TEXAS TRANSPORTATION COMMISSION
COMMISSION MEETING

Thursday, December 15, 2005
Commission Room
Dewitt Greer Building
East 11th Street
Austin, Texas 78701-2483

COMMISSION MEMBERS:

Ric Williamson, Chairman
John W. Johnson
Hope Andrade
Ted Houghton, Jr.

STAFF:

Michael W. Behrens, P.E., Executive Director
Steve Simmons, Deputy Executive Director
Richard Monroe, General Counsel
Roger Polson, Executive Assistant to the Deputy Executive Director
Dee Hernandez, Chief Minute Clerk
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b. **Final Adoption** Under Title 43, Texas Administrative Code, and the Administrative Procedure Act, Government Code, Chapter 2001:

1. **Chapter 6 - State Infrastructure Bank**
   - Amendments to '6.1-6.3 and New '6.5, (General Provisions), Amendments to '6.12, Eligible Projects (Eligibility), and '6.42, Performance of Work (Financial Assistance Agreements)

2. **Chapter 7 - Rail Facilities and Chapter 15 - Transportation Planning and Programming**
   - Amendments to Subchapter A, General Provisions, New '7.1, Definitions;
   - Subchapter B, Contracts, New '7.10, Definitions, New '7.12, Construction and Maintenance Contracts, New '7.13, Leasing of Rail Facilities;
   - Subchapter C, Abandoned Rail, New '7.20, Definitions, New '7.21, Abandonment of Rail Line by Rural Rail Transportation District, New '7.22, Acquisition of Abandoned Rail Facilities;
   - Repeal of Subchapter L, Abandonment of Rail Line by Rural Rail Transportation District, '15.140-15.145; and
   - Repeal of Subchapter M, Rail Facilities, '15.150-15.155

3. **Chapter 15 - Transportation Planning and Programming**
   - Amendments to '15.55, Construction Cost Participation (concerning Economically Disadvantaged Counties) (Federal, State, and Local Participation) (MO)
   - Amendments to '15.122, Design Considerations (concerning aesthetic characteristics of a transportation project) (MO)
(4) **Chapter 21 - Right of Way** (MO) 228
    Amendments to '21.16, Use of Options to Purchase for Advance Acquisition of Real Property (Land Acquisition Procedures)

(5) **Chapter 26 - Regional Mobility Authorities** (MO) 229

(6) **Chapter 26 - Regional Mobility Authorities and Chapter 27, Toll Projects** (MO)
    Amendments to '26.41, Request, '26.42, Public Involvement, '26.43, Approval, '26.45, Reimbursement, and '26.46, Use of Surplus Revenue:
    Amendments to '27.11, Purpose, '27.12, Definitions, '27.13, Transfer of Turnpike Projects, '27.14, Conversion of Non-Toll State Highways, New '27.15, Project Development for Transferred Toll Projects, and New '27.16, Toll Projects of Other Entities With State Highway Right of Way;
    Amendments to '27.40, Purpose, and Repeal of '27.43, Transfer of Existing Public Highways; and
    Amendments to '27.70, Purpose, Repeal of '27.72, Transfer of State Highways, New '27.72, Conveyance of State Ferry, Amendments to '27.73, Project Approval, '27.74, Design and Construction Standards for Toll Road Projects, and New '27.75, Commission Order Directing that County Toll Project Shall Not Become Part of the State Highway System
Chapter 27 - Toll Projects (MO)
Amendments to '27.1-27.5, and New '27.6, Protest Procedures, (Policy, Rules, and Procedures for Private Involvement in Department Turnpike Projects)

c. **Final Adoption** Under Title 16 and Title 43, Texas Administrative Code, and the Administrative Procedure Act, Government Code, Chapter 2001:

**Title 16, Part 1, Chapter 5 - Rail Safety Rules and Title 43, Chapter 7 - Rail Facilities** (MO)

$Title 16, Part 1, Repeal of Chapter 5, Rail Safety Rules; and
$Title 43, Chapter 7, New Subchapter D, Rail Safety, '7.30-7.42

8. **Transportation Planning**

a. Amend Category 8, Safety, of the 2006 Statewide Preservation Program to include additional programs and allocations (MO)

b. **Fannin and Lamar Counties** - Authorize the executive director to negotiate and enter into agreements necessary to lease the Bonham Subdivision Rail Line to the Fannin County Rural Rail Transportation District (MO)

c. **Ector and Midland Counties** - Authorize projects in the Odessa District in Category 12, Strategic Priority of the 2006 Statewide Mobility Program (MO)

9. **Pass-Through Tolls**

**Authority to Executive Agreement**

**Grayson County** - Authorize the executive director to execute a pass-through toll agreement with Grayson County for a 12-mile extension of SH 289 beginning at SH 56 west of Sherman and ending at FM 120 in Pottsboro (MO)

10. **Finance**

a. Accept the audited financial statements of the Texas Mobility Fund as required by the governing master resolution (MO)
b. **Travis and Williamson Counties** - Accept the audited financial statements of the Central Texas Turnpike System relating to the Central Texas Turnpike System, as required by the indenture of trust governing the obligations issued for the 2002 Project of the Central Texas Turnpike System (MO)

11. **Right of Way**
   **Denton County** - Authorize the negotiation of options to purchase for advance acquisition of right of way for FM 720 from Eldorado Parkway to US 380 (MO)

12. **Department Buildings**
   **Wilson County** - Approval of an exchange of real property owned by the Floresville Independent School District in return for real property owned by the department (MO)

13. **Contracts**
   a. **Award or Reject Highway Improvement Contracts**
      (1) **Maintenance** (see attached itemized list) (MO)
      (2) **Highway and Building Construction** (see attached itemized list) (MO)

   b. **Contract Claims**
      (1) **Frio County** - Project RMC 608152001 - Approve a claim settlement with Riata Enterprises for additional compensation (MO)
      (2) **Williamson County** - Project NH 97(332) - Approve a claim settlement with Dean Word Company, Ltd. for additional compensation (MO)

14. **Routine Minute Orders**
   a. **Donations to the Department**
      (1) **Bridge Division** - Acknowledge a donation from the National Steel Bridge Alliance (NSBA) for two department employees= travel expenses to attend the NSBA World Steel Bridge Symposium that was held in Orlando, Florida from November 29-December 2, 2005 (MO)
(2) **Bridge Division and Houston District** - Replace Minute Order 110322 to correct the name of the donor from the University of Nebraska to Highway Bridge Services, LLC (MO)

b. **Eminent Domain Proceedings**

Various Counties - noncontrolled and controlled access highways (see attached itemized list) (MO)

c. **Highway Designations**

(1) **Johnson County** - Remove a segment of FM Spur 1434 from the state highway system and return control, jurisdiction, and maintenance to the city of Cleburne (MO)

(2) **Johnson County** - Remove a segment of FM 1718 from the state highway system and return control, jurisdiction, and maintenance to the city of Cleburne (MO)

d. **Load Zones and Postings**

Various Counties - Revise load restrictions on the state highway system:

(1) **Roadways** (MO)

(2) **Bridges** (MO)

e. **Right of Way Dispositions and Donations**

(1) **Brazoria County** - SH 35 northeast of Angleton - Consider the sale of surplus right of way (MO)

(2) **Brazos County** - FM 1179 at Jones Road in Bryan - Consider the release of a drainage easement

(3) **Dallas County** - I-30 at Sylvan Avenue in Dallas - Consider the sale of surplus access rights (MO)

(4) **Hays County** - US 290 at Nutty Brown Road - Consider the sale of a surplus portion of a maintenance site (MO)

(5) **Nueces County** - Park Road 22 (Kennedy Causeway) - Consider the lease of right of way (MO)

(6) **Williamson County** - FM 1460 at US 79 east of Round Rock - Consider the sale of surplus right of way (2 MOs)
f. Speed Zones
Various Counties - Establish or alter regulatory and construction speed zones on various sections of highways in the state (MO)

15. Executive Session (None held)

OPEN COMMENT PERIOD

ADJOURN
MR. WILLIAMSON: Good morning. Merry Christmas, Happy Chanukah, bah-humbug, that should cover everybody. It is 9:18 a.m., and I would like to call the December 2005 meeting of the Texas Transportation Commission to order.

It is a pleasure to have each and every one of you here with us this morning. Thank you for making the long or short drive to attend our meeting.

Please note for the record that public notice of this meeting, containing all items on the agenda, was filed with the Office of Secretary of State at 1:07 p.m. on December 7, 2005.

Before we begin today's meeting, as we always do, please join with me in taking a moment to pull out your cell phone, your BlackBerry, your personal pager, your two-way radio, your Nextel, whatever you carry that might go off in this meeting and disrupt us, and place that device on either the vibrate, silent, or off mode. Thank you very much.

It is our custom to open with comments from the commission, and as always, we will open with Commissioner Houghton from the far western reach of our great state. Ted?

MR. HOUGHTON: Thank you, Mr. Chairman, and
good morning. Merry Christmas, Happy New Year and happy holidays to all of you. The best to all of your families. This is a great time of year and I hope we have some fun today in this commission meeting. We've got a lot of things on the agenda. Again, welcome.

MS. ANDRADE: Good morning. I'd also like to welcome everyone. Thank you for coming to our December meeting. We've got an interesting agenda and a couple of discussion items that I think will be interesting. But I also would like to wish you safe and happy holidays. Thank you.

MR. JOHNSON: Well, when you bat third in the lineup, you see a lot of the same pitches. It's great to see so many familiar faces here. One would think that the December meeting would be sparsely attended but it's great to see so many friends and people who work so hard on transportation issues which are so integral to the quality of life in this state.

I want to echo what my colleagues have said. This is a very special season and I hope everybody has a Merry Christmas and of course, a safe, safe holiday.

MR. WILLIAMSON: Thank you, Ted, Hope, and John.

Please let me take a moment to remind everyone if you wish to address the commission during today's

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meeting we ask that you fill out a speaker's card. You can find the card on the registration table out in the lobby to most of your right.

If you're going to comment on an agenda item, something that's posted, we ask that you fill out a yellow card, such as the one in my hand, and indicate the agenda item upon which you wish to speak. If you don't want to comment on the specific agenda but you wish to make a comment during the open comment period which is at the end of the meeting, we ask that you fill out the blue card, such as the one in my left hand.

Regardless of the color of the card, we ask that you try to limit your remarks to three minutes unless you are a sitting member of the legislature, in which case you may take as long as you wish.

The first item on the agenda today is the approval of the minutes of the November meeting of the commission. Do I have a motion?

MR. HOUGHTON: So moved.

MS. ANDRADE: 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: We're going to continue today's agenda with a discussion item, and I guess this would be the sobriety checkpoint discussion item, Mike?

MR. BEHRENS: Yes, sir.

MR. WILLIAMSON: And I think we're going to have some special guests, we're going to perhaps discuss safety barriers as well as the sobriety checkpoint matter, and a great TxDOT employee, Carlos Lopez, is going to lead us in this discussion item. Carlos? Otherwise known as Concrete Barrier Carlos.

MR. LOPEZ: Or Cable.

MR. WILLIAMSON: Or Cable.

MR. LOPEZ: Good morning, commissioners. My name is Carlos Lopez and I'm director of TxDOT's Traffic Operations Division, and thanks for putting this discussion item on the agenda.

Commissioners, we have a problem in Texas: too many people die in alcohol-related traffic crashes. In fact, over the last five years, we've averaged a little under 1,800 people dying in these type of accidents. That's about half of all the people that die on Texas roadways. Around the country, about 40 percent of people die in alcohol-related traffic crashes, so we're above...
that particular average. And if you think about it, that 1,800 number is like wiping out a town like Hudson Oaks or Magnolia or Somerset or Tornillo every year off the map. That's the amount of people that are in those towns.

But we have a plan in place and we've had a plan in place that we've tried to improve and tweak every year, and in a state that's growing like Texas, I'd venture to say that if we hadn't had this plan in place, that number would be a lot higher than it is today.

Over the last three years, we've averaged about $23 million in STEP grants to local PDs, sheriffs and DPS. This translates into almost half a million extra man hours of enforcement over and above what the PDs do on their normal budgets.

MR. WILLIAMSON: Carlos, for the purpose of enlightening our audience, a STEP grant is a transfer of dollars from the state's transportation construction fund to law enforcement labor costs. Is that correct?

MR. LOPEZ: About half of that $23 million is. That's been done by rider that's gone to DPS directly from Fund 6. The other half comes from monies provided by the National Highway Traffic Safety Administration, so it's federal dollars.

MR. WILLIAMSON: So that's one of the instances
where transportation revenue collected from the citizens is used for something other than construction or maintenance of the state's transportation assets.

MR. LOPEZ: Without a doubt.

MR. WILLIAMSON: Thank you.

MR. LOPEZ: We've also tried to maintain a very strong media presence over the years with ad campaigns such as the hard-hitting Jackie Saburido story that reminds people that not everybody that's a victim of a DWI crash dies, or our "Photos in About an Hour" campaign at Spring Break that reminds youth that it's not a cool thing to spend your Spring Break in jail, or our annual "Santa is Coming to Town, Please Don't Hit Him" campaign.

We remind school kids about the dangers of drinking and driving by funding "Shattered Dreams" programs that graphically recreate what the consequences are of a DWI crash. We also fund Project Celebration events which promote alcohol-free events at proms or graduations.

We have developed an online DWI reporting system for law enforcement that cuts about in half the time it requires to process paperwork when an officer does a DWI arrest.

We have set a very lofty goal of reducing our alcohol-related fatality rate by 15 percent by the year
2010. Now, to make that happen, we're going to need every tool available at our disposal. However, there is one tool that is not in the Texas toolbox, and that's the ability to do sobriety checkpoints, and that's literally where an officer stops someone on the road, does some brief questioning, and looks for evidence of DWI.

With me here today is Georgia Chakiris. She's the regional administrator of NHTSA South Central Region based out of Fort Worth. She's going to come up and talk a little bit about sobriety checkpoints and their use throughout the country. Georgia?

MS. CHAKIRIS: Good morning, Mr. Chairman, members of the commission.

I'm very pleased to be here this morning to answer the question: Why sobriety checkpoints? The answer is simple: they are a proven effective method for reducing impaired driving and they save lives.

There have been evaluations in many locations across the country, and the Center for Disease Control has reviewed and submitted a report that shows that on average we reduce the incidence of impaired driving crashes and fatalities by 18 to 24 percent by implementing sobriety checkpoints.

That could translate in Texas, if we use the preliminary 2004 fatality numbers in Texas, to a savings
of over 400 lives if we implemented and used sobriety checkpoints statewide in the state. That is a big difference.

Studies and research shows that an individual can drive over the legal limit over 88 times before being caught and arrested. That means that you and I and our families and our friends are at great risk every single day of passing an impaired motorist along the way.

Far too many people die and many, many more are injured in ways that the Jackie Saburido campaign amply conveys. We really need the most effective and the most highly visible enforcement program available. That's why we need to be able to provide law enforcement all those effective tools.

Sobriety checkpoints work because they deter people from drinking and driving. The whole idea is not necessarily to go out and arrest people, it's to convince them that there is a great risk of being arrested, so they need to decide ahead of time, before they get behind the wheel, not to drink and drive, to reduce the amount that they consume or find alternate transportation. That is the whole purpose for doing sobriety checkpoints.

Now, that doesn't mean that it's not an effective enforcement tool. A recent example in New Mexico, they did super blitz weekend, and in one weekend...
the city of Albuquerque arrested 103 people through sobriety checkpoints alone.

That goes to show you there are a large number of folks out there who are over the legal limit, driving impaired, and sobriety checkpoints are an effective tool for addressing that.

People that choose to drive impaired must believe there is a strong likelihood that they'll be arrested, and in that way we can help them modify their behavior.

I'd be remiss, though, if I didn't mention the potential that this may also have for underage drinking and underage impaired driving. And while we don't have separate studies on those issues, those are going on right now, and we feel that there is some real possibility for addressing those issues when you have the tool for sobriety checkpoints.

There's considerable support for the use of sobriety checkpoints from a number of organizations. Of course, law enforcement organizations like the International Organization of Chiefs of Police, the Texas Municipal Police Association, and the National Sheriffs Administration all support the use of sobriety checkpoints.

Government agencies, and I mentioned the Center for Disease Control, the National Transportation Safety
Board has come out in favor of sobriety checkpoints, and of course, the National Highway Traffic Safety Administration.

But it's not only government and enforcement agencies, it's also the private sector: Nationwide Insurance, the National Commission Against Drunk Driving, Citizens Against Drug and Impaired Driving, SADD, that's Students Against Destructive Decisions, and of course, MADD.

But most importantly, the public supports sobriety checkpoints. A 2004 Gallop Poll shows that 93 percent of the public believe impaired driving to be a major threat to their safety, and 75 percent believe that we need to do more enforcement, stricter enforcement.

And I believe that that 2004 survey confirms surveys that were actually conducted here in Texas in Arlington and El Paso some years ago. In Arlington the voter poll showed that 74 percent favored authorizing sobriety checkpoints, and in El Paso 83 percent of the voters indicated that they were willing to tolerate what they felt might be a minor inconvenience of checkpoints to get drunk drivers off the road. And by the way, for most individuals going through a sobriety checkpoint, the delay is less time than a traffic signal.

As Carlos pointed out, TxDOT provides a lot of
money, considerable funding to law enforcement to address impaired driving. It makes sense to provide the most effective tools to get the most benefit from the limited dollars and the limited law enforcement personnel available, and I really appreciate the opportunity to talk to you about this, and Carlos is going to come back up and talk to you about some of the operational aspects.

MR. WILLIAMSON: Members, you've heard comments from the presenter. Do you have questions? Ted?

MR. HOUGHTON: Yes. In the rank, what do we rank amongst the 50 states, not in raw numbers, but in percentages.

MS. CHAKIRIS: Well, in percent, Texas is number five. As I had just mentioned earlier to some folks, New Mexico for years had always been number one in the percentage of alcohol-involved fatal crashes. They implemented massive sobriety checkpoint blitzes across the state, and while they still have a severe impaired-driving problem, they have dropped to number 18.

Texas was much higher, and we have been doing a lot of high visibility enforcement programs in Texas, but if we're going to push the numbers down further, we have got to be able to utilize all the tools available, and to move Texas down lower on that list of percentages, we need to be able to use sobriety checkpoints.
MR. WILLIAMSON: Members? I have a couple of questions. How many states out of the 50 have sobriety checkpoints?

MS. CHAKIRIS: Forty states allow checkpoints.

MR. WILLIAMSON: And we're one of the ten that do not.

MS. CHAKIRIS: That's correct.

MR. WILLIAMSON: Are the other nine primarily in the South, primarily urban states, primarily in the Midwest, or is there any pattern?

MS. CHAKIRIS: They're spread out. There's some in the Midwest. Texas is really kind of by themselves.

MR. WILLIAMSON: So the Northwest and the industrial upper Midwest and us.

MS. CHAKIRIS: Yes.

MR. WILLIAMSON: Mr. Behrens, I note all of those states that have a heavy German population.

(General laughter.)

MS. CHAKIRIS: Because of the size of population of Texas, unfortunately, we may not have the highest percentage of alcohol-involved crashes but we do have the highest number of legally impaired fatalities, number-wise. And so reducing fatalities in Texas really impacts the fatality rate in the entire country of course.
makes us particularly interested in impacting Texas. But as a representative of the National Highway Traffic Safety Administration, I'm interested in saving lives and reducing injuries, but I'm also a resident of Texas, so I'm interested in doing something about it here too.

MR. WILLIAMSON: You're an articulate spokesperson.

MS. CHAKIRIS: Thank you.

MR. WILLIAMSON: Members?

(No response.)

MR. WILLIAMSON: Okay, thank you very much.

MR. LOPEZ: Commissioners, being the traffic guy, I was kind of curious whether setting up a checkpoint causes a mobility and safety issue in itself, so we made a few calls around the country and we found that maybe California had the best examples of the guidelines that are in place and how they conducted them.

What we found out is, like Georgia said, they advertise them in advance that they're going to have checkpoints in a general area, and then as the time comes closer, they'll actually advertise where they're going to have it, so it's pretty open to the public.

They typically will most always do it on arterials, never on freeways, and locate it next to a parking lot or something where they can have the mobile
intoxiliser so they can do their secondary screenings so that they get those folks out of the way of the roadway.

The officer will quickly come to the car, take a quick look, see if there's any open containers or anything like that, ask a question "How are you doing?" and based on the response or non-response, look for evidence of DWI. All that typically takes about 30 seconds to accomplish.

Another officer is always looking at the queue of the cars, like Georgia mentioned, and seeing how long it is, how long it takes that last car to get through that checkpoint. If they have a three-minute goal, for example, then they'll start going to some preset number of every other car, every third car to actually check so that they can keep that queue moving. And they always have the option that if it just gets so bad, they'll just shut it down and go on.

It can last anywhere from four to six hours, and as you might expect, they're typically done in the evening hours.

I talked to a law enforcement guy in California, his name was Spike and he really likes all this checkpoint stuff, and I asked him to give me an example of the busiest road that you know of that you've ever seen a checkpoint conducted on, and he gave me the
example of Sunrise Boulevard in Sacramento on the eastern side of town. And I went and did some searches on traffic counts, and it's a six-lane arterial and it's got about 50,000 cars a day on that road. That compares pretty favorably to FM 1960 in Houston between State Highway 249 and IH 45, compares very favorably to Parmer Lane here in town between MoPac and I-35, and those roads carry a lot of traffic.

I think if checkpoints ever came along in this state, it would behoove TxDOT to go look at one of these in operation and see if we ought to adopt those California guidelines or maybe customize them for Texas type of circumstances so we can get that out to law enforcement, something they could possibly use.

So in closing, I'd just like to leave the commission with one question to ponder, and that's if this bill gets filed again -- and it probably will -- should the Texas Transportation Commission weigh in on the matter.

MR. WILLIAMSON: Don't close yet. I don't want to catch you off guard, Carlos, but I am curious, do you or does anybody in the audience that you're aware of know how much we spend each year now on what we consider to be safety matters of any kind, things designed to save people's lives?
MR. LOPEZ: On the engineering and the human factor side?

MR. WILLIAMSON: Yes, everywhere, throughout the department.

MR. LOPEZ: Throughout the department. Well, on the human factor side, our annual program, somewhere in the $40 million range. And on the engineering side, we just did $600 million in safety bonds last year, we have an annual HES program that's going to grow because of SAFETEA-LU up to maybe the $100 million range a year, and then all the inherent safety features in all the projects that we do, it's literally in the billions of dollars.

MR. WILLIAMSON: Well, my purpose in asking the question, and perhaps should the commission decide to take action on this in the next few months, we need to be prepared to demonstrate to our bosses across the street that there's a cost associated with safety and a benefit associated with it, and we need to try to relate, for example, the projected lives saved in our safety barrier program and the cost per life to the projected lives saved and the cost per life saved for sobriety checkpoints. We need to be prepared with that data.

MR. LOPEZ: We can develop that figure.

MR. WILLIAMSON: We'll talk a moment, for the audience's benefit on why we're even discussing this, and...
it may become a little bit more clear.

I noticed, Hope, you moved. Did you have something for Carlos?

MS. ANDRADE: Well, I had a question. Carlos, we've never done sobriety checkpoints in Texas?

MR. LOPEZ: Not that I'm aware of.

MS. ANDRADE: I could have sworn in the '60s, when I was growing up, we did, or at least they told me that.

MR. LOPEZ: Well, at dinner last night Georgia was telling me that we have done some kind of checkpoints and I think they like would check for licenses, but they weren't called sobriety checkpoints.

MS. ANDRADE: And I have to tell you that it really worked because we were scared and it kept us from doing that -- not that I would ever do it, of course.

You know, I'm all for safety, as you know, and so I certainly would be interested in researching this further, but like the chairman says, I know it's going to cost us money too, but we have a responsibility to the families of Texas to keep safety on the roads.

MR. WILLIAMSON: Mr. Monroe, did you have some information to share with us?

MR. MONROE: Yes, sir. Richard Monroe, general counsel for the department.
I wanted to respond to Commissioner Andrade.
Your memory is not failing you. Unfortunately -- well, strike that. There are two sides to the question. There is a privacy issue here involved as well, and what the Texas courts have said is if this is going to be done, the legislature needs to specifically authorize it; otherwise, we will not uphold convictions based on sobriety checkpoints.

MR. WILLIAMSON: So in all likelihood, there have been some kind of checkpoints in the past, the question was would convictions that were tested be upheld.

MR. MONROE: No, sir, they were not upheld. Of course, I didn't get trapped in one like the commissioner did.

(General laughter.)

MR. WILLIAMSON: Okay, members, any other questions? Carlos won't leave us on this matter forever, but any questions at this point? We have a couple of witnesses.

(No response.)

MR. WILLIAMSON: Okay, Carlos, if you'll take a seat for just a moment. Bill, you and Chuck no doubt know each other. Which order do you want to go in, or do you care?

MR. HURLEY: Mr. Chairman, I'm Chuck Hurley. I...
am honored to be the chief executive officer of MADD. Our national headquarters has been in Irving, Texas for more than 20 years, and it won't surprise you we really support checkpoints for three reasons.

At MADD we don't know how to solve tsunamis, we don't know how to solve hurricanes, we do know what to do about drunk driving, and sobriety checkpoints are one of the single best proven ways of reducing drunk driving, deterring drunk driving, as the commissioner indicated, that has been proven all across this country, all around the world.

I don't want to repeat what others have said so well, but the science is about a 22 percent reduction, and that Texas could reduce its drunk driving fatalities and its very severe injuries, not necessarily overnight but very quickly with a proven method of a countermeasure like that.

The second reason is the most frequent word you hear at checkpoints -- and I've been at checkpoints in about 15 states -- the most frequent word you hear at checkpoints is thank you. The public supports this, they know that this protects their families, they know that this allows them to get home safely.

Yes, there are some people who draw the privacy issues to this on public roads which have been paid for by
public dollars, but time after time that has not been
upheld in the U.S. Supreme Court, and we are very hopeful
that you would side with the public on this one.

The third reason is that MADD last year served
31,000 victim families with grief counseling, with
financial counseling, with court counseling. We expect to
serve more than that this year, and that, sadly, is only
about 10 percent of the victims we should serve.

The best way to serve victims is really to turn
off the spiggot. We know how to reduce drunk driving.
Other states have a much better record, frankly, than our
state, and we think that Texas really should be a model in
this area, following the data, following the public
support, and we very strongly urge your consideration of
this proven method.

I've spent about 30 years of my life working on
highway safety issues, was 21 years at the National Safety
Council, seven years at the Insurance Institute for
Highway Safety which does a lot of the research in these
areas. There's no question about the data, and legally it
has been upheld in the U.S. Supreme Court a number of
times.

