAY: If you are a lienholder, it's a problem because your vehicles are out on the street and you are not yet -- unless they go down and take care of the paperwork, you are not yet the registered lienholder. So, you have identified problem twelve there is an out of trust issue. But problem twelve is, lienholders may not be getting their liens registered fast enough.

MR. JOHNSON: Well, wouldn't I, as a lienholder, want to perfect my lien as quickly as possible?

MR. BRAY: Yes, sir, you would, but if your agent is the dealer and it is his responsibility to do so, or her responsibility to do so, and they don't, that is where you are left.

MR. HOUGHTON: So, Brett, what are we here for today? Since we can't manufacture the tag, we can't increase security, so to speak, we can't regulate it. It doesn't seem like we have a whole lot --

MR. BRAY: Well, I'm about to get there. Can I have one minute of

license to lead you up to that point?

MR. HOUGHTON: Sure.

MR. BRAY: After several years of watching the problem get worse, we came to the commission -- and you may remember voting back in December that it become a Legislative agenda item to try to give the department just authority to do something with temp tags. It was not very specific. It just said, allow the department to be able to do something, produce them for that matter, like most other states.

It went through the Legislative process, and I do -- if I may, I would just like to thank the chairman because he went -- like the Mayor said earlier, it's a hard job, low pay, and not only that, but it is thankless a lot of times. He did a lot, and in the end it didn't -- we didn't get a bill passed that way. Senator Staples and Representative Hill, I think, put together good bills, and it just didn't happen. I would also like to plug Coby and Jefferson and, if I may, Kristen Ogden, our Legislative analyst, because she did a wonderful job, too.

But in the end, the bill did not pass, and what did pass was a study was dictated to be done by a commission, Legislative Commission. That study is supposed to be done by November of 2006, I guess, in time for the 2007 Legislative session. The problem is, from our perspective, there is no guarantee what that study might show, and we are still left with the problem of these tags. And, so, we have come to you to talk about reformatting them in ways that we think will help the department and the public and the law enforcement community.

MR. WILLIAMSON: Now, was the -- there was a nice person that came up earlier and introduced themselves. Was the Texas Automobile Dealers Association in support of this legislation that we tried to work out?

MR. BRAY: They were very much opposed to this legislation.

MR. WILLIAMSON: Really?

MR. BRAY: Yes, sir.

MR. WILLIAMSON: Why would automobile dealers be opposed to eliminating these twelve evils?

MR. BRAY: There are probably a number of reasons, and some of which I would just speculate because I can't get inside their head, but I think one of the -- one of them is, it's our idea. But, I really think that the main reason is, as I told you, 48 other states do it differently. In 48 other states, they issue the tag, and they put any number of security features on them.

In this state, dealers have had for a very long time and continue to have, wide-open ability to go to any printer. In fact, we don't have a licensed printer in Weatherford, but you can go to Fort Worth or Burleson or Cleburne or any of those cities and find a licensed printer, and you don't even have to find a licensed printer, because we have many experiences where people are not licensed. And, when I say licensed, what I am talking about is, that background screen, the TxDOT flying T, of course, is intellectual property. Printers in this state have had to obtain a license from -- a license from us, from the department, to print that background T as a security feature on the tag.

MR. HOUGHTON: Do we have to grant it at will?

MR. BRAY: We haven't, not yet. We have taken a couple away when we found that they were involved in some tag abuse.

MR. HOUGHTON: So, can we put restrictions as to what printers, meeting a certain criteria?

MR. BRAY: I really am not sure about that, and probably Richard Monroe might have to look into that for you. Again, that is intellectual property.

Can you take me back where I was?

MR. WILLIAMSON: I just was asking where the Texas Automobile Dealers Association stood on this matter, and you told me that they were opposed.

MR. BRAY: I think they like the freedom.

MR. WILLIAMSON: I was just kind of surprised that a trade group representing law-abiding citizens would be opposed to modernizing and securing their license registration system.

MR. BRAY: I remember --

MR. WILLIAMSON: It seems like an odd position for that group of

men and women to be taking.

MR. BRAY: I remember in the Senate Transportation and Homeland Security Committee hearing, the representative for the Auto Dealers Association testifying that this is a solution looking for a problem.

MR. HOUGHTON: And 48 other states have regulations and security -- secure situations to issue these?

MR. BRAY: Yes.

MR. JOHNSON: Who is our cohort?

MR. WILLIAMSON: What the hell does that mean, a solution looking for a problem?

MR. BRAY: I'm sorry. I didn't --

MR. JOHNSON: Who is our cohort --

MR. WILLIAMSON: That sounds like something coming out of Austin, Texas.

MR. BRAY: Oklahoma.

MR. WILLIAMSON: Continue, Brett.

MR. HOUGHTON: Do you want to get Lynn up here to help you with that?

MR. BRAY: This was the tag that we inherited originally and was the tag that was used for years and years and years when you bought a new motor vehicle. The most prominent feature on that tag is the P number, also known as the dealer's -- it's the dealer's license number. If a dealer sells -- did sell 5,000 vehicles in a year, 5,000 of those tags were operating on the street. They don't tell you anything really. If you are an officer anyway on patrol and you stop that vehicle, that doesn't really give you any information.

MR. WILLIAMSON: In other words, if that was Roger Williams' P number, P-17383, it would be that same number on those 5,000 cars?

MR. BRAY: Yes. So, in 1997 after the legislative effort to prevent the department from doing more, but leaving us the ability

to reformat, we looked at reformatting, and we took this to the Motor Vehicle Board and got it passed. That is the current day tag. As you can see, the two prominent features are it has that flying T in the background, and it has the expiration date, is what is supposed to be colored in.

I will try to go a little faster. I have gone through a lot of the problems that you can see that we have with these.

Counterfeiting is a huge issue. It's estimated that 30 percent of the red tags that you see on the street are not real red tags, not issued by licensed dealers necessarily. At any rate, we cannot --

MR. HOUGHTON: If you say 30 percent, what is the revenue loss to the State of Texas anticipated?

MR. BRAY: We issued a booklet to you. I don't have the number on the top of my head. We issued a booklet to you back in December that sort of speculates on that. It's real hard to pin down an actual number, but you can get a good idea. Registration revenue in this state runs over a billion dollars, and sales tax in the state runs, what, over eleven billion for cars, I think? So, you are talking about -- you are in a big, big neighborhood.

MR. HOUGHTON: This may be tantamount to the tax on gasoline that -- either at the rack or at the pump, right, where do you collect it, right?

MR. BRAY: I understand that is an issue.

MR. WILLIAMSON: Point of collection for vehicle registration.

MR. HOUGHTON: There you go.

MR. BRAY: This is what we were proposing to you a month ago. This is what we wanted to go to. The advantages are this: Since 30 percent of the tags out there are probably -- are probably counterfeit, that date is totally unreliable. If you looked at the first tag that I presented and you saw the alteration of the tag, you can tell that the date can be altered. It is altered, and it's unreliable.

So, we proposed to taking away the date entirely, and the advantage is, if there are members of law enforcement out there who are being misled that it's a legitimate tag, they at least will be placed on notice to be careful when approaching this vehicle. The other

thing is, we took off the flying T. It is the fervent wish of the Dealers Association, Mr. Chairman, all of the associations -- dealers associations, I guess, that the department not be involved in red tags. And, if we are not going to be involved in red tags, it doesn't seem that we ought to be -- there ought to be the impression left that we are, by producing something that has the TxDOT logo on it.

MR. HOUGHTON: I think I want a bigger flying T where people can see it after that comment.

MR. WILLIAMSON: How is this --

MR. JOHNSON: You said a month ago. So, is there an update?

MR. BRAY: Yes, sir, I'm coming to the next one, and that is this one. The reason we -- it's a slight change. The reason we did that is because we know that the dealer associations are going to oppose this, just because they are going to oppose this. But, the previous one, we believe that the dealers themselves actually might oppose because if you -- "Unregistered vehicle" may have negative connotations, and they may be embarrassed to place that on a customer's vehicle. So, we looked at something possibly a little more soothing and went to "Registration pending", because in theory, when a dealer puts you on the street with that red tag, they are supposed to be obtaining your registration with title in 20 days.

MR. WILLIAMSON: And, that black number would be unique to each plate?

MR. BRAY: Yes, sir. That black number is very significant and will also be a big item of contention. That black number is supposed to be a control number, so that each plate would be unique, and it would allow law enforcement, it would allow TxDOT investigators, comptroller investigators, local taxing authorities, to be able to go to the dealer, and it would make it easier on the dealer and easier on the inquirer to identify that plate with a purchaser.

By the way, under the law currently, dealers are required to keep a log of the cars they sell. So, in my view, we are talking about, at most, the addition of a column or two on an Excel spread sheet. They already keep the information. That would just add a column with that number on it.

MR. JOHNSON: How does this deal with the counterfeit issue?

MR. BRAY: With the counterfeit issue, it deals with it in a couple of ways. You can obviously still counterfeit things, but we believe that it will slow down -- we believe that people won't be interested in -- excuse me -- in obtaining this tag as opposed to possibly just biting the bullet and getting insurance or whatever it is that is their deficiency. We believe that the counterfeiters won't be as enthusiastic about printing this tag and selling them. By the way, they sell for anywhere from \$25 to \$85 in flea markets in the Valley, because it doesn't have the mantra of a TxDOT official plate.

If I might mention, I brought this chart. I'm sorry I don't have it on the Power Point, but it just came in the mail this week. You are familiar with it. This is VTR's chart that they put out every year that has every tag. What this has, is every plate, tag, placard, out there in Texas that involves cars and trucks. There are 276 of them on this poster. Every one of them is an official document, an official -- you get it from an official source, except five. Those five are the dealer plates that we are talking about today.

MR. HOUGHTON: Brett, why don't you put -- what do they call this on your credit card, that little --

MR. BRAY: Hologram?

MR. HOUGHTON: Hologram.

MR. BRAY: We tried that in 19- -- that was one of the things that we talked about in 1996. That was one of the things that the Dealers Association absolutely, positively does not want.

MR. HOUGHTON: Is it against the law or is there a statute that says you can't do it? Why not put a hologram or embed a chip in that registration?

MR. BRAY: I think that we may want to investigate it further, but I can tell you that in thinking about it over the years, in my view the department is not really prohibited from requiring a hologram on the plate.

MR. HOUGHTON: It is hard to counterfeit a hologram.

MR. BRAY: It can be. It is hard, but it can be done. We've seen

it done.

MR. HOUGHTON: Yeah, it can be.

MR. BRAY: And, if I may, I'll show you what we were wanting to go to.

MR. HOUGHTON: But, you can't go to your, you know, Kinko's and copy a hologram.

MR. BRAY: Right. What we were contemplating, though, out of the Legislative session was the newest and best plan out there. This is Arizona, and this kind of a thing is sweeping the country in terms of interest. Not a lot of states have gone to it yet, but they are all looking at it.

Arizona went to what they call an ETRP, an electronic temp tag. There is a unique number there. You can see that S-37 number. It also identifies the vehicle uniquely, and it tells you when the vehicle was sold. When an officer rolls up on a car that was sold in Arizona that has that tag, he knows before he gets out of the car who should be the registered owner of that vehicle, who should probably be operating that vehicle, and what kind of vehicle that tag is supposed to be on.

Yes, you can counterfeit these, too. In terms of a hologram issue, you can counterfeit these, too, but if you do, there are two things that are advantages. One, the officer is going to know it before he gets out of the car, because the number won't come back right and, two, he will know -- he will know what vehicle it is supposed to be with. I'm sorry; the second advantage is this: Counterfeiters, if they did counterfeit them, would have to do them one at a time, because they are vehicle specific. You have -- this one is a 2002 Dodge, and it has a VIN number specific to that vehicle on it.

MR. HOUGHTON: But, that is the end result of years and legislation, and they get to do it at a central point, those types of deals, right?

MR. BRAY: Yes.

MR. HOUGHTON: They are printing it off of a computer.

MR. BRAY: No. Actually it is printed off at the dealership when the dealer makes the sale from his printer.

MR. HOUGHTON: From his printer?

MR. BRAY: Yes, sir, it's a plain paper -- plain paper copy.

MR. HOUGHTON: But specific to a sale?

MR. BRAY: That's right. As a dealer you get a --

MR. HOUGHTON: Can we do that?

MR. BRAY: We cannot do that with the legislative situation we find ourselves in. We could have if the bill had passed. This is what we wanted to go to.

MS. ANDRADE: Where they can have that done immediately?

MR. BRAY: It's done immediately, 24 hours a day, whenever you sell the vehicle. And by the way, in terms of the amount of time it took, they started their process of developing the system in the Summer of '03 and were up and running, I believe, by March of the next year.

MR. HOUGHTON: So, that goes into a database where it is immediately registered at the State level on the system, recognized buyer, recognized owner?

MR. BRAY: Yes. That is Montana. Montana, on the coattails of Arizona, has done the same thing basically.

The other tag that we are wanting to deal with is the blue tag. This tag is the tag that dealers are allowed to give buyers if they are having trouble getting a title from a lienholder for some reason. This gives the buyer another basically 21 days of unregistered use of the vehicle. As you can see, it has the exact same problems that we found with the red tag. This is what we put in your packets, and this is what we actually want to propose to you.

There is some other language on there. I didn't plan on going into it unless you just want to. It's not that significant. The main thing there, we take away the flying T. We take away the expiration date, and we will put in the control number.