So I would be pleased to answer any questions
you might have on experience in other states or other
countries. Thank you.
MR. WILLIAMSON: Members?

(No response.)

MR. WILLIAMSON: Chuck, thank you. Okay, Bill.

MR. LEWIS: Thank you. I'm Bill Lewis from Mothers Against Drunk Driving. It's really a pleasure to be here today. I do appreciate your attention to this important issue.

Just to keep it very brief, I want to amplify on some of the things that you've heard today, and that is that Texas is the worst state for drunk driving in the nation, and we're not a little bit worse, we're a lot worse. We have about two-thirds the population of California but we kill more people here in drunk driving crashes than does California. California has got more roads, more drivers, more vehicles, more people, but we kill more people here in drunk driving fatalities than they kill in California.

The purpose of sobriety checkpoints is not arrest people or to punish people for drunk driving. The back of my business card says MADD's mission is to stop drunk driving, among some other things, but MADD's mission is to stop drunk driving, it doesn't say a syllable about arresting drunk drivers, nothing about punishing drunk drivers; MADD's mission is to stop drunk driving. That's what checkpoints are good at.
The traditional way to measure the effectiveness of a law enforcement action is by the number of arrests that are made. If you're going to do a drug bust, the more drug dealers you arrest, the better the operation was. That is not true for sobriety checkpoints. You gauge the success of sobriety checkpoints by the body count, and when you do sobriety checkpoints, the body count comes down.

We think the body count will come down by something like 400 people here in Texas if we start running an aggressive, well publicized sobriety checkpoint program. That's no small potatoes. That puts us back in line with where we need to be -- I'm not phrasing that properly, but it puts Texas where it ought to be as far as drunk driving fatalities where alcohol is a factor which, of course, would be every drunk driving crash.

The other point I want to make is there are some Texas-specific polls that shows that public supports [stopping] drunk driving. This is a poll that we paid for, along with, believe it or not, some of the enlightened elements of the alcoholic beverage industry about six years ago that showed wide support for sobriety checkpoints. And just in the last legislative session, the Texas poll showed similar results, showed, again, about two-thirds favor checkpoints, about one-third are
opposed to them.

What impressed me is that this support goes across ethnic lines. The support for Hispanics for sobriety checkpoints was 76 percent for, the Anglo support was 66 percent, African-American support 62 percent for sobriety checkpoints.

MR. WILLIAMSON: What was the Germanic support?

MR. LEWIS: We try to be as politically correct as we can and not get into that. I don't know what the Germanic support was; I'm sure they're for it.

(General laughter.)

MR. LEWIS: The points I want to make are that Texas needs checkpoints because we're killing people in drunk driving crashes. Texas supports checkpoints. There are a few members that are in the legislature that are in a position to stop sobriety checkpoints. Unfortunately, that has been the case for the last ten years or so. And we would welcome the commissioners' support and we will be happy to work with you in the coming session to do whatever we need to. If it takes legislation, then let's do legislation; if it takes another court case, then let's do another court case; whatever it takes, let's just get the drunks off the road.

I'll be happy to try to answer your questions.

MR. WILLIAMSON: Members, you've heard the
presenter. Do you have questions or comments directed to Bill? John?

MR. JOHNSON: Bill, the poll that you took is how old?

MR. LEWIS: This poll is six years old.

MR. JOHNSON: It's one year?

MR. LEWIS: No. Six years. I'll leave another one here for you also. This is a Texas poll. We didn't get to write the question on this poll as we did on this one.

MR. JOHNSON: Well, the thing I like about this question is it's very specific, it does not mince words in terms of what the issue is.

MR. LEWIS: And I'll leave this with you. And actually, I know that he who asks the question gets to make the poll come out the way they want it to, but we did try to be honest in the way we asked the question. And we did this in a session when we were trying to pass some other legislation. Checkpoints were, as usual, among our top legislative priorities, but we knew that chances were not good. So we mostly really did want to find out was the support there, where we'd be able to look a legislator straight in the eye and say, Sure, you're going to get the calls on the talk shows, you're going to get the angry letters to the editor, but you need to know that most
people do support them, and we can do that. That was the
purpose of that poll.

MR. WILLIAMSON: Other questions, members?

Hope?

MS. ANDRADE: I have a question, but I think
it's for Carlos. Carlos, if we were fortunate enough to
have the legislation to do this, would that mean that it
would be up to the communities to decide to do it? Once
the state said yes, then it would be up to the

MR. LOPEZ: Yes, Commissioner. In most places,
in fact, I think all of them, it's a permissive law.

MS. ANDRADE: It would be their choice. We're
not forcing it but they have that choice.

MR. LOPEZ: Right.

MS. ANDRADE: Then second, you announce
sobriety checkpoints? Does that work for them to know
where it's going to be?

MR. LOPEZ: I think it takes some of the sting
off of that locally because you're not hiding anything.
You go out there and tell people where it's going to be
and you still get caught, whose fault is that?

MS. ANDRADE: Thank you.

MR. WILLIAMSON: I think it's inevitable,

Carlos, that if the legislature chooses to adopt sobriety
checkpoints formally, that we would end up financing a lot
of them through our STEP program.

MR. LOPEZ: Right.

MR. WILLIAMSON: So I do want to narrow in on
that projected dollar per life saved to give some basis
for the legislature in considering our support.

MR. LOPEZ: Okay.

MR. WILLIAMSON: The other thing I would like
for you to do is contact the Department of Insurance, see
if they will give us a dependable letter on the probable
impact on automobile insurance rates if sobriety
checkpoints were adopted in the state. And we have
interaction with all the insurance companies through our
Motor Vehicle Division, it might not be a bad idea for us
to contact some of the major insurance companies. They're
not going to want to say definitely we'll lower the rates,
but they might have a general comment on the insurance
rates across the state if that particular legislation was
to be adopted.

MR. LOPEZ: Good point. All right.

MR. WILLIAMSON: Any other questions for Carlos
on this discussion item?

(No response.)

MR. WILLIAMSON: Well, we want to again thank
all three of the presenters for spending time with us this
morning to discuss this matter and Carlos for putting it
together.

I think it would be instructive of the audience
and for those who watch us electronically to understand
why we have these discussion items on these particular
topics. The Texas Department of Transportation is a
little bit of a unique state agency in state government.

We are specifically instructed to produce a set
of proposed changes, recommended changes to the statutes
of our state which will improve or enhance the
transportation system of our state and within the
transportation system we have five very clear goals. All
of our money is directed towards either reducing
congestion, improving economic opportunity, preserving our
asset value, improving the air quality of the state, and
most important for this discussion item, a resulting
increase in the safety for the motoring public.

So our interest in sobriety checkpoints is in
the arena of increasing the safety of our transportation
system. And we have been asked by those interested in
this topic to consider adopting this as part of our
legislative recommendation, and that's something we take
very seriously around here. If we put it on our
legislative recommendations, that means we're going to
spend the time necessary to advance the idea so we don't
do it without a lot of thought and a lot of public input.
That's why we have these public discussion items to air
these things out.

Thank you for a good presentation, Carlos.
Mike, I'm going to return it to you. We've got
a couple of things to do on the agenda.

MR. LOPEZ: Thank you, commissioners.
MR. WILLIAMSON: And then we're going to move
to the next discussion item.

MR. BEHRENS: Thank you, Chairman. We'll move
to agenda item number 3 which is our Aviation item for the
month of December, and this minute order would recommend
funding for airport improvement projects throughout the
state. Dave Fulton.

MR. FULTON: Thank you, Mike. For the record,
my name is Dave Fulton, director of the Aviation Division.
This minute order contains a request for grant
funding approval for nine airport improvement projects.
The total estimated cost of all the requests, as shown on
the attached Exhibit A, is approximately $10.2 million:
approximately $8.8 million federal, and $1.4 million local
funding.

A public hearing was held on November 10 of
this year and no comments were received. We would
recommend approval of this minute order.
MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation of our great Aviation director. We do have one witness. Would you care to listen to the witness first? Okay, Joseph Esch, I see you out there again. You're wearing out a path between Austin and Sugar Land on these airport deals. Are you opposing one again?

MR. ESCH: No, not opposing one at all. Mr. Chairman, members of the commission.

My name is Joseph Esch; I'm executive director for Business Intergovernmental Relations for the City of Sugar Land, and I have a simple message: Thank you. It's very simple, I want to say thank you to the commission for your continued support of the Sugar Land Regional Airport. The support this commission body has given for the Sugar Land Regional Airport and that of Mr. Fulton and his staff over the years is the driving factor for the success of the Sugar Land Regional Airport. We look at it not only as the development of the airport but it continues the opportunity for us to grow our business sector, and is a critical component to our community.

We look forward to a continued opportunity to have a partnership with the state and look forward to opportunities to come back in front of you. So very simply. Thank you for your time today.
MR. WILLIAMSON: Members?

(No response.)

MR. WILLIAMSON: Well, you're certainly welcome. We appreciate your taking the time to come up here and talk with us. We understand the legislature expects a first class transportation system, whether it's in the air, on the water, or on asphalt and concrete, or steel, it doesn't matter.

MR. ESCH: Wonderful job. Thank you.

MR. WILLIAMSON: Thank you.

Do you have questions, members, or comments?

MR. HOUGHTON: I have one.

MR. WILLIAMSON: Please.

MR. HOUGHTON: In my travels, Dave, I've picked up a compliment directed towards you of your fine job that the Aviation does, and specifically singled you out as being topnotch, first class. That's the good news. The bad news is I can't remember who told me that.

(General laughter.)

MR. HOUGHTON: I know I've been to many cities but they said that Dave Fulton and your Aviation Division -- I think it was down in Brazoria, I'm pretty sure it was.

MR. WILLIAMSON: It was his cousin.

MR. FULTON: Really, I'm blessed to work with
some very fine people who make my job pretty easy. That's
the bottom line.

MR. HOUGHTON: Well, there was a compliment
directed to you and I wanted to share it with you. And
when I remember who said it, I'll call you.

MR. FULTON: Thank you.

MR. JOHNSON: Dave, did your alma mater beat
its in-state rival in football this year?

MR. FULTON: I believe they did. One of the
brighter days in our history there, I think.

MR. WILLIAMSON: This isn't another Vanderbilt
thing, is it?

MR. JOHNSON: I refuse to answer that question
on the grounds that the answer might incriminate me.

(General laughter.)

MR. HOUGHTON: First time in how many years?

MR. FULTON: Since '75, I think.

MR. WILLIAMSON: A long time.

MR. FULTON: Twenty-five or thirty years, I
think.

MR. WILLIAMSON: What's your pleasure, members?

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you.

MR. FULTON: Thank you.

MR. BEHRENS: Agenda item number 4 is our Public Transportation minute orders. They'll be presented by Eric Gleason. Both of these minute orders relate to funding for transit projects. Eric?

MR. GLEASON: Good morning. Item 4(a), the minute order before you, awards $60,000 of Federal 5313 state planning and research funds to the Concho Valley Rural Transit District to study and recommend potential service and organizational coordination opportunities between the rural provider, Concho Valley RTD, and the urban provider, San Angelo Street Railroad Company, when co-located in a proposed multimodal transit terminal in downtown San Angelo.

Both the City of San Angelo and CVRTD desire to explore the possibility of combining their public transportation providers to ensure seamless coordinated transportation in the area and to realize efficiencies to increase ridership.

This project is a very specific look at
operational and organizational challenges associated with a high degree of coordination between the two operating agencies. As such, its objectives are consistent with the more general effort to develop a regional service coordination plan under the guidance of the regional study group organized by Commissioner Andrade.

The idea to co-locate the two agencies in a new multimodal facility and take a hard look at the benefits of increased coordination has the potential to create opportunities, to improve public transportation access to jobs, healthcare, retail and other destinations in the San Angelo area.

The extent to which these efficiencies resulting from coordination can be turned into additional service coverage or improved service quality, transit ridership should increase and contribute to some reduction in traffic volumes and improved air quality.

Coordination or consolidation of administrative, operational and maintenance functions will increase utilization of facilities, increasing their value to the community and the state.

And finally, co-location of the two operating systems will increase emergency response coordination in the event of natural disaster or some other security situation.
I have here today in the audience Rob Stephens from the Concho Valley Council of Governments. He's here today to address any additional questions you might have on the project. He's signed in to speak on this topic. Also attending are Walter McCullough, San Angelo District engineer, and Jeffrey Sutton, the executive director of the Concho Valley Council of Governments.

And we recommend your approval of this minute order. Thank you.

MR. WILLIAMSON: Members, we have one witness. Would you prefer to hear the witness first? Eric, can you kind of stand by so we can ask some questions?

Robert Stephens?

MR. STEPHENS: Good morning. My name is Robert Stephens and I'm here representing the Concho Valley region, the rural transit district and the COG. I'd like to thank you today for allowing me to address this issue to you, and thank you for your past and continued support, and of course, the leadership of the staff and the commission with some plan initiatives and helping our communities better the quality of life. We appreciate that very much.

Our 13-county area in West Texas is responsible for doing some regional service planning as well as
service delivery, and we take that responsibility very seriously.

Over the last year we completed a study on an interregional multimodal facility for the Concho Valley region and the city of San Angelo, and over that past year we focused on the question: How can the terminal better assist our regional providers, the urban provider and the rural provider, as well as private carriers to provide better service and to expand and help do this more efficiently?

In addition to what we found to the cost efficiencies that would be realized from the duplicated capital investments being eliminated with this shared usage of a facility, we believe we have identified additional opportunities for coordination among carriers that we believe will ultimately lead to improved passenger mobility and improved use of shared resources.

By examining these service provision elements through a continuation continuum of both the small urban and the rural provider, the benefits that we anticipate as a result of taking advantage of some of these identified coordination opportunities include:

An increased total funding available by integrating these different funding streams that each of these entities receive now, allowing a wider scope of
funding for a wider population to address service needs;

Improved operational efficiency by looking at
sharing dispatch reservations, scheduling and other
operational orientation tasks;

Leveraging personnel, sharing some professional
expertise and transferring some technologies between the
two entities and the operations;

Decreased overhead costs by bringing together
duplicate positions and functions;

And more service options for both rural and
small urban client populations by trying to jell separate
demand response systems that will effectively and
ultimately support and feed a fixed route system in our
city.

Today we graciously ask for your support to
further explore these opportunities with this study and to
improve transportation services in our region, and we
thank you for your support.

MR. WILLIAMSON: Members, you've heard the
witnesses's remarks. Do you have questions or comments?

(No response.)

MR. WILLIAMSON: I do want to be sure the
commission is clear, you are merging two separate public
transit agencies.

MR. STEPHENS: Yes.
MR. WILLIAMSON: Well, I can't tell you how pleased we are and how eager I think we're going to be to help do that, because that was precisely the goal the governor set for us several years ago when he instructed us to begin to invest more in the public transit systems.

He believes that greater efficiency means greater effectiveness, and the best way to get efficiency and effectiveness in the transportation system is to incent people to do things that you want done. And I think we're going to be very happy to do this and happy to do whatever else we need to do to help you.

I know it's not without pain because they've gone through it in my home county, and it's a little tough, people get kind of upset and patterns change, but more people are being served by that combined transit agency in my home county now than were being served before by the two, so efficiency does equal effectiveness.

Thank you very much.

MR. STEPHENS: Thank you, sir.

MS. ANDRADE: Mr. Chairman, I have a comment. I also would like to congratulate you. I'm very proud, this is great, I think you're ahead of the game, and I'm looking forward to hearing how it works.

MR. STEPHENS: Thank you, Commissioner. Thank you for your support.
MS. ANDRADE: Thank you very much.

MR. WILLIAMSON: Eric, anything further to add?

MR. GLEASON: Nothing.

MR. WILLIAMSON: Members, you've heard Eric's presentation and you've heard Eric's recommendation.

MS. ANDRADE: 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. Thank you.

MR. GLEASON: Item 4(b), transportation development credit award.

This minute order approves the use of transportation development credits, formerly known as toll credits, in the amount of $1,387,067 for various public transportation projects funded with grants which were subject to lapse if not applied for by the end of fiscal year 2006.

There are six transit systems, three rural systems and three small urban systems, which have projects that fit this criteria. Of these projects, two facility
projects are funded from grants which do lapse at
different intervals, both this fiscal year and next, and
these respective grants have been grouped together in this
minute order to ensure financial stability for the entire
project.

Projects fall into one of two categories:
either vehicle replacement or facility construction or
renovation. These applications are common to previous
applications approved for use of transportation
development credits by the commission, and project
recipients are listed in Exhibit A.

Vehicle replacement projects replace aging,
unreliable, costly to maintain members of fleets with new
alternatively-fueled, lower maintenance and more fuel
efficient vehicles, reducing overall operating costs and
improving air quality and the quality of service to the
customer.

Construction of new, state of the art
facilities that house management, operations and
maintenance functions provides opportunities for increased
efficiencies through design and upgrade of outdated
systems and facilities. These efficiencies can contribute
to lower operating costs and increased resources to expand
service or improve service quality.

We recommend your approval. Thank you.
MR. WILLIAMSON: Members, there are no witnesses on this matter. You've heard the presentation and the recommendation. Are there questions of Eric on this matter?

MR. JOHNSON: I just have an opinion. I think this is an excellent use of these credits, these are very worthwhile recipients.

MR. GLEASON: Thank you.

MR. WILLIAMSON: And we are preserving a transfer from our federal apportionment that we would lose back to other non-donor states, and since we're kind of focused on not losing our donor state money, we also think it's a good efficiency move as well.

Do I have a motion?

MR. JOHNSON: So moved.

MS. ANDRADE: 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.

Thank you, Eric. How are you adjusting, buddy?

MR. GLEASON: Oh, I'm having a great time.
MR. WILLIAMSON: I hear you're doing a great job over there.

MR. GLEASON: Well, thank you, appreciate that.

MR. WILLIAMSON: Everybody says you're moving us along.

MR. GLEASON: A lot of good people work for me, I have a lot of very committed providers in the state to making the system better.

MR. WILLIAMSON: Very good. Thank you, sir.

MR. GLEASON: Thank you.

MR. WILLIAMSON: Just so you kind of know the schedule for the morning, we have probably one of our more significant discussion items coming up next. That is a discussion item concerning metropolitan planning organizations, regional mobility authorities and the whole kind of notion of how we continue to regionalize transportation planning and execution in the state.

We have today in the audience a member of the legislature who is here on another matter and who is on a schedule which will be disrupted if I hold to my original intention to act on his local area matter. It is my intention to ask Representative Phillips to share with us his viewpoint on matters of the agenda in the next few minutes and then take a ten-minute break before we start the discussion item on regionalization.
Mr. Phillips, I assume you're still in the audience. While he's on his way up here, let me take a moment to remind those who watch our doings, the public discussion place on the agenda is designed specifically to permit the commission members to dialogue publicly and to dialogue with the public on matters that we consider to be of importance to the transportation world or in some cases on matters that are causing concern or strife in our communities. We sought to create this as a method to sort of have a free flow of information and exchange of ideas that the public could witness and know was documented.

And so in that context, the public discussion item is very important to this commission in its deliberations. That's why we choose to not rush these things and we would feel rushed trying to get Mr. Phillips where he needs to go.

So Mr. Phillips, I understand you have a comment on at least one of the agenda items today.

MR. PHILLIPS: I do. Mr. Chairman and commissioners, it's great to be with you this holiday season, as you all commented, and thank you for your hard work around the state. I know you're traveling, you're being involved, you're trying to take what the legislature has done and trying to put it on the road, so to speak -- no pun intended.

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And I appreciate you and the staff at TxDOT and their hard work. Whether it's Dave dealing with air issues at airports, I could just name them, that those of us in the legislature that have constituent concerns have to deal with, whether it's at the local area with the district engineer or the assistant district engineer, on up, it's always a pleasure to work with professionals. Even if we don't always agree and don't always get the result that we want and we're not to get that access to that right of way because it's not the best thing for the safety of the public. So thank you for your hard work.

And I'm going to talk about my local area, but before discussion number 5 and you discuss that, this is exciting that you're dialoguing with community leaders across the state to coordinate between RMAs and MPOs and regional and county toll authorities. That's legislation that we had last session, if you remember, to look at those things, and we developed, I think, some good relationships and some good entries into discussions on the future of our state mobility issues.

And so I applaud your willingness, and those in the audience -- I see my good friends from Collin County and other places around the state here -- willing to come forward and present new ideas and present bold ideas, because for us to succeed as a state, we're going to have...
to grab the tail of this transportation dilemma and take
care of it. So thank you for doing that.

Let me talk real briefly about item number 9.

I appreciate your consideration for this pass-through
project for Grayson County. It was a little over a year
ago, maybe more -- in fact, were there just three of you
here at that time; I'm trying to remember.

MR. WILLIAMSON: I think so.

MR. PHILLIPS: There were just three of you, so
we've had two added. And we came and presented and you
challenged us to look at some different ways of doing our
transportation and dealing with this. I think two years
before that our county had come before you and said we
want to do this or we want you to pay for it up front and
that was the traditional method, and there was a challenge
put forth by the dais to go back and look at this and look
at some other options.

And since that time we've developed a regional
mobility authority in Grayson County which has helped
tremendously with this project, and those members that
have served on that and our chairman, and I believe you'll
hear from the chairman of that today, Jerdy Gary. They've
done a super job shepherding this project through, along
with the county commissioners and county judge, and we've
done this in a collaborative effort, and we've appreciated
our neighbors from the south and NTTA and other
organizations that have talked with us and helped us see
where we were going to be.

And I would say that Amadeo Saenz is a very
tough negotiator and he is taking care of the state and
the state's money and making sure that these are good
investments for the state.

That's all I'm going to say about that item and
just say I certainly would request strong consideration
for approving that item, and give the balance of my
time -- which I've probably already passed -- to any
questions or any comments you'd like me to make.

MR. WILLIAMSON: This is the man on the item
concerning the Grayson County pass-through toll proposal.
It's not up before you yet but you certainly are welcome
to ask the member questions or have comments directed
towards him.

MR. JOHNSON: I just have an observation.
Representative Phillips, it's great to have you here. I
know it's not an easy trip, especially in a non
legislative session time, but it is good to see you again
and nice to have you here.

MR. PHILLIPS: Thank you. You know, I was
looking through this agenda item, and it's exciting to
see, and being new in the legislature I've got to be
involved in some exciting stuff, and to see the State Infrastructure Bank issue on there which was a bill I was involved with, that's exciting to see the rail facilities issue which is something we've worked hard at, and the partnership, to see the RMA issues there, the regional mobility authorities. That's exciting to me to come over here.

We're out of legislative season and it's good to be gone and we spend enough time here, but it's great to come back and see the hard work that we've all worked together drafting legislation, like I said, put on the road.

MR. JOHNSON: A lot of that is the fruits of your labor, and we're grateful.

MR. PHILLIPS: Thank you for that.

MR. HOUGHTON: I just wanted to echo that too, Representative Phillips. Thank you very much. And I don't have any sympathy for you traveling three hours when I have to do on the other end of the state of Texas, so it's nice to have you come down here.

MR. PHILLIPS: Well, I've got no comments to say about that other than it's great to see El Paso firmly involved in the state and what's going on, and I think you've certainly helped bring in all of that part of Texas into some great decisions here.
MR. HOUGHTON: Well, thank you for your efforts on these things, and we look forward to dialoguing with your community leaders shortly.

MR. PHILLIPS: Thank you for the consideration.

MS. ANDRADE: I just want to add to that. You know, I've seen you here several times now since I've been on the commission, and it's just great to have you here, and thank you for everything that you do for the state of Texas.

MR. PHILLIPS: Thank you. Same to you.

MR. WILLIAMSON: I think it's probable everybody in this room knows that you are a warrior for the road and air and rail system in this state, but in case anybody is watching or in case this is going to be rebroadcast in a campaign ad, let me just say once again you're one of the very best transportation members in the legislature, and we are deeply grateful for the time and attention you pay to the needs of the citizens of this state.

MR. PHILLIPS: Thank you very much.

MR. HOUGHTON: Commissioner Johnson, would he qualify as one of your water-walkers in transportation?

MR. JOHNSON: He's at the top of the list.

MR. WILLIAMSON: Indeed. We'll take it up here in a little bit, and I'm sure I don't know of anything
that wouldn't make you feel happy about the day's events.

MR. PHILLIPS: Good. Thank you very much.

MR. WILLIAMSON: Okay, we're going to take no
longer than 14, no less than 10, and at 10:30 we will be
back from a little short recess. Thank you.

(Whereupon, a brief recess was taken.)

MR. WILLIAMSON: If you'll take your seats,
please, we're going to return to our agenda. The next
thing on our agenda is our discussion item on basically
regionalization in the state, and some have asked me
why -- this is going to be lengthy, and I don't want to
scare you, I don't think it's going to be all morning --
but some have asked me why I didn't put that on sixth and
put the report from the corridor committee on fifth so
they could be on their way, and I appreciate your interest
in being on your way, but as must be painfully obvious to
those who watch the transportation world by now, I set the
agenda in a way to be sure that people I think need to
hear things have to sit down and listen to them.

And I learned that from my second grade teacher
grandmother and fourth grade teacher mother that if you
want kids to pay attention, you put the things they're
interested in at the last so that they get to hear
everything.

And so that's, for one of you, why I elect to
put the agenda in the way because I think that the
corridor volunteers will benefit from listening to the
give and take between various parts of the state and the
commission on regionalization because the corridor is
intimately dependent upon the notion of regionalizing
decision making and ultimately operation of regional
transportation systems. There's a link between it that
long term will make a lot of sense for the state's
economic health.

So having said that, Mike, I return to you and
the agenda, please.

MR. BEHRENS: Well, we can just go ahead and
move into agenda item 5, and Amadeo Saenz will make that
presentation. Amadeo?

MR. SAENZ: Good morning, commissioners, Mr.
Behrens, Roger. For the record, Amadeo Saenz, assistant
executive director for Engineering Operations.

Item number 5 is a discussion item to talk
about coordination with regional mobility authorities,
regional turnpike authorities, county toll road
authorities in the development and coordination of
projects within their areas.

I've got a couple of presenters that will be
helping me, but I'll start by taking us back into time and
kind of through the planning process, and really we
started making the move to the way that we're working
today when the commission revamped the Unified
Transportation Program.

And when we revamped the Unified Transportation
Program, we made it much smaller in the number of
categories that you had to work with, so you made the
categories bigger and more flexible, but also it was a big
change that we started changing from the decision making
at the state level for those big mobility projects where
the commission was making those selections to now asking
the regions, through the MPOs, to identify those projects
and then you would, in essence, approve their plan.

MR. WILLIAMSON: Coby, do you have a sufficient
number of copies of the "I Have A Plan" document to hand
out to the audience, or can you get that? Do you mind
doing that for me, please? It might be helpful to the
audience to see the document that we work off of.

I'm sorry, Amadeo. Go ahead.

MR. SAENZ: No problem.

So we made those changes, we brought in working
groups from all across the state at the different levels
for the different funding categories, and they identified,
and one of the things that we heard, and the commission
took that change, is it was very hard for the regions to
plan their transportation programs because they didn't
know what project the commission was going to select from year to year.

So the commission heard that loud and clear and we made the changes, and so from now on we identified the percentage of funding that would go, for example, to the eight larger metropolitan areas in the state for the next 20 years, 30 years, and then we asked them to put together their plan.

We then further expanded that by asking those eight metro areas to put together their metropolitan mobility plan, and that was a plan that was started from a needs-based plan to identify what are the transportation needs, look at them across on a multimodal basis for the next 30 years, identify what your needs are.

The eight areas identified those needs. They then applied the resources that were given to them based on the formulas and allocations that were derived to identify how much they could do with the traditional funding levels. What was left, of course, was the gap.

At the same time, we got House Bill 3588 and we got House Bill 2702 and we got new tools, and we asked them to leverage their resources to identify how they could take the resources that they were given through the mobility fund, through the traditional funding, through the tools of 3588, to come up with a way to leverage and
build more transportation projects.

MR. WILLIAMSON: Okay, stop.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: I want to be sure we all understand the executive version of what you just said. Prior to the governor taking office, the Unified Transportation Plan reflected every project that could conceivably be built in a ten-year period.

MR. SAENZ: Ten-year period, yes, sir.

MR. WILLIAMSON: Not every project that could be financed but could be built if the money was available.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: And the commission sat in wisdom and decided from month to month and year to year physically which projects would be moved from dreamland to reality, except subject to changes in the funding if disasters occurred.

MR. SAENZ: That's correct.

MR. WILLIAMSON: So the governor has us change that entire system with the help of work groups formed at the regional level to first make the UTP much simpler for people to understand, and then eliminate on a regional basis those projects in that UTP that couldn't be financed with what was known about the world at that time and just focus on the projects that could. And the regions made
those decisions, this body did not.

MR. SAENZ: That's correct.

MR. WILLIAMSON: And then turned around and said now identify the gap in revenue between what is known to be and what you have chosen and what you wish could happen or what we know is important and we can't fund, and that gap is what you refer to.

MR. SAENZ: Yes, sir. And we asked them to look at that gap, and of course, the first gap that they identified was the gap based on traditional road funding, how much were they getting from Fund 6. If the Houston area was getting 25 percent of the metropolitan mobility funds, they would say okay, I've got 25 percent of a billion dollars, and that's what they used over that period of time.

We also asked them to leverage their dollars by applying some of the new tools, applying the use of the mobility fund, apply the use of the pass-through tolling, apply the use of toll roads, and the areas came forth and put together a plan that incorporated all those new tools and the gap was able to be lowered. They didn't fill it all because the needs were far more than what the tools could generate, but it started and it got us closer, and what we'll do is these toll roads will then in the future start generating additional revenues. So as they go
through, and now they're in the process of updating those plans, to take that second tier of revenue that comes from those toll roads to apply to, in essence, lessen the gap or shorten the gap. So those plans are being done there.

The other thing that the commission did that was very important and it was also part of House Bill 2702, it identified surplus revenue and what could be done with surplus revenue. And something that the commission did that was very important, and it was done through a minute order, the commission said that if an area chose to toll themselves, the revenue that was there after they paid their operation and maintenance and their debt service would remain in the area.

House Bill 2702 went further and identified how surplus revenues had to be used for transportation projects or air quality projects and within a region for concessions and for surplus revenue on toll roads within the district or districts where the project was.

So those are there in place, but what it does, it allows the people that if they move forward and they choose to use these toll tools, and then eventually as they create surplus revenue, those revenues stay in the area so they can put more assets on the ground. The MPOs went through, they developed their plans, they identified their toll projects, and they identified some toll
projects that would be developed under different mechanisms that are available through tolling.

And what I wanted to do right now is I wanted to ask Michael Morris and Bill Hale to provide us kind of their approach to the plan and what they were able to accomplish.

MR. WILLIAMSON: But before they come up, I want to ask a few more questions of you, please.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: Going back to when the UTP was done the old way, for example, if widening State Highway 121 from Tarrant County to Collin County made its way to the ten-year plan, and if it were identified by this body for funding, what amount of money would that have been in the late '90s, mid '90s, approximate? And this is a discussion item, this is not testimony.

MR. SAENZ: About $500 million. I just looked at Dallas County and Collin County in the last ten years of how much money had been spent for mobility corridors and also commission Strategic Priority projects, and Dallas County got about $1.2 billion worth of projects. Some of the key projects were like the High Five major corridor.

MR. WILLIAMSON: And I may want to ask about those in a moment, Amadeo, but I want to kind of fix on
one thing that we all know about. So if the commission had said in the UTP the Dallas and Fort Worth district engineers and the MPO have approved State Highway 121 to be constructed and if this body, if we had acted to say okay, move forward, we would have been committing about $500 million to pay for that project.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: Now, where would that $500 million have come from? Would that have come from the gas taxes collected in Collin and Dallas and Tarrant and Denton counties?

MR. SAENZ: As well as the rest of the state.

MR. WILLIAMSON: Well, okay. I asked the question would it have come from the gas taxes collected in Collin, Dallas, Tarrant and Denton, would that $500 million come from those gas taxes?

MR. SAENZ: Yes.

MR. WILLIAMSON: And would any of that $500 million have been provided by gas taxes paid by people, for example, in San Antonio?

MR. SAENZ: Yes, and that's why I said the rest of the state.

MR. WILLIAMSON: So the answer to the first question is no, the $500 million would not have come from the gas taxes paid by those four counties.
MR. BEHRENS: It's yes, but it's only a portion of it.

MR. SAENZ: A portion of the $500 million.

MR. WILLIAMSON: It would have come from gas taxes paid by everyone in the state.

MR. SAENZ: Yes.

MR. WILLIAMSON: San Juan down in the Valley?

MR. SAENZ: That's correct.

MR. WILLIAMSON: Amarillo up in the Panhandle?

MR. SAENZ: Right.

MR. WILLIAMSON: El Paso out in West Texas?

MR. SAENZ: It comes from the common pool of gasoline tax revenue that the department has.

MR. WILLIAMSON: So when the commission at that time advanced funding for State Highway 121, it advanced funding from the common pool of gas taxes into which everyone pays.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: So you're telling me that people in Houston pay gas taxes to build roads in Dallas?

MR. SAENZ: That's correct.

MR. WILLIAMSON: Are the roads in Dallas built to the same standards as the roads that are built in Houston?

MR. SAENZ: All roads in the state of Texas are
built to the standards that we have, so they all should be
built to the same standards.

MR. WILLIAMSON: Sounds almost like Robin Hood for highways.

MR. SAENZ: Could be. I guess another example is the border program that was put in place by the commission. When that border program identified $1.8 billion for the border, we wound up having to take money from the big metropolitan areas to be able to address those needs on the border. Because the common pool of money has only so much, the projects that we have to do are much more, so you have to take from Peter to give to Paul.

MR. WILLIAMSON: So basically we have used Robin Hood to build every highway in the state.

MR. SAENZ: That's pretty much right.

MR. WILLIAMSON: Not only is it not an unusual situation, it is in fact the way the state has always built its highways.

MR. SAENZ: That was the practice.

MR. WILLIAMSON: Okay, continue.

MR. SAENZ: What I'm going to do now is I'm going to ask Michael Morris and Bill Hale to go through their presentation of how they developed the metropolitan mobility plan in the Dallas-Fort Worth area and how they
went through this gap analysis and such and so forth, and
then I'll come back.

MR. WILLIAMSON: Thank you.

Coby, did you get those pieces of paper?

MR. BEHRENS: I think they're working on it.

MR. WILLIAMSON: Five minutes?

MR. MORRIS: Mr. Chairman, members of the
commission, it's nice to see you again. It's nice to see
you on a topic that's very dear to our heart in the
Dallas-Fort Worth region. I'm often in front of you
promoting some of the statewide initiatives you have me
working on.

You have a handout of the graphics at your
place, if you want a paper copy. You also have a summary
of the regional rail initiatives within the region. I was
told you may be asking us a question about where we are on
regional rail. It's very nice of you to always be able to
present a balanced approach to what we try to do in the
region.

This is a very positive day for us in Dallas-
Fort Worth. We have gotten the message, we have the
tools. Dallas-Fort Worth region has been working on toll
roads since 1993. Your Texas metropolitan mobility plan,
your allocation of formula funds to the region, all those
things have been put into place for today's presentation.
We have 20 projects in our region that have a toll component. We have both stand-alone toll roads and tolled managed lanes as part of our air quality initiative. Today's presentation is now to take the last step in what is the appropriate toll road institutional mechanism to get it built in each of these particular corridors.

In our region we divide our toll roads into five categories of toll projects, and before I do that, let me give you a quick update on how the planets have to align in order to build any transportation project in a non-attainment area.

You first have to have the project in the metropolitan transportation plan of a particular region. In a non-attainment area you have to do air quality conformity or you stage that plan to the appropriate time frame and demonstrate to the public its air quality baselines in meeting the state implementation plan goals.

You have to have the implementing agency environmentally clear the project, of which most of the ones we're focused on are done; some of them are being reevaluated because we're building them as toll roads which is key to our presentation.

I'm here to say thank you to your staff and this commission action from the fall where you took the
regional transportation council's recommendations, your interest in Strategic Priority funding for the Funnel Project. We have been able to fully fund all of the projects that you see on this particular list. Now, four of them are staged construction where we don't have money to build the whole project, but most of the monies that are delivered in these projects is a partnership between gas tax supported money and $6 billion worth of revenues that are coming from toll facilities.

We are at the luxury now to be at the last step which is the institutional mechanism. If TxDOT is going to build a toll road, what institutional mechanism are they going to use; which toll roads are best built by the North Texas Tollway Authority; should we use a CDA or your toll road division or some other mechanism to do that. And I'd like to walk you through that process today.

Our tolled projects, either stand-alone toll roads or managed lanes, fall into five categories. The first is called vertical integration with additional funding support. What I mean by that is vertical, you're going to see us stacking revenue sources or leveraging from a particular project on top of each other. When you have shifted from a gas tax supported situation with decisions in Austin to a regional decision, I'll show you in a couple of projects, I'll show you from 30,000 feet,
the Dallas District engineer will show you specifically
the projects we negotiated in that vertical integration
process.

You have other stand-alone toll road projects
with minimal funding support, so the expectation can't be
you can stack the blocks this high. And we're going
through a process right now to determine which ones should
be TxDOT-initiated, through our CDA process, or should be
integrated into the next category which we call horizontal
integration.

Horizontal integration is the ability to take
an existing toll authority -- in our case, the North Texas
Tollway Authority -- who has a good bond rating, who has
system toll benefits, can leverage their money or cross-
collateralize their money to more than one particular
project. What you've got to make sure you do in this
business is don't cherry pick the best toll road projects
and have them as stand-alone toll projects and you don't
have enough revenue to be able to systematize the toll
revenue to build all the transportation projects in the
whole corridor.

So the first two are individual corridors,
third is system, and I'll show you some examples of that.

In Dallas-Fort Worth, most of our
reconstruction of projects have managed lanes, there are
express lanes in the middle. There are tolled HOV-users who will have a discount or some incentive to car pool in our non-attainment area; excess capacity will be sold to single-occupant vehicle travel.

And then the last one, somewhat innovative, is to integrate a regional project with your intercity Trans-Texas Corridor, and you know our region has come before you that says that we think the best way to develop the Trans-Texas Corridor near Dallas-Fort Worth is to integrate it into the regional transportation system. So we call that regional and intercity project integration where you're killing two birds with one stone by integrating that into the same particular facility.

So if you wanted to talk to us about a toll road, each of our toll roads will fall into one of these five buckets. Now let me share with you the merits on each one.

Vertical integration with additional funding support. It's nice to be under the bright lights today because two years ago we were in a pretty dark corner here. We had a Texas Transportation Commission who recently funded 121 in Denton County and 161 in Dallas County with gas tax monies. You set up a situation where we had to then knock on their door and say well, the good news is the commission has funded you with gas tax, the
bad news is we think they made a mistake and you should consider a toll road.

We encouraged that your TxDOT Minute Order 109519 be done which gave us permission as a staff, through your districts, to knock on their door and try to convince those two communities a toll road would be a better option.

It was also a dark day because we had to knock on their door and convince them yes, the good news is -- I know there's still champagne bottles on the floor -- you've got gas tax money for your freeway, but we're going to suggest to you it's not the best way to build transportation in your part of the world. We had to come up with a phrase, the phrase we came up with was "Near Neighbor/Near Time Frame"; it's right here, right now, that philosophy; we'll show you a map that instead of getting this one gas tax supported roadway, we'll show you a system of transportation improvements in your near neighbor built at the same time frame as part of that particular process. And your district engineer Bill Hale will show you that.

This category of funds applies to 121 in Denton and 161 in Dallas County. We strongly suggest comprehensive development agreements as your best private sector structure to do it. After dozens of meetings, Mr.
Brown, we have convinced two communities to move forward aggressively, and today is a happy day.

Let me show you at 30,000 feet the mechanics of the funding under the "Near Neighbor/Near Time Frame" proposal. Mr. Chairman, you had asked how much in 121 from, I think you said, basically the airport all the way up to Collin County is roughly $500 million; $230- of it or so was in Denton county. So I'm showing you the 121 project in Denton County where you had originally funded somewhere around $230 million.

The strategy in place -- and the timing is critical -- we took that $230 million, continued to put that project to construction, we hope you will use a comprehensive development agreement and sell that asset through a private sector representing your interests in that particular corridor. That will produce toll bonds. That toll project is so positive it will actually create more revenue than the construction cost of the particular project. Those funds will stay in that community in a "Near Neighbor/Near Time Frame".

Denton County also passed local bond program funds that they wish to put into this party with regard to integrating. $57 million of county funds in Denton County are going to fund Interstate 35 and NAFTA Corridor as part of this partnership program.
We had already had some Surface Transportation funds from the MPO; working with Bill Hale to get this over the hump, we used some Category 2 funding; remember that toll project produces excess revenue over time which gets you up to $900 million. Continuing the leveraging process, some of the additional projects we're going to build have managed lanes on them that also produce toll, so you've a secondary and tertiary benefit of the managed lanes that are going to be on the NAFTA Corridor.

Instead of a $230 million project of which you would have got that gas tax supported roadway, we think there's a billion dollars of transportation funds that will stay in the general vicinity of Denton County to build other transportation projects. You don't have that in a lot of places. You have it in 121 in Denton and 161 in Dallas.

Most of our projects aren't blessed where you already canonized a project with gas tax money, so we have to go through a process -- which we're going through now -- to determine the best way to build that project. Collin County's 121 is an example, State Highway 360 in Tarrant County, 121 in Tarrant County. We have lots of toll roads that are going through this process.

The option is go ahead, in this case, using TxDOT's instruments as a comprehensive development.
agreement -- and I use the term near neighbor now because there is no "Near Neighbor/Near Time Frame" -- you would have to produce excess revenue over time to help a project, there is no bonding capacity to help other transportation projects immediately. Or we use this North Texas Tollway Authority notion of system toll financing and take the advantage and credits of our toll authority.

We've got to remember the importance of toll system financing or the leveraging of monies across projects because we already are collecting toll revenues from existing toll roads of which they are producing revenue. Similar to a CDA bringing funds to a particular project, this is a case where our own toll authority can bring funds to a particular project.

The key part is, in my opinion as a staff, there's equity issues that the funds return to the areas in which people are putting tolls into the project, and there's a needs focus. Our region is $55 billion short if you add up our capacity and our infrastructure -- and I've sat at this podium and gave you that presentation representing the Texas Metropolitan Mobility MPOs from across the state -- and it's critical that we leverage projects to meet this financial crisis that we all know exists.

The third category of projects is the
horizontal. This is where we work with the North Texas Tollway Authority, it uses system toll financing. In this case North Texas Tollway Authority would be the lead. There still needs to be, in the opinion of staff -- and these items will be going to our MPO board in the next two months -- some vertical programming. What we mean by that is excess revenue is generated from these toll roads to go back to those particular communities to build more transportation.

Now, it's going to be hard to systematize tolls on five corridors all at the same time. We're looking at staged construction of these particular corridors. Do we have to build both bridges over Ray Hubbard right now, or can we put the traffic on one side, combining the traffic on one bridge? If in fact excess revenue is generated on the project, we may wish the North Texas Tollway Authority to have first dibs on that money to build the other half of the bridge as part of that particular process, so you don't generate revenue for other transportation projects without completing the main toll road project to begin with.

And we're calling it the "Regional 5"; there's five of those projects considered in this category: 121 in Collin County; in Denton County is the Lake Lewisville bridge; in Dallas County it's the George Bush extension.
between 78 and 30 and the Trinity project in downtown; and the fifth is the Southwest Parkway in Fort Worth that goes from downtown to Cleburne. I'll lay out a schedule of which we will resolve those questions, I think, in the next 60 days.

Managed lanes, this is a major part of our air quality initiative, this is part of our management plan, this is part of homeland security, this is part of emergency preparedness, to take control of the freeways in case of an emergency to move traffic in a particular direction. A lot of these facilities may be reversible, for example. It's a critical part of our air quality delivery system.

This is where our transit partners come in and help manage the operation of those occupancy levels. Clearly we need a streamlined capability to deliver CDAs -- and I'll talk about the 820/183 project in a moment -- but we think all of our managed express lanes will be using TxDOT's tools to implement the financing of those particular projects.

I can't leave here without taking 12 seconds and at least reminding us of the Trans-Texas Corridor recommendations within our region which is a Trans-Texas Corridor that comes up in the middle, uses our State Highway 360 toll road, and integrates the loop system
planned for a future generation within the region to the same Trans-Texas Corridor elements that you're trying to do where you combine the intercity and the within-region facility integrated into the same corridor, developing economies of scale with that particular concept.

Let me finish with schedule; this is where I think we are. State Highway 161 and 121 -- those are two examples in our first bucket of vertically integrated projects -- we're working with your staff to get CDAs up and running on those particular corridors as quickly as possible. Let me underscore them as quickly as possible because both of those projects are under construction. If those CDAs and environmental clearances don't happen in a timely fashion, that 121 facility will be ready to be opened for traffic, our policy is we will not convert a free lane to a toll lane, and we will lose that leveraging that I showed you in that particular graphic. We're not too late yet but we're working close, and your staff very much understands the time sensitivity of that particular issue.

With regard to the second and third category, do you go ahead and build an additional facility as a stand-alone toll road or do you integrate it into the NTTA system -- of which we hope to at least get five -- here's the process that we're going through.
We're here today to answer your particular questions on where the region is in making those decisions. The North Texas Tollway Authority we hope will take action implementing a similar schedule to reach a resolution of these topics. We will go to our regional transportation council, our MPO board, in January and brief them with regard to the mechanics of this toll road delivery institutional structure question.

We anticipate that the North Texas Tollway Authority, the local governments and TxDOT can reach agreement on excess revenue to be returned to these particular corridors, at least in the Collin County area, in the near term. We go back to the February MPO meeting and send to you the institutional structure recommended for the 121 corridor in the Collin County area.

So 121 in Denton, we think that ship has left port and we're in the CDA process. The 121 toll road project in Collin County, the boxes and goods are being put on the docks, that ship should be leaving in the next 60 days.

The managed lanes we think are recommendations you'll get from the MPO directly to your organization with regard to comprehensive development agreements. We're in the middle of discussions and I know you're in a procurement process, so I can't probably add a lot, but
I'll answer any questions you want

Maybe moving toward TxDOT-solicited CDAs is a more timely procurement process than responding to unsolicited CDAs of which you do not have a common presentation from each of those presenters to do that particular evaluation. And remember, it's easy for me to say because I don't know any of the specifics, I'm not involved in the procurement process, but I know it would be very difficult to compare limits are different or items are different in an evaluation.

I think the toll situation in Dallas-Fort Worth, since we've worked on it since '93 and we may be unique in this, we have matured our recommendations to the point that I think we know enough about the particular projects that we can just solicit the private sector interest, and I think they, frankly, could use the benefit of knowing exactly what we're asking than sending smoke signals up and saying does it look something like this.

And then remember, your process, you're underway, the region is waiting patiently, hopefully with a consensus position, that the Trans-Texas Corridor in our region is consistent with the earlier presentations that you had.

Mr. Chairman, maybe in the interest of time

I'll come back and answer your questions. Bill is going
to show you some of the specifics that took us from the
dark side to the light side as we work with these
communities on leveraging these particular projects, and
I'll be more than happy to respond to your questions.

MR. WILLIAMSON: I think, members, Michael is
signaling that he would prefer Bill to present and then
for us to ask questions of them jointly. Can I infer
that?

MR. MORRIS: Yes, sir.

MR. WILLIAMSON: While we're having Bill come
to the podium, Coby, did you find some of these? Did you
hand these out? Everybody in the audience has one of
these?

MR. CHASE: I believe.

MR. WILLIAMSON: We may make this a monthly
habit; we may start handing these out each month. I'll
wait for Amadeo to come back up to discuss that.

MR. HALE: My presentation will go into more
detail than Michael did on some of the things we've got
going. What I'm going to show is going to be very brief
but it will show how we're quantifying the performance
measures in our area, using the Texas Congestion Index and
how it would go out for 25 years. I'm going to show you
the plan we're using, using the five goals, the four
strategies, and the principles that it's based on that you
mentioned earlier.

MR. WILLIAMSON: Bill, do you have sons?

MR. HALE: Yes.

MR. WILLIAMSON: Does one of your sons play football?

MR. HALE: Yes.

MR. WILLIAMSON: Does one of your sons play football for Abilene High?

MR. HALE: Yes.

MR. WILLIAMSON: There are nine of us in this room from Abilene; we want to know what happened.

MR. HALE: Well, let me tell you what happened. We did hit them bump and run and the receivers went out for the pass.

MR. WILLIAMSON: Fifty-three points worth?

MR. HALE: Fifty-three points worth of bump and run. They caught the short ones and they caught the long ones, and then they beat us.

(General laughter.)

MR. HALE: We had a good team, we had a good year, and I will brag that my son did make second team all district.

MR. WILLIAMSON: Great. We're proud for him.

MR. HALE: I will also show you how we are using the fee base to subsidize our tax base or our gas
taxes in our area, and I'll show you the progress we're making in this area based on using the fee based system using regional roads, and this is important because in our area we're running out of room for new roadways, and the best dollars that we're getting on projects, feasibility-wise, are pure toll roads and there's a few toll roads in our region that are regional toll roads that will provide this for our region if we can get them now. If we wait until it's too late, then we're out of luck.

This map shows you where we are with the Texas Congestion Index. On the left side right there indicates the index we're talking about. A 1.0 means a free flow, a 1.2 means 20 percent of the time you're in traffic, you're spending about 20 percent more time in traffic when you're in rush hour traffic. And so you can see right now that over the next 25 years, up to 2030, if we don't do something using anything other than the gas taxes we have allocated for us, we're going to be $55 billion in the hole, we'll have a congestion index of 1.53, and we'll need roughly 3,656 equivalent lane miles which can be transit, can be anything you want to use, but it's basically lane miles that we're having to come up with.

Now, our basic plan follows this. The goals are: reduce congestion, improve air quality, extend the economic opportunity of the region, improve safety, and
preserve or increase the value of our assets we have right there.

MR. JOHNSON: Bill, let me interrupt.

MR. HALE: Yes.

MR. JOHNSON: The previous slide -- sorry for the interruption -- the previous slide which shows a 1.53 congestion index years out, my interpretation is that would mean that somebody is spending half of their time, half again their time in congestion situations as opposed to 1.0, which would be, as you described, free flow of traffic.

MR. HALE: And I'll give you an example. Every Friday I go home to Abilene and if I leave after three o'clock it takes me two hours to get past Weatherford, if I leave before three o'clock I can get there in an hour. So it basically is the difference between two and three o'clock.

MR. JOHNSON: That's a staggering consideration.

MR. HALE: This is the average.

MR. JOHNSON: Time is something clearly we're not reproducing and so time is valuable to everybody, so when you consider the trip has half again added to it just because of the time considerations of being in congestion, that's a staggering situation, and of course, from our
standpoint it's a staggering challenge. Anyway, that's the observation. Thank you.

MR. HALE: The goals here, as previously mentioned, and we've put these goals into effect. The strategies are: empower the regional and local control and regional planning; use tools given to the state by the legislation; invite public sector to be partners, and this is important because I'll show you how it's helping us now; put the competitive pressure on those making money on transportation dollars.

The basic principles we've outlined -- and this becomes effective because the roads I'll show you in a minute will be regional roadways or state roadways which need regional decisions to be made. It will require an appropriate level of solution for the appropriate level of problem, and that includes local roads with local solutions, regional roads with regional solutions, and statewide roads with statewide solutions. This also includes short, medium, and long range plans that we have in our area.

MR. WILLIAMSON: And Bill, it's entirely possible, in fact, it's the case in our state that we have many local roads that are actually owned by the state, but they're really local roads.

MR. HALE: That's correct.
MR. WILLIAMSON: And it is the case that most regional roads, if not all, are owned by the state. There aren't any regional roads owned by local governments.

MR. HALE: That's correct.

MR. WILLIAMSON: And of course, all statewide roads are owned by the state.

MR. HALE: And a good example here, you mentioned before, is 121. There are seven counties it passes through. It's a state/regional roadway on the national highway system and it goes from Bonham all the way down to Cleburne, and it goes through seven counties and three districts.

MR. WILLIAMSON: So one of the dilemmas we face -- and we're focused on 121 this morning because it's something that's in the front of our brain right now, but this is actually true for Bexar County. Tom, what's the road, 1604? This is true for Harris County, the Grand Parkway; this possibly true for Travis and Hays, State Highway 130; and someday may be true for the Southwest Parkway in Tarrant County.

But we're focused on this because there seems to be some confusion about the definition of 121: is it a local road owned by local government; is it a local road owned by the state; is it a regional road owned by the state; is it a state road owned by the state. And how the
ownership of that road and the obligations of the
different elected officials, or in our case, appointed
officials, place a burden upon us to make the most
rational decision or either the local community or the
regional community or the entire state. That's the sort
of the dilemma we face on 121, if I understand it
correctly.