MR. HOUGHTON: Why don't you make the flying T a hologram? No, I call it the star in motion. I like that better.

MR. BRAY: This next tag is the green tag. It's given by dealers to charitable organizations for their use. We would like to propose to you eliminating it because we think the next tag would cover that use as well, and it is just one less tag that you would have to keep up with.

This is the old Texas dealer tag. It's called a black tag. This is what dealers use to -- if you come to the car lot and you want to test-drive the vehicle. They put one of these on the vehicle and you drive around the block. Or, if they want to transfer vehicles from one dealership to another, those sorts of things, you'd use this. This was the old one. This was all that we could really do to it back in 1997. We just put in the flying T.

This is what we would propose to go to if you are amenable. We can't use the kinder, gentler language of "Registration pending" because --

MR. WILLIAMSON: It's not.

MR. BRAY: -- it's not.

There is a group of licensees in Texas called converters. They take a perfectly good motor vehicle and do something to it. They make limousines. They make bullet-proof executive cars, ambulances. They do all kinds of things, and they have a license. And this is their current license, and to be consistent, we would like to go to this.

MS. ANDRADE: Brett, how would they acquire these, in the same manner that they acquire them now?

MR. BRAY: They would acquire them in the same manner they do now. The distinction would be, there would be no longer a need for us to license printers. If we take off the flying T, it takes the printing process out of -- it is not in our hands any way, so it takes the responsibility off of the department for the printing process. They would acquire them anywhere.

MR. HOUGHTON: But, you still couldn't go ahead and pirate and copy them? You can still do the illegal --

MR. BRAY: Yes, sir, you can.

MR. HOUGHTON: All of the illegal things that you could do before?

MR. BRAY: It can, and I don't believe that that can be very easily remedied without a legislative change, and the Legislature didn't seem to be interested. I can tell you that this can come off my printer at home. My printer is pretty cheap, and anybody can do them. They can do them now with the TxDOT logo. So, we are not -- we are not preventing anything, and we might be endangering -- my board chairman of the Motor Vehicle Board wrote to you all last December, and he said to you that this actually is dangerous for law enforcement. I think he should know because he is with the City of McAllen Attorney's Office and he -- he counsels with law enforcement every day, and he says that law enforcement is at risk here by using these things like the TxDOT logo or the expiration date, because they look official and they have an official feel and they must be trustworthy when they are not.

MR. HOUGHTON: Who bears the cost of printing it?

MR. BRAY: The dealer.

MR. HOUGHTON: So, putting a hologram on there with the star in motion is their expense if we mandate it?

MR. BRAY: It would be, and by the way, the Chairman -- when the legislation was considered by Senator Staples and Senator Hill, we even went so far as to try to make it a pass-through, so that the fee for that paper tag like the Arizona tag would pass through as an official fee to the buyer. No more than a dollar or two, but it would not have been an expense for the dealer. As it is, the dealer is paying for the cost of these --

MR. HOUGHTON: About two cents?

MR. BRAY: No. I would have thought a half a cent. But we have done a recent survey in anticipation of this, and printers are getting pretty good money for these. They are not on this paper. They are on kind of a cardboard.

MR. HOUGHTON: Yeah, they are on cardboard.

MR. BRAY: We did a survey of about 15 printers, and it depends on where you are located and it depends on the size of your dealership and the size of the order and all of those things, but it seems to run between 30 and about 70 or 80 cents a piece.

MR. WILLIAMSON: That says something right there.

MR. BRAY: And, they usually buy them in quantities of anywhere from 500 to 1,000.

MR. WILLIAMSON: Wow.

MR. HOUGHTON: I just don't -- my personal opinion, I don't think you are going to stop much of what -- the abuse we've had in the past by where we are headed, Mr. Chairman. I'm for some type of tougher registration of these vehicles, and a hologram with the star in motion --

MR. WILLIAMSON: What about ink that disappears after 20 days?

MR. HOUGHTON: Washes off with a rain storm.

MR. BRAY: It's not a bad idea. Of course, it does leave you with a blank tag that then somebody writes over all over again, which is not a whole lot --

MR. WILLIAMSON: How about one that blows up after 20 days? A small explosion, a small explosion.

We have one guy that wants to comment on this. Mr. Monroe, if you can give me some legal guidance. This is a discussion item. All we are doing is talking up here. Do I need to wait until we are done talking before I hear from this fellow?

MR. MONROE: No, sir. Hear him when you like.

MR. WILLIAMSON: Brett, are you through with your layout at this point, or do you have other things to say?

MR. BRAY: I would conclude with saying that what we are hoping to do is to bring this to you in September to ask you for permission to publish it as a change to the rule. These are in the rules now, and to change the Rule, take away the flying T and modify them the way I have described, and then we would go through the rule-making process, and you might see them in November or December. That is what we are asking.

MR. WILLIAMSON: Okay. Don't leave. Stay close, because I want to ask you a few questions, but I want to hear from Matt Bonner, first. Matt.

Mr. Bonner is from the great City of Carrollton, Texas, home of one

of the better girl's softball teams in the state.

MR. BONNER: I would like to thank you for your time in letting me come up here and speak. On behalf of this, I think this is the right move especially when Mr. -- when TxDOT is talking about -- Mr. Bray is talking about law enforcement.

This has been a big issue. In the City of Carrollton, we took an active approach on enforcing the rules. One of the things I want to mention to you that Mr. Bray had mentioned is, first of all, it's not illegal in the State of Texas to sell these dealer tags. I can go out on the side, the corner here in Brownwood, Texas, and sell them for \$25 a piece, and law enforcement cannot do anything to me for doing it. It is not illegal. The only thing that is illegal in -- with these temporary dealer tags that you can get in trouble for is a Class C misdemeanor is the highest offense you can get. That is either for printing the dealer tags unauthorized or operating a motor vehicle with an unauthorized dealer tag on the back. Usually that means it is counterfeit.

One thing I want to discuss with you is the disadvantages that law enforcement has. Just like Mr. Bray said, first of all, lack of education for law enforcement. Most officers, like me myself, I had to educate myself on dealer tags. We have lack of education, and usually what law enforcement does, if they don't understand it or don't want to enforce it because of their knowledge of it, they are going to leave it alone. That is why we don't do anything right now. Because when we see a dealer tag running down the street, we have no idea if that is a legitimate dealership, a legitimate car sale or not. We don't know, because we are not educated in this area.

One of the statistics I do want to bring up is a friend of mine is an auto theft person in Plano, Texas. One out of every 15 cars they stop with dealer tags on them are stolen. So, the criminal element is using this to their advantage, because they know law enforcement is not educated. They use it to do drugs, terroristic fields. They use it to do tollway stuff. Tollways can't find out -- when these people are running through their tollways, they can't find out the information.

Another thing is, is availability of information. The Dealers Association will tell you, "Well, you've got a general distribution number, that P number, 44336."

Yeah, that's great. That tells me who the dealership comes back

to, but you remember what your dad said when you took a girl out or when you went out with a guy? Nothing is good after midnight? Okay. Do you see what I'm saying? The criminal element doesn't move very often in the daytime. Okay.

Dealership Association is going to tell you, "Hey, call our dealership, and they will give you the right information, who sold the car." I did that one day just to see if it would work. It took them 16 minutes to find out the information. I gave them the right name of the person who purchased it, the VIN number, the sales person and what day it was sold, and it still took them 16 minutes to find out if that vehicle was actually sold there. Sixteen minutes, I am dead on that traffic stop.

Sixteen minutes is too long. Instant information is what we want. We don't have that information and, tell me, what dealership stays open 24/7?

MR. WILLIAMSON: It's against the law.

MR. BONNER: It's against the law, yes, it is. So, once nine o'clock comes --

MR. WILLIAMSON: Who passed that law?

MR. BONNER: Right. After 9:01, law enforcement is out of the loop. We have no information that is available to us at that particular time.

Another thing is, is that as you see on these dealer tags, we don't know when we are stopping a vehicle who it belongs to. Registration returns are vital information to us. We put BOLOs. Have you ever heard of a BOLO? Be on the lookout for. If there is a particular dealer tag that we are looking for, or a BOLO, if it's data like in Arizona, we can put a BOLO on it and law enforcement can look for it, because it is specific to that vehicle. Temporary dealer tags aren't specific to any vehicle. Just like you said, 5,000 of them are running around.

Last week I had an opportunity to go with one of the guys from TxDOT Division that Mr. Bray is over and Wells Plano PD. We went down to a particular -- one dealership, one particular car lot, and we confiscated 250 counterfeit dealer tags. He says he purchases them from a guy who comes around and sells them for two dollars a piece. The reason he buys them is because the vehicles that he is selling are not -- are salvage vehicles, and they are not allowed

to be on the road. They are unsafe.

Most of the time what you will find on dealer tags, if I stop a dealer tag and it is counterfeit, because I already know what most of them are, there is a counterfeit inspection sticker dealing with that as well.

Another thing I'm going to tell you is that dealer tags are not a Government record. Law enforcement cannot do anything to anybody for either selling them or possessing them. There is no recourse, except the two individual things that I talked about earlier about printing them, that aren't authorized without having a dealer's license, and also if you are operating a motor vehicle. So, if you bought one of those dealer tags from me, I am free and clear. If I sell it to you, you put it on your car, law enforcement can do something about that. It's a Class C misdemeanor, a ticket and fine only. Now, if you are out selling these down on the corner at the end of the street, there is nothing that can be done to you.

Why we want this? A lot of times the Texas Dealers Association is going to say the reason they don't want it is because it is Government control. This is not about Government control. This is about safety for me, law enforcement. As you know, a lot of the terrorist things happen. We need the information, and we need it right then and there.

I am proud to wear this badge and proud of what I do. I am honest. One thing I hate to do, a lot of people in this room can say they don't think about this every day. You wake up in the morning. I put my badge on. I put my gun on. I kiss my wife goodbye. I kiss my two girls, daughters bye, and it may be for the last time. I think about that, because I might not come back through that door.

Most people don't think about that. When you leave your house, do you think that you are going to die that day? No, you don't. I do. My wife has to deal with that every day. My kids have to deal with that every day. Is my daddy going to come home tonight? We need this information, and we need it instantly.

The same thing with the terrorist deal over in London. A lot of that information, they can get all of that information right then and there. It is a public safety issue. It's not a Government control, and I wish the Texas Dealers Association would know that. They will sit there and say that it's a Government control, and they don't like that.

MR. WILLIAMSON: No, I think they said it was a solution waiting for a problem.

MR. BONNER: Right. Well, I think that is part of the problem.

You are correct, the problematic things that you are talking about, the no insurance, the registration, inspection and all of that goes hand in hand.

Just one thing I got to tell you. When people -- somebody -- I think one of you asked, I think it was Mr. Johnson asked, is this a used car problem? No. Last year in the State of Texas, new car dealers -- new car dealerships sold more used cars than any used car dealership on its own. So, it goes both ways.

So, there is a lot of information out there that we need, and I wish we would go in that direction, like they are trying to do right now. We need as much help as we can, as much instant information that we can get at that particular time.

MR. WILLIAMSON: Members, questions of this young man?

MR. JOHNSON: I don't have a question. I just want to thank you for the work that you and your fellow officers do.

MR. BONNER: I appreciate it. We are trying to take an active approach. One note I put on here that I want to say. This system was set up on an honor system. Honor systems are no good if there is no honor in it. Thank you. Y'all have a good day.

MR. WILLIAMSON: Thank you very much.

All right. Now tell me about the hologram, Ted. What was that?

MR. HOUGHTON: It's on your credit card.

MR. WILLIAMSON: The same thing that's on my VISA card?

MR. HOUGHTON: Right. Put it on either side.

MR. WILLIAMSON: You trust your car to the person with the flying star?

MR. HOUGHTON: You put the flying -- the star in motion right on there, a hologram.

MR. WILLIAMSON: And you were concerned about that for what reason?

MR. BRAY: Well, there are several -- first of all, I'm not sure that the Department has the ability to require it. When I was responding to the question, I'm thinking require -- just require the parameters of it, and I guess they would get it somewhere else. While I had an opportunity to sit down, I was briefed, and as we understand it, the way holograms work and every other state that is using them, the state is selling them, and we know we can't do that. We cannot --

MR. HOUGHTON: Require the printer to put it on there. We have the authority to tell the printer, the dealers, what they have to have on there.

MR. BRAY: You do, you do. I would like the opportunity to brief you further, because I really -- I don't think that is the answer. I'm afraid that it doesn't solve the problem.

MR. HOUGHTON: I don't think that does either in my opinion.

MR. BRAY: No, it definitely does not.

MR. HOUGHTON: I don't think it's restrictive --

MR. WILLIAMSON: We adopted the discussion item phase of our meetings to permit us --

MR. HOUGHTON: Right.

MR. WILLIAMSON: -- legally to discuss in front of the public how you feel about something, and also to signal to staff and the affected public where we might be going about a decision in the future, and I think Ted is trying to convey that he wants a fool-proof method, and I'm interested in that fool-proof method. If it is not that, I am interested in something else.

MR. JOHNSON: This is just a partial step. I mean, clearly the ultimate answer is what the Legislature grants us the power to do.

MR. WILLIAMSON: You might poll some of the dealers.

MR. HOUGHTON: That method there, go back to Arizona.

MR. BRAY: The problem is, that is the fool-proof method.