MR. HALE: That's why I keep saying it's a
regional/state highway on the national highway system
which emphasizes the importance national-wide for it.

MR. WILLIAMSON: You can't make a regional road
a local road just because you want to, can you?

MR. HALE: I can't, no.

MR. WILLIAMSON: Okay, go ahead.

MR. HALE: These are the basic principles we
went with, and I'll show you what our regional
transportation council, for the next 25 years what we've
identified here. This shows if we only had traditional
money here, the gas taxes over the next 25 years would
provide $19.2 billion in our region to handle mobility.
That doesn't get near what we need to have in our area,
quite frankly, and that doesn't include the $55 billion
we've identified that we can't get to before we get to
that $55 billion.

Now, what we have found here is that by using
conventional tolls we're able to get $2 billion more than what we have in traditional monies, so that puts us up $2 billion, up to $21.24 billion. Now, with public-private partnerships, the groups that we've had -- and we have quite a few of them, we have three unsolicited corridors, we have two additional corridors that are being solicited; we have one for 635 which is solicited; and we have basically the public-private partnerships propose to build 400 miles of toll and managed lanes network with limited tax dollars. The concept would be to deliver these projects sooner and free up state, federal and other conventional toll bonding capacity funds that would be used on other critical projects in this area.

The financial impact of the public-private partnership is significant and increases the delivery of even more infrastructure by $4.5 billion, so you can see right now the first year we've looked at all this leveraging, if you take the $2- and the $4.5-, we end up with $6.5 billion additional in our region that's going above and beyond and towards the $55 billion that we have in our area, and this next map will show you that.

This shows you on our first blush, the first year, if we do just what we've done so far, it knocks us down to 1.47 to 1.53, that's the first blush, that doesn't count some of the things we have in the works this next
year that does the same thing. You're going to see this map start creating a humpback effect until at some point, you'll reach the goal of 1.2 which we feel like we're never probably get to 1.0, but 1.2, you have 20 percent more time in traffic, and I think we can reach that at some point.

And some cases when we free up some areas, once we get some additional projects going, you'll have a bottleneck that shifts to another location at some point that frees the whole thing up, kind of like when water runs downhill and it finally has a place to go to the ocean at some point and it will run on out. So you'll see that 1.47 jump quickly at some point when other roads are built.

MR. HOUGHTON: Bill, go back to your other slide, the numbers. When you're talking about those kind of dollars, are you talking about what kind of revenue that will spin off?

MR. HALE: Yes.

MR. HOUGHTON: Is that just construction dollars?

MR. HALE: That's just construction dollars.

MR. HOUGHTON: Do we know the anticipated revenue? There's graphs that go with that as to the revenue generated per project.
MR. HALE: Yes, we've got that. And a good example in Denton County, we show that the revenue it generates, excess revenue which is included on our "Near Neighbor/Near Time" stuff but it's there and it can be used.

MR. HOUGHTON: Are we using that excess revenue? Is it back into the system?

MR. HALE: Not yet; we will. That's why I'm saying you'll see more so as we start identifying projects that will be used with that excess revenue.

MR. HOUGHTON: Michael knows where I'm going with it.

MR. MORRIS: I think, Commissioner, back to that chart that I showed you, all the bonding projects have been selected, and Bill will show you where those are. We've taken a conservative nature, supporting your point, that when it creates excess revenue, we'll work with those communities or those communities will work with us to determine more projects.

In Bill's presentation, those projects have not been picked yet. So we didn't want to start picking projects until the excess revenue was actually generated.

MR. HOUGHTON: I'm not into picking the projects.

MR. MORRIS: So if you go back to my chart --
which I'm not asking you to do, Bob -- that notion of excess revenue, that's revenue that's going to come, we have not calibrated it into the congestion index yet because those projects won't be selected until that revenue is there.

So you may have $2 billion of excess revenue on its way that hasn't been integrated yet.

MR. HOUGHTON: What is $2 billion leverage to reduce your congestion index even further?

MR. MORRIS: Well, as Bill said, you're going to see this hump start to come down pretty significantly.

MR. HOUGHTON: That's the key.

MR. HALE: As you start rolling it, you start rolling the thing year after year, you identify those projects, and suddenly you'll have a mechanism to start making that hump run over to go towards the 1.2.

Now, this next chart I want to show you right here, this is important because this is how we're going to set up our fee base. These regional projects that we're looking at in our region to take care of this. We were running along there, getting a hardy Hi-Ho Silver on 121 and 161 in Dallas when we did that.

Now, what this shows you is 121 and 161, the first time it comes up it shows the bond capacity. That's the first bite of the apple. You bind the project and
then you either free up dollars or you build the project
to take care of it. The second bite of the apple is
excess revenue that's created off of it, either by freeing
up tax dollars that were already placed in the roadway
which happened on 161 and 121, future excess revenue that
comes up in the future, or public-private partnerships
that give you a concession fee up front or give you fees
over time as the time goes by.

And what we've identified here is 161 which
takes care of western Dallas County right there, keeping
the money in the district it comes from, and you see the
influence lines that it will actually do projects in that
area, and I'll show you in a minute which specific
projects we're talking about.

Then we get to 121 and it takes care of the
entire Denton County up there and creates a fee base that
will take care of that entire county for years to come.

The next one is 121 in Collin County, it takes
care of the entire Collin County and the money that's
coming off there is so significant that it will take care
of that and be the major source of revenue in that area
for projects.

We have the eastern extension on 190. This
will take care of projects on the eastern side of Dallas.

You can see the influence lines it has, and they actually
will overlap each other as time goes by here, but that's what you do.

Then the next one will be the Trinity Parkway; we're putting $400 million into that project. That will take care of the central and the southern part of Dallas as it comes along here. And then as 190 comes around the south -- it's actually Loop 9 right now -- it's green right there because we haven't identified projects, but this has been going on for years and as this becomes a major funding mechanism in the southern region, you'll have the entire Dallas District taken care of with funding projects in the area.

And I'll show you how this is taken care of now, realizing these are regional roadways, and that's why we chose these, and these are ones that are identified as pure tolls because they have not been in the ability to have to be converted yet at the time. And those blue lines would tell you what "Near Neighbor/Near Time" would be.

This route here shows you 161. What you're going to see right here is roughly $741 million being freed up in the area that we were able to free up with tax dollars. It was built with tax dollars. When the frontage roads and main lanes were allocated, we freed these up and we ended up with basically $741 million of
projects that can be built in the area before we even get to the excess revenue that's on there. The excess revenue is in excess of $650 million over a 40-year period.

MR. WILLIAMSON: Time. Michael, refresh my memory. What role does 161 play, if at all, in the region's proposed integration of the Trans-Texas Corridor?

MR. MORRIS: I don't know if a pointer will work on your glass screen.

MR. WILLIAMSON: Wait. I've got a pointer.

MR. MORRIS: State Highway 360 is frontage roads right now in that section. No, not that far. Start at the bottom, Mr. Chairman, we're heading north, and stop at 20. So you stop at 20. We're going to build what's called a collector-distributor system or freeway ramps over to 161. 161 then heads north and connects with the North Texas Tollway Authority north of 183. That 161, probably the neatest project the region has ever built, the North Texas Tollway Authority just opened up the 161 to 35, what we call the Super Connector. That's now open; we think it will take 60,000 cars a day off the NAFTA Corridor in north Dallas. That then extends to the north.

So we're hoping your Trans-Texas Corridor feeds into State Highway 360 and in the near term, the toll roads system that we're describing here would be the backbone of that in the short term. Longer term, at the...
appropriate time, you could build the bypasses to this central region.

If my memory is correct, 161 was part of the feeding of the Trans-Texas Corridor.

MR. WILLIAMSON: Is there enough right of way on there to take care of that for a while?

MR. MORRIS: Yes, sir. Judge Barefoot Sanders, in his ruling, has given TxDOT plenty of right of way in that particular corridor.

MR. WILLIAMSON: Okay, Bill, go ahead.

MR. HOUGHTON: So Bill, where's the excess revenue off the 161?

MR. HALE: The excess revenue right now, the first excess was freeing up the tax dollars which amounted to $207 million of Cat 2 money. We also had $534 million that we had.

MR. HOUGHTON: All displacement, you're displacing tax dollars.

MR. HALE: Yes, we're displacing that to the whole region right there, and those projects right there show that right now.

In addition to this, in the future what we're looking at is this could help fund the southern gateway project or any other project, but we're looking at projects that you could take the $650 million and 35 and
67 down in the southern Dallas region right there could be funded with projects from the excess revenue that's taken from that project. That's, of course, the NAFTA highway that's coming up through there, that's 35 and 67 are where it comes up and comes together and goes into downtown Dallas right there.

MR. WILLIAMSON: Amadeo, remind me to ask you a question about excess revenue; don't let me forget.

MR. HALE: The next project we have is Denton County and this is the one that we've done in Denton County and we're moving forward with it and we have a comprehensive development agreement, or the unsolicited proposals that are moving forward here. It actually goes over into Collin County but we were looking at the different opportunities and options at this time now.

What you see right here is we can free up $463 million right here to build other projects, and this is important because it basically takes care of 35 which is a big project in our area, one of the most congested projects, going up to Denton County. And when we first looked at it, it would only go a certain amount, but when we did the second level feasibility study, it shows about twice as much as this $463 million. And this includes county funding which frees up $78 million worth of their bonding capacity, it also frees up TxDOT and RTC funding.
But what can happen is now we can take 35 all the way up to 380 up there which if you've ever been up 35, you know how bad it is. But that roadway will be taken all the way to 380 which right there it shows stopping just north of Lewisville Lake right there.

And this doesn't include the excess revenue that will come off this project, and we get it now through the concession or later whenever, as time goes by, but that will be in excess of a billion dollars, quite a bit in excess.

Now, the next project we have is in Collin County, and of course, we're working with Collin County to work this issue up. This project, the state, so far on this section of roadway, has spent $146 million on frontage roads and some main lanes that are out there right now. We've also spent another $140 million on right of way, for a total of $286 million. To complete this project and make it a complete project, including interchanges, it's going to be about $366 million additional coming up in the future for that.

It is toll-feasible, and we've gone to the region, we've had 35 meetings out there -- in excess of 35 meetings, going back and forth with this and how we're going to play this out. At one time there was a local government corporation that was going to be presented
here, it went away, and now they're looking at basically
two options. They understand that tolling is the
mechanism to use here. Basically two options are
available right now: either CDA or NTTA doing it through
their system financing, or the CDA doing it stand-alone
and providing money to build other projects.

I will take this point to say what TxDOT
believes, and TxDOT believes the option that provides the
most benefit to the state is the use of the CDA to finance
the corridor. As the present value of the toll revenue is
on the order of magnitude to finance the completion of
121, $366 million, plus widening and financing of US 75
from SH 121 south to the Grayson county line which is $400
million. So if a CDA were to get this project, you can
actually fund 75, and 75 is one of the highest priorities
in our region for improving up to the county line.

With all that in mind, I want to show you what
121 does here. This is the regionality of the roadway.
What this shows you, the left column is the most important
column; this is how you would be tolled based on the
percent share of vehicle miles traveled. And if you'll
look through here, the yellow at the bottom shows that
Collin County basically provides about 57 percent of the
traffic but 42.5 percent of the traffic is outside the
county. And if you look up there through the percentages
of vehicles being used in those cities and counties, you see a big portion of these vehicles are from outside the county itself.

MR. WILLIAMSON: Go back to the previous slide. Now, if you went the CDA route, on the presumption that you would have a large concession fee, what projects would you then finance?

MR. HALE: 75 going up north.

MR. WILLIAMSON: From where to where?

MR. HALE: If you'll look at where 121 ties into 75 right there where that end project starts and you go north all the way to the county line with it, that would be $400 million.

MR. WILLIAMSON: Which cities would that most likely benefit besides the cross-state traffic?

MR. HALE: McKinney, it would benefit Melissa, it would benefit Anna, and anyone in northern Collin County up there.

MR. WILLIAMSON: What was the other project you said, 121?

MR. HALE: 121. There's a push to 121 out to the east going out towards Bonham, and that affects Melissa. That area out there needs to be built, as well as 380 coming across here to complete some of the projects we have there, as well as the interchange at 289 at 380.
MR. WILLIAMSON: I'm not an engineer so sometimes I ask dumb questions. When you expand 75 north of Allen, does that have the effect of relieving congestion to the south?

MR. HALE: Yes, it frees up the bottleneck that you have coming up through there.

MR. WILLIAMSON: What cities would benefit then by freeing up the bottleneck?

MR. HALE: It would free up Allen, it would free up Plano, it would free up McKinney. In addition, there's opportunities to improve 75 down south into the southern part of the county as well.

MR. WILLIAMSON: I see. Okay, thank you.

MR. HALE: With that, I have completed my presentation.

MR. HOUGHTON: The number of counties or cities using that asset as a regional -- well, it's a state road, a regional road, 42 percent?

MR. HALE: There's seven counties.

MR. HOUGHTON: Seven counties.

MR. HALE: And it services DFW Airport. I guess Sam Rayburn was the one who instigated that years ago to have it come from Bonham to DFW Airport area.

MR. HOUGHTON: The excess off of 121 on a CDA, you're thinking that there's going to be a concession on
the front-end to leverage dollars on the others.

MR. HALE: Excess revenue could be taken out over a 40-year or 50-year period or you can take a concession fee up front, similar to what the Trans-Texas Corridor, that could pay for these projects now, or somewhere in between, anything in between.

MR. HOUGHTON: Okay.

MR. SAENZ: Thank you, Michael and Bill.

I guess just to kind of to continue and I guess we talked about that there are different types of procurements under the comprehensive development agreement process. Of course, you can go from a simple design-build project where the funding comes from the public entity. Our 130 project is a design-build project; most of the projects that have been built to date across the state are projects that are funded by the local entity, they take the risk and go out there and borrow the money from the bond market, and then of course, they operate the toll roads and pay off the bond market and eventually create surplus revenue to be used for other projects.

But a CDA also allows us the opportunity to be able to go all the way to the other end of the equation, you might say, and do a concession. And under a concession, basically we bring in a developer partner that will not only design and build the facility, they will
maintain, operate and finance the facility for the
department.

MR. HOUGHTON: Amadeo, let me ask you a
question. Under the CDA, the other thing I don't think
we've talked about is what type of liability do we remove
ourselves from maintaining that asset?

MR. SAENZ: Under the CDA with a concession
where you have an operating partner that builds it, that
liability is then transferred over to them. So basically
the liability for the maintenance, the operation, for the
guarantee of the traffic based on those projections, is
now moved over to the developer.

MR. HOUGHTON: So on 121, what kind of
liability are we removing over a period of 40 years,
roughly? That's an unfair question.

MR. MORRIS: About $600 million.

MR. HOUGHTON: $600 million?

MR. MORRIS: In today's dollars.

MR. HOUGHTON: In today's dollars.

MR. SAENZ: According to Michael, it's about
$600 million.

MR. HOUGHTON: So that gets reallocated to the
district as maintenance and preservation. Right?

MR. SAENZ: Yes.

MR. WILLIAMSON: Or construction.
MR. SAENZ: It will free up the maintenance and operation dollars that are being used now for 121 for the next 40 years.

MR. HOUGHTON: Which we're using 100 percent of the gas tax money right now on maintenance.

MR. SAENZ: Yes. Those can be used for other projects to either add more to maintenance and operation of other facilities or to use them to build other facilities.

So under the concession agreement, basically we can have someone take over all of the operation.

The benefits of a concession CDA is that it provides for private equity to be brought into the development of the project. Under a concession the developer partner designs, constructs, maintains, operates, finances the project, they take all the risks, and of course, for the right to operate that facility they will provide us a concession payment, and that concession payment can be a lump sum up front or it could be a partial lump sum up front with a shared revenue fee based on the project. And of course, those are all put together and when you request proposals you can ask for those to be submitted so they can be evaluated to find out what is better for the area.

But it is a mechanism where you can bring in
new money, this allows you to free up monies that you
would have put in place for a project that was through our
traditional funding, and it's very similar to what Bill
and Michael talked about that some of those projects that
were already funded, if you go out and you get a
concession on these, that concession fee will replace that
money so now you can take that money and use it for other
projects in the area. And as you move forward, that
concession fee, if you're doing revenue sharing, can allow
you to do projects, as Bill talked about, based on the
excess revenues.

MR. WILLIAMSON: Stop right there. Did you get
all your questions answered, Ted?

MR. HOUGHTON: Sure.

MR. WILLIAMSON: I want to make sure I
understand some things as you proceed. The concession fee
that a private sector person would pay, is it restricted
in its subsequent use? The gas taxes are restricted to
the construction and maintenance of roads.

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: Is a concession fee restricted
to the construction and maintenance of roads?

MR. SAENZ: Under 2702 comprehensive
development agreements, concession fees may be used by the
department to finance the construction, maintenance and
operations of a transportation project or an air quality project in the region, and then it further defines what the region is. Let me go back and make sure I cover it right.

A region means a metropolitan statistical area and any county contiguous to the MSA or to adjacent districts. So it gives you an area where you can spend that concession fee.

MR. WILLIAMSON: Well, tell me a little bit about transportation projects. Would that, for example, include an extension of the light rail line?

MR. SAENZ: Under transportation project you could do a toll or non-toll state highway improvement project, you can do a toll project eligible for department cost participation, you can do acquisition construction maintenance, you can do acquisition construction maintenance of a rail facility or a system under Chapter 91; you can also do acquisition construction maintenance of a state-owned ferry, you can do public transportation projects, you can do aviation projects, or you can do passenger rail projects. So you have a wide variety of where that money can be spent.

MR. WILLIAMSON: So the region would have the option of taking that concession fee and rather than building another road, for example, if the region decided
that money would reduce congestion or result in
greater safety or improve economic opportunity or improve
air quality or preserve the system better by extending the
"T", by extending the light rail system, by building a new
commuter line on the old Cotton Belt line, or whatever,
those funds could be used for that.

MR. SAENZ: Yes, sir. And if you recall, when
we asked them to put together the metropolitan mobility
plan, we asked them to look across modes of transportation
so that they did not just focus on solutions with
highways, because there is some benefits to be able to use
and develop other transportation projects of different
modes and you'll have a benefit to equivalent lane mile
expansions.

MR. WILLIAMSON: Now, I understand, just
watching my local newspapers, that there's some discussion
in North Texas, and I presume discussion will occur in
Bexar County and in Travis and McClennan County and in
Harris County as well, about how one balances some
communities using sales tax for public transit, some
communities not willing to do that but wanting public
transit, and some communities using their sales tax for
other things and not having the room to pay for public
transit.

MR. SAENZ: Yes, sir.
MR. WILLIAMSON: Have we done or has anyone taken a look at how the regional toll system could actually replace that sales tax as a revenue stream for public transit?

MR. SAENZ: I'm going to ask Michael, since he does most of the planning.

MR. WILLIAMSON: I think he has eyes in the back of his head, Michael.

MR. MORRIS: Mr. Chairman, it would be easy to stand before you and say this is an easy solution: we have a transit need and we have excess revenue, why don't we just go ahead and take the excess revenue from the roadway side and fund the transit. The problem is, probably my responsibility more than anyone else in this room, I have to look out for the transportation system in 2025.

We have a financial crisis on the roadway side, we have a transit need on the transit side. So the policy in our particular region right now is even though we have those particular flexibilities, we have what we call firewall protection. We don't let revenue sources that could go to the roadway side to leak to the transit side, and we don't want revenue sources that go to dedicated transit to leak to the roadway side.

And the policy officials to date support that.
firewall notion because they know it would be easy to start say taking excess revenue from a particular project and maybe extending the rail to Frisco or to McKinney. Now we have two problems: do we have the operating funds to run that railroad forever because operating costs on the transit side have to be inflation-adjusted as salaries and other costs go up, and we still haven't answered the $55 billion crisis on the roadway side.

So the policy to date is to stay firm to leverage the roadway funds for more roadway projects to rebuild an aging infrastructure and to work with the legislature in expanding the use, in this case, of sales tax or other revenue sources that don't go to the roadway side to be able to fund the rail strategy.

The easy part would be to say yes, let's just go ahead and cross-subsidize between the modes, but some of us feel we would be doing an injustice to the transportation system that we're going to need 25 years from now.

MR. WILLIAMSON: And certainly as part of -- here I'll reference my handout -- as part of our goal and strategy-based method of organization, we want to empower local and regional leaders to make these decisions, and we do want consumers to drive the decisions that all of us make.
And what you're saying is the region is aware and cognizant that the laws have been changed to permit that to happen and it is the collective judgment of local and regional leaders not to do that, then that's your choice and that's okay with us. I think what's important to the commission is that leaders in North Texas and Southeast Texas and Central Texas and Far West Texas understand that the governor and the legislature have made these things possible, you've decided not to do it. You're answerable to your constituency and that's fine with us.

MR. MORRIS: We have a legislative task force made up of our North Texas Legislative Delegation sitting down with elected officials now to resolve the funding of the transit situation. If six months from now that transit situation ends up with there will not be any funding for transit, then the policy officials will have to re-look at that particular question with regard to that particular barrier.

Now, when it comes to the fifth pot of money which is the Trans-Texas Corridor, one of the options there is we think your CDA in that particular case will produce excess revenue for the state. That is an intercity transportation commitment that is being made. We hope some portion of that intercity benefit would be
allocated in a similar "Near Neighbor" notion; some of it would come back to the Dallas-Fort Worth region. Maybe in that particular case the policy would be to work on goods movement strategies because goods movement, both truck and freight trains, are intercity, the source of the revenue is intercity, and maybe the source of the money could be flexed to the railroad side in order to help with Tower 55 or get trains out of downtown or something.

I think, Mr. Chairman, each one of those leveraging opportunities needs to then be applied to the flexibility tests that you're describing. Right now until the legislature tells us no on the public transit question, we're maintaining that particular firewall. An option under Category 5, which is Trans-Texas Corridor, we'd love to have a discussion with you with regard to is this potential monies that would go back to the commission because this is a regional item in your triage of fidelity of regional, statewide or local. We would love to have a conversation is this something that could be used to help either the constitutional amendment that just passed or the MOUs your governor has approved with the railroads. Maybe that's a potential funding source in that particular category.

I don't want you to think every time you ask us we're in a non-flexible situation. We have a rationale.
that in certain circumstances we wish to not be flexible, in other circumstances we wish to be very flexible.

MR. WILLIAMSON: And we understand that, and like I said, we're very respectful of the notion that our strategy is to empower local and regional governments to make decisions. I just think that we get a little bit confused. We read one day that some of your local officials are arguing to increase the gas tax to build roads, and then we read the next day that some of the local officials in North Texas are arguing to raise the sales tax cap to build transit, and we look around and say well, if you really are attempting to get to a point where all you're worried about is time and people and dollars, moving them in the most efficient and effective way, our view is you already have the tools to start making the decision will tolls drive expansion of the commuter rail system, will gasoline tax allocations drive the expansion of the road system, and will they cross-pollinate.

Not that we would ever tell you what to do because we're not going to do that. I mean, as long as this guy is governor and this commission is set up the way it is, we're in the business of using our financial options, empowering regional government, putting competitive pressure on everyone, and giving consumers choice, those are our strategies.
MR. MORRIS: And our elected officials understand that if you can flex the construction cost to build a rail system, that often isn't the hard part of the rail system, it's the operating cost, and the question is going to be how are you going to maintain that operating cost over time. And then they do their due diligence and say to me, okay, if we're going to do this, how are we shortening our $55 billion shortfall on the roadway side, and until I can answer all those questions, the policy right now is to maintain that firewall.

MR. WILLIAMSON: Thank you very much.

Please continue, Amadeo.

MR. SAENZ: I guess just to add to what Michael said, you look at the projects and you evaluate the projects and you look at it from a total cost or a life cycle cost, which would include your operation and maintenance, and find out which project would give you the better solution and the better of reaching our goal which is reducing congestion. You can reduce congestion by moving people off the road to rail, or you can reduce congestion by adding more capacity, but they both have a cost and you would evaluate each one and then the locals would decide which would be the better way to go.

MR. WILLIAMSON: Yes, and that's where we want to end up. We want to end up encouraging regions, not 16
different locals who form compacts but regions to use those tools to make that rational cost-benefit decision. That is exactly where we want the system to end up.

MR. HOUGHTON: One thing I need to ask Michael. I'm sorry. Michael, when you look at the congestion index up on the board, what effect does the DART system, what effect does transit have on that congestion index?

MR. MORRIS: If you want to be an anti-rail person, then ask a regional performance measure, how does it change the regional performance measure. And the reason why that's an unfair question to ask transit is rail is often in ten corridors and not 116 corridors. The best way to answer rail is what is the equivalent number of roadway lane miles that you are moving during the peak period.

That brochure I gave you on the inside tells in each of our rail routes how many equivalent lane miles. Central Expressway, for example, which is a depressed facility, the community award-winning TxDOT project, originally proposed to be elevated, very controversial, that particular project is eight lanes with auxiliary lanes, the public will not accept any additional lanes in that corridor ever, that's the most it will be. Underneath it is a tunnel with a light rail line in it. That light rail moves every day the equivalent of four
lanes, two lanes in the peak direction in the morning and
two lanes in the peak direction in the afternoon. The
benefit of that particular project is that four lanes of
freeway capacity that in this case you couldn't build on
the roadway side, the public wouldn't accept it.

Light rail is $50 million a mile, commuter rail
is closer to $10-; most of the future of our region is the
$10 million version. We're carrying the equivalent of
two-lane freeways in those particular corridors, so a rail
line to a Frisco or to a McKinney or to a Denton is the
equivalent of a two-lane freeway project. A lot of these
have 8- to 10,000 users a day on them, often peak
oriented. They don't run often in the off-peak or
nighttime time frames.

You're going to get a couple percentage points
push. It doesn't have the benefit of the goods movement
component which often impacts that congestion index, the
role of trucks. The region has reached a balance that
we'd like to build some of the low cost regional rail
versions because we're blessed with freight tracks and
negotiate a pretty cost-effective solution that way. I
think the days are almost over with the completion of the
next light rail phase. Our region won't be able to
support too many more light rail lines because they're not
cost-effective at $50 million a mile.
So you're looking at in our regional rail corridors we think more cost-effective to build at $10 million a mile in corridors that would cost you a lot more than that to build a two-lane express facility in a congested portion of the region. That's why the regional rail component is there, but remember, you're sitting there with an escalated operating cost in labor where often on the roadway side you check the bridges and do routine maintenance. In the roadway side you're hit with reconstruction cost 40 years later, you don't have the labor operating elements that transit does.