MR. HOUGHTON: That's right.

MR. BRAY: And that is what 21 senators voted against the Friday before the legislative session closed.

MR. HOUGHTON: Well, I understand that, but you have to morph into it some way.

MR. BRAY: Yes, sir, and we're trying --

MR. HOUGHTON: And make it as hard for the counterfeiters as possible today, because it takes two years before the next session. We morph into it and make it very difficult for somebody to counterfeit these things. That is our only -- you can go copy what you have put up there. It's the same thing, in my opinion. Make it very difficult and expensive for them. I'm making it expensive for them, too.

MR. BRAY: I'm not sure the -- I'm not sure the department can do that under the current legislative --

MR. WILLIAMSON: Well, you will no doubt be talking with different people and figuring out what we can and can't do over the next few weeks, right?

MR. BRAY: Yes, sir. And may I just say, the last thing I forgot to mention to you was, Ms. Kent and Mr. Bullard have visited with a number of law enforcement associations in getting prepared for this. In fact, I didn't even know there were that many law enforcement associations in Texas. I'm not sure. I think they are in your packets. We are gathering them. We will have more for you, but we have been received extremely warmly by every law enforcement association we have visited. They have all expressed support for our current idea as an interim gap until the study is done and possibly the Legislature can move forward and give the department a better tool.

MS. ANDRADE: Right. You said that they set up a study group or committee?

MR. BRAY: Yes, ma'am. The study --

MR. HOUGHTON: Who is "They"?

MR. BRAY: The Legislature. And the study is supposed to be, as I remember, it is a commission of people; one appointed by the

Governor, one by the Lieutenant Governor, one by the Speaker of the House. And the charge is to study this problem.

MS. ANDRADE: I certainly would suggest that they hear this young officer.

MR. BRAY: I may have glossed over it, but Coby Chase's office is spearheading that, and I'm pretty certain that we are going to contract out for some of it, and I believe -- we are very confident, because we think the problem is very evident. I believe it is going to be -- it's going to show -- I believe the study is going to wind up showing that it is much worse than we tell you it is. But in the end, everybody, dealers throughout the state, residents, law enforcement, they are all going to have input.

MS. ANDRADE: I would have to say I agree with my fellow commissioners, we have got to do whatever we can until the law is changed. You know, I'm a business owner, so I am all for not stopping business, but this is a real safety issue. And, so, whatever we can do to keep us safe, I think we must. We owe it to the public to do that.

MR. WILLIAMSON: You know, we operate by consensus, so I can certainly be booted on this one, but my personal preference is, I like the statement "Not registered", because that's the truth. "Registration pending" is not the truth. Registration doesn't start until my vehicle dealer takes my papers to the county courthouse and starts the registration process. So, "Registration pending" that is like so much other nonsense in Government. That is just nice words. It is not registered. It is not registered, period.

MR. BRAY: I'm happy with that answer, but we were trying to -- we're trying to look for compromises, hoping to ward off potential --

MR. HOUGHTON: Ward off --

MR. WILLIAMSON: What was it that lady told us a couple of years ago? You can put a saddle on it. You can put lipstick on it, but a pig is still a pig? Is that what it was?

MR. HOUGHTON: That is what somebody told us about point of collection once.

MR. JOHNSON: One thing that comes to mind, how is what you're

considering to propose to the rule, how does it affect the process that the dealer goes through and how does it affect the process that a buyer, a customer of a dealership goes through?

MR. BRAY: This is why it shouldn't -- this is why they should actually be happy with this. The reason is, it affects the process the dealers go through in a couple of ways. First, it ought to cut down on the price, because nobody is having to screen in the flying T. More importantly -- I have experienced this at the dealership I go to. I have experienced people complaining about having to color in the boxes. They liked the old system. They don't have any boxes to color in this way. Presumably, I guess, over the course of several hundred deals that car dealers do, their back offices are not having to color several thousand blocks. So, they like that.

In terms of overall process, it is virtually the same. It certainly doesn't do anything to stop business. You know, if anything, like I say, it speeds things up because the back office isn't coloring blocks as long. This is a reaction in my view to try to do something to teach officers -- not everybody is quite as sophisticated as Officer Bonner in terms of red tag problems.

MR. JOHNSON: Let's take this one step farther. Let's assume that ultimately in place of something like Arizona has, would that affect the process, either expense-wise or time-wise that the dealer goes through or the customer, the buyer of the vehicle goes through.

MR. BRAY: They say it will.

MR. JOHNSON: They?

MR. BRAY: "They" being the dealer associations. My experience, I went to Arizona. I reviewed the system at the department. I went to dealerships. I watched them make sales with those tags. If anything, it is going to make things faster.

MR. HOUGHTON: I -- I understand we have to work together, but I just -- taking the star in motion off the license plate to reduce the cost by 20 cents and somebody doesn't have to screen it in, who cares?

MR. BRAY: Well, I'm just -- I was just responding to his question. The reason I would take it off is not that reason at all. The reason I would take it off is because it misinforms the public and

law enforcement that that is an official document, like the 271 other official documents.

MR. WILLIAMSON: I agree.

MR. BRAY: And, it is not.

MR. WILLIAMSON: I agree. I want it off anyway, no matter what.

MR. BRAY: And I -- and, Mr. Chairman, if in your discussions you choose to pick and choose among the options, taking the flying T off alone is better than nothing.

MR. WILLIAMSON: Anything else, Members? We want to thank you for putting together a good presentation and informing us on this public policy matter so that we can make a good decision, Brett. Thank you.

MR. BRAY: Thank you for having --

MR. HOUGHTON: Thanks, Brett.

MS. ANDRADE: Thank you.

MR. WILLIAMSON: Steve?

MR. SIMMONS: Thank you, Brett.

Mr. Chairman, the next item is three items dealing with our public transportation, is Bob Killebrew, to come forward.

MR. WILLIAMSON: You still haven't got the new guy in?

MR. KILLEBREW: I hope he's here by now. He is just not here in Brownwood.

MR. WILLIAMSON: Do you think he is going to really show up?

MR. KILLEBREW: If he doesn't show up, Steve, we may have to renegotiate my salary.

Good morning, Commissioners, and, yes, I do have a smile on my face because the new guy will be here, and I'm counting the hours. Good to see you, Steve and Roger.

For the record, I'm Bobby Killebrew, Public Transportation Division

Interim slash Deputy Director, whatever I am at the moment. If I can just take a couple of minutes, there were some introductions this morning. There were a couple of people in the audience -- I hope they are still here -- that I would like to introduce, and that is two of our transit districts. Lynn mentioned them in his presentation, but we have the Executive Director, Carol Warlick, of Hill Country Transit District here this morning, and J. R. Salazar of the Central Texas Rural Transit District.

MR. WILLIAMSON: Where is J.R.?

MR. KILLEBREW: And they have their staff. Where is J.R.?

UNIDENTIFIED SPEAKER: He stepped out.

MR. KILLEBREW: He stepped out for a minute. And, I understand they have been transporting you-all for the past several hours. They transported us this morning from the airport, and we appreciate that.

MR. WILLIAMSON: One guy was Hobbits.

MR. KILLEBREW: Pardon me?

MR. WILLIAMSON: One guy was Hobbits, Hobbs.

MR. KILLEBREW: That is what we were doing on the state plane, hopping this morning.

For your consideration in front of you is a minute order which provides Federal funding, support public transportation planning and research for the Metropolitan Planning Organizations and the department. Funds made available to the MPOs provides support for the comprehensive planning program for making transportation decisions in metropolitan areas. Funds are allocated based on a pre-set formula based on population with a minimum allocated amount of \$20,000.

Funds allocated to the State Planning and Research Program provides for planning, research, training, technical assistance and department administrative expenses. All of the funding under this minute order will be utilized in fiscal year 2006. Should further extensions of TEA-21 or reauthorization affect the distribution of funds within the program, the allocations detailed in Exhibit A of the minute order will be adjusted in accordance with the provision of the formula. Staff does recommend approval of this minute

order.

MR. WILLIAMSON: Members, you have heard the staff discussion and their recommendation. Do you have a question of staff? Do I have a motion?

MS. ANDRADE: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and a second. All in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. KILLEBREW: Thank you. The second minute order this morning for your consideration is a minute order which provides the estimated balance of fiscal year 2005, Federal Formula Funding for Rural Transportation Systems. This minute order allocates an estimated balance of the fiscal year 2005 Federal Funds of \$5,473,744. These funds have been allocated according to the formula approved by the commission on May 26th, 2005. In addition to the set aside amounts for inner city bus and state administrative expenses, and in accordance with the formula, an estimated \$2,351,001 has been allocated to Commission Discretionary Funds, as the estimated available funding in FY-2005 exceeds the allocations of Fiscal Year 2004.

As further extensions of TEA-21, a reauthorization affects the distribution of funds within this program, the allocations detailed in Exhibit A of the minute order will be adjusted in accordance with the provision of the formula. I would like to highlight some recent changes in the rule provided communities which have been taken into consideration in calculating the individual awards under this minute order.

San Patricio Community Action Agency dissolved itself as a Rural Transit District effective November 8, 2005. San Patricio County now receives transit services from Rural Economic Assistance League.

Fort Bend County established itself as a Rural Transit District in accordance with Chapter 458 of the Texas Administrative Code effective May 24, 2005.

Effective September 1, 2005, Rockwall County will change it's affiliation from Hunt County Committee on Aging to Kaufman County.

And finally, effective June, 2005, the Hunt County Committee on Aging changed its name to Senior Center Resources, and Public Transportation, Incorporated.

Your consideration and approval of this minute order will be appreciated.

MR. WILLIAMSON: You heard the staff's recommendation, layout of discussion and recommendation. Do you have questions of staff? Do I have a motion?

MS. ANDRADE: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and a second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. KILLEBREW: Thank you. The third minute order before you this morning for public transportation is awarding toll credits to the City of Tyler Urban Transit District.

The City of Tyler is planning to shift local funds from their annual Federal Urbanized Area Formula Grant to a Job Access Reverse Commute Grant, commonly referred to as a JARC Grant. This will provide match funds as their JARC Grant is set to lapse in September of 2005. By shifting the funds, this prevents the City of Tyler from losing their JARC Grant, but creates a void in match money for the Federal Urbanized Grant. The use of toll credits will fill this void. The toll credits will be used for non-Federal

match for vehicle capital expenses to support transit operations in the City of Tyler urbanized area.

In light of the difficulty in securing the JARC Grant and the local impact these Federal funds will have on the Tyler area, staff supports the innovative shifting of local funds and recommends the award of toll credits to assist the City of Tyler Urban Transit District with the resulting void in the urban program.

MR. WILLIAMSON: Bobby, are you aware, is this the matter former Commissioner Nichols wrote the commission about, or are you aware?

MR. KILLEBREW: Yes, sir. I believe this is the matter that he was involved with.

MR. WILLIAMSON: And his view was, it didn't matter if it was toll credits. It didn't matter if it was SP money, he felt like this was worthy of this Commission's support?

MR. KILLEBREW: That is correct, sir.

MR. WILLIAMSON: We have two witnesses, Bobby. Why don't you take a seat, and let's listen to what they have to say. I'm interested in meeting Norman.

Hey, Schenck, are you out there? Is that really your last name?

MR. SCHENCK: I'm afraid the German spelling might have made it a little difficult. There is a "C" in a place that is not supposed to be. It's S-C-H-E-N-C-K.

Mr. Chairman, Members, my name is Norman Schenck. I am general manager of Tyler Transit.

MR. WILLIAMSON: Why did you put the quotes around it? I mean, I was expecting a guy to walk up with a knife, Norman Schenck.

MR. SCHENCK: I'm not a butcher.

MR. WILLIAMSON: Me and the Carrolton officer were ready for you. Okay. Norman Schenck, start all over.

MR. SCHENCK: Good afternoon. My name is Norman Schenck. I'm general manager of the Tyler Transit System in Tyler, Texas. I'm here today to say thank you to a group of special individuals. First to you, Chairman, and the commission for the work that you do

and for giving me an opportunity to speak to you today. Second, to the City of Brownwood. I had a beautiful drive up from Austin last night. I was told it might be a little boring, but I enjoyed it a lot, saw all the great work that was done on 183 to improve it, and then last night was just treated royally while I was in town. So, to the City of Brownwood, I want to say thank you.

Third, to four special people without whom I would not be here speaking before you today. First of all, hopefully to soon Senator Robert Nichols, he encouraged me to make sure that I didn't give up on my JARC Program. Secondly, to Sheila Holbrook-White and her carpool buddy, Glenn Gadbois, and fourth to their silent partner, Tom King. This fantastic four worked hard to encourage me to find creative ways to make the JARC Program work for the citizens of Tyler. At a time when I gave up, they spoke words of encouragement and encouraged me to find new ways to make the program happen.

Again, I want to say thank you to the commission for considering our different approach to solving our shortfall in matching funds. Mr. Chairman, under your leadership, the commission has tackled many challenging problems. I have been here only two years. My first impression of you was not all positive.

MR. HOUGHTON: How dare you.

MR. SCHENCK: For that I can only ask for forgiveness.

MR. WILLIAMSON: You are in good company. It's okay.

MR. SCHENCK: The first time I met you and shook your hand was right before you jumped onto a great big front-end loader in Tyler, drove it around in a small building like it was a kid driving a go cart on a slalom course. I was definitely impressed with your skills, but considered that your heart probably lay where your skills lay, which was in roads, which was the problem that I encountered in Alabama when I worked there. Mr. Chairman, I was sorely wrong, and for that I do ask for your forgiveness.

MR. WILLIAMSON: That's okay.

MR. SCHENCK: You have proved to me that you --

MR. WILLIAMSON: You're in good company. There is a lot of you.

MR. HOUGHTON: How much do you want?

MR. SCHENCK: I wanted to let you know that I wholeheartedly support the work that you've done and especially with the new funding formula as it has gone through its many changes, and as you continue to refine it, to make it the document that best fits the needs of Texans.

Even though this funding formula has meant reallocation of funds that used to come to Tyler to other areas, and when that first happened, it looked like we may look at changing our service levels in Tyler because of the challenges you presented to us and because of resources like Ms. White, Glenn Gadbois, and Mr. Nichols, we have actually been able to slightly increase the level of service in Tyler, even though we have seen a \$38,000 shift or reallocation of funds. Those funds went to other organizations in the State that sorely needed them. So, the work you did has actually helped Tyler immensely.

If approved, the allocation of toll credits today for the City of Tyler will further increase our ability to provide service to our citizens. One of the needs that was first mentioned to me when I moved to Tyler was third shift workers at night, folks that work in some of our factories, but also those that work in the mall and work in our food restaurants. They have a hard time using our service to get home at night. We end our service at 7:00 p.m.. A lot of these people are getting off at 10:00, 10:30 or 11:00, and we just don't offer public transit. These individuals then have to pay \$8 or more for a taxi ride home or hope that they can round up a co-worker to carpool with. These toll credits, even though require a little extra work as far as my City in doing their accounting and tracking of funds will allow us to provide that service.

I really want to thank you for this consideration, and one final note of thanks is to the gentleman that presented before me, Bobby Killebrew. He has done a wonderful job in stepping in as our interim PTN director. Bobby, to you I want to say thank you. The Commissioners, for entrusting him with that job, I say thank you. He has worked a lot of tireless hours. I have gotten e-mails from him late at night. I have gotten e-mails from him on the weekend, and I guess I'm telling myself, because I notice those on the weekend, but he has been an asset to this state and to me as a program manager.

Thank you, and that concludes my remarks. I will be glad to answer any questions.

MR. WILLIAMSON: That was -- thank you for complimenting Bobby. He is a good guy. Bobby is a good State employee. I also appreciate your kind remarks directed to me.

Everything we do up here we do because the Governor has instructed us to go a certain way. Mr. Perry understands that roads are the dominant method of moving goods and services right now, but not the only method, and that we are one Texas and we have got to figure out ways to reach out to everybody with our limited resources.

Certainly when Robert Nichols writes a letter to us and says he wants something done, it is going to be paid attention to. So, there is a lot of loyalty to Robert. He is a good commissioner, and he will be a good State Senator if the people in his district are smart enough to elect him.

Members, do you have questions of this gentleman?

MR. HOUGHTON: I just have one. Is the -- who is the author or the authors of this fix, that came up with this?

MR. SCHENCK: I think it was really a collaboration of Sheila and Glenn, along with myself and several other city members that tried to find a way --

MR. HOUGHTON: There you go. I congratulate you.

MR. SCHENCK: -- to make it work and being pushed by Tom King, of course, being always the silent one.

MR. HOUGHTON: And, one other point is, now we know your affection for the Chair, he is one of four votes. There are three of us not feeling much love right now.

MR. WILLIAMSON: Tell them when they vote the right way, they will prove it.

MR. SCHENCK: I think in my comments, though, I did thank all of you for the work that y'all do. I did not just single him out, although he was the one driving the front end loader that scared me, so.

MR. WILLIAMSON: I really do, Mr. Schenck, appreciate your comments. It was very kind of you to say the things you said. I very much appreciate it.

MR. SCHENCK: You're welcome. Thank you.

MR. WILLIAMSON: Sheila, did you leave your carpool buddy at home?

MS. HOLBROOK-WHITE: Yes. He's at --

MR. WILLIAMSON: Well, you got to split up the responsibility.

MS. HOLBROOK-WHITE: Somebody had to come to Brownwood.

MR. WILLIAMSON: That's right.

MS. HOLBROOK-WHITE: Good afternoon, Members of the Commission. I am Sheila Holbrook-White. I am the Executive Director of Texas System Funds of which the Just Transportation Alliance is their project.

I want to thank you for the opportunity to provide public comment, although I could quibble with you about the sequence of having to follow Norman. My objective this morning is twofold. One is to voice the support of the Just Transportation Alliances and those with whom we partner in Tyler for the toll credits that are under consideration to serve as match for the JARC Grant. The award of the toll credits to Tyler Transit and the extended hours of service that these credits will make possible essentially kind of caps an effort that has continued -- that continued and actually started back in 2002 when this JARC earmark was discussed. It was sort of the brain child of that silent partner, Tom King, other people in the disabilities community, folks who were transitioning back to work, employers, the City of Tyler, and others that they needed to pursue this.

Initially they were told their options and their chances were very minimal. The prospect of getting an earmark just wasn't going to happen, and it did, and it did because they kept pushing, and they pushed in a brilliant way, and so -- with the purpose that they were going to increase and strengthen public transportation options for people in Tyler. So, on behalf of those with whom we worked to secure that earmark, we strongly support the commission's award of these toll credits.

The second is, and kind of to follow Norman, is to thank you for your continuing support of public transit. I think too often we forget to say thank you, and with all due regard to Commissioner Houghton's admonition to Norman a minute ago, whether you are drawing from your personal expertise or skills in the Legislature,

Commissioner Williamson, appointing the original planning work group, Commissioner Andrade, supporting the increased emphasis on customer's efficiency and performance, Commissioners Houghton and Johnson, or in abstencia, running for the Texas Senate, this commission has substantially changed the landscape and the dialog, and I would argue to you, the possibilities public transportation has for those who rely on it, who use it or choose it. On behalf of those with whom we partner in the communities across Texas, we thank you for that.

MR. WILLIAMSON: That's kind. Members, do you have questions of Sheila? I'm sure glad you came here and he went the other place.

MS. HOLBROOK-WHITE: Thank you.

MR. WILLIAMSON: You are a lot more fun to talk to.

Bobby, anything else that you need to add to it?

MR. KILLEBREW: No, sir, except for one additional comment unrelated to the minute order is, yesterday we had our Transit Operator meeting, and as a collective group we celebrated 30 years of transit here at TxDOT, and we had a good celebration of punch and cake.

MR. WILLIAMSON: That's good.

MR. KILLEBREW: We all felt good. It was a good meeting yesterday.

MR. WILLIAMSON: Members, you heard the staff's recommendation, their explanation. You heard the witnesses. Do I have a motion?

MS. ANDRADE: So moved.

MR. JOHNSON: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries. We are so happy that you guys got

this deal going. We hope to see hundreds of these across the State.

MR. KILLEBREW: Thank you, Commissioners.

MR. WILLIAMSON: And, we hope Nichols goes light on the pedal, doesn't press us too hard. It's hard to say no to Robert Lee.

MR. SIMMONS: Item 5 deals -- 5A and 5B deal with our transportation planning. Once again, Jim Randall from our Transportation Planning and Programming Division.

MR. RANDALL: Jim Randall, Director of Transportation Planning and Programming Division, and Wayne Dennis bet me that I wouldn't say I love all of y'all, too.

MR. WILLIAMSON: Hey, don't make fun of those people. Those are good people.

MR. RANDALL: Yes, sir.

MR. WILLIAMSON: They are working hard to move folks.

MR. RANDALL: Item 5A, Transportation --

MR. WILLIAMSON: All you are bringing to us is the damn clam shell project. It keeps coming back.

MR. RANDALL: They need love, too, sir.

(Laughter.)

MR. RANDALL: I'm going to pay for that, aren't I?

MR. WILLIAMSON: No. You are too good a guy.

MR. RANDALL: Thanks. Transportation Code Chapter 51 requires Texas Transportation Commission acting through the department to administer the State's responsibilities of the non-Federal sponsor of the Gulf Intracoastal Waterways. To meet these responsibilities, the department works with other entities such as the Corps of Engineers, Federal and State agencies, Navigation Districts, Port Authorities, counties and other appropriate personnel.

The Nature Conservancy, a nonprofit environmental organization,

submitted a written proposal to the department to build about three miles of shoreline protection along the waterway in Matagorda County between the waterway and the Texas Parks and Wildlife Mad Island Wildlife Management Area. The project will be built using Corps Section 206 Aquatic Ecosystem Restoration Program. The shoreline along this portion of the waterway is currently eroding at a rate of up to ten feet per year and the surface width has increased from about 200 feet to 500 feet in various areas. Sedimentation rates have increased and adjacent marsh habitats have degraded to convert to tidal mudflats and open bay bottom. This project will directly benefit the Department by reducing sedimentation, protecting the shoreline from erosion, and thereby reducing the need to provide right of way for upland placement areas. The project will also protect over a thousand acres of critical coastal marsh habitat in the Mad Island Wildlife Management Area.

The Corps will be responsible for all of the environmental coordination. The project will be submitted for Federal authorization by the Corps once the TNC can commit to meeting the non-Federal matching requirements. The Corps will construct the project after they receive Federal authorization and appropriation.

Staff recommends approval for the department to extend up to \$500,000 in non-constitutionally dedicated State highway funds towards the Mad Island Marsh Section 206 Project.

MR. WILLIAMSON: I will have a question in a moment, Members, but you've heard the explanation and recommendation. Do you have questions, discussion for Jim?

I'm a little bit curious, Jim. Even though it's circuitous, we are fixing to be in business with the Nature Conservancy?

MR. RANDALL: We are going to be in business directly with the Corps of Engineers. We are going to make a \$500,000 --

MR. WILLIAMSON: But, in a circuit route, we are going to be in business --

MR. RANDALL: Yes, sir; yes, sir.

MR. WILLIAMSON: Is this the first time we are going to be in business with the Nature Conservancy?

MR. RANDALL: I believe so, as far as the waterways.

MR. WILLIAMSON: I think it is, isn't it, Richard? I don't recognize this.

MR. MONROE: Yes, sir.

MR. WILLIAMSON: I think this would be a milestone day. I mean, normally we are in court with these guys.

MR. MONROE: Yes, sir.

MR. WILLIAMSON: Don't you think that is a pretty significant --

MS. ANDRADE: A positive change?

MR. WILLIAMSON: Yeah.

MR. HOUGHTON: A paradigm shift, huh? Or, are we asking too much?

MR. WILLIAMSON: No, I don't think so. I mean, we are always going to have disagreements about stuff, but just the fact that we are not -- they are not suing us, the fact that we are doing something together. I think it's pretty damn interesting. Well. Okay, Members, you've heard the recommendation.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries. Thank you.

MR. RANDALL: Item 5B. This minute order tenders a proposal to the City of Donna for a project to extend F.M. 493 on new location from existing terminus with US 281 to the proposed Donna-Rio Bravo International Border Crossing, a distance of approximately eight-tenths of a mile.

Local officials were issued a Presidential permit in 1979 for the Donna-Rio Bravo International Bridge and requested the department's commitment to add the connecting roadway to the proposed bridge to the state highway system. Local officials have also entered into a transportation partnership with Rio Bravo, Tamaulipas, Mexico in an effort to improve the efficiency of border crossings along Hidalgo County, Texas.

The Mexican Embassy sent the U.S. Department of State a diplomatic note on October 9, 2003, supporting the proposed international bridge. A connecting roadway will be a necessary element of the new crossing in order to provide state highway system access to and from the proposed bridge, and associated general services administration complex.

Your passage of this minute order will tender an offer to the City of Donna from the department for the development of the extension of F.M. 493, once local officials have entered into an agreement with the Republic of Mexico for the construction of the proposed international bridge. Participation levels for the extension project will be determined at a later date. The city would in turn dedicate 150 feet of right of way for roadway purposes for FM 493 extension, acquire right of way along the existing FM 493 and U.S. 281 for intersection improvements, pay 100 percent of the right of way costs for the subject improvements.

Upon the completion of the FM 493 extension project, the department will add F.M. 493 to the state highway system from the existing terminus with U.S. 281 to the proposed Donna-Rio Bravo International Border Crossing.

The staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you have heard the staff's explanation and their recommendation. Do you have questions about this Minute Order? I'm going to have a couple.

MR. HOUGHTON: Who is --

MR. WILLIAMSON: Go ahead, Ted.

MR. HOUGHTON: Who is building the bridge? Is the City?

MR. RANDALL: It will be the locals and Republic of Mexico.

MR. HOUGHTON: When you say locals --

MR. RANDALL: The City of Donna.

MR. HOUGHTON: City, okay, and the Republic of Mexico?

MR. RANDALL: Yes, sir.

MR. HOUGHTON: They are going to operate it? Is it a toll bridge?

MR. RANDALL: I believe it is going to be proposed as a toll bridge.

MR. WILLIAMSON: That was going to be one of my questions.

MR. RANDALL: Okay.

MR. WILLIAMSON: I want to know for sure it is going to be a toll bridge.

MR. HOUGHTON: It is a commercial and pedestrian?

MR. WILLIAMSON: Are you reading my notes?

MR. HOUGHTON: I live in a city where we have a lot of these.

MR. WILLIAMSON: We are thinking too much alike.