So it's often easy to get the capital cost for rail, what wakes people up is the operating cost for rail forever that's critical. And we don't want to fall into a trap of falsely thinking we can build rail and then ten years from now we can't maintain the operating costs.

Did that answer it, Commissioner?

MR. HOUGHTON: Yes.

MR. JOHNSON: Mike, I have a question more dealing with specificity. Is it fair and accurate to say that 121 and 161 are sort of the cornerstones of the plan?

MR. MORRIS: Yes. They're somewhat unique because you had approved it with gasoline tax, so they're super leveragers -- you won't have many of those -- but it's the foundation in what you see in Bill's
presentation.

We're trying to do the same thing with the systematized capabilities of the North Texas Tollway Authority and do the same thing, instead of vertically, horizontally, and that's the discussions and answer you'll get back in the next 60 days.

MR. JOHNSON: In re-evaluating those from a toll perspective and the environmental study that needs to be done, what time element is involved, the additional requirement upon re-evaluation for the environmental?

MR. MORRIS: The 161 is a little tricky because that was an injunction that went to federal court and we had to testify to get that out, and we were a little worried that if we tried to get that lifted it would get us maybe back into a legal suit again.

While we were in Barefoot Sanders' court, we told the judge that it's quite possible in the future this could be a toll road, and the record shares that. TxDOT is in the process of redoing that environmental, public hearings were held, there wasn't a huge level of concern. We think that's going to go just fine.

The 121 re-evaluation in Denton County is proceeding. We'll have to do due diligence on again getting public comments with regard to 121 being a toll road. I feel very comfortable that those re-evaluations
that you saw on the table will come in in a timely fashion.

The 161 construction phasing, we have some time on. The CDA part is really critical on the Denton County portion because that project is proceeding very quickly to construction and it's always dangerous to be doing a CDA environmental while you're under construction.

MR. HOUGHTON: Well, you concur then with the CDA concept with Bill Hale, that 121 and 161 be CDAs.

MR. MORRIS: Yes, sir. Well, Bill was promoting 121 in Denton and Collin County. I'm here to say let's get the CDA done in Denton and Dallas. I'm going to suggest to you there may be a win-win situation of the North Texas Tollway Authority performing the function of the CDA in Collin County and then leveraging excess funds, similar to what a CDA would do, in Collin County.

Bill is promoting what I would call the super strategy which would maybe have the maximum amount of money. There's a good chance that if that's promoted too aggressively, you won't have a toll road at all.

MR. HOUGHTON: Why would you say that?

MR. MORRIS: Because I think in some portions of our particular region they very much endorse a certain tool, to have it be a CDA; in other portions of the region
they may be a little bit more skeptical with regard to that particular tool. That skepticism brought them to a local government authority. Their logic very much took them to let's have a situation.

If the local elected officials are going to take the leadership position to toll a project -- which remember, in our plan right now isn't tolled, it's still a gas tax supported roadway -- if they're going to take the leadership to take the heat on a particular toll road project, what are the issues that they're dealing with with regard to their constituency. They're already in a part of the region that is super tolled already, with the Dallas North Toll Road, maybe hopefully a Trans-Texas Corridor to their north. They would like to come in not with a maximum revenue philosophy that you might get with a CDA at 15 cents a mile, maybe we should go ahead and toll it at 12 cents a mile.

Your due diligence has to be you've put in a couple hundred million dollars, what is the excess revenue you're going to get out of that particular project. My position would be if you get a revenue source over a 40-year time frame that is similar but not identical but what you'd get to a CDA, there's a good chance you can build that project now, create a revenue stream over time, create the systematized capability of revenue to help fund
other toll road projects may be a better situation than
suggest that the only tool you'd be interested in is a CDA
tool of which you may end up with no toll road at all in
that particular corridor.

  MR. HOUGHTON: Because of the politics
involved.

  MR. MORRIS: Not necessarily the politics, it's
just a feeling that they're already paying a significant
toll on the Dallas North Toll Road, why don't we have the
philosophy be that the best toll to set in this particular
corridor is a toll that will build the remaining of this
corridor, and the remaining of this corridor, maybe it
ends up being 12 cents or 13 cents, whatever it is.

  MR. HOUGHTON: So yours is more of a price
issue.

  MR. MORRIS: Yes, that's exactly right.

  MR. HOUGHTON: Well, my experience in these
negotiations has been depending upon what you take up
front will drive the toll.

  MR. MORRIS: But remember, if they agree to a
toll road and it's 12 or 13 cents today and the North
Texas Tollway Authority builds it, that toll is going to
stay on forever on that particular project and a
generation of people can come in that particular corridor
and say boy, the mobility needs in Collin County are fine,
let's just leave the toll where it is. Or they might say, boy, we really have a problem, or we're trying to get Boeing to come to our county, or who knows what they may say.

Once you're in that game, once you're in a football game, you can always put in a different player or put in the other quarterback or try a different play. My position to you is let's get into that particular game and let the local policy officials and the regional transportation council reach into the toolbox and get the right tool for that particular job.

We very easily get to a situation where there is no football game and you don't get to have the questions about excess revenue.

MR. WILLIAMSON: I want to ask you a question about that.

MR. HOUGHTON: I want to finish, Mr. Chairman, if you don't mind. I'm sorry.

MR. WILLIAMSON: Help yourself.

MR. HOUGHTON: I forget. I demonstrated that earlier about the airport issue.

What would you say to TxDOT performing the activity of building that toll road, TTA?

MR. MORRIS: My suggestion is if you truly believe in regionalism and you want us to use all the
tools in the toolbox, and you do due diligence to make sure your fiduciary responsibility of revenue is returned to you to build more transportation projects, what would it matter to you if in this case we use a CDA, in another case we use the TxDOT Toll Division or in another case we use the North Texas Tollway Authority.

MR. HOUGHTON: I'm trying to accomplish regionalism, so if we have a true regional approach.

MR. MORRIS: And I think in our regional approach you very much will see probably all of our managed lanes most likely to be done by CDAs. We're trying to get the North Texas Tollway Authority to substantially be an operator or to compete to be the operator and partner with them so it's seamless to the user.

You know, if we're going to have 20 toll roads, we don't want 20 different looking things and 20 pieces of mail in the mailbox about your toll. The elected officials want it to be, just like we argued seamless rail, we need a seamless delivery system, so in those particular conversations what are the elements that best deliver your needs and the RTC's needs. The RTC's needs is additional money to deal with the $55 billion problem.

If we can get to that particular problem, maybe a certain tool is the right tool to use to accomplish that.
MR. WILLIAMSON: Well, I think your point is well taken. If we do believe in regionalism -- which we do -- then it shouldn't matter to us, except that there's that one dilemma which you touched on every time, and I appreciate, but I have to take you back to, which is the due diligence we expect of Bill Hale and the fiduciary responsibility all 24 million Texans place upon the commission to be sure that in our move towards regionalization we don't permit any region to be treated unfairly compared to the other and we don't permit folks within a region to be treated unfairly compared with their other folks.

For example, one can make the observation that in deciding to allocate dollars to the region and permitting regional officials to decide which projects to build, that if every point in the region is not given fair consideration, over time only part of the region will receive the benefit of all the gasoline tax dollars.

In this particular situation we've chosen to speak about today, if the state is sitting here saying well, it's in the state's interests to maximize either the concession fee or the debt associated with this particular transaction or to build other roads in the region, therefore, a decision to permit someone else to build the same toll road and not charge a market rate for the use of
that road will, in effect, result in less highways and
transit systems being built in the region, we haven't
honored our fiduciary responsibility within the region and
within the state. I think that might have been what Ted
was getting to.

Then there's the whole idea that our fourth
strategy -- which doesn't often get much attention -- is
really important to us. When we say that consumers ought
to drive transportation decisions, we mean to the extent
possible, artificial barrier should be removed by us and
the regions to permit consumers to define the value of
using that road or the value of using that commuter rail.
And if you're not careful in the system you set up, you
turn over responsibility to a quasi-government agency,
whether that's NTTA or our TTA Division, and suddenly
political pressure is determining the value of the use of
that road, not consumer market pressure.

I understand when a county judge says I want to
keep the cost of this toll down for my citizens, I don't
want to Robin Hood for highways -- although we all build
highways using Robin Hood, interestingly -- I understand
it when that county judge says that. I understand it when
a board member of HCTRA or NTTA says well, our goal is to
keep the cost of the drive down as much as possible for
the consumer, but that's not our strategy. Our strategy
is to let the consumer of the product decide that, whether
it's worth a buck or ten cents or two bucks a mile or
whatever it is, because we believe consumers will
rationally make decisions that will ultimately benefit the
transportation system and air quality of the region.

So that was a long soliloquy about our concerns
about how the decision is made.

MR. MORRIS: Well, Mr. Chairman and Mr.
Houghton, I agree with you. I guess what I'm asking you
to think about is if you look at each individual tree --
let's go to the 121 Collin County tree -- you might say
well, that may be in the best interests to be an
individual CDA, we maximize our value, but you haven't yet
looked at the system effects of that of which you may not
now be able to build the Trinity project or the George
Bush extension or the Southwest Parkway.

By looking at horizontal integration, remember,
there's an entity that already exists, they have a cash
flow that's generated over time from existing toll roads,
by looking at the ability of that particular agency to
develop system toll effects, it's quite possible you may
not get the best deal in Collin County but you may get
four other deals that you wouldn't have gotten otherwise
because some of the other toll roads wouldn't have a CDA
to respond to them because they system toll finance in
order to be built to begin with.

MR. WILLIAMSON: I think we take your point.

As always, you're very articulate in arguing your choices.

MR. MORRIS: Let us digest all that and we may be able to get five balls across the goal line and it be a sum much greater than you'd anticipate.

MR. WILLIAMSON: And NTTA is going to talk to us in a moment, they're going to have a chance to talk, and I don't want this to come across as in any way a discussion about NTTA, but I will tell you, Michael, the NTTA goal of building a highway that's needed and keeping the cost to the consumer as low as possible, I understand, but that's not necessarily in the best interests of solving the state's transportation dilemma. What's in the best interest of solving the state's transportation dilemma is to permit consumers to decide what that toll is, not commission members and MPOs and NTTA board members and legislators.

MR. MORRIS: A year ago I didn't think NTTA would be in a position to share excess revenue for transportation projects outside their system, and therefore I thought we were in a lot of trouble, and that's not where I think we find ourselves today, so let them speak for themselves when they come forward.

MR. WILLIAMSON: Okay, Amadeo, where did we
leave it?

MR. SAENZ: I was going to get into the
different procurements, and of course, each of the
entities has specific legislation authority to be able to
develop different types of projects. For example, RTAs,
like NTTA, they can contract for the construction of an
improvement of a turnpike project. It must be led by
competitive bid procedures in which the contract is
awarded by the lowest bid. That's in their statute.

They also have a separate statute that
authorizes them to be able to contract with a public or
private entity for acquisition, design, finance,
construction, maintenance, repair and operation or
extension of a turnpike project. So in essence, this one
gives them some authority that's similar to a CDA. We
don't know if it's explicit rights to do a CDA, but they
may be able to do a CDA project.

The RMAs and TxDOT, of course, we both have
almost the identical comprehensive development agreement
statute that gives us the authority to do that. County
toll road authorities don't have any design-build
procurement procedures, so if a CDA needs to be done or
would be done in the Houston district in the HCTRA area,
really it would have to be done through TxDOT.

This point is basically certain entities have
certain authority do certain projects.

When it comes to what type of procurement method to use and who makes that decision, every project needs to be looked at on a specific basis. I think we look at projects from the point of a statewide project, and that's basically a project where TxDOT should decide what procurement method to use or which is the best procurement method.

Regional corridors, as we're defining a metropolitan mobility plan, as we discussed, I think there we work closely with the MPOs, we've been talking about regionalization and local control, and one possibility would be for the MPO to submit their request to the commission, and then the commission would then evaluate that request and approve that for them to go in the direction that it is, where we could look at the impacts they've taken and to see what it does to the transportation system and the overall goals of the department and the region.

And of course, local-state corridors, these are corridors that are basically only important to a particular area, more local use, then locals could basically be the ones that should make the decision as to what procurement method to use.

If you have any comments on that, we can
MR. WILLIAMSON: It's entirely possible for 21 counties in North Texas, including the four counties that are the charter members of NTTA, for example, it's entirely possible to form a regional mobility authority.

MR. SAENZ: Yes, sir, it is.

MR. WILLIAMSON: If that would be the wish of those county governments.

MR. SAENZ: If that was the wish of the county governments, they could form a regional mobility authority and then that regional mobility authority would have the CDA procurement authority just like all other RMAs.

MR. HOUGHTON: On the TTC legislation statutes, revenue generated in the corridor must stay in the corridor. Correct?

MR. WILLIAMSON: I think it's RMA, I don't think that's TTC.

MR. HOUGHTON: I think it is.

MR. SAENZ: Yes. It's easier to check with Bob.

MR. WILLIAMSON: You're right.

MR. HOUGHTON: Because Michael made a reference to TTC revenue supporting other types of modes of transportation outside the corridor. I want to make sure everyone understands that, that it has to stay in the corridor.
corridor.

MR. SAENZ: Yes, sir, that's correct.

I guess one of the things that we get into is with respect to, okay, if we're developing a concession and we're developing a CDA concession in an area where we have Harris County Toll Road Authority or where we have NTTA -- and of course, they are mature toll road systems, they have been maintaining and operating toll road systems for many, many years -- one thing that we would like to do -- and we're working with right now with NTTA because of all the potential CDA procurement possibilities that we have there -- is to develop a memorandum of understanding so that we can identify what role NTTA can perform or what services NTTA can perform towards that CDA project.

What we would like to get in our goal is to try to identify these are all the different services that NTTA is capable of doing, we can create those and then provide them to all of the potential developers so that they can have a chance to evaluate to make sure that if NTTA can provide them that service and it's the best service for their proposal, they can then bring in NTTA to do that.

MR. HOUGHTON: Or HCTRA.

MR. SAENZ: Or HCTRA, yes, sir. When we do get to that, when we do get one in Houston-Harris County.

On the RMA side, when we're developing a CDA,
of course what we're doing in San Antonio because the CDA came to us for the toll roads in San Antonio, we're working closely with the MPO and the RMA to identify those business terms. Very similar to what Michael thought, if the area wishes that their business terms should be that we want all the concession fee up front and we'd want to take it all now and that's all we want, or do we want part of the concession fee up front and we want to get a piece of the revenue sharing for the life of the concession.

All those business terms we are working with the MPO and with the RMA in the San Antonio area so that we can include them in the procurement so that the proposers can then propose under those conditions.

This could be something very similar under Michael's scenario if the region had identified that they wanted to keep toll rates at a certain amount, say 12-1/2 cents per vehicle mile traveled, that could be a condition that could be put into the CDA so that we could look into that. Then that could be evaluated with respect to if it was opened up, this is the impact of keeping that lower toll rate on this project, and that would be something we could look at, and you could look at it to see what impact that particular decision would have on the procurement process or on the project itself.

If we go the other way where we have one of the
toll entities, either NTTA or HCTRA, that they're
developing a project, what assistance can we provide
through ourselves or through the MPO, of course, that's
done through toll equity.

One of the things that we have been looking at
lately and doing is that as they develop those projects
and they ask for toll equity, whereas before we used to
just provide the revenue to them, and where we would build
part of a project because there was no toll equity, then
they would build a connecting facility. Then of course,
they maintain and operate the toll road and nothing comes
back to the area with respect to the revenues that that
toll road generates.

Now what the districts have been looking at in
both the Houston District and also the Dallas and Fort
Worth Districts, with NTTA in Dallas-Fort Worth and HCTRA
in Houston, is that we want to be partners. Where if toll
equity is provided to a toll project that NTTA is
developing then we should be able to share in the revenue
that that toll project is generating, whereas that revenue
then stays in the region based on the requirements in 2702
and what the commission has put forth to do more
transportation projects and not be limited to only
projects that in the future either NTTA or HCTRA wants to
do on their own. This will allow the region to identify
that funding source that they could use to develop other transportation projects.

Other things we could do is that somehow we need to have a much better connection into the approval process of what projects those separate entities would be doing with respect to the overall plan that the region has identified.

MR. HOUGHTON: Amadeo, this also includes us providing our right of way for an RMA's projects on CDAs as we will be a partner to their revenue on that asset.

MR. SAENZ: Right. On a particular facility that is on the state highway system, if for example, NTTA or an RMA or HCTRA would want to use that particular swatch of right of way that's between our two lanes, that could be considered a concession or a lease or a license for them to operate, and under that license for the right to operate that toll facility, they would have to pay so much per year for the life of that concession. So in essence, it's a concession with NTTA.

MR. HOUGHTON: That they pay us.

MR. SAENZ: They would pay us and that money stays in the region for their other transportation projects. Yes, sir, that's another mechanism that can be used.

MS. ANDRADE: Amadeo, that excess revenue, who
decides what to do with it?

    MR. SAENZ: That excess revenue that we have
said in the region would be decided upon by the region to
do other transportation projects.

    MS. ANDRADE: Okay, thank you.

    MR. SAENZ: It is a mechanism where we can
have, I guess, something like a concession with one of the
toll entities that's out there where they're using right
of way that already belongs to the department, but instead
of the private sector, we have one of these public
entities.

    That pretty much covers it for right now. I'd
be happy to answer any questions.

    MR. WILLIAMSON: We have several witnesses,
members. Can we listen to the witnesses? We will begin
with Allan Rutter. Mr. Rutter, are you still here and are
you awake, sir? Long time old friend, Allan Rutter.

    MR. RUTTER: I don't really have anything
prepared other than to tell you that we will be presenting
some information to our board at its meeting next
Wednesday to talk about how we'd be willing to start
entering into negotiations with the department about that
very development agreement structure that Amadeo just
structured about 121 in Collin County.

    We understand the nature of that state asset.
We also understand and have been trying to be responsive
to our local governments about their interests: one,
having it be a toll road; two, that some of those whatever
excess revenues are created stay in that local area for
projects to be determined by them; and the balancing act
of what those prices are versus how much revenues are
prepared by that.

I think we are looking forward to, on Michael's
schedule, trying to get that agreement executed as quickly
as possible so that we don't adversely affect your
procurements on CDAs that you have throughout the rest of
your region.

I'd be happy to answer any questions about how
we integrate, how we try to approach, how we're doing our
business up there. I think particularly Commissioner
Houghton's question about pricing and how you set prices,
one of the things that we've been in the process of doing
over the last six months is changing our very nature of
how we look at projects and how we're willing or going to
begin the process of affecting prices on our existing
system to provide the very system support that's necessary
to build a lot of projects that don't, on a stand-alone
basis, make it, but they could be generated and put on the
ground and provide mobility benefits to people.

We're also in the process of hearing back from
our constituencies, the county commissioners courts who
appoint our board members, and local elected officials who
are directly and electorally accountable, in a way that
I'm not, to their constituents about how to balance that
providing dollars for investment but keeping the actual
price on the consumer as low as possible.

It's true that if you look at it on a strictly
market basis, the kind of toll sensitivity curves of what
people would be willing to pay and how you'd maximize your
revenues based on that, there's probably a lot of room on
any of the toll projects that we operate.

We've also heard back from those constituent
groups, our counties and our elected officials, that
generally speaking they'd like us to be in a position to
deliver mobility in additional facilities, but to do so
with as low a price as possible. But we are looking at,
between now and 2010, changing the overall prices on our
entire system from a 10 cents a mile basis to 12 cents a
mile to provide the kind of financial support that's
necessary to build some really expensive projects such as
the eastern extension and the Southwest Parkway and the
Trinity Parkway.

So that's kind of where we're trying to work
with that, but we'd be happy to answer any questions about
it.
MR. WILLIAMSON: Well, you understand, Allan --
and this question is maybe more appropriately directed

towards your board members you have here -- the commission

has no bone to pick with NTTA in its current setup, and if

it be the region's decision to use NTTA to build 121 or

any other toll road, that's the region's decision. We

believe in regional government.

We would just observe that NTTA is a creature

of elected government. In fact, we've had a chance to

read for four months now direct quotes from city

councilmen and county officials about how we think which

we find very interesting since several of them have never

asked us what we think.

But we know that your rate-setting mechanism in

the current regime is always going to be keep it as low as

possible. We don't take offense at that, we don't

disagree with that. But the effect of keeping everything

as low as possible over the last 24 years and over the

next 25 years is going to result in a $90 billion

shortfall in what is necessary to the transportation grid

of this state. So you can understand that we're a little

more sensitive to the notion of letting the consumers

decide what the tolls should be.

MR. RUTTER: Absolutely, but please don't

interpret anything that we're saying about we don't
understand the box that the department is in, we're all in that same box: more need than we have revenues for.

MR. WILLIAMSON: Well, you're not in the same box we're in, you're only boxed to the assets you currently have on the ground. By your own testimony, you're charging a toll that is politically acceptable to your constituency. I'm not criticizing that, that's what I would expect of a county toll authority in Parker County that built one road for the sole purpose of helping a limited number of people, but the roads that NTTA has built to date -- Michael, I think I'm saying this really to you -- are roads that the NTTA board themselves defined as being addressing their market. 121 is a little bit different deal. That is a state-owned regional and statewide road.

MR. RUTTER: We recognize that.

MR. WILLIAMSON: I even understand why the mayor of Frisco would want to keep the toll as low as possible. I don't take offense at that; I do take offense at having quoted my thoughts without having asked me.

MR. RUTTER: I think the same pressures that lead to expectations on having those prices to the consumer or the constituent low are the same pressures that have been exerted over in the pink building for the last 14 years since 1991.
MR. WILLIAMSON: Right, and we're not but about $37 billion short in the last 24 years because those in the pink building that we all answer to -- and I was one of them at one time -- find it impossible to find the revenue to improve the transportation system.

MR. RUTTER: So those same pressures we're all feeling, and certainly we don't want imply that any one of these parties that are involved, and particularly we recognize the fact that as we build projects that have gas tax dollars invested as toll equity, we're partners in everything we're doing from here on out. We're all responding to and having to deal with the external environment to us all that places those pressures on the available revenues.

MR. HOUGHTON: I think what this commission would like to see, if 121 is a lightning rod in this -- it seems to be -- is competition on 121 where you are a competitor, a bidder, a proposal would come from NTTA, sharpen up your pencil, tell us what the asset is worth, what you're willing to build, what the spinoff assets are, as well as the marketplace. And I think that kind of gives us an idea of what the asset's value is and then all the ancillary things that go with it.

Would you be willing to compete in that environment?
MR. HOUGHTON: His board might want to answer that question.

MR. RUTTER: Well, no, I can address that and then they'll come in and tell me that I didn't know what I was talking about.

MR. WILLIAMSON: Let's see, do we have a quorum? We might can get them to vote right now.

(General laughter.)

MR. RUTTER: I think the answer to your question on an instant basis is the CDA process that's created under the current state statute which is a TxDOT procurement process doesn't allow for us, as a public agency, to compete directly in that particular competitive procurement.

MR. HOUGHTON: Well, the lawyers will probably pop up now, but I would like to see a proposal from you.

MR. RUTTER: Well, we'd like to make one.

MR. WILLIAMSON: I see Jack is on the edge of his seat.

MR. RUTTER: The other thing to keep in mind, though, is while our traditional way of looking at a toll road has been, from a public sector view, is what is it going to take to deal with that over the 35-year term of those bonds.

We, too, if we were able to look at this on a
50- to 75- or 90-year time frame, would be able to show the same general power of that extension of time which is once you pay your senior debt, you've got all kinds of stuff happening, and if you can net present value that toward the beginning, I think our lower cost of capital would allow for that net present value to be fairly large.

MR. HOUGHTON: We've told the private sector let your imagination wander, bring it to the table, and I don't think we would restrict you any other way, Allan. I'd love to see that.

MR. RUTTER: So I may have already stepped over the bounds of where my board is willing to have me go.

MR. HOUGHTON: When is your review?

(General laughter.)

MR. RUTTER: Unfortunately, it will be pretty quick.

But I would say that what's happening within our organization is a response to the same competitive environment that we do find ourselves in and I think we are seeing a willingness on the part of both our board and our elected officials, an expectation on our part to be more assertive, to be more aggressive, to take advantage of tools and capacity that we haven't done in the past, and we're starting to do that.

MR. HOUGHTON: I think it's great, and I
welcome that. I would welcome something like that from NTTA as a fiduciary of that asset 121. I think we'd have to look at yours as well as others, yours separately because you can't propose on it under the rules, and we go from there.

MR. RUTTER: We're happy to go there.

MR. HOUGHTON: That's my opinion.

MR. WILLIAMSON: Why don't we take an NTTA break and ask Tom Griebel to come up and chew on us a while.

MR. RUTTER: Thank you.

MR. HOUGHTON: Thanks, Allan.

MR. WILLIAMSON: Stay close, Allan, there might be more questions.

Tom Griebel, Alamo RMA.

MR. GRIEBEL: Good afternoon. I am Tom Griebel, the executive director of the Alamo RMA in San Antonio, and a lot of discussion this morning has been focused on the DFW area, but I'm here to talk about -- I thought the topic was going to be more broad, and I understand, Mr. Chairman, it is -- to talk about the relationship we've had in San Antonio and Bexar County with TxDOT as we develop these projects.

In our MPO, we don't have the degree of shortfall that the DFW area has, as Michael Morris pointed
out, but it's about $8 billion for mobility projects over
the next 25 years and another $8 billion in maintenance
and rehabilitation funds that we're short for the system,
our equivalent lane miles, et cetera.

In the MPO plan we've identified about a 70-
plus-mile toll network which included both managed lanes,
toll lanes in the median and mostly in the median of roads
that you own, as well as some new location facilities.

In that process, part of the MPO plan, 25
percent of the money in the next 25 years of the toll
funding for the MPO in Bexar County is added capacity toll
projects is going to be funded by tolls. What that did in
the MPO plan that was just released last year, it freed up
money that was allocated for facilities mostly in the
northern Bexar County area, and we're able to do projects
in the southern part of Bexar County we wouldn't otherwise
be able to do.

And David Casteel is in the audience here, the
district engineer. I'm sure if you have questions, he'd
be able to answer that in much more detail than I could.

As you know, we went through some discussions
and opportunities over the last summer about the
comprehensive development agreement on 1604 and 281 that
came in as an unsolicited proposal. We are working very
closely with TxDOT. Your staff has been very, very
cooperative with us. They've allowed us to participate and they treat us with respect, and actually they solicit our comments as we've gone through that review process for those two proposals that have come in on that project.

That's about a 45-mile project, the estimated value was somewhere upward of $4 billion, that hopefully we'll be able to accelerate, and that's what the purpose of all this is is to accelerate projects and give the citizens of Bexar County a return quicker than they would have otherwise.