MR. RANDALL: I'm not too sure on the pedestrian part, sir.

MR. HOUGHTON: There is Amadeo.

MR. WILLIAMSON: All right.

MR. SAENZ: For the record, I am Amadeo Saenz. This bridge is being built in cooperation with the City of Donna and the City of Weslaco and Mercedes. It is a commercial -- they would like to build both a commercial and a passenger car bridge. I imagine there may be a possibility that -- there is not much immediately south of the border, so it would be hard for pedestrians, but they may have some in the future.

MR. HOUGHTON: They are going to toll both --

MR. SAENZ: But, it will be a toll bridge.

MR. HOUGHTON: They are going to both toll the pedestrian cars and

the commercial?

MR. SAENZ: Right. In fact, I think for this bridge they are working with a private corporation, and the private corporation will actually build the bridge for the locals and then operate the bridge for them. We have had a Presidential permit since the '70s.

MR. WILLIAMSON: Now, do we have an RMA discussion in Hidalgo County?

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: Is this the county where they are having a hard time figuring out whether they want an RMA and toll road?

MR. SAENZ: They are having some problems identifying their first toll road project. The RMA, they are moving forward with the RMA. They have had the public meeting, the public hearing, and pretty much the issue right now is the project that they had identified, they are having some issues with the locals as to whether that would also be a toll road or not.

MR. WILLIAMSON: They are okay with this bridge being a toll bridge, but they are not okay with the road they want being a toll road?

MR. SAENZ: That is correct.

MR. WILLIAMSON: Now, what is it we are considering?

MR. SAENZ: This road here will not be -- is not the toll road that they want to build. The toll road they want to build --

MR. WILLIAMSON: No, I understand that. I am observing.

MR. SAENZ: Right.

MR. WILLIAMSON: Isn't this the same area?

MR. SAENZ: Pretty close, with a --

MR. WILLIAMSON: The same city council who threw a shoe when a certain state official went down and said, "I am going to keep you from having to pay tolls."

MR. SAENZ: Different -- I don't know if it's the same city

council; same county.

MS. ANDRADE: Same county.

MR. SAENZ: Same county. It may be a different --

MR. WILLIAMSON: So, a toll bridge is okay?

MR. SAENZ: Toll bridges are okay.

MR. WILLIAMSON: But a toll road four or five miles over here isn't?

MR. SAENZ: (Nodding head.)

MR. WILLIAMSON: Now, passage of this minute order would allow Mike to go get 150 feet of right of way and commit us to beginning the planning to build this road; is that correct?

MR. SAENZ: That's correct, sir.

MR. WILLIAMSON: Why would we want to build this road as long as we are still having difficulty with the RMA process in this county?

MR. SAENZ: I think this would -- the way that we have worked this out is, this will give the local sponsors, the Cities of Donna, Mercedes and Weslaco, the security that a state road will connect to the Federal facility. If you notice in that tendered minute order is participation levels for the execution of the project will be determined at a later time. So, the District is working with the city --

MR. WILLIAMSON: If we pass the minute order, I am not -- I mean, we probably are going to. Although I don't know that, but we are probably going to; but it just seems to me, you know, you spent some time briefing me yesterday about all the difficulty that we are having in Hidalgo County with a part of this area, not too far from the bridge, and all that nonsense that a candidate for some office spews about not having to pay tolls, and then you come in the next day and say now, Ric, we want you to let us accept 150 feet of right of way and give us permission to start doing a road and all, by the way, the new bridge is going to be a toll bridge.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: For the very same people that are calling us

communist for building a toll road.

THE WITNESS: That's correct.

MR. WILLIAMSON: Why would I do that? Why would we want to send a signal -- I'm serious, Amadeo. Why would we want to send a signal to those local officials that you can do what no one else -- you can refuse to do what everyone else in the State is doing, and we will go ahead and give you a bridge or we will go ahead and invest money in your community? Why would we do that?

MR. HOUGHTON: I have another question. Is the --

MR. WILLIAMSON: I mean, tell me. Am I seeing something wrong here?

MR. SAENZ: I guess I --

MR. HOUGHTON: No, I'm going to add on here. It is called piling on. I'm sorry. But, is the County floating the bonds to build this bridge, or is it private sector?

MR. SAENZ: I think from my understanding is that the locals and it is really -- it's not the County. It's the Cities of Donna, Mercedes and Weslaco.

MR. HOUGHTON: They are financing the bridge?

MR. SAENZ: They have a private corporation -- under contract with a private corporation that will build and manage that bridge for them.

MR. HOUGHTON: But, they are going to finance it?

MR. SAENZ: Yes.

MR. HOUGHTON: The public sector is going to finance it?

MR. SAENZ: I would imagine so.

MR. HOUGHTON: Why can we not toll that road in conjunction with that bridge?

MR. SAENZ: We can. In fact --

MR. HOUGHTON: In other words, it's a combined facility. The

bridge and road, you pay one toll going across it. One toll obviously to finance this facility.

MR. WILLIAMSON: Because they don't want to pay tolls.

MR. HOUGHTON: But if you do it all at once, coming across the bridge.

MR. SAENZ: I think it can be done. One of the hurdles that you have to cross is that we have a large number of bridges that cross the border, and they are the --

MR. HOUGHTON: But this is a new facility.

MR. SAENZ: Right.

MR. HOUGHTON: But, they are competing for traffic, and if you raise the toll level at a particular bridge higher than one of the existing bridges, people will not go to that bridge. They will go to the others. So, they won't get any traffic over their bridge, thus not get any money to pay off their debt. So, that would be something. Now, this piece of highway is only eight-tenths of a mile from the local terminus --

MR. HOUGHTON: What is the cost of the road? It doesn't show the cost.

MR. SAENZ: I don't think we have determined it yet.

MR. HOUGHTON: Well, I would roll the cost --

MR. SAENZ: I think it would be about five or \$600,000.

MR. HOUGHTON: I would roll the cost into the bridge construction and pay for it all at once.

MR. WILLIAMSON: This puppy must be close to Mile Marker 1 or 2, because it's --

MR. SAENZ: It is only eight-tenths of a mile. It is almost right on the river.

MR. WILLIAMSON: Yeah, right.

MR. SAENZ: One of the things that the district has been working with the cities and are looking at a mechanism where they will

jointly fund the road. That is why we added in the minute order the participation levels for the extension project are being -- will be determined at a later time. But the city has come to the district, and they say they are willing to help pay for the construction of the road, as well as provide the right of way.

MR. HOUGHTON: What was your rough thinking --

MR. SAENZ: I would think if it is less than a mile, it would be somewhere between 500,000 or 700,000, depending on --

MR. HOUGHTON: And you roll -- and you finance that for 30 years?

MR. SAENZ: Yes. One possibility -- and we will have a minute order later on today as -- for another bridge in the Hidalgo County area. The locals are coming forward and doing it through a pass-through toll arrangement that we have a minute order coming to you.

MR. WILLIAMSON: Is 150 feet wide enough?

MR. SAENZ: 150 feet -- that is additional to what the County already has? So, it probably would be about 200 total. So, that will allow us to build a good four-lane, six-lane divided,

MR. WILLIAMSON: Is there any chance this will become interesting to Republic of Mexico trucking industry for their overweight steel trucks?

MR. SAENZ: It is a little bit too far. Most of the overweight steel trucks will want to go in through the Brownsville area.

MR. WILLIAMSON: Okay.

MR. SAENZ: So, it would still present the problem that you now have the overweight trucks having to travel from here the 15 or 20 miles over to the port.

MR. WILLIAMSON: Well, we are not in the habit of busting y'all chops publicly, because y'all do good work. I'm just saying, Amadeo, like the rest of us, I read my book before, and I was okay with this. Then after I got your report last night about the other matter, I have been sitting and thinking all night about this. If you feel like you need a minute order to move forward, that is fine. But it doesn't leave me with a good taste in my mouth. I mean, I'm kind of tired of being --

MR. HOUGHTON: I will support an amendment.

MR. WILLIAMSON: -- at the rump of all of the complaints about this stuff, and then they turn around and say, "It is okay if we do the toll bridge. We just don't want you to do the toll road."

MR. SAENZ: I think that the development and the cost determination for that road is still to be determined, and that is where we can sit down and work with the city. I think what they wanted to get out of this thing is that there will be a state road that will connect to the Federal facility, just like we have done for every other international bridge on the border.

MR. HOUGHTON: So, they take the money off -- the revenues off the bridge, pay the debt service, operation, and the rest of it goes into general revenue? It doesn't go for transportation.

MR. SAENZ: Currently that is normally what they do.

MR. HOUGHTON: That's right.

MS. ANDRADE: Amadeo, you and I have spent some time out there, and don't you think that -- I mean, we see it coming around where they are understanding more and more that this is the only way to do things, is if they consider toll --

MR. SAENZ: Yes, ma'am. They are. They are moving forward. That is why the county was forming the RMA. The issue that we hear is where you locate the road, and there are some issues that, I think, can be resolved once we sit down and explain to the city that is basically complaining about toll roads. When they see the benefits, I think they will change their mind.

MS. ANDRADE: And, Mr. Chairman, I have to say that I have spent some time out there, and they are coming up with some innovative ways. So, we will just have to give them a little time, and they might understand. But, I think the more we talk about it, the better that they understand that this is the only way.

MR. SAENZ: Right. As I think I said, they are going based on the sample that we have used, the model that we have used in the past, that for all of the international bridges, the State has always connected with a state facility from the first state highway down to the border facility, the GSA facility. That is the model that has been used. Basically the district is following the same model

for several projects that have been developed in the recent years.

MR. WILLIAMSON: Well, I do understand that argument, and I appreciate that argument. I certainly appreciate the light touch of Ms. Andrade in guiding us along in making this decision. But, you know, there was a moment in time four years ago where in the supposedly -- bless you -- in the supposedly wealthier and over-invested in transportation centers of Dallas and Fort Worth and Houston and Austin and now San Antonio, citizens have had to change the way they think about things in order to get the transportation assets they need, because we don't have the money. So, it would have been easy four years ago to say, well, you know, every other road into Dallas or into Fort Worth is a tax road. So, you just can't make us build a toll road. Give us our road and let the next guy pay the toll road, but they didn't do that. Sooner or later, everybody in the State in recognition of the fact that we have 30 cents for every buck of need, everybody in the State is going to have to come to that conclusion, whether it is Donna or Dalhart, whether it's Desdemona -- that is in the center. Help me. What is out on the west side? What is the name of that area with a "D"? Starts with a "D".

MR. HOUGHTON: Del Rio.

MR. WILLIAMSON: Del Rio. What is on the east side of the state?

MR. JOHNSON: Jackson.

MR. WILLIAMSON: No, with a "D". Anyway, whatever.

MR. HOUGHTON: Duluth.

MR. WILLIAMSON: Duluth, Duluth; not Decatur. But my point is, you know, you can't just keep saying -- but they are coming around. They have always done it this way. They are coming around.

MR. SAENZ: And I guess just like I --

MR. WILLIAMSON: But it doesn't change the fact that the state is broke.

MR. SAENZ: Right. We are still -- we are still not committing any money --

MR. WILLIAMSON: Not broke. We don't have enough money.

MR. SAENZ: -- to building a road, and as we work with --

MR. WILLIAMSON: I know. But, they'll look at the minute order, Amadeo, and they'll say, "But y'all said," you know, "And it's here," and you are moving along -- I can hear from my great friend, Rene Olivera right now saying, "And they promised it to us, and now they are taking it away from us." I think we are fixing to approve the minute order. I'm just saying it is not comfortable for me. I better say it on the record where everybody knows.

You have heard the staff's recommendation. Is there a motion?

MS. ANDRADE: So moved.

MR. JOHNSON: Second.

MR. WILLIAMSON: There is a motion and a second. All in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries. Thank you.

MR. SIMMONS: Our next item will be presented by Phil Russell on the General Engineering Consultant Progress Report.

MR. WILLIAMSON: You picked a good meeting to report.

MR. RUSSELL: Thanks, Steve. Again for the record, I am Phil Russell, Director of the Turnpike Division.

Commissioners, the minute order before you is our eleventh installment of our quarterly update for the Central Texas Turnpike Project prepared by general engineering consultant, PBS&J. The news on the overall project continues to be good. The traditionally delivered projects on 45 and Loop 1, all design elements are complete. Construction is well underway on the roadway, as well as the toll bridges, the toll gantries and all of the toll collection equipment.

On the State Highway 130 side, Sections 1 through 3, Segments 1 through 3 are all underway. Segment 4 is scheduled to begin

construction in December. Right of way, if you recall, we had approximately 400 parcels on 130 to acquire. We are now in possession of roughly three-quarters of those, which obviously is needed as we move forward.

Overall the project continues to be well under budget and on schedule. If you remember from our official statement, the time line is September to December of '07 for completion of the entire project. With good weather that we have had and the great job that the district is doing, there are elements of it, probably as much as a year ahead of schedule.

The project has continually been under budget. If you recall over the last ten quarterly updates, we vacillated somewhere around \$400 million under budget. At this report, PBS&J estimates that we are approximately \$430 million under budget. So, overall the prognosis is good. I think the health of the project is very good.

I would be happy to address any questions that you might have.

MR. JOHNSON: Any questions?

MR. HOUGHTON: When you talk about under budget, how does that affect our equity -- our guaranteed equity in the project?

MR. RUSSELL: Actually, I am going to have to get James Bass to weigh in on that. Our original equity estimate was \$700 million.

MR. HOUGHTON: Right.

MR. RUSSELL: Commissioners, as I remember on those minute orders, some of that money is attributed from a county standpoint. The counties were providing much of that right of way. So, that \$430 million under budget, I would assume some of that would be -- would be -- would be given back to the counties, as far as their right of way share, and some of it I would assume would come back to the State as well. James, do you have any --

MR. HOUGHTON: That was danced around that. What kind of number are we -- James, do you want to try it, or just want to leave it alone? Okay. I won't let you -- I won't hit you that way.

MR. RUSSELL: I will be happy, commissioner, to get that individual breakdown, be happy to get that --

MR. HOUGHTON: Because I have seen numbers that says -- and you

know where they are coming from, but that talk about with the savings and the proposed savings and where it should be spent. I just don't want to get too euphoric about that in our planning process.

MR. RUSSELL: I think, commissioner, early on many of those traditional projects, the 45 and Loop 1 projects, came in significantly under our engineers' budget from a construction standpoint.

MR. HOUGHTON: Right.

MR. RUSSELL: So, I would assume much of that would come back to TxDOT or to the bond market. On the right of way share, there was substantial savings on some of those right of way estimates. Some of those amounts came in significantly under what was originally estimated. So, we will be happy to try to figure out some sort of estimate between the two, if you would like.

MR. HOUGHTON: Sure, sure.

MR. JOHNSON: Phil, you refer to this as an estimate.

MR. RUSSELL: Yes, sir.

MR. JOHNSON: Are we anticipating future expenditures? I mean, my sense is that looking at our bid, both maintenance and construction wise, that we are starting to see a gradual escalation in the cost of work, for future work to finish what we are doing here. Are we anticipating any future escalations, or are we --

MR. RUSSELL: On this particular project,

MR. JOHNSON: Especially when we are talking about what we are under budget.

MR. RUSSELL: Again, commissioner, I don't anticipate any. Obviously on any construction project, you always have field changes, differing site conditions. One of the benefits to a design build, CDA-type delivery system on 130 is we hope to limit a lot of those field changes. The LSI Group, I think, has done a really good job in trying to contain those. I have seen some of the comparisons, and again, I will be happy to provide that data to you, on the number of field changes we've had on a 130-type design build project versus a traditional process, and I think it will speak very favorably.

The only thing, commissioner, that is really uncertain that could fluctuate wildly, of course, is right of way acquisition. I believe we have got all of the parcels now for the traditional 45/Loop 1, although some of those are still pending in the court system. Obviously, jury awards could vacillate a little bit. And on 130, we still have approximately 25 percent of those parcels yet to be acquired. So, there certainly could be some up and down in those real estate figures.

MR. HOUGHTON: But in the actual cost to construct, we're -- that design build concept shifts the risk, quite a bit of the risk over to the designer/builder?

MR. RUSSELL: Yes, sir. I mean, that's what that process is all about, who is more apt to share and who is in a better position to share that risk.

MR. HOUGHTON: Right, okay.

MS. ANDRADE: So, Phil, the savings is as of today?

MR. RUSSELL: Yes, as of May 31st.

MS. ANDRADE: Right. So, without considering the acquiring of future right of way?

MR. RUSSELL: That's correct.

MS. ANDRADE: So, that could change?

MR. RUSSELL: Yes, ma'am.

MS. ANDRADE: So, we shouldn't get our hopes up high?

MR. RUSSELL: Well --

MS. ANDRADE: You are just giving a report?

MR. RUSSELL: Well, commissioner, I guess early on when I gave these presentations two years ago, I strongly urged you not to get your hopes up too high, because a lot of things can happen on the life of a construction project. What I would say now that we are about two years out, maybe even less, you can begin to get some of your hopes up a little higher, because things are really looking good.

If you have looked at that dollar amount again, it stays pretty closely to that \$400 million under budget. It could very well drop the next quarterly update. Unless we have some terrible weather over the next year or so, I think the district is going to continue to make really good headway. The dry weather that we have experienced in Texas is not very good for the farmers and ranchers. It is really good for highway construction. So, I would begin to get some of your hopes on.

MS. ANDRADE: This project has really done well.

MR. RUSSELL: Yes, ma'am. It is one of those success stories you never seem to read about, but it is well ahead of schedule and well under budget. We hope to maintain that schedule.

MS. ANDRADE: Thank you.

MR. JOHNSON: Any other questions or comments? We will entertain a motion to accept the GEC report for the period of May 31.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. JOHNSON: All in favor, signify by saying aye.

(A chorus of ayes.)

MR. JOHNSON: Those opposed, no.

(No response.)

MR. JOHNSON: Motion carries.

MR. RUSSELL: Thank you.

MR. JOHNSON: Thanks, Phil.

MR. SIMMONS: Thank you, commissioner. The next item is Number 7 to be presented by James Bass. There are four items.

MR. BASS: Good afternoon. I'm James Bass, Director of Finance at TxDOT. Item 7A is really the sister report to the one that you just heard from Phil Russell. This is the quarterly investment report for the third quarter Fiscal Year 2005, which ended May

31st.

At the end of May after accounting for all of the revenues in and expenditures out for the Central Texas Turnpike Project, the invested balance of the funds stood at 1.44 billion. The details of those investments have been provided to you in the quarterly report.

At this time, staff would recommend the acceptance of the report, and I would be happy to attempt to answer any questions that you may have.

MR. JOHNSON: Are there any questions or observations.

(No response.)

MR. JOHNSON: There being none, we will entertain a motion.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. JOHNSON: All in favor signify by saying aye.

(A chorus of ayes.)

MR. JOHNSON: Motion carries.

MR. BASS: Item 7B deals with the commission's investment policy and strategies, and as required by the Public Funds Investment Act, the commission is required to at least annually review and approve or readopt the investment policy. Through this review process, there is really only one modification of note that we are offering, and it is one to clarify that both the investment policy and certain provisions of the Government Code apply to the investment of monies in the Texas Mobility Funds. It was true before, but we just simply added some language to help bring out that fact. And staff would recommend your approval.

MR. HOUGHTON: So it's a clarification?

MR. BASS: Yes, sir.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. JOHNSON: All in favor signify by saying aye.

(A chorus of ayes.)

MR. JOHNSON: Those opposed, no.

(No response.)

MR. JOHNSON: Motion carries.

MR. BASS: Thank you. Agenda Item 7C, request authorization for department -- designated department officials to take necessary action to execute and deliver a bond purchase agreement related to the variable rate bonds for the Central Texas Turnpike Project. The Minute Order would also designate the Department's Chief Financial Officer by position as a TTA representative for purposes of the indenture, and this designation would allow me to then go forward and execute the stand-by bond purchase agreement. Staff would recommend your approval.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. JOHNSON: All in favor signify by saying aye.

(A chorus of ayes.)

MR. JOHNSON: Those opposed, no.

(No response.)

MR. JOHNSON: Motion carries. Thank you.

MR. BASS: Item 7D would establish a commercial paper program for the department that would allow the department to borrow funds on a short term basis in order to manage the cash balance of the state highway fund. The minute order before you would establish that program, at a maximum not to exceed \$500 million. We would initially establish the program with a Letter of Credit at \$350 million, and staff would recommend your approval.

MR. HOUGHTON: Is that statutory, 500 million, or is that just a mark --

MR. BASS: The statutory provision, when it first came in in 2003, was one month's average revenue, based upon the prior 12 months, which is just slightly over 500 million. This last legislative session, the statutory language was changed to two months -- two times one month's average revenues. So, we actually have a statutory authority for over one billion dollars. That second month was actually added in reaction to a proposal that was being considered by the 79th Legislature to possibly delay the deposit of motor fuel tax to the state highway fund. Therefore, we needed our borrowing capacity increased. Our borrowing capacity was increased. However, the delay of motor fuel tax was not passed. If in the future the Legislature ever reconsiders that option, we will be ready to go from a short term borrowing basis to keep the cash flow in the state highway fund going. It would be under a separate program, separate and a part from this commercial paper program.

MR. HOUGHTON: And you could use it for other things other than that -- what was going to happen to us, which did not happen to us.

MR. BASS: Correct.

MR. WILLIAMSON: And, so if there had been an opportunity to buy an asset, if you had an opportunity to do something unexpected, we would have this.

MR. BASS: Correct. One item during the 2003 session in the discussion and testimony between the commission and members of the Legislature, there is a commitment under this commercial paper program that the department would not use this short term borrowing program to advance projects. It would simply be used to help manage the cash flows in the state highway fund.

So, as unexpected things come up, yes, if it caused a strain on the cash flow, we would be able to call upon this. But as far as trying to advance a number of projects in a certain area, X-number of months, that is not the intent of this specific program.

MR. WILLIAMSON: That is fine with me. If the answer to my question is no, it's no. But, I just need to ask it again. I will give you a hypothetical. If NTTA calls us tomorrow and says, "We want to sell half of our action to you."

MR. BASS: Correct.

MR. WILLIAMSON: We will sell it to you for \$500 million. Could we

use this?

MR. BASS: We could use this. We could also use the proceeds from the Texas Mobility Fund, and if we had -- I think we could also use the -- we might possibly be able to use proceeds from the Proposition 14 Bond Program as well.

MR. WILLIAMSON: I'm just worrying about this. Other questions of James, Members? You have had the layout and recommendation.

MR. HOUGHTON: So moved.

MR. JOHNSON: Boy, I don't feel like I should vote on this matter. I am a shareholder of Bank of America.

MS. ANDRADE: Then I second.

MR. WILLIAMSON: Well, Mr. Johnson, an honorable man, is removing himself from the vote. We want to be sure that the record is clear about that. Mr. Houghton has moved and Ms. Andrade seconded the motion.

All those in favor, other than Mr. Johnson, will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carried with Mr. Johnson abstaining. I sure like you. You are a clean guy.

MR. BASS: Agenda Item 8 seeks authorization to begin the negotiations with the Mission Redevelopment Authority on a pass-through toll agreement. The Authority submitted a pass-through toll proposal, providing for the extension of Anzalduas Road, and in their proposal, the Authority listed pass-through tolls of just over \$18.5 million to be repaid over time, based upon actual traffic on the project.

Your approval today would in no way be an agreement to any specific terms, but would allow the department to begin negotiations with the Authority in hopes of arriving at mutually beneficial terms that we could then bring back to the commission for final approval.

The staff recommends your approval.

MR. WILLIAMSON: Members, we have one witness on this matter. James, if you will take a seat. Our good friend, Mayor Salinas, from Mission, who is a strong supporter of transportation. Mayor.

MAYOR SALINAS: Thank you very much, Mr. Chairman, Commissioners. I just wanted to be here today to thank all of you for what you have done for the City of Mission. We have done several projects in the last four or five years, which have improved our expressway, improved our roads, Cherry Road, Bryan Road, getting ready for this bridge that we are almost ready to go out for proposals on construction of the bridge. We have lots to do with Bridge Port who is doing the actual construction. We the City of Mission own shares on that bridge, and so does McAllen and Hidalgo.

This toll road, I mean, this pass-through toll road is a project that we are doing with the Anzalduas connector, and we are coming up with about \$21 million out of this proposal, out of the City, with land and monies that we have gotten from the district. We are also very grateful to the District Engineer, Mario Jorge, who has been on top of us and has been willing to help us, and is doing such an excellent job as far as keeping us on the right direction.

The GSA people in Washington, everything has been approved. We have been budgeted through the -- the U.S. Congress approved our budget to build the GSA facility. So, we are ready to start the construction on the Anzalduas Bridge. We are only waiting -- and, in the last meeting we had in Monterrey between Governor Perry and the three governors from the State of Tamaulipas, Coahuila and Nuevo Leon, and the access and fast track of bringing people from Coahuila, the State of Nuevo Leon and Tamaulipas, through a fast track to Anzalduas, and hopefully it will be the bridge that we will have the trucks coming through there, and we have already worked in the last four or five years in bringing in and improving 1016 connector to the expressway. This connector will go ahead and connect ourselves to the express also, providing all of the right of way for us to create this reinvestment -- the Mission Reinvestment Group Authority that would ask the State for a pass-through toll road.

This is the future for Mexico and Texas, and as you know, I was very happy that that capital was approved last night. That makes it even a lot better for us that we are going to be able to have the bridge open as soon as we can.

Hopefully, the only diplomatic note that we need from Mexico is the concession that the State of Tamaulipas is going to get from Mexico City to Washington. Talking to the new Governor of Tamaulipas on the last meeting that we had in Torreon, the Governor told me that by the first days of August, that the diplomatic note would be sent to Mexico City, and I told him how important it was for him to get that ready because we were talking to TxDOT about this project, and this is so important to all of us in South Texas.

And, you know that we ourselves are doing a road district bond issue in Road District 5. We went before the Commissioner's Court. We have our own committee. We are not waiting for the RMA. We have seven board members, which I am the Chair of that committee for the Road District in Hidalgo County. We are working with the engineers. We are working ourselves with the County Commissioner, who has appointed the board members, and we will probably be coming back to you all on other roads that we are looking at to be able to take care of the truck traffic by the time we get this bridge built.

We are hoping that this will be done in the next 24 months, and we are very excited about this project. We have had a lot of people working with us, and I'm just grateful to TxDOT that all of the other projects that we have done are completed.