Part of that 70-plus-mile network, there's three other projects that we've identified that you transferred to us: State Highway 16/Bandera Road, the Wurzbach Parkway interchange and I-35 from Wurzbach Parkway interchange at 281, and I-35 from the Guadalupe County line, Cibolo Creek down to the central business district which is about 17 miles. That's a mixture of managed lanes, toll lanes, as well as a new location facility.

We are in the process of developing a work plan to indicate to you how we're going to develop that project in the next, hopefully, 12 to 18 months, and you have graciously given us money to develop that, some equity money to help pay for the development of that.

Obviously we're looking forward to taking over
that responsibility. The relationship has been we've had
a lot of discussions over the last year, I think we've
worked through them positively. We had the MPOs involved,
the MPOs made a commitment to fund much of our facilities
as toll facilities, and TxDOT has involved us in the
process, and we do sincerely appreciate that, and I'm
bringing that message not only on behalf of myself but
also my chairman and my board, Chairman Thornton and the
board of directors.

On the CDA process, we went through the
process, as was spoken to earlier, about identifying what
we call local control issues, business rules that we would
like to see in the CDA process. That will be discussed in
the detailed proposal which will hopefully be coming up
the first part of next year.

And then finally as I close out, as I try to
finish in my three minutes -- which I'm probably passed,
I'd like to take a moment to introduce my replacement --
which I leave at the end of this month -- Terry Brechtel.

If I could ask her to stand. She is the former city
manager of San Antonio and she has agreed to take on
executive director after the first of the year for the
Bexar County area Alamo RMA.

Thank you, Mr. Chairman.

MR. WILLIAMSON: We appreciate your remarks and
we particularly appreciate the job you did in getting the
Alamo RMA organized and up and running, and even though we
all went through some tough negotiations, as we're going
through with other parts of the state right now, it all
ended up where it was supposed to: the transportation
goals in San Antonio are going to be advanced as a result
of it.

MR. GRIEBEL: I sincerely believe that. I view
those as opportunities, we had the opportunity to have in-
depth conversations of how we're going to coordinate that
process. And thank you, Mr. Chairman.

MR. WILLIAMSON: Thank you for the job you've
done. Don't leave yet.

MS. ANDRADE: Yes, don't leave.

MR. HOUGHTON: Don't leave yet, you're not
finished.

MR. WILLIAMSON: Go ahead.

MR. HOUGHTON: Congratulations for getting this
started.

MR. GRIEBEL: Thank you, sir.

MR. HOUGHTON: I take my hat off to you in
congratulations.

MR. GRIEBEL: Well, with your help, I think
we're in a very good position to jump off, it was a great
foundation, you've helped finance us, you've identified
projects, you've transferred them to us, and you've funded them, and I think it's going to make Terry's job a lot easier. And I just rented office space for the first time.

MR. HOUGHTON: We didn't give them away, now, Tom.

MR. GRIEBEL: No, they're loans, and I do recognize that. I know we're expected to pay those back and I'm sure we will when we put the financing package together.

MR. HOUGHTON: Congratulations to you.

MR. GRIEBEL: Thank you.

MR. JOHNSON: Tom, I'm going to let Hope close because I think it's probably more appropriate that the local person close.

It's been a distinct pleasure working with you over the last several years. We took baby steps at first and the strides have gotten larger and the accomplishments more, and I think you leave the Alamo RMA as well organized and ready to do superb things, and it's got your fingerprints all over it, footprints all over it, and back to my original statement, it's been a distinct pleasure working with you.

MR. GRIEBEL: Thank you. We had our audit, our first required CPA audit issued, and it was clean,
Fortunately. So contrary to all the comments that have been made by our friends to be made out there, we've got a clean audit. So thank you, sir.

MR. WILLIAMSON: Hope?

MS. ANDRADE: Tom, I just want to thank you also. I truly believe the Alamo RMA is where it's at because of everything that you did, and thank you. I think you can leave feeling very proud and look back, and certainly I can tell you that I'm looking forward to working with Terry. I'm going to miss you.

MR. GRIEBEL: I'll be around somewhere.

MS. ANDRADE: But thank you for everything that you did.

MR. GRIEBEL: Thank you, Hope.

MR. WILLIAMSON: Merry Christmas.

MR. GRIEBEL: Thank you.

MR. WILLIAMSON: Okay, Paul, are you ready?

MR. WAGEMAN: I don't know, we'll find out.

MR. WILLIAMSON: Always with NTTA and a good friend to this commission.

MR. WAGEMAN: Good afternoon, Chairman Williamson and members of the commission. I'm Paul Wageman, I'm the Collin County representative on the North Texas Tollway Authority. I'm also joined today by one of my board colleagues, Dave Blair, and perhaps with your...
indulgence, Chairman Williamson, it would be appropriate
to have him come up and we can just do all this at one
time.

MR. WILLIAMSON: Sure, whatever.

MR. BLAIR: Thank you. My name is Dave Blair,
I'm the chairman of the North Texas Tollway Authority.

MR. WILLIAMSON: Glad you're here, David.

MR. WAGEMAN: We just wanted to come today to
support the region's presentation, both Michael's and
Bill's, who we enjoy working with and have a very strong
working relation with, and to let you know that we're an
agency in transformation, and it's a result really of the
reform tools that the legislature has given this
department, and we need to understand that there are
competitive pressures in our region and we have to find
our niche and our role in that, and we very much want to
do that.

I think it's clear that the NTTA is viewed by
the region, by the citizens who drive our roads, as well
as by the elected officials that the NTTA really is the
tolling authority for North Texas. Having said that, we
understand that there are ways for the department to
generate additional revenue in the region to benefit those
same citizens and we need to be cognizant of that when
we're proposing toll projects.
So the bottom line is we have been in consultation with the county, Collin County, and with the four cities which the toll road would run through: Allen, Plano, McKinney, and Frisco. And we are comfortable and I believe they are -- and they are here to tell you this today -- that we can advocate our tolling this project as part of our NTTA system, subject to negotiating a transaction with the State of Texas through your department, through the district with Bill Hale, that meets the needs of the region and of the people who drive these facilities.

MR. WILLIAMSON: I think we all recognize that NTTA is the tolling authority that most people think of in the region, and I would like to think the comments I directed to Allan and Michael earlier, you understand as being neutral and not attack. I think you do exactly what you're paid to do, you're set up to operate exactly as you're set up to operate, and I don't think it's NTTA's responsibility to worry about generating the funds or the revenue that we've got to worry about for the entire transportation system, and I would never hope to put that off on NTTA. But the fact is, we do have that burden.

I read all the time letters to the editor and quotes in newspapers about this toll thing that the commission has come up with is not a road idea, it's a
revenue idea, as if there's something disconnected about
having to find the revenues to build these roads. Of
course, it's a revenue approach, there's not any question
about that, because we're $86 billion short, that's just
the way it is. But I don't mean to ever infer that that's
your responsibility, that's not. You're fulfilling your
role as you're properly supposed to.

    MR. WAGEMAN: We certainly understand that our
role is much more limited than the department's, but as
Allan indicated in his comments, we are developing a
tolling policy which is going to allow us to generate
additional revenue so that we can leverage additional
dollars in the region and do our fair share to help reduce
the overall gap in funding for projects through 2025.

    MR. WILLIAMSON: I think we often don't touch
on it much here because we don't want to create a lot of
discord, but not everyone in the world believes that the
drive towards regional decision-making is a good drive,
for the very reasons that I outlined to you earlier,
Michael, which is sometimes if I'm in Benbrook, I might
have a better shot at equity going straight to the
commission and dealing with the state than my colleagues
within my region are ever going to give me, and I'm not
real sure that I want to be part of a regional system if
I'm always taking back seat to another part of the region.
So the dilemma we find ourselves in, particularly on 121, we know how much toll state money has been sent to the city of Dallas and north as compared to city of Dallas and south, or the city of Dallas and east, or the city of Dallas and west.

And it would be very easy if one wanted to be a demagogue to the great citizens north of Dallas, one could easily stand up and say, Well, you know, there was a whole lot of state money spent north of Dallas and it was okay and now all of a sudden this toll road is causing a problem, and you guys either want to own it yourself or you want to control the rates, you want to keep your cost of living down, but it was all of us that put up a lot of state money years ago to build some of the powerhouse tax roads that are in North Texas, so regionalism seemed to be okay at one time, why is it not okay now? And we have to be sensitive to that; you know that.

MR. WAGEMAN: Yes, we do.

MR. WILLIAMSON: These are the guys that run NTTA. Any questions or comments?

MR. BLAIR: I'd like to address Commissioner Houghton. One thing that you asked, how can we be competitive, and I think Mr. Rutter indicated to you if we had the ability to be 50, 75, 90 years out, we could do a lot more things.
The legislation requires that our bonding only
go 40 years, so we're limited in how far we can go
financially in terms of bonding capabilities. If we could
going 50 years, 80 years, 90 years, it's a much different
scenario in terms of being competitive. So when you say
about a competitive proposal, we can make you a proposal
on the basis of 50 years or 75 years, the problem is that
the legislation that we are under only allows us to bond
40 years.

Now, I'm going to ask the question here before
you that we've been thinking about is what would be wrong
with us being the contractor, the CDA.

MR. HOUGHTON: That was my question.

MR. BLAIR: What would be wrong with that? I
don't know the answer to that, legally, at this particular
time.

MR. HOUGHTON: And don't get me wrong, it's not
all about price, it's about the bigger picture: what is
the whole plan, not for the next three to five, six, seven
years, the next 40 years when the state population in 2040
is going to be 51 million people and most of them living
in the urban areas -- today it's 23 million people.

So what ancillary projects can spin off from
this proposal, not just here's a toll rate, here's your
money TxDOT, go away, what is the bigger picture.
MR. BLAIR: And that's what we're looking at right now. We're putting a group together right now, we'll have our first meeting in January, a group of local folks in our area that have transportation experience. These are not necessarily NTTA people or political elected officials, these are people within our area looking to the NTTA, into its structure and into what we're doing, how we can be a greater asset.

We're a state agency just like we are; we're chartered by the state. I would say technically that our roads are owned by the state since we are a state agency.

MR. HOUGHTON: I look forward to it, I look forward to that kind of broad-brush presentation.

MR. BLAIR: The dynamics have changed tremendously.

MR. HOUGHTON: Sure they have.

MR. BLAIR: And we've got to deal with the dynamics that have changed, we've got to deal with the situation the state is in, we've got to deal with the shortfalls because we're part of the problem and we're part of the solution, and that's what we want to be.

MR. WAGEMAN: Mr. Chairman, I would just want to re-emphasize, as Bill Hale indicated, it's a regional road and it requires a regional solution, and the region really would like the NTTA to be the tolling entity on
this road. And we are very supportive of that, we want to
be the tolling agent, we want you to understand that, we
want you to have no questions about it.
We understand we have to come to an agreement with the
department as to how that works.

But the cities that the road runs through and
the county that it runs through have spoken unanimously
that they would like the NTTA to do it, and it makes
sense, it crosses with our primary road, the Dallas North
Tollway.

MR. WILLIAMSON: And I meant what I said
earlier, in the end, whatever decision the region makes,
we believe in what we say, we believe in regionalism.
This is a similar growing pain that we went through with
the Alamo RMA, different perspective but similar, and in
the end it's going to be okay, in the end we're going to
solve our problems.

I just appreciate you being willing to be here
today and kind of put us on the tee that this is where we
want to take things. It's always good to see you.

MR. WAGEMAN: It's good to see you, Mr.
Chairman. Thank you.

MR. BLAIR: Thank you.

MR. WILLIAMSON: Thank you.

Okay, Ron, do you want to go first or do you
MR. WAGEMAN: I think Ron Harris had another appointment, Mr. Chairman, and had to leave early.

MR. WILLIAMSON: What would Ron want, Jack?

MR. HATCHELL: I don't speak for Judge Harris, I'm sorry.

MR. WILLIAMSON: So you think the three cities first or you think you?

MR. HATCHELL: Let me go ahead and then you can take three cities, if that's okay with you, sir.

Chairman Williamson, members of the commission, and Michael. I'm Jack Hatchell, Collin County commissioner. I'm hoping, after hearing some of your comments, that I haven't said anything derogatory about 121 and the state. I'm trying to think back through my political career.

MR. WILLIAMSON: No, not derogatory, Jack. We've read about our thoughts as if someone called us and asked us and no one has called us and asked us our thoughts about this thing.

MR. HATCHELL: I have always been a strong supporter of TxDOT, having begun my career some 45 years ago, my first employer was TxDOT -- Texas Highway Department at that time, so I'm proud of that service.

I come before you today just to say -- and I
think Commissioner Houghton said most of what I probably want to say -- but Collin County and the four cities that touch this section of 121, that being the cities of Plano, Allen, McKinney and Frisco, have been working with NTTA and have been working with Bill Hale and Michael to try to come up with some kind of a solution.

And what we've come up with now, we started out with the local government corporation, we want to take care of the responsibility and that local government corporation would have spun off excess revenue for use on other transportation projects. But we're working with NTTA now, and we just want to have the opportunity, on behalf of the cities and the county, to come forth with a proposal that's similar to a CDA that will allow NTTA, who is our toll provider for the four-county region, to submit a proposal and take a chance and get into the mix and produce a proposal to produce excess revenue that can be used on other projects.

So I just wanted to come here as a symbol of good faith to deliver that message and try and answer any questions you might have. And I appreciate your time, and I've worked closely with Bill for a number of years, and he is a big asset to our area and I appreciate what he does. And of course, Michael, I'm past chairman of the RTC and three years ago the president of the council of
governments, so I have worked with them for a number of years, and I appreciate what they do.

MR. WILLIAMSON: Jack, you're always welcome here. You're a good friend of TxDOT.

MR. HATCHELL: Thank you.

MR. WILLIAMSON: Anybody want to visit with Jack?

MR. HOUGHTON: Thank you.

MR. HATCHELL: Thank you very much.

MR. WILLIAMSON: Okay, Mr. Purefoy, is it Gary or Greg, George?

George, you said you're just available for questions, and Mike, you said you were available for questions, and Pat says Pat wants to speak, so how do you want to do it.

MR. PUREFOY: If it's okay, I'll just go ahead and take a couple of minutes, Mr. Chairman.

MR. WILLIAMSON: Are you George?

MR. PUREFOY: George Purefoy.

MR. WILLIAMSON: Welcome.

MR. PUREFOY: Thanks. It's a pleasure to meet you.

I'm city manager of Frisco and I have been there for 18 years. I guess I just wanted to kind of give you the thought process behind why we are trying to find
some solutions other than a CDA, and the whole purpose of it is -- and you hit upon it, Mr. Chairman -- is to try to save our citizens some money.

MR. WILLIAMSON: Totally understandable, by the way.

MR. PUREFOY: We feel like that's what we're paid to do.

I don't know a lot about the CDA process because I've been told by the TxDOT officials because they're not allowed to disclose it or they'll lose their jobs, so I'm having to assume a lot of things, the negotiations about what's actually going to occur. They said they had to sign non-disclosure confidentiality agreements.

MR. WILLIAMSON: But that's not about the process, that would be about a particular CDA application.

MR. PUREFOY: And I assume that would be the one that would control 121.

MR. WILLIAMSON: Right. Is that not the case, Bill? You didn't tell him that you'd get fired for talking about the process, did you, just that particular CDA application?

MR. PUREFOY: Not about the process but the particular 121.

MR. HOUGHTON: Yes, that's confidential.
MR. WILLIAMSON: We agree to protect people's proprietary interests.

MR. HOUGHTON: Intellectual capital which if you submitted a proposal, it would be, in my opinion -- whether the lawyers agree -- it would be intellectual capital.

MR. PUREFOY: Right, I understand. But as you can understand, being the government that sometimes things that are done in the dark behind closed doors, we're not saying that it's wrong, but certainly it can lead to --

MR. WILLIAMSON: It's not wrong but you're going to call it in the dark behind closed doors? You're just going to infer it's wrong.

MR. PUREFOY: Well, you don't know what's going to happen to you, and if it's done in the light of day, you know what's going to happen to you.

MR. HOUGHTON: Well, let me correct you on a misconception about a CDA on a toll rate, you talked about price. There's an assumption that a CDA in the private sector, the toll rate will be higher than in the public sector. That's not an accurate statement. I have been on those negotiations, I have seen the numbers, that's not an accurate statement. And I've got to be careful not to go beyond that statement.

MR. PUREFOY: The reason why I said what I said...
is we don't know that because we're not in those
negotiations, so all we can go on is kind of what we've
heard.

MR. HOUGHTON: Right.

MR. PUREFOY: And what we've heard is that the
toll rate would start at 15 cents a mile and go up with
the similar price index. That's what we've heard. Again,
because it is a closed process, I understand that we can't
hear what it actually is.

MR. HOUGHTON: There's so many things that
drive the rate, there are so many moving pieces that drive
that rate, and I think when NTTA comes forth with a
proposal, they'll see the same thing if they don't already
know what drives the rate.

MR. PUREFOY: But from a local level, can you
see that there might be a little bit of concern about
that?

MR. HOUGHTON: Yes, I understand from a city
manager's standpoint and an elected official's, sure.

MR. PUREFOY: I know each and every one of you
love the state of Texas and you love the citizens of
Texas, I know that, but at the same time, again, in our
ignorance, in my ignorance I just assume that there's
going to be some profit paid to the CDA, maybe not, but I
assume that there will be some profit paid to them.
If there is a profit paid to the CDA and you can find another agency, such as the NTTA, that can do it as efficiently as the CDA, it just seems like, using common sense and logic, that that might save the citizens some money and still get the state about the same return because you're not shipping literally hundreds of millions of dollars to a private company.

MR. HOUGHTON: I think I enumerated that with Allan. It's not all about the return, it's about the bigger 40-year process on what assets get built over that time, what excess spins off, and like I said, there are so many moving pieces in the process that drives all of those numbers. I think when working with the NTTA, you'll see that process.

MR. PUREFOY: I understand that, but we've been told that the profit for the CDA could be anywhere from 10 to 20 percent, and again, not knowing what the particulars are, I'm just going to use some round numbers.

If it is 15 cents a mile that it starts at, and let's just say it is 10 percent they get, that means that you could do the same job for 13.5 cents a mile if you didn't have to pay the profit. If it is 20 percent, you could get the same return for 12 cents a mile if you don't have to pay the profit to the CDA. And I understand I don't know what all the negotiations are and that's why I
started by saying I know they're confidential and can't be
disclosed.

MR. JOHNSON: Can I pop in here just one
moment? The genesis of all this conversation was the
report that Mike Morris brought forth and we talked about
"Near Neighbor/Near Time" and the leveraging factor, the
ability to use this delivery mechanism would benefit the
entire region, plus it would benefit the state also.

I'm interpreting that you're trying to isolate
this one segment, the extension of 121 up through Frisco
and on to the northeast, and trying to isolate the
economics of that one particular segment or project, when
as Commissioner Houghton is saying, we've got to look at
the region and the state and see what we can develop in
terms of "Near Neighbor/Near Time" in the whole area. And
so as Chairman Williamson said, clearly economics is a
factor, it's the engine that drives the train, if you'll
pardon the pun. But we're looking at more than just one
segment, we're looking at a plan that basically was the
genesis of this entire discussion, and it's a regional
plan.

MR. PUREFOY: From our point of view, if we can
get TxDOT close to the same amount of money and keep some
money in our citizens' pockets, we think everybody wins.

And that's the only thing that we're asking you to do is
give us a fair chance to see if we can meet that happy medium to try to accomplish the goals that you're trying to accomplish.

We understand, and I support, getting more money to TxDOT. I've said for years that the gas tax needed to be increased, and when you read on this deal that Texans can't afford a gas tax increase, I suppose I understand that, but by selecting particular roads, you're basically putting all the increase on a select group of Texans. And if I choose to drive from McKinney to Frisco on 121 when it's tolled, I will pay the equivalent of the cost of gasoline per gallon.

MR. JOHNSON: But you used a very operative word there: choose.

MR. PUREFOY: I understand. But I have citizens in my city that really have no option to get to Lewisville other than to go down 121, and they're going to be paying that toll regardless. And again, I think you've all recognized it, it's our job to try to look out after the best interests of our citizens and that's what we're trying to do, we're trying our best to do.

And I will say I wish Chairman Williamson was here.

MR. HOUGHTON: He's here.

MR. PUREFOY: I understand his definition of
Robin Hood. Since Frisco actually does pay money back to the state as a Robin Hood school, I can tell you my definition of Robin Hood, and that definition is when you pay more than you have to to support your local community and you send money to the state. There's a few number of school districts in Texas that do that, and Frisco is one of them, and we actually send tens of millions of dollars each year to Austin, so it hits home with us a little bit.

MR. HOUGHTON: Obviously I have not done a good job of explaining. You've said it over and over several times, that money back to TxDOT. That money doesn't come back to TxDOT, that money stays in your region to build transportation assets. We're not taking it from there and sending it to El Paso, it stays there. This is Michael Morris's regional plan and here's how we're going to accomplish that regional plan.

And you put a stake in the ground and said it's 15 cents a mile. No one knows that until NTTA brings a proposal that looks at the region and how they're going to accomplish all the transportation that Michael Morris has planned over there, how to fix that issue. They will come with a proposal to fix Michael Morris's and that region's transportation issues.

But this money does not come to TxDOT. We've got to clear that up real quick.
MR. PUREFOY: Well, I assume it goes to TxDOT projects.

MR. HOUGHTON: In the region.

MR. PUREFOY: I understand. So it's TxDOT projects in the region.

MR. HOUGHTON: And it doesn't have to be TxDOT projects.

MR. WILLIAMSON: Transportation projects.

MR. PUREFOY: But when you get down to it, I know you said 15 cents a mile may not be the number, but that's the number we've been told.

MR. HOUGHTON: I don't know who's telling you. Who is telling you?

MR. WILLIAMSON: One of the difficulties, George -- if I can say George and you can say Ric --

MR. PUREFOY: Yes, sir. I'm from Palo Pinto County so you can say George all day long.

MR. WILLIAMSON: Are you part of the Purefoys?

MR. PUREFOY: I am.

MR. WILLIAMSON: Good lord. One of the difficulties that we face up here is that it is apparent to us that no road in this state actually pays for itself through taxes -- I shouldn't say no road, we think there are some roads that pay for themselves -- but if you just take the gasoline tax and motor vehicle registration fees.
and allocate them as an accountant would, based on mileage and use -- we spent a tremendous amount of money from 1956 to 1968 building a road system and then we spent the last 37 years consuming that equity -- on a cents-per-mile, we're recovering maybe 46 to 48 percent of the actual cost of every road in the state and suddenly it's come home to roost.

I mean, our road system is starting to deteriorate, we can't relieve congestion in our cities, it just don't happen.

So sooner or later, I think, somebody has got to be frank about this and say look, while we respect your position in the city and we respect NTTA's charge to build and maintain a limited tollway system, the truth is it really does cost a whole lot more to build and maintain these roads, probably something on the order of a dollar a gallon in gasoline tax if we wanted to get right down to it, and we're charging 20 cents in the state and keeping 16 of that.

So we have to, at every turn of the pay, ask ourselves how do we lay in place a system that some day will permit us to catch up from the past 25 years and get even over the next 25 years so we don't have New Jersey style congestion and California style air quality and --

I'll get a letter on this one, Gordon -- Mississippi style
economic development, and Louisiana style asset
preservation.

MR. HOUGHTON: Boy, you're going after it.
MR. WILLIAMSON: I'll get lots of letters on
that.
MR. PUREFOY: Throw Oklahoma in there too.
(General laughter.)
MR. WILLIAMSON: How do we avoid all of that?
And one of the ways we avoid it is having to ask the tough
question of ourselves, our staff and our partners: So
what's 15 cents a mile to us? That's nothing, we're
losing money, all of us are losing money. There's no way
to pay for that road and maintain it at 15 cents a mile
for your tolls. What ought the charge be? And we just
kind of believe that the only mechanism we can see out
there to charge the market rate of something is a private
sector run system that is dependent upon consumer choice
to establish the cost of building and maintaining that
road.

MR. PUREFOY: I understand, sir, but in all due
respect, if you were doing that to every road in Texas, it
would be a little more acceptable to the ones that are
just being kind of singled out.

MR. WILLIAMSON: No question about it. That's
the most difficult part of this.
MR. PUREFOY: And in closing -- and certainly I'll answer any questions you want me to answer -- all we're trying to do is find a way to get some money for TxDOT roads within the region, "Near Neighbor/Near Time Frame" and hopefully some other roads too, and yet at the same time, keep the toll as low as we can on our citizens. And that's, frankly, every year when we set a tax rate, we're doing the same type of process when we do that, and if not, we all need to go find something else to do.

MS. ANDRADE: Mr. Chairman, I have something to say. Now, you may want to visit with San Antonio. They had some of your fears when they received an unsolicited CDA where we couldn't openly discuss it, and of course, we've got guidelines to follow so it's not like we're purposely hiding things, we just can't do that.

MR. PUREFOY: I understand.

MS. ANDRADE: But one of the things that I would encourage you to do is to keep open communication with Bill. Once he can share information, he will share it with you, it's just that we can't at this point. But you've got to trust us that we're not doing anything to harm your region, we're trying to help your region.

And again, I want to echo what Commissioner Johnson and Commissioner Houghton have said is these are just not TxDOT dollars, they're your dollars too, and it's
about giving people choices. These are all things that we work on, but I assure you that I don't think any of us sit up here and say we're going to harm anybody, we're just trying to help.

MR. PUREFOY: I don't think anybody is thinking anybody is trying to harm anybody. All we're saying is we think we've found a way to accomplish your goal and accomplish our goal at the same time and both come out a winner in the deal. We've accepted that the road is going to be a toll road, we would just like, if at all possible, to keep the rates as reasonable as possible.

MS. ANDRADE: Just keep that communication open. Thank you.

MR. PUREFOY: Bill and I are having lunch, and I hope, in the same token, that you'll take our comments and look at other potential delivery methods to see if there's a more reasonable way to do it also.

MS. ANDRADE: Thank you very much.

MR. WILLIAMSON: Now, Mike, you were on here to answer questions, or do you want to say something?

MAYOR SIMPSON: I think I need to say something.

MR. WILLIAMSON: That leaves Pat being last.

MAYOR SIMPSON: I think I need to say something, Mr. Chairman, because apparently there's been
something in the newspaper that said that I don't think
you know what you're talking about.

MR. WILLIAMSON: I think the comment was
someone inferred that we'd already made our minds up and
make the best out of it. We don't make our minds up about
this; this is the region's decision, not our decision.

MAYOR SIMPSON: And I appreciate that, and I've
heard that many times today and I appreciate the comment
and the statement that you're making.

I want to just say that I'm speaking -- well,
Pat is going to speak to but I'm actually speaking on
behalf of Steve Terrell of Allen and Bill Whitfield of
McKinney, Pat Evans of Plano, and me of Frisco as the four
mayors.

I want to tell you that there's no doubt in our
minds we've got to do something on the main lanes of 121,
there's no doubt that we have to do the interchange at 121
and 75 and 121 and the DNT.

We as four cities are trying to do everything
we can, as you are, to reduce congestion, to improve air
quality, and to improve the quality of life in our cities.

I mean, we are 500,000 people right now in those four
cities and we'll be almost a million people by 2030, just
in those four cities. So we look at 121 as probably one
of the most important pieces of road in the entire area.
I know you've talked a little bit about the cost and whether it's 12 cents or 15 cents and why is that important, and I can just tell you that what we have faced as a city in Frisco -- and I think all four cities have faced this -- we have all struggled with, first of all, getting our citizens to even consider tolling that area without a lot of people coming to us with hundreds of thousands of e-mails saying don't toll it for a couple of reasons. One is the major north-south road into Frisco is a toll road and the major east-west road will be a toll road, and when Pat Evans talks to you about Plano, she even has a more dynamic situation.

But I think the key thing here is that we finally, after a year of all four cities working together, got the four mayors, the four city councils to all agree we are never going to get this road built in the next 15-20 years unless we agree to toll it. And then we took the approach of, okay, if we toll it, how do we toll it. That's how we started out with the local government corporation, and we understood your concerns there and they were expressed back to us about what your concerns were.

So we then started looking at what can we do to provide that road as a toll road, get it built as fast as we can, and for what we know -- and I don't want to
reiterate all the things that George has said and what
you've said back to him -- but our feeling was, based upon
the information that we had, that the best solution at
this time would be to utilize the NTTA. We felt like they
were a known entity, they were successful, they were
progressive, and that we had local representation, and so
we were looking and we are looking to have them
considered, just like you would consider a CDA.

I mean, I will tell you that I made a
statement -- and I don't know if this made the paper or
not -- that I would hope if you will accept unsolicited
proposals and now solicited proposals from a foreign
company as a CDA that you would at least accept either the
recommendations originally of a local government
corporation from four of the biggest cities in the Dallas-
Fort Worth area, and now through what we would like to do
with NTTA.

And I guess we certainly have worked very well,
I believe, with Michael Morris, with Bill Hale and with
NTTA. Michael talked about 35 meetings; I can assure you
it's been 35 or more meetings that we've held over the
last year with our four cities and the county trying to
find a solution.

Maybe we are totally misinformed, maybe you
will come back, as the commissioner said, and tell us that
a CDA is going to be this much and NTTA is up here, so what is your concern. And all we're saying at this point is we would like the NTTA proposal to be considered just as you would a CDA, and right now our preference is to work with the NTTA.

But you know, there's another thing that's probably been put in the newspapers, and that is there's a perception that if all four cities would say we don't want it tolled, there's a perception that you'd say we're going to toll it anyway. Now, what I've heard you say today is that's a regional decision, and I don't know if that's correct or not.

MR. WILLIAMSON: No, that would be a regional decision. And the problem -- and I think Tony Hartsell quoted me accurately on this -- the problem that right now your cities face, next month it's going to be Fort Worth, the month after that it's going to be probably some cities on the southeast corner -- if I understand Michael's comments on 161 correctly -- the problem every city in the Metroplex and ultimately every city in Harris, Fort Bend, and Brazoria counties, and ultimately every city in Bexar, Travis, Hays and Williamson counties faces is sooner or later if you're a regional compact, your regional partners are going to look at you and say, Well, you had the chance to toll that road and you passed, why should we agree to
allocate any state aid to your area? We're going to take
the state aid on a straight-up vote, or however you do
things, Michael, and we're going to spend it down here.

I've expressed to some members of this audience
with whom I'm very close I see a tremendously accelerating
deterioration of regional thought in our state based on
transportation, air quality, and perhaps even public
education. And the guy we work for is real focused on
gluing regions together, not letting them disintegrate.
I've heard him say more than one time I don't want Detroit
to ever happen in Texas, I don't want there ever to be a
day when people in Frisco aren't as equally concerned
about downtown Dallas as they are about their own city,
because if we don't stay glued together, we'll end up
being like so many other urban areas.

And that was the limit of my comment. We
believe in regional government, the guy we work for
believes in regional government.

MAYOR SIMPSON: And I believe the four cities
are good regional players, I think we're all working
together with the county, and I think we're all concerned
about the state.

Again, we want the NTTA proposal to be
considered, maybe it's one of the considerations, and we
would like for you to do that.
We are making, by the way, just so you know
what our city is doing, we've spent $68 million on state
roads with Frisco funds in the last eight years and we're
building $152 million worth of our own local roads, so
we're making our own contributions.

Thank you for giving me the opportunity to
speak to you today.

MR. WILLIAMSON: Thanks for coming.
MAYOR SIMPSON: And let me know who's writing
that and I'll talk to the reporter myself.

MR. WILLIAMSON: Have you got anything for
Mike? I think they're okay. Pat? Good to see you again.

MAYOR EVANS: I'm Pat Evans and I'm the mayor
of Plano, and I did want to tell you that all four of the
mayors did come because we did believe it was so important
for us to come down and tell you how much we support NTTA
as being the builders and operators of this toll road.

Steve Terrell and Bill Whitfield are back here
and they did make the trip, so I did want to make that
clear. We're not just speaking for them but they are in
the room and could come up and speak to you themselves if
you want to hear from them too.

I did want to tell you that Plano is a very
regional player and I am too. I'm on the Regional
Mobility Council in Dallas, I'm also on the Regional
Transit Council, I am also on the executive board of the COG which is 16 counties, and Plano has always, our council, our staff have always been very regional players. Right now we're even talking about working with the whole county on 75 pass-through tolling to go ahead and start paving and enlarging and working on 75 from McKinney all the way to Grayson County for you, and going ahead and doing that for you and then having you pay us back later. So we are working on regional solutions all the time in that area.

And we've already, right up front, donated our 60 acres of frontage on the right of way of 121 and we've been working from the very beginning to facilitate this happening, because we know it's got to happen and how important it is.

But I do want to tell you something about Plano. Our southern boundary is formed by George Bush Tollway, our western boundary is formed by the North Dallas Tollway, and our northern boundary will be formed by the 121 Tollway, so we are hemmed in and bound by tollways on three sides, and our eastern boundary is just that big.

So our citizens do feel pretty bound in by tollways, and I did and have and will continue, I know, after today get tons and tons and tons of e-mails. We're
just inundated by triple taxation and triple tolling and
triple all this just runs off the tongues real easy, and
they do feel overrun by tolls in Plano, we're surrounded
by them, and this will be another toll. So I know you
talked about regionalism and fairness and equity, and
Plano is surrounded now by tolls, so it is a sensitive
issue. You can't get anywhere, you can't get out of Plano
without paying tolls, and there are people in Plano who
it's a serious economic consideration for, so I want you
to think about that.

So while you say it's not the money, it is
important to us, and we respect what North Texas Tollway
Authority has done for us, and we can work with them, we
trust them, they do excellent work, they are responsive,
and they do take a local point of view but they also take
a very regional point of view, and their projects are,
like I said, just very responsive to us and come in top
quality and in every way excel.

And so we wanted to make this trip here to make
an important point to you that we strongly, strongly back
the North Texas Tollway Authority to build and to operate
121. So thank you.

MR. WILLIAMSON: You're always articulate.

Members?

(No response.)
MR. WILLIAMSON: Thank you very much.

MAYOR EVANS: Thank you.

MR. WILLIAMSON: I don't have cards from the mayors that Pat mentioned. If you wish to come up you can, but it's not necessary.

Do you want to wrap it up, buddy?

MR. SAENZ: I think Michael wants to say something.

MR. MORRIS: Mr. Chairman, members, to recap the five: number one, 161 in Dallas County and 121 in Denton County, move forward with CDAs as quickly as possible; number two, over the next 60 days you'll see us evaluate the remaining portions of those toll roads, working with partners, doing due diligence, recommendations will be coming back to you from the region through the Regional Transportation Council on how to move forward; number three, we have lots of managed lanes, we'll be talking to your staff about how to get CDAs up and running on them as quickly as possible; we have the Trans-Texas Corridor initiative and we await some partnership with regard to how we can integrate those two facilities together.

We have focused 90 percent of our conversation on 10 percent of the toll road projects. I just wanted to reiterate the commitment the region is making in moving
forward, and that 10 percent we think will be resolved, at
least for some of those projects, over the next 60 days.

Thank you.

MR. WILLIAMSON: Michael, we really appreciate
the work you do.

MR. SAENZ: I guess just in closing, commissioners, we have started and have been working with
RMAs and county toll road authorities and RTAs to kind of
come up with a mechanism where we can work together
because we want to be able to gain on some of their
strengths and try to incorporate the new tools and allow
them to be able to participate or have the opportunity to
participate when we go through the CDA process. We're
going to continue to do that, and the goal is to be able
to put those assets on the ground and try to get those
assets to provide as much as we can so we can build more
assets sooner for people to use.

So with that, I'm going to go ahead and close
and I'll be happy to answer any questions.

MR. WILLIAMSON: Questions, members?

MR. JOHNSON: I have one question. Amadeo,
this has been a lengthy and extensive discussion. Has
anything been said from up here or is there anything in
your mind that would lead you to believe or that you have
heard that would indicate that the NTTA would not be
considered as let's call it the partner or the prime agent for the delivery of 121?

MR. SAENZ: No, sir. Like I said, we have an unsolicited proposal and we're moving forward with a 121 CDA procurement. We were coming up with a mechanism to allow NTTA to be able to provide some of the services that they provide, not only for 121, for the 161, for 360, for all of the procurements that are open in the Dallas-Fort Worth area, and nothing has changed that.

MR. JOHNSON: Thank you.

MR. WILLIAMSON: Anything?

(No response.)

MR. WILLIAMSON: I have two things, Amadeo. It was apparent to me that Mr. Purefoy has some legitimate concerns about the need to protect intellectual property in the CDA process. Being a Purefoy from Palo Pinto County, he's a hardheaded and good common sense thinking guy, and I've been thinking a little bit about what he said, and we may have the same situation developing in North Texas that we had temporarily with the San Antonio guys or the Bexar County guys, and that is a need to figure out a way to include at least one person who can act as an information broker with the cities and the counties to sit in on the analysis process so as to communicate to the public and to the elected officials how
the process works and to assure them that there's no
unethical decisions being made behind closed doors in the
dark of night.

So I want you to visit with Bill and visit with
Michael. I mean, maybe we need to have Michael sitting in
on this stuff, I don't know, but we need to develop a
mechanism. I think what we did in Bexar County relieved
citizens' concerns about that process and we may need to
do the same thing in North Texas.

MR. SAENZ: And I think really part of it,
there's an educational process that we can go through on
the process itself. We cannot discuss the actual
procurements unless we go through it and come up with a
mechanism very similar to what we came up with in Bexar
County where we can have someone there so they can sit in
and see that what we're doing is basically following the
process that we have put in place that everybody knows is
and we follow it down the line.

MR. WILLIAMSON: And I'm just saying, we don't
lose by figuring out who that neutral party is to
communicate with the cities and counties so that they're
assured that there's no deals being cut in the dark of
night. We know that but maybe we need to do something to
be sure they know that.

MR. SAENZ: We'll work on that.
MR. HOUGHTON: Hope, did you have something you wanted to add?

MS. ANDRADE: Since we did this in San Antonio, remember that workshop we had on CDAs?

MR. SAENZ: Yes, ma'am.

MS. ANDRADE: I can't tell you how many people came up to me later and said how much better they understood and how more comfortable they were.

MR. SAENZ: That's part of the educational process I was talking about, and it's basically one on one where we can explain what is a CDA, what actually happens, and what are the benefits. I very briefly touched on them as part of my presentation, but like we did in San Antonio, we went through a hypothetical scenario, but we were able to show people what are the benefits of it.

MS. ANDRADE: Yes. We spent a whole day, we had three or four sessions, but they were well worth it. And I think what they will find is that some of their concerns are premature. Thank you.

MR. WILLIAMSON: The second thing, Amadeo, I started to bring this up several times during the 3-1/2 hours and I realized it might seem argumentative, so I waited until the last. This is directed to Michael and to Bill and to Paul, primarily.

The goal of the department, the goal of the
commission is a completely, totally electronic, no-
exceptions toll system. We really don't want to litter
the Texas landscape -- no offense intended -- with coin
box collection. We envision that if you get on a Texas
toll road, you're electronically paying for it, and that's
it, and if you haven't got the setup to pay for it, you
don't need to be on it, and we envision an enforcement
system to make that happen.

We think it's kind of difficult to enforce our
vision of that onto NTTA and HCTRA, and so as you're
working through how NTTA might be the provider for this
and all other toll roads in the North Texas area, give
some thought to how you reach the commission's very
important goal of no boxes, no stops, no gantries, no
disruptions. This is the electronic age. We think the
day is coming where you just put your Master Card up as
you go by and it will track you and you can pay for it by
your card -- it's not there yet.

But we don't want coin collection on our toll
roads at all, not at the exits, we don't want a big plaza
over here you can go to, we don't want any of that. We
want 70 miles an hour, hit the registry and keep going.
We want to relieve congestion in all cases. So try to
work towards that as you're trying to figure it out, if
you would.
I want to thank everybody who participated in this. Moreover, I want to thank everybody who sat here and listened. There was a particular reason why I needed the corridor group to listen to this. I think, Tim, you may get mad but I think you may have learned a lot about how to make us think about what you have to say by watching what we just went through.

I'm sorry, Amadeo.

MR. SAENZ: I guess one point that, as I was listening to all the presentations after mine, is that we need to realize that the region is the entire region and not only a subpart of a region.

MR. WILLIAMSON: I'm glad you pointed that out. When people ask us what we think about regions, we instinctively think about COG regions and how they relate to TxDOT districts. We don't think about just four counties in the middle or two counties in the middle or five, and if we did, we'd be fired because one of the things the governor worries about more than anything else is people in Weatherford not caring as much about what happens in downtown Fort Worth as they do about Palo Pinto. He just has this tremendous fear for the future of our state that we have to all kind of stay glued together, that this is one Texas and every city center is important to us, not just a couple of counties.
I'll never forget at one point in my life
Duncanville was thought of as the next Plano. Now, that's
not what happened, Plano became the next Plano. But I can
remember the day when everyone said that the technical and
growth corridor of Texas would be Duncanville. Now,
imagine what would have happened if we didn't think about
serving Plano's needs as it developed despite the fact of
what we thought was going to happen. We just don't want
that to happen in Texas.

Is that it, Amadeo?

MR. SAENZ: Yes, sir.

MR. WILLIAMSON: Thank you very much.

We would normally take a break but we're running way behind so we're not. Break as you need to.

We're ready to hear from the corridor people.

MR. BROWN: Mr. Chairman, members of the commission. I appreciate the chance to be here. My name is Tim Brown. For those of you I've not met, I'm a Bell County commissioner right up the road, and I have the honor of serving as the chairman of this citizens advisory committee.

And if I may beg an indulgence, I'd like to have our committee members who are still here stand.

MR. WILLIAMSON: It's been a long day.

MR. BROWN: We started off with almost a quorum

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but several of the members had to make travel plans.

Thank you.

And I want to apologize for this. Since I have so many people behind who are going to be keeping track of what I say, I am going to read from prepared documents, which I normally would not do, but I want to be sure that I more or less get this right.

And I've got to acknowledge, Mr. Chairman, that we certainly understand the significance of the discussion that just preceded us. It is central to a lot of the issues that have been discussed in our committee, and if I had a chance to go back and rewrite this draft and clean it up a little bit, I probably would, but we're not insensitive to the realities that you're grappling with here.

To begin with, let me tell you just a little bit about this committee, again, for those of you who may not be as familiar. We're a diverse group, as I'm sure you know; we represent a wide range of geographic and ideological perspectives; we have members from all over the state. We have members who came into this process with predetermined notions about the corridor concept, both for and against. We have members who have very strong feelings about specific issues related to the corridor.
But I can tell you that the group has worked really hard and we have invested ourselves in the effort of trying to analyze this thing in an objective way and keep our minds open. These folks travel in here once a month from all over the state of Texas, at their own expense, and devote time to this process, and we're really trying to do our homework.

We do have various levels of sophistication represented on the group. We have people who have a lot of transportation experience and others who have virtually none, so bearing that in mind, our dialogues internally at times are more of a learning process than anything else.

As of yesterday, we've met seven times and the first two meetings were devoted with just organizational issues, electing chair and co-chair and setting some rules in place and that sort of thing. We went through a formal process to identify a list of specific topics. We just went through an open discussion and listed 30 or 40 or 50 different things that came to mind that we either brought to the table with us or things that constituents had raised concerns about the corridor concept.

And then we went through a process to prioritize and group those so that we could organize our thoughts in a more efficient way, and then we formed some subcommittees to go after the process of examining those
individual topics more directly.

Obviously we're still in a very early stage in this process, but the committee felt like it was time that we began to report back to you, at least on a preliminary level, the substance of our discussions so far, so here we are today.

First of all, let me tell you that the one thing we all agree on is the fact that we are in a transportation crisis in Texas, there's no question about it, specifically along the key corridors in the most populous regions in the state. I should hasten to add, though, that we do feel that there are a number of the corridor segments that were identified in the original grand scheme that was rolled out that will never be built, and we base that on just a fundamental look at the population dynamics around the state.

I don't want to pick on a region of the state, but we think that factors like the availability of water or the non-availability of water will preclude massive population growth in certain parts of West Texas, for instance, and so forth. So those corridor alignments that were proposed on that initial conceptual map may not reflect accurately the true course of development that we'll see over time.

Unfortunately, we think that's probably one of
the fundamental flaws in the way that concept was
originally rolled out because it was so big and it scared
a lot of people. We realize that's water under the
bridge, but that's the sort of thing that we're hearing
back from constituents out there.

As I indicated, our original organizational
approach was to break this thing down into manageable
bites. We've really spent time on three key areas so far,
and then there are several others that we've not gotten to
yet.

Generally, the first is location and a set of
peripheral issues that are related to location.
Understandably, this is the single topic of greatest
interest to most of the members. First, and predictably,
a number of our members have very strong preferences, very
strong opinions about specific locational issues that are
particular to their region, and that's exactly what we've
been listening to here today.

We know that the Dallas-Fort Worth region, for
instance, has a specific idea, they have a specific vision
for what they thing the TTC should do when it gets to that
region of the state, and clearly some of our members have
brought those kinds of opinions into this process, and
they feel or hope that their participation in this process
may be a means of influencing some of those locational
decisions over time.

We understand that that may not necessarily be the case. We're here to try to talk this on a conceptual level, if we can, and that's the way we tried to keep it. I will say in general that our committee does agree that many of the alignment decisions should not be made in the vacuum of the NEPA process alone. This is really a significant point, we've spent a lot of time on this.

It seems that the process has worked that we've rolled the concept out, we've started into the environmental process to define these hypothetical alignments, and that goes through the NEPA process as defined in federal law, and we understand that. But that happens independently of the kind of input that we feel is appropriate from the MPOs and from other community leaders and business leaders, the very people that we're listening to up here today from North Texas and other regions around the state.

We feel that it would be more appropriate if there were some way to do it to incorporate a heavier level of that sort of input on the front-end of the process and not just rely on that NEPA process to determine what those alignments are.

Now, we don't have specific recommendations on
how to do that and we understand what a sticky problem
that is because you are dealing with federal law on one
hand and you're dealing with political and economic
realities on the other, but that public input on the
front-end of the process we feel is very, very important.
Related to location, the second largest piece
in all of these topics that overlap, by the way, is
connectivity, and perhaps connectivity is not the best
word, I think a better word is integration. And again, we
heard a whole lot about today with the discussion in North
Texas, their concern on how the TTC concept is integrated
into their local and regional transportation grid as a
critical piece.
Unfortunately, it seems that the Trans-Texas
Corridor, as it's been proposed, is a linear unit that's
almost discrete, it seems to exist out there in spatial
isolation if you look at some of the maps, and again, we
realize that nothing is final. But it's a bypass system,
and we're concerned that if it's not more carefully
integrated into our existing communities and into the
transportation network in our existing communities, that
it will be ultimately detrimental to those communities
economically and ultimately detrimental to the corridor
itself because to function feasibly it's got to attract
usage enough to pay for itself.
We've got to consider connecting into transportation infrastructure or elements of infrastructure that may be not even on the ground yet. There are things that are evolving in certain communities around the state that will substantially change the picture of transportation over time in Texas, such as trade processing centers, inland ports. Obviously the Alliance Airport is an existing facility that's a perfect example of what we're going to see in other communities around the state. San Antonio is very actively developing the Kelly project, Dallas is developing sort of a virtual trade processing center.

As the impacts of international trade continue to evolve, as trade barriers fall, as we see a larger and larger share of trade flow in from Central and South America or from the Asian Pacific theater through Mexico and through the Gulf, we're going to see a larger and larger impact on our local communities because of the significance of that flow of international trade. It's been an absolutely dramatic transformation that we've seen since NAFTA was first enacted.

You don't have to look any further than just census data from the decade of the '90s. The population growth in Texas occurred along the trade corridors; 80 percent of the population in Texas occurred either along
the I-35 corridor or the I-45 corridor, a couple of key regions along the coast and key regions along the border, and that's a significant thing that can't be overlooked. And the way that flow of commerce dovetails into our transportation system is something that's got to be integrated into the planning process for the TTC because the TTC will serve that flow of commerce, and it's important that we recognize where that flow of commerce is going.

And I've completely left my notes. I'm going to just skip on down and discuss location, the one thing that I've got to mention that's a negative, because we hear about it so much. I know you're aware of this but I think I would be remiss if I did not mention the fact that our rural communities will be so heavily impacted by the development of the Trans-Texas Corridor that we've got to be very, very cautious about what we do and the decisions we make, both specifically where it's built, how big it is, how it connects, what the access to it looks like, all of those kinds of questions.

Family farmers are an endangered species in the state. This will have an impact on one of those critical regions like the Blackland Prairie. It so happens it's critically important to me personally because I represent a county, the eastern half of which is in the Blackland Prairie.
Prairie, and I've got to tell you I've never seen an organized effort like this Trans-Texas Corridor has produced in that part of the state.

I've got landowners who have never been politically engaged in any way whatsoever who are adamantly opposed to this, partly because they don't understand it, but they're scared to death, and so we've got to be very careful about that.

The second subcommittee -- I'm going to move on as quickly as possible in the interest of time -- the second subcommittee focused on some of the surrounding modes of transportation. The committee was loosely called the Multimodal Committee, and we produced a resolution that simply states that all modes of transportation should be considered in corridor planning. Now, it's a very simplistic sort of statement and we understand that your primary concern, first and foremost, is to handle the congestion on our highways, provide relief for congestion on our highways.

We have some dissension among our committee on this, but we do believe that rail is going to play a larger and larger role over time, particularly in the movement of heavy freight. Getting back to my comments about international trade, we think there are opportunities there to provide some real significant
relief, particularly to truck traffic, if we can find ways
to incorporate a larger share of rail and transfer a
larger share of that sort of heavy freight to rail.

Now, this might not necessarily mean that we've
got to go out there and build new freight rail alignments
in the corridor, it might not be necessary that we build
every element that's been proposed in each segment of
corridor. Working through those trade processing centers
and those multimodal hubs that are being developed in our
major urban areas, perhaps we can achieve greater
efficiencies in the transfer, utilizing a greater share of
the transportation infrastructure that's already on the
ground today, and to get back to that whole key word about
integration, trying to tie back to what's on the ground
today.

And again, the subject of using rail to move
people keeps coming up. We've heard discussions about
that in the previous presentation. We think that the
promise of moving people as part of a large corridor
system, moving people large distances is probably not
going to be feasible for years, but it's got to be
included at least in the conceptual planning process now.
We realize that it has been to an extent, but again, it's
a matter of prioritization of the resources, and we feel
like not setting that completely aside, we've got to be
realistic and solve our first problems first.

The third major topic that we focused on, and this is really the most complex, has to do with the financial aspects and the feasibility of projects, and I think feasibility is really the key word that drives a lot of the discussions that we've had so far.

As a starting point, let me say that we're in total agreement that the corridor development project should, at the very least, be revenue-neutral, and by that I mean revenue-neutral with respect to our existing funding stream to existing transportation systems. This is something that's vitally important to our local communities and I think it's something that maybe brings us to a point of disagreement.

I'm not going to say that flat out, Mr. Chairman, but I think that the premise that's stated in your document where you lay out the priorities of transportation for Texas seems to represent the idea that any increase in gas tax or any increase in other funding sources is off the table and that every increase in capacity that we're going to achieve from here on out is going to be toll-financed.

The fear we have is that there are so many projects that need to be built in parts of the state that will not be toll viable, they will not be feasible, and
they're going to continue to create an ever-growing demand for resources above and beyond what's available today. I don't think that we can ever completely take off the table the idea that we may have to look at increases in gas taxes or look at other traditional taxing sources of revenue to try to increase funding to our transportation system.

In other words, toll financing is an entirely legitimate and viable and very reasonable funding solution in some cases, but it's not going to be the answer in every case. And when you look at a system approach, as you appear to be doing here, there are going to be elements of this system, particularly connectivity, that may not be achievable through toll financing.

I think my own region is a perfect example. If the Trans-Texas Corridor goes through the east side of Bell County, our population centers are on the west side of the county, we're going to have to build some really significant upgrades to our east-west thoroughfare system across the county just to provide basic connectivity, but we're talking about a small medium-sized county with limited traffic flows, and the preliminary numbers that we've looked at don't suggest that building connectivity through an RMA or some other structure would be feasible, we don't think there would be enough traffic to pay for.
itself.

So that's, I think, a weakness in the corridor system. If you can't figure out a way to get people out there to the corridor, the corridor is going to be weakened; if we can't connect back to our local communities, then we enjoy no benefit from the corridor. So we've got to find another mechanism for paying for those, and under the existing scenarios, it seems the only way we could do that would be to re-prioritize our local projects and divert monies that were otherwise allocated for projects that are on the books to build connectivity which means there are other unmet needs.

So I think this is a central point and I'm going to say it one more time, toll financing is not the entire answer, I think we've got to try to keep some other options on the table.

MR. WILLIAMSON: Tim, I intended to try to let you go through your entire presentation and not interrupt you, but I'm afraid I can't because there's something I need to ask you about.