Mission is growing, has grown by -- by I would say twice or three times as much as 1998. It is booming, and the Governor has really helped us on the Water Development Board. We are doing a lot of exciting things in Mission, and we are just so happy that we were able to come here today. It's the first time I have been in Brownwood, and it is pretty nice. So, some of our people that are with us have been here before, but I am just grateful for you, Chairman, that has always been so helpful to us and for all of you that are here today. If you have any questions.

MR. WILLIAMSON: Members, you have heard the witness. Any questions of this witness?

MR. JOHNSON: I just have a laudatory note. You know, we have been slow getting traction with the idea of pass-through tolls, but it's very encouraging to see this opportunity being grasped.

MAYOR SALINAS: Yes.

MR. JOHNSON: And, more and more taking advantage of it. We think

it is going to be a tremendously good tool to get projects done a lot sooner. I want to congratulate you and your colleagues in coming up with this approach, and hopefully a successful conclusion to this.

MAYOR SALINAS: We will, and it's exciting to see our community as members of our reinvestment group. They are also helping us in our city by building us a new central fire station and a new building for our Chamber of Commerce, and it is coming out of this reinvestment group that we have, and it is something that we gave out four or five years ago through our city council, but it is coming right back to us by them helping us with this and helping us with the central fire station and hopefully building a new Chamber of Commerce building that we are going to -- that is so much needed in the next three or four years.

But, it is exciting to see this thing work and, of course, the right of way which is the most important thing, and I've learned from day one from Amadeo and Mario Jorge. Since 1998 I have been the Mayor of Mission, that if you don't have right of way, you don't have anything. We have learned very fast. So, we started buying right of way, and TxDOT has been there for us, and we are very grateful to do that, and we will continue to do that road through bond issue, and we will probably be coming back and telling you what we are doing as far as the recent three, how Hidalgo County is doing, and the City of Mission is a big city in that district. We will be having five people from the City of Mission and probably one or two people from the outskirts of Mission, which we will be doing some bond issues and looking at some roads through -- together with --

MR. WILLIAMSON: Any questions?

MS. ANDRADE: Mayor, I would also like to thank you for being here, and I visited Mission.

MAYOR SALINAS: Yes.

MS. ANDRADE: It's a beautiful city, but thank you for your leadership. You know, this was a great way to get this road done. I know when I visited with you, this was a priority for you, and look, you used one of the tools that we have and you are getting it done. So, I hope that it is a lesson for the rest of the community in the Valley that we can get things done, but we need your help.

MAYOR SALINAS: Thank you, and I appreciate everything that you

have done for us.

MR. WILLIAMSON: Ted.

MR. HOUGHTON: Great leadership. That is what it takes, champions. We have talked about champions in communities that makes things happen, and obviously, Mayor, you are one. Congratulations.

MAYOR SALINAS: Thank you.

MR. WILLIAMSON: I associate myself with those remarks, Mayor. The difference between the previous discussion we had and this discussion that we are having is the difference. When people lead, we are here to help and be partners and make things happen.

MAYOR SALINAS: I know exactly you what mean, Mr. Chairman, and I heard about that candidate yesterday in San Juan, Texas, and I don't appreciate what they are doing.

MR. WILLIAMSON: There is no something for nothing.

MAYOR SALINAS: The difference between us and the west side and them on the east side is completely different. That is what I --

MR. HOUGHTON: And, why is that?

MR. WILLIAMSON: Thank you for your leadership, sir.

MAYOR SALINAS: Thank you, sir.

MR. WILLIAMSON: James, is there anything that you need to add?

MR. BASS: No, sir.

MR. WILLIAMSON: Members, you have heard the staff's layout and recommendation. You heard the witness. Is there a motion?

MS. ANDRADE: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: There is a motion and second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries, thank you.

MR. BASS: Thank you. Item 9A seeks preliminary approval of a loan to the City of Mesquite in the amount of just over \$5.6 million to pay for the cost of improvements, which includes reconstruction of the Interstate 635 main lanes. Staff recommends your approval so that we may begin negotiations with the city.

MR. WILLIAMSON: So, we have money back in the city now?

MR. BASS: Yes, sir.

MR. WILLIAMSON: How did that happen?

MR. HOUGHTON: Someone pay a note off?

MR. BASS: Every month, people keep paying us back money for earlier loans.

MR. WILLIAMSON: Did we -- I haven't looked through all the bills. Did we talk the Legislature into giving us any additional SIB authority?

MR. BASS: We now clarified the authority that the commission may take state money only and transfer it into the SIB. Before there was some question as to whether or not we could do that to match Federal money.

MR. WILLIAMSON: So, it was a clear win for us? The Legislature gave us what we asked for? That is great. Anything else, James?

MR. BASS: Not on 9A.

MR. WILLIAMSON: Members, you have heard staff's layout and recommendation.

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and second. All in favor of the motion will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. BASS: Item 9B seeks approval of a loan to Goliad County in the amount of just over \$220,000 to pay for the relocation of two weigh stations made necessary by the widening of U.S. 59. Interest will accrue from the date funds are transferred from the SIB at a rate of three and three-quarters percent, with payments being made over a period of five years.

One last thing I would point out is that this -- since the loan amount is less than \$250,000, it's considered a small loan. So, this is the one and only time this item will come before the commission.

MR. WILLIAMSON: Members, you have heard the explanation and the recommendation. Do you have questions? Have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. BASS: Lastly, Item 9C seeks approval of a loan to the City of Round Rock, acting by and through their Round Rock Transportation System Development Corporation in the amount of \$7 million to pay for the cost of improvements along Interstate 35, from Chandler Road to Westinghouse Road in the City of Round Rock. Interest will accrue from the date funds are transferred from the SIB, at a rate of four percent, with payments being made over a period of 15

years, and staff recommends your approval.

MR. WILLIAMSON: Members, you have heard the staff's recommendation and explanation. Are there questions? Do I have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and second. All in favor signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. JOHNSON: Mr. Chairman, could I ask Mr. Bass a question?

MR. WILLIAMSON: Pass to Mr. Bass.

MR. JOHNSON: James, you mentioned the replenishment of the SIB, and it struck a cord. Are we finding some of the people -- the localities that have borrowed from the SIB early, paying back to refinance with lower interest rates through other financing?

MR. BASS: We have one going on right now that we are in the midst of. To date, we have not had any, but the City of Laredo is looking at --

MR. JOHNSON: On the bridge?

MR. BASS: Yes, sir.

MR. JOHNSON: A \$28 million principal note?

MR. BASS: Yes.

MR. JOHNSON: Which is our biggest -- well, NTTA is larger.

MR. BASS: Correct, and it was actually a series of loans to the City of Laredo, and they are not taking -- they don't want to pay off all of them. They will leave one that will still be

outstanding, but the remainder, just under \$25 million, they would pay off early.

MR. JOHNSON: Are they keeping the one with the lowest interest rate or the highest interest rate?

MR. BASS: I will let you take that guess.

MR. JOHNSON: I will work on that one and report to you.

MR. WILLIAMSON: Thank you, Jim.

MR. SIMMONS: Thank you, James. Now, I will call upon Elizabeth Boswell to present the maintenance and highway building construction contracts.

MR. WILLIAMSON: So, Elizabeth.

THE REPORTER: I need to change paper.

MR. WILLIAMSON: Pardon me?

THE REPORTER: I need to change paper.

MR. WILLIAMSON: Oh, you don't want to record this anyway. Now, Elizabeth?

MS. BOSWELL: Yes, sir.

MR. WILLIAMSON: I want you to help me understand something.

MS. BOSWELL: Okay.

MR. WILLIAMSON: We decided to hold our District meeting, or our July meeting in the Brownwood District.

MS. BOSWELL: Yes, sir.

MR. WILLIAMSON: Now, we did that for four reasons. One we hadn't been here in 88 years and it was time for us to be here. That was the first reason. The second reason is a whole bunch of Commission members had never been to Brownwood and they wanted to see what Brownwood was like. The third reason was that former executive director Wes Heald is from Brownwood and we thought we would be doing him a great honor by coming to his home town and, you know, doing his to-do to recognize his contributions to the State. Now,

here is the one that you've got to answer, which is the fourth reason we came to Brownwood. You know what it is, don't you?

MS. BOSWELL: I guess you want to know, where is Thomas?

MR. WILLIAMSON: The fourth reason we came to Brownwood was because of Mr. Bohuslav or Bohuslav, depending on which part of the Czech line you sit on --

MS. BOSWELL: That's correct,

MR. WILLIAMSON: -- is from Brownwood.

MS. BOSWELL: Yes, sir.

MR. WILLIAMSON: Brownwood native son.

MS. BOSWELL: Yes, sir.

MR. WILLIAMSON: Went to high school here, played in the band.

MS. BOSWELL: He did? Wow.

MR. WILLIAMSON: Yes, played the trombone. So, we thought, while we are recognizing Wes, we will just recognize Thomas and his family. So, I get to Brownwood yesterday, and I look around, and I say, "Where is Wes?" Well, he's not here. Well, I can understand that. Wes has probably got something that he has got to do, but I look around this morning, and I don't see Thomas.

So, the question I've got for you is, where is Thomas?

MS. BOSWELL: He's at the beach. That is what his calendar said, but he did ask me a couple of months, he warned me. He said, "I need you to handle the July Commission meeting for me." So, you know, I said, "Absolutely, I would be happy to." But I reminded him, "Wouldn't you like to go back to Brownwood where you are from?" And I didn't get a response. I think he had a vacation planned. I'll be happy to ask him though when he returns.

MR. WILLIAMSON: If I was a conspiracy theorist, I would think that Mayor Massey called Wes and Thomas and said, "Look, I know how we can get those guys back here pretty quick. Y'all just disappear this time. Then they will have to come back within the next year or so to pay honor to you two guys, so we will have them twice in one year."

MS. BOSWELL: That could be the explanation.

MR. WILLIAMSON: That could be.

MAYOR MASSEY: You discovered our secret.

MS. BOSWELL: Good afternoon. For the record, my name is Elizabeth Boswell, and I am the Director of the Construction Section of the Construction Division. In reference to Agenda Item 10(A)(1), authorization of this minute order provides for the award or rejection of highway maintenance projects let on July 7th and 8th, 2005, whose engineers estimated costs are \$300,000 or more.

Staff recommends rejection of two projects as follows. The first project is located in DeWitt County and provides for removing and replacing culverts at various locations. Staff recommends rejection of this contract due to insufficient competition, as only one bid was received on this project, and the bid submitted was approximately 47 percent over the engineer's estimate. The second project is located in Nueces County and provides for the scheduled dry-docking of the department's ferry boats. Staff recommends rejection of this contract due to insufficient competition again, as only one bid was received on this project, and the bid submitted was approximately 53 percent over the engineer's estimate. In addition, the staff at Corpus Christi believes that a redesign of this project is warranted. Staff recommends award of all remaining projects as shown in Exhibit A.

MR. WILLIAMSON: Members, you have heard the explanation and staff recommendation. Do you have any questions about any of these projects that you wish to put Elizabeth on the spot with?

MR. JOHNSON: I have a question, and it deals with ferry boat 101.

MS. BOSWELL: Yes, sir.

MR. JOHNSON: In the Corpus District, how many ferry boats do we have, and how many are in service at one time?

MS. BOSWELL: I believe -- I may have to defer to Amadeo, but I believe there are three ferry boats in the Corpus Christi-Port Aransas area, and to my knowledge, they are in operation all at the same time.

MR. JOHNSON: So all three --

MS. BOSWELL: Yes, unless one may be scheduled for some type of maintenance.

MR. SAENZ: We have four.

MS. BOSWELL: We have four?

MR. SAENZ: Five.

MS. BOSWELL: We have five. Okay, five.

MR. JOHNSON: You get bonus points if you can give me the names of all five of them.

MS. BOSWELL: You know, I am going to have to pass on that one. I cannot remember the names of all of the ferries.

MR. JOHNSON: Well, if there are five ferry boats, how many are in operation at one time? Three?

MR. SAENZ: Three.

MR. JOHNSON: Three. So, if we had one in dry dock, it would not mess up?

MR. SAENZ: No.

MR. JOHNSON: Thank you.

MS. BOSWELL: Okay, great.

MR. HOUGHTON: This is obviously a specialized type service, isn't it?

MS. BOSWELL: Yes.

MR. HOUGHTON: One bid?

MS. BOSWELL: Yes.

MR. HOUGHTON: Fifty-two percent over?

MS. BOSWELL: I think the district was concerned about that. That is why they were entertaining some type of redesign on the project. The specifics of that, I'm not sure, but they did mention that in

their letter.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. WILLIAMSON: I have a motion and second. All in favor of the motion will signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MS. BOSWELL: Okay, in reference to Agenda Item 10(A)(2), authorization of this minute order provides for the award or rejection of highway construction projects let on July 7th and 8th, 2005 as shown in Exhibit A. Staff recommends rejection of seven projects as follows: The first project is located in Bexar County, and provides for replacing metal beam guard fence with concrete single slope barrier on IH 37 and IH 10 in the City of San Antonio. Staff recommends rejection of this project due to insufficient competition, as only one bid was received on this project, and the bid submitted was approximately 32 percent over the engineer's estimate. In addition, staff recommends a redesign of this project is warranted.

The second project is located in Comanche County and provides for an ACP overlay, signal and an ADA facility on State Highway 16 in downtown DeLeon. Staff recommends rejection of this contract also due to insufficient competition, as only one bid was received on this project, and the bid submitted was approximately 30 percent over the engineer's estimate.

The third project is located in Fort Bend County and provides for the construction of a non-freeway facility involving widening to an eight-lane roadway with diamond interchanges at two locations. Subsequent to letting, several quantity errors were discovered in the plans. When the corrected quantities were used, the second bidder, Texas Sterling, becomes the apparent low bidder. Based on this information, staff recommends rejection of this project with plans to rescope and relet in September of 2005 with all bidders being allowed to rebid.

The fourth project is located in Milam County and provides for the preservation and adaptive use of a historic off-system bridge over the Little River and consists of constructing a new substructure and approach spans and restoring and painting the historic truss bridge to create a pedestrian facility. Staff recommends rejection of this project as a redesign has been deemed necessary to clarify plan notes and to -- in addition to simplify the scope of the work.

The fifth project is located in Tarrant County and provides for ramp location, pavement widening and intersection improvements on Interstate 35 West. Staff recommends rejection of this project, again, due to insufficient competition, as only one bid was received on this project, and the bid submitted was approximately 56 percent over the engineer's estimate. In addition, staff believes that a redesign is warranted.

The sixth project is located in Webb County and provides for the reconstruction of U.S.83 from State Highway 359 and Cortez Street intersection to the Chacon Creek Bridge in the City of Laredo. Staff recommends rejection of this project as a redesign of this project was warranted, due to the significant overruns.

The seventh and final project recommended for rejection is located in Wharton County and provides for the reconstruction of three existing timber bridges in that county. Staff recommends rejection of this project, again, due to insufficient competition, as only one bid was received on this project, and the bid submitted was approximately 35 percent over the engineer's estimate. Staff recommends award of all remaining projects as shown in Exhibit A.

MR. WILLIAMSON: Members, you have heard the presentation. Any questions?

MR. HOUGHTON: I have a question. It looks like if you compare the top group 10(A) to the next group, is this just an anomaly that you have -- the top group basically has with the exception of one, the one bidder, and the bottom group has multiple bidders, seven, three, four, nine. Is it a direct reflection of the lack of people bidding on these things that they are overrunning, or is that just too much simplification on my part?

MS. BOSWELL: That is probably part of it. We did actually -- Thomas actually contacted some of our contractors in our contracting community to try to get their thought on why this may be happening. One thing that we are hearing from our contractors

is that they are -- they are inundated or getting to a point where they have so much work that they are -- they would feel that they would be stretching themselves too thin if they were to bid on other projects. So, it's -- that was one issue that they brought up with us as maybe a reason why we are not getting as many bids on projects. And it varies, it -- you know, it's not indicative of one area. It just varies upon timing, the project in and of itself, and various other factors.

MR. HOUGHTON: So, this may be the tip of the iceberg as far as construction, Amadeo?

MR. SAENZ: We may be getting to the point that we are saturated.

MR. HOUGHTON: Saturating ourselves.

MR. WILLIAMSON: Is Mike in Japan this week? Is he talking to Japanese construction companies about coming back to Texas?

MR. SAENZ: I would hope so.

MR. WILLIAMSON: Maybe we need to go on a recruiting mission to some of the other states and see if we can recruit some people to come back in and do some work.

Anything else, Members? Do I have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and a second. All those in favor, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MS. BOSWELL: Thank you.

MR. WILLIAMSON: Thank you.

MR. SIMMONS: The next item, 10B, is the award of a maintenance contract to second lowest bidder by Amadeo Saenz.

MR. SAENZ: Good afternoon, Commissioners. For the record, again, I am Amadeo Saenz, Assistant Executive Director for Engineering Operations.

The minute order before you is to approve the award of a maintenance contract to the second low bidder -- second lowest bidder. If the low bidder on a maintenance contract of less than \$100,000 fails to execute the contract, TxDOT rules allow the second lowest bidder to perform the work at the low bidder's price.

On a maintenance contract in Grayson County of the Paris District, the low bidder on a contract to extend a service driveway at a travel information center did not execute their contract. The second lowest bidder has notified the district in writing that they will perform the work at the low bidder's price. The contract amount is \$34,618. Accepting the second lowest bidder's offer will save TxDOT the administration costs of reletting the contract, and due to improved access by delivery vehicles to the information center, we improve safety of that whole operation. Staff recommends approval of this minute order.

MR. HOUGHTON: So moved.

MS. ANDRADE: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries.

MR. SAENZ: Thank you. Going on to Item 10C, the minute order before you approves a contract between Texas Department of Transportation and Half Associates, Incorporated. Half Associates, Incorporated employs Charles W. Heald, a former Executive Director of Texas Department of Transportation. Government Code 669.003 requires that in order to enter into a contract with a company that employs a former executive director,

in this case Mr. Heald, within the first four years after he has served in that position, the Texas Transportation Commission must also approve the contract in an open meeting.

The department advertised for engineering services and Halff was chosen to be the provider in accordance with our competitive selection and negotiation procedures as set forth in both the Government Code and Administrative Code. The contract is a standard \$635,318 contract for engineering services to be performed in Tarrant County of the Fort Worth District. Staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you have heard the explanation. Do you have questions of Amadeo? Do I have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: All those in favor, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, saying no.

(No response.)

MR. WILLIAMSON: Motion carries. Thank you.

MR. SIMMONS: Item 11 is a contested case presented by our general counsel, Richard Monroe.

MR. MONROE: Good afternoon, Commissioners.

MR. WILLIAMSON: Good afternoon, Richard.

MR. MONROE: For the record, my name is Richard Monroe. I am the general counsel for the department. This is a case of a nature that you have seen before. Under applicable law, the department has certain regulatory functions performed on surplus car dealers. In this case, the license to conduct this business was withdrawn from a Mr. Arturo Castro, D/B/A Castro Imports because he had been convicted of a felony, a felony DWI in this case, and three years had not elapsed since either that conviction or his discharge under probation or parole. Mr. Castro appealed this to the State Office of Administrative Hearings. It was found by the hearing officer

that Mr. Castro should be allowed to keep his license. The hearing officer discounted, one, our statutory authority to pass the rule in question, and concluded that the rule in question could not be operative. I disagree with that finding, and you have before you an appropriately modified version of the hearing officer's order, in fact, withdrawing Mr. Castro's License and upholding the VTR division.

I will try to answer any questions, if you have any. Obviously I would urge your approval of the order before you.

MR. WILLIAMSON: Members, you heard the recommendation by Mr. Monroe. Do you have questions?

MR. JOHNSON: Richard, assuming that we approve this, what recourses does Mr. Castro then have?

MR. MONROE: He will then take us to District Court, if he so desires.

MR. WILLIAMSON: Questions of Mr. Monroe? Do I have a motion?

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carries,

MR. MONROE: Thank you.

MR. WILLIAMSON: Thank you, Mr. Monroe.

MR. MONROE: This may be a bit out of order, Mr. Chairman, but I'm glad you made a point about us dealing with the Nature Conservancy in Matagorda County. I think that a lot of times there is a misunderstanding about what we can and cannot do with our funds, and this was a very good example of something we could do with our

funds in a kind of partnership, if you will, with an environmental corporation to both fulfill our responsibility toward the Gulf Intracoastal Waterway, and to help the Nature Conservancy protect the environment. I think it is very significant. It shows that we are not knee jerk anti-environment. There are just some things we can do with our money, and some things we can't.

MR. WILLIAMSON: Thank you for that comment. I am real pleased to see us doing that. I got to looking at that last week, and I thought, man, that is kind of neat. I like it. This is the way to work.

Where are we, Steve?

MR. SIMMONS: Mr. Chairman, Item 12 is our routine Minute Orders and we would ask that Item 12(A)(2) be deferred due to a typographical error in the county that was referenced in the agenda. We do have a speaker signed up, if you wish, for Items 12(C) dealing with the redesignation of roadways in Cherokee County, due to the Lake Columbia Reservoir if y'all deem him necessary.

MR. WILLIAMSON: Members, this is Allen Ross, an engineer from the Tyler area. He is in favor of that portion of 12(C) that deals with the Angelina and Neches River Authority. He indicates that only if we feel like we need to ask him some questions does he care to testify. Do you want me to go ahead and bring him up here and rake him across the coals, or what is your pleasure?

MR. HOUGHTON: Take him in the back room.

MR. WILLIAMSON: Well, Allen Ross, we are pleased you are here. Where are you, Allen? And, if you don't want to say anything, you can just say howdy and go back to Tyler.

MR. ROSS: Commissioners, thank you for considering this item on the agenda. Probably some of you, or most of you are aware of the Lake Columbia, formerly known as the lake, East Texas Reservoir in Cherokee County. When the reservoir is constructed, we expect construction to begin sometime in 2010 or 11, once the reservoir is inundated, then several highways that are currently operated by the Texas Department of Transportation will also be inundated. So, this is simply a request from the commission for the department to abandon certain sections of these roadways, to redesignate certain sections of the roadway, and then to, I guess, redesignate some sections of the roadway as county roads so Cherokee County can take

over maintenance of those roadways.

MR. WILLIAMSON: Did Kenneth Reneau not tell you to tell me hello?

MR. ROSS: He did say absolutely to tell Chairman Williamson hello.

MR. WILLIAMSON: He is a good guy. We know each other from years ago.

MR. ROSS: He sends his regards.

MR. WILLIAMSON: I have much high regard for that guy. He is a good city manager.

MR. JOHNSON: Did he ask you to tell Commissioner Houghton hello?

MR. ROSS: He said -- I think he mentioned each Commissioner by name.

MS. ANDRADE: Thank you.

MR. WILLIAMSON: Members, any questions of this witness? Thank you, Allen, for volunteering to step up. We appreciate it.

Anything else about this item that we need to know about, Steve?

MR. SIMMONS: Mr. Chairman, those are our routine minute orders, and as you have asked in the past, I know of no interest that any of the Commissioners have in any of the routine minute orders.

MR. WILLIAMSON: And, we don't hold you responsible for that statement, Steve. We know you can't know everything. We just ask that staff always kind of take a look and see if anything jumps out.

MR. SIMMONS: Other than that, recommend approval.

MR. WILLIAMSON: Members, you have heard the staff's recommendation on routine Minute Orders. Is there a motion?

MR. HOUGHTON: So moved.

MR. JOHNSON: Second.

MR. WILLIAMSON: I've got a motion and a second. All in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Do we have any general comment items?

MR. SIMMONS: No, sir.

MR. WILLIAMSON: I thought we were going to hear from Collin County today.

MR. SIMMONS: No.

MR. WILLIAMSON: Do we have any legal matters that we need to discuss, Mr. Monroe?

MR. MONROE: No, sir.

MR. WILLIAMSON: Any other comments that you wish to make, Members?

MR. JOHNSON: I have one, Mr. Chair. Certainly since the last time I met, and I think since the last time the Commission met, Mr. E. H. Thornton passed away. Mr. Thornton was an appointee of Governor Shivers. He was a former State Representative from Galveston, and I believe he served as Chair of this Commission.

I had the distinct honor and a great pleasure to meet him and visit with him on several occasions, and he told me a lot of the lore of the department, and I just wanted to note his passing. He contributed in many ways to the State, and he was a great man.

MR. WILLIAMSON: We note the passing of a great man. Other matters?

MR. SIMMONS: Mr. Chairman?

MR. WILLIAMSON: Yes, sir.

MR. SIMMONS: When I was making introductions earlier in the meeting, I neglected to announce that we had several district engineers in attendance. In fact, at one point in time we had seven. We are now down to two. Lynn, of course, had to -- has to stay, but I would like to recognize Larry Tegtmeier from our

Wichita Falls District as sticking through the whole meeting.

MR. WILLIAMSON: What everyone wants to know is, why did every district engineer west of Interstate 35 except Chuck show up today? What is the deal?

MR. SIMMONS: I'm not sure, sir.

MR. WILLIAMSON: You are collaborating on something.

MR. SAENZ: We are working on the border issue.

MR. WILLIAMSON: The most privileged motion is in order, Members.

MR. JOHNSON: So moved.

MR. HOUGHTON: Second.

MR. WILLIAMSON: I have a motion and second. All those in favor of the motion, signify by saying aye.

(A chorus of ayes.)

MR. WILLIAMSON: All opposed, no.

(No response.)

MR. WILLIAMSON: Motion carried. We are adjourned at what time, Mr. Monroe?

MR. MONROE: 1:23.

MR. WILLIAMSON: 1:23 p.m.. Thank you.

(At 1:23 the meeting was concluded.)

C E R T I F I C A T E

MEETING OF: Texas Transportation Commission

LOCATION: Brownwood, Texas

DATE: July 28, 2005

I do hereby certify that the foregoing pages, Numbers 1 through 118 inclusive, are the true, accurate, and complete transcript prepared

from the computerized stenotype machine; produced by computer-assisted transcription, by Nannell S. Mooney, Certified Shorthand Reporter No. 2477, before the Texas Department of Transportation.

WITNESS MY HAND this the 29th day of August, A.D. 2005.

NANNELL S. MOONEY, C.S.R 2477
Date of Expiration: Dec. 31, 2006
Official Court Reporter
Brown County Court at Law
200 South Broadway
Brownwood, Texas 76801
Telephone: 325.646.5859
Facsimile: 325.646.5980
Nannellmooneycsr@hotmail.com