MR. BROWN: I'm almost done.

MR. WILLIAMSON: So can I interrupt and ask you one question?

MR. BROWN: Absolutely.

MR. WILLIAMSON: I don't think we would want to
imply to any citizen and specifically to a committee of
volunteers we've asked to assemble to give us advice,
check us off, tell us when we're right, tell us when we're
wrong, that we are against whatever revenue stream the
congress or the legislature would wish to create.

MR. BROWN: I understand.

MR. WILLIAMSON: And we completely understand
that your position would have to be we don't believe we
should take gasoline tax off the table. I just want to
emphasize to you our viewpoint of that.

We don't think it matters what those interested
in transportation say to the legislature and the congress,
we believe that transportation commissions across this
country have to resolve themselves to the fact that those
taxes aren't going to be raised ever and that we have to
plan appropriately if we intend -- particularly those of
us in donor, high-growth states, we have to make
alternative plans because to not do that would be to
continue to permit our system to congest and deteriorate
and weaken air quality and lose jobs, and we're just not
prepared to do that.

So we don't mean to say we disagree with you
necessarily. If you can talk the legislature and the
congress into changing the funding stream, power to you.

We just reached a decision three years ago -- the governor
reached a decision four years ago that he believes he
knows the way the world is going to go and we don't need
to plan for something different. That's all.

MR. BROWN: I understand.

MR. WILLIAMSON: And we think there's reasons
why.

MR. BROWN: And we don't disagree with any of
that. I personally think that the governor and the
leadership in the state did the right thing by providing
some alternative funding sources -- and I think my
committee would agree with me on this -- and provide you
with some tools to build infrastructure that otherwise is
never going to be built under the existing funding
scenarios. I mean, we're all in agreement on that.

Going back to my opening statement, we have a
crisis in Texas, there's not enough money to pay for
everything. But I think we've got to be cautious and
realistic at the same time and realize that tolls won't
pay for everything either simply because there are so many
projects out there that are not going to be feasible, and
we have to be very careful about that.

MR. HOUGHTON: Did you get a copy of the United
States Chamber of Commerce report on the Highway Trust
Fund, their analysis?

MR. BROWN: The latest report?
MR. HOUGHTON: Within 30 days?

MR. BROWN: No.

MR. HOUGHTON: That should be given to this committee as to the crisis and their recommendations.

MR. BROWN: I've watched their reports from year to year, but I've not seen one.

MR. HOUGHTON: Specific to the Highway Trust Fund, Federal Highway Trust Fund.

MR. BROWN: No, I have not, Commissioner, and I look forward to seeing that.

MR. HOUGHTON: Yes, we need to get that to them.

MR. BROWN: And I realize that we're preaching to our partners in this frustrating situation on this, and this message really needs to be delivered to our leadership and the decision-makers in the capitol, but I think it's very important that we understand each other on this.

We're not criticizing the use of tolls, we're not criticizing the flexibility that's been given to TxDOT to do its job. We think that these are wonderful tools and they're producing some wonderful results, but we don't think they're going to solve every problem that we're going to see that's contingent to the corridor concept.

Let me speak on this issue of feasibility just
a little bit more, and this is really for corridor
projects themselves. It seems to me that a comprehensive
analysis of our traffic streams -- and I'm talking about
potential users -- has really got to be done as part of
the front-end process. Now, I've talked to Mike about
this and I'm assured that this is going to happen
somewhere down the line.

But we're talking about drilling down into the
stream of trucks that are rolling up and down Interstate
35, for instance, or rolling along the Gulf Coast, and
doing the same thing with passenger traffic, and doing
complex origin and destination studies to figure out where
those people are going, where those truckers are
delivering those loads, where they came from, and then
take that data as a decision-making tool to plug into a
model to try to generate what those actual revenues are
going to be.

Now, I'm told that this happens later in the
process, and it's going to happen when a bonding agency,
for instance, is going to issue bonds, they're going to
generate all this kind of data, but it seems to me that on
the front-end, as transportation planners, we need that
kind of information to make really basic, fundamental
decisions about where we can and can't build these
corridors.
It doesn't make much sense to roll an alignment out on a map that we're going to find out later on is not feasible in the first place, and we're going to invest a lot of time and effort in developing preliminary engineering and going through public hearings and doing all kinds of stuff, and then we may find out that our utilization is going to be a fraction of what we thought it was.

So it seems to me that pulling that sort of detailed comprehensive feasibility analysis further to the front in the process as a planning tool is a significant fundamental step that needs to be done and it's not part of the process now. It seems to me that the alignment decisions are based on the NEPA process and then further down the line we get to feasibility, and it's backwards. It seems to me that we're leaving a fundamental part out on the front-end.

There are a series of concerns that I'm going to run through here very quickly, and I'm sure you've heard them all, but one of the basic concerns with the TTC process itself is that it will drain resources from local communities, and I've already given you one scenario under which that would occur. If it's necessary for us to re-prioritize our existing transportation dollars to provide connectivity, then that is, in fact, a drain.
A second concern is that the state would have to dedicate some larger portion of other available dollars to a segment of the corridor that was perhaps not feasible or was marginally feasible in order to sweeten the pot, so to speak, for a concessionaire to push the corridor forward that otherwise wasn't going to pay for itself on the front-end.

Some of these things are going to take years and years and years to pay back, some of them are not going to be feasible on the front-end but they may be 30 or 40 years from now, and the fear is that the state, in its desire to get these things on the ground now, legitimately is going to use other funding sources to sweeten that pot. And again, any decision that's going to result in a net reduction through our available funding streams is going to be unacceptable.

We strongly feel that regardless of what we build in these new corridors, the existing interstate system and our existing regional grid is still going to carry a vast majority of the traffic. Now, I realize we've got to build for the future, but we can't forget that we're not going to divert a lot of traffic out there. We're going to push traffic out there eventually, but our existing system is going to continue to be overloaded, and so we've got to continue to preserve and protect those...
funding sources that are necessary to keep that system working and to make incremental improvements where we can.

You know, I understand that we're locked in in terms of right of way in so many places, we can't add capacity in our existing urban areas and so forth, but there are incremental changes that we need to be able to make over time and we've got to have the funds to do that.

The bottom line, quite simply, is we're concerned about the under-funding situation all the way across the board, and the fear is largely that the corridor concept will solve a problem over here but neglect a problem that's in our own backyards.

One of the final things that I really want to talk to you about is communication. As you sense from the comments that are coming back from our committee, a lot of what we talk about are the same fears that we hear about at home, they are things that we pick up from the letters to the editor, the phone calls that we get, they're the concerns that are raised through our local MPOs and so forth, and it seems that we have not done a good job in really addressing the public information process.

This is an enormous concept, it's the biggest thing that Texas has ever rolled out in terms of transportation, and to be perfectly frank with you, it's just scared the bejeezus out of a lot of people. There's
folks out there who don't know what it's going to do to
them, they imagine the worst, quite naturally. And so I
think that because of the scope of the project, it's
imperative that the scope of the public information effort
be equally huge.

I know that with TxDOT's limited resources they
can't spend a lot of money on public information beyond
the normal public hearings that you hold for any project,
but I think it would be appropriate, and my committee
feels very strongly it would be appropriate that some
effort be made to ramp up the public information effort on
this, just to dispel a lot of those misconceptions and
those fears that are out there.

We can't go back and start this thing over,
obviously. I think the way it was rolled out initially
spooked some people and now we're playing defense,
frankly. We're on the other side of the table in trying
to answer concerns; some are legitimate, some are not.

I'm going to close briefly. I'm not going to
read these to you but we have four formal resolutions that
have come up through our committee process, and two of
them deal with this issue of public communication.

One relates to location and it's also related
and it basically says to consider more input from more
sources than you normally would in determining location

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and connectivity issues, quite simply, not just from the MPOs but listen to business groups and other transportation advocacy groups that may not always be part of the process, and again, try to be more inclusive and more comprehensive in your public dialogue on making location decisions.

The second one deals specifically with public communication and has some very specific language about recommendations about doing it, not necessarily a media campaign, we don't want to create the perception that you're trying to sell something or trying to convince the people of Texas that they should swallow something, but inform people, get people clued in to what the real facts are.

And the third one, one of the most significant pieces of this public information thing is a clear definition of need. I think a lot of people are not convinced that we need it in the first place, and that's something that's got to underlie any public information effort, we've got to first remind people of the situation that we're in. People that are out there in some of these smaller communities who don't see any traffic congestion, they don't see a problem, the problem is over there somewhere. And somehow we've got to make that case that this is a state problem and that our future depends on it,
that our economy depends on it, that the future for our grandchildren depends on it, and that's a central part, that statement of need.

And then the fourth was very similar to the first one and it has to do with dealing with regional contacts and trying to be more inclusive in soliciting input on all kinds of dialogue and decision-making processes. And I'll just leave these with you.

That essentially summarizes the discussions we've had. We've been bringing subject matter experts through the process to try to get ourselves educated. We've learned quite a bit, we've got an enormous amount of ground yet to cover. We hope that somewhere not too far down the line we'll have some very specific recommendations that we can make that might be helpful to you.

I can tell you we're very grateful, Mr. Chairman, that you came over and spent time with us yesterday. We've been grappling with some fundamental questions internally about what is it that we're supposed to be doing, what is it the commission needs from us, and so any guidance that you can give us as we go forward that helps define what our mission is will help us do a better job for you.

We'll continue to work through the coming year.
I mentioned a technical issue to Mike a while ago. I think that it will be appropriate or necessary for you to enact some formal minute order or something that will continue the existence of the committee if you choose to do so. If we look back at that original, I think it expires if you don't renew it.

MR. WILLIAMSON: I think we intend to do it.

The day that we were going through what became the CINTRA proposal when the governor leaned over and said I want you to do this, he meant for the life of it. So I think what he envisions is someone standing out there kind of apart from the process, diverse, and interested in transportation, being willing to say every month, okay, this is our observation and this is what we recommend you do.

We're not looking for a cheering squad, we're looking for somebody that can make the good and the bad observations and act as -- you know we hire engineering firms every day, Tim, you know that, and we hire engineering firms to check engineering firms, and we hire engineering firms to check those engineering firms. What we don't ever hire and what we could never hire is someone who is just interested in the problem to stand out to the side and watch us like a big brother and say, well, wait a minute, in Lubbock, in Amarillo, in Temple, in east
Dallas, these are some concerns and you need to address this and you need to answer that question, and we suggest you do that.

I mean, I saw some pretty clear recommendations in this first report, and I would love it if it would get down to a one-page really direct, either letter to me or resolution of your committee, that says we think you ought to do this.

MR. BROWN: Well, I hope we get to the point that we're comfortable with making those kinds of specific recommendations. Clearly we want to feel like we know what we're talking about first and it's going to take us a while to get there.

I will forward these, or I guess I could give these to your clerk, the resolutions we have here, and we'll continue to dialogue.

MR. WILLIAMSON: We appreciate it.

MR. BROWN: Are there any questions?

MR. WILLIAMSON: Members?

MR. JOHNSON: I've got one.

MR. WILLIAMSON: John.

MR. JOHNSON: Tim, first of all, thank you and thank your committee for undertaking this task. It's very helpful, I believe, to the four of us and also the entire department.
The four resolutions that you brought, were they all passed without dissent?

MR. BROWN: No. Three were unanimous, if I remember correctly, and one had a couple of dissenting votes.

MR. JOHNSON: Okay.

MR. BROWN: But they were close.

MR. WILLIAMSON: We've learned in life that we can all try to agree but sometimes we won't, and that's okay.

MR. JOHNSON: Sure, there's nothing wrong with that.

MR. BROWN: And they're fairly general in nature which we're still trying to approach this on a conceptual level, as I said, and deal with policy issues.

MR. JOHNSON: I think it's important that you've created an atmosphere where people are free to, one, express their opinions, and two, if they don't agree that they can vote no.

MR. BROWN: Well, the governor created this atmosphere and he deserves the credit for that. I agree with you, I think it's a good thing. I think it would have probably been helpful if this had been done two years ago before the corridor concept got so far down the road, but we're all eager to continue to do what we can to
ensure that it's a good concept for Texas and that it moves forward in a successful way.

MR. WILLIAMSON: Ted or Hope?

MR. HOUGHTON: I just want to thank you, Tim. It's obvious we've got a lot of work to do as far as the public relations outreach, we've kind of missed that shot, and it's great to have people point it out to us.

MR. BROWN: Well, that's a message that seems to resonate everywhere we go.

MR. HOUGHTON: Yes, that's the one that keeps bubbling up continuously, the public relations outreach and the information campaign. But I thank you, and I know a couple of members on the committee and thank them, please, for the obvious labor of love that you're going through.

MR. BROWN: Well, I do want to close by expressing my gratitude to the committee. We've got a lot of talent in that group. Again, we're coming from a lot of different perspectives, but we've got good people on the group and they're working hard for you.

MR. WILLIAMSON: Hope?

MS. ANDRADE: I'd also like to thank you for your leadership and certainly thank the committee for their commitment and dedication to this issue. And you know, we're all learning to be better communicators.

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MR. BROWN: Well, we hope so.

MS. ANDRADE: Thank you.

MR. JOHNSON: I want to thank Sandy and Charlie, and I'm sure there are some others, for their endurance today.

MR. WILLIAMSON: Yes, we appreciate you hanging, Sid and Ann, but we arranged things for a specific reason. We thought maybe if you got to watch that colloquy you would gain some things that would help you.

MR. BROWN: I always learn when I listen to Michael Morris. He's amazing.

MR. WILLIAMSON: Oh, man, I tell you.

Hey, Amadeo, tangential to 35 but certainly relative to the corridor itself, we need to have a little bit of an understanding about the letter we received from the governor and instructions on Interstate 69 and TTC-69 and interstate to the south part of the state.

I understand the letter real clear, he wants a plan to either build or produce an interstate-quality highway from Corpus Christi to the Lower Rio Grande Valley. He stayed out of designating a route, as he should, that's not for us to do right now. He also gave us some pretty stiff instructions about soliciting a proposal for the full blown TTC-69 from somewhere in the
south to the northeast.

What actions are we going to take immediately
to begin the process he asked us to do? And the elephant
in the room is if we're going to use an existing footprint
for an interstate road south, we're ultimately going to
have to make a tough decision about where that is, and I
just kind of want to know what the framework is to make
those decisions. Or maybe the commission wants to suggest
what framework they want, I don't know.

MR. SAENZ: For the record, Amadeo Saenz,
assistant executive director for Engineering.

I guess I'll answer the easy question which is
the I-69 first. We are in the process and have approved
to move forward with hiring a GEC for the TTC-69
procurement. We hope to be able to by March have a
request for solicited proposals out in the field for the
TTC-69 full blown to keep it going.

MR. WILLIAMSON: So even though there are
enough people in this room to hear you say along about
March we're going to go out to solicit proposals, so if
you're one of those five or six that have been studying
this and getting ready, you're on notice that in the next
90 days you're probably going to be asked to reduce your
readiness to writing.

MR. SAENZ: Right.
For the corridor, the interstate-quality corridor down to the Rio Grande Valley, we had some studies that we had been doing for I-69 and of course I-69 was designated on the 77 corridor and also on the 281 corridor, also on the 59 corridor to Laredo, so we've got a meeting sometime this afternoon after our commission meeting to kind of brainstorm and see how we can get that process going.

But our goal is to move forward, see where we're at, see what we have to do on the environmental perspective. We've got a meeting Monday with Federal Highway Administration to discuss environmental issues, concerns dealing with how to move forward in that direction, and hopefully by the end of next week I can give you a full plan.

But our goal is to take the letter from the governor and move forward and get both of those processes going as quickly as possible.

MR. WILLIAMSON: And we would certainly want the advisory committee that the governor asked us to create to be fully informed of what we're doing so they can start getting ready to think about that. We wouldn't want to confuse them. The interstate-quality highway south may or may not be part of TTC-69.

MR. SAENZ: That's correct.
MR. WILLIAMSON: But like I said, the elephant in the room is somebody is going to have to make a decision, if we use existing footprints south and west, what that is, and it's my view that that decision should be put off.

MR. SAENZ: Yes, sir. And that really needs to be the first decision that we make as we move forward.

MR. WILLIAMSON: Might as well get that pain out of the way because there's going to be some and move on. And if it's necessary to create a committee or whatever to do that, I'm all for it, but I don't want to put it off. I mean, the governor has made clear his intentions and I want to move forward.

MR. SAENZ: After today's meeting and our meeting Monday with Federal Highway, we'll put a little action plan together which may include maybe requesting the commission to set up some kind of committee structure, and if that needs to happen and needs a commission minute order, we'll have it in January. But I think there's enough people out there that are interested that we can set up some informal working groups to discuss how this project can be developed.

MR. WILLIAMSON: Members, anything about this?

MR. JOHNSON: I've got one. I saw Shawna Russell handing out some material. Could she come up to
the podium?

Shawna, Commissioner Houghton and I have a little bet and the bet is I bet him that today was your 25th birthday and he said no, it was the 26th. Could you shed some light?

MS. RUSSELL: You win, definitely. And don't I look pretty in red when I blush? All right, you tricked me; you scared me too.

MR. SAENZ: That's what you get for handing out stuff.

MS. RUSSELL: I know.

(General laughter.)

MR. SAENZ: But we will get on this thing and get something done pretty quick.

MR. WILLIAMSON: Just make sure the committee is clued in.

MR. SAENZ: Yes, and we will do that.

MR. BEHRENS: And we will be putting together a response to the governor on his letter.

MR. WILLIAMSON: Okay. Any other matters concerning this public discussion item?

(No response.)

MR. WILLIAMSON: Members, I prefer to not take a break but break as we need to, and let's just roll it on out, if that's okay with you.
Michael, hit it.

MR. BEHRENS: We'll go to agenda item number 7. This is our proposed rules for adoption, and our first one is agenda item 7(a) which deals with Finance, and Phil Russell.

MR. RUSSELL: Thanks, Mike. Good afternoon, commissioners. For the record, I'm Phil Russell, director of the Turnpike Division.

Item 7(a)(1) are proposed rules that relate to the operation of our toll roads. There are two main components of it -- actually a third. The third is more definitional, but I know we're running long today but I thought I might just hit the highlights of those two main areas.

The first area would direct the department to adopt toll collection and enforcement policies, and it also does indicate some of the criteria that we would utilize in developing that policy. For instance, it would establish the price of our tag, our sticker tag at $9.65. There are many criteria that, in my view, would help us towards the commission's goal of an all-electronic format.

For instance, it would provide some flexibility that would allow us for certain short periods of time to waive that toll tag price for marketing and in order to try to incentivize people to get a toll tag and to use...
that electronic toll collection system. It would also
direct us to calculate what the administrative fee would
be for those folks that are toll violators. By law it can
be no more than $100 and it cannot exceed our cost to
collect those tolls.

The other area that I think is important on
these proposed rules is it would provide another mechanism
to allow us to utilize the comprehensive development
agreement process as we select toll operation components,
and really there's two main areas of this as well.

On the one hand it provides a process that we
could bring in like our toll integrator, toll operations
folks that do the software and hardware design, the
mechanism would be included in this process. Another one
would allow us a process to bring in a long-term
operations concession. An example of this might be where
we have a TxDOT toll road and we choose instead of a five-
year type service contract, we choose to go out with a
long-term 50-year concession where somebody could operate
our toll road project, and this would be the CDA process
that we would use in selecting that long-term
concessionaire.

Staff would recommend approval of this minute
order, and I'd be happy to address any questions you might
have.
MR. WILLIAMSON: Members, you've heard the staff's recommendation and explanation. Do we have discussion?

MR. JOHNSON: Where did the $9.65 charge come from?

MR. RUSSELL: That's the contract price of what it's going to cost us to actually purchase those sticker tags.

MR. JOHNSON: It's not a number that sort of jumps off the plate at you, you know, $9.50 or $9.75.

MR. RUSSELL: It's the contract cost.

MR. HOUGHTON: Tax, title and license.

MR. RUSSELL: It's the actual contract price of what the provider can deliver those toll tags for us.

MR. JOHNSON: Move approval.

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. Thank you.

MR. BEHRENS: We have agenda item 7(a)(2). This is proposed rules for adoption under Right of Way.
which would concern utility accommodations for rail
decies. John?

MR. CAMPBELL: Good afternoon. For the record,
my name is John Campbell, director of the Right of Way
Division.

MR. WILLIAMSON: Condemnation Campbell, right
there.

MR. CAMPBELL: Is that a good thing?

I'd like to present for your consideration this
minute order which proposes adoption of new rules
regarding utility accommodation for rail facilities. The
proposed new sections 21.901 through 21.911 of Chapter 43
of the Texas Administrative Code relate to the criteria
for safe location of utility facilities proposed to be
located in, along or across state railroad rights of way.

Legislative additions to Chapter 91 of the
Texas Transportation Code increased the department's
authority to own and operate rail facilities and
transferred various responsibilities and duties of the
Railroad Commission of Texas to the department.

These new rules are similar to the department's
existing rules concerning utility accommodation on state
highway rights of way. This guidance is necessary to
ensure the safe installation and coexistence of utility
facilities on railroad rights of way.
The deadline for the receipt of public comments has been established as January 30, 2006, and staff recommends your approval.

MR. WILLIAMSON: Members, you've heard the staff's explanation and recommendation.

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. Thank you, John.

MR. CAMPBELL: Thank you.

MR. BEHRENS: Now we'll go to our rules for final adoption, agenda item number 7(b)(1), this is rules concerning our State Infrastructure Bank. James?

MR. BASS: Good afternoon. I'm James Bass, director of Finance at TxDOT.

This minute order would make revisions to the State Infrastructure Bank rules to clarify that accounts and loans may be funded with state dollars only as well as a mix of both state and federal funds. The proposed
amendments are in response to statutory amendments enacted
during the last legislative session.

These proposed rules were published in the
Texas Register and no comments were received, and staff
would recommend your approval.

MR. WILLIAMSON: Members, you've heard the
staff's recommendation and explanation.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you,
James.

MR. BEHRENS: Agenda item 7(b)(2) is rules for
final adoption concerning rail facilities in TxDOT. Jim?

MR. RANDALL: Good afternoon, commissioners.

Jim Randall, Transportation Planning and Programming
Division.

Item 7(b)(2). The passage of House Bills 3588
and 2702 by the Texas Legislature increased the
department's responsibilities concerning rail facilities.

On the Record Reporting & Transcription, Inc. 12/15/2005
Existing rules concerning rail are in Chapter 15, Subchapters L and M, Sections 15.140 through 15.155 of Title 43 of the Texas Administrative Code.

Due to the department's increasing responsibilities in rail and the need to enact a significant number of administrative rules, the department is creating a new chapter, Chapter 7 in Title 43 of the Administrative Code entitled Rail Facilities. Therefore, the existing rules concerning rail in Chapter 15, Transportation Planning and Programming, need to be repealed and moved to the new chapter, Chapter 7, Rail Facilities.

The minute order before you adopts new Sections 7.1, 7.10, 7.12, 7.13, 7.20, 7.21, and 7.22 and repeals Section 15.140 through 15.155, all relating to rails and rail facilities. Minute order 110221, dated September 29, 2005 proposed the new sections and repeals. No comments were received on the proposed rules. Staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you've heard the staff's explanation and the staff's recommendation.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you, Jim.

MR. BEHRENS: The next rule for final adoption is also under Transportation Planning and Programming, agenda item 7(b)(3)(a) concerning Construction Cost Participation for Economically Disadvantaged Counties.

MR. RANDALL: This minute order adopts amendments to Section 15.55, Construction Cost Participation for Economically Disadvantaged Counties to be codified under Title 43, Texas Administrative Code, Part 1.

With the passage of House Bill 1107 by the Texas Legislature, Transportation Code Section 222.053 was amended in order to expedite the processing of Economically Disadvantaged County Program applications.

To implement these provisions, Texas Administrative Code, Section 15.55 was amended to: one, require the executive director or designee to adjust minimum local matching fund requirements for local governments in economically disadvantaged counties; two, require the commission to annually certify a county as an...
economically disadvantaged county as soon as possible
after the comptroller reports on the economic indicators
specified by law and rule; and three, require the
executive director or designee determine whether to make
an adjustment at the time the local government submits a
proposal for a highway improvement project.

Minute Order 110222, dated September 29, 2005,
proposed the amendments and no comments were received on
the proposed rules. Staff recommends approval of this
minute order.

MR. WILLIAMSON: Members, you've heard the
staff recommendation of the staff.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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.

MR. BEHRENS: Agenda item 7(b)(3)(b) is final
rules for considering aesthetic characteristics for a
transportation project. Mark?

MR. MAREK: For the record, my name is Mark
Marek. I'm the director of the Design Division for the Texas Department of Transportation.

This minute order proposes final adoption of amendments to Section 15.122 to implement additions to the design factors considered by the department during transportation project development.

As required by Transportation Code 201.615, the department considers various design factors when developing transportation projects that involve the construction, reconstruction, rehabilitation or resurfacing of a highway other than a maintenance resurfacing project.

This section of the code describes those design factors that will be considered during the development of transportation projects over which the department has design and construction or funding responsibilities.

House Bill 2702 of the 79th Legislative Session, Regular Session 2005, amended Transportation Code 201.615 to require the department to consider the aesthetic character of a project and to include input from each affected local community. While TxDOT normally considers these factors as part of the public involvement phase of project development, the amendments to 15.122 codify these considerations except as provided in House Bill 2702 for transportation projects that involve the...
rehabilitation or resurfacing of a bridge or highway.

No comments were received on these proposed rules. Staff recommends approval of this minute order.

MR. WILLIAMSON: Mark, is this the one that permits us to take imprints of members of the legislature and put them on the walls of the bridges and the asphalt where we can forever memorialize the public servants?

MR. MAREK: You may have knowledge there, Mr. Chairman, that I do not.

(General laughter.)

MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation.

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. Thank you, Mark.

MR. BEHRENS: Agenda item 7(b)(4), rules for final adoption in Right of Way concerning Land Acquisition Procedures. John?
MR. CAMPBELL: Again for the record, I'm John Campbell, director of the Right of Way Division.

I'd like to present for your consideration a minute order under item 7(b)(4) which provides for the final adoption of an amendment to 43 TAC, Section 21.16 relating to the use of options to purchase in the acquisition of real property.

This amendment reduces the maximum length of a primary option period and the subsequent extension periods from seven to five years. The amendment is made necessary in accordance with the requirements of House Bill 2702 of the 79th Legislature Regular Session of 2005.

The minute order was presented for proposed adoption at the September 29, 2005 commission meeting, no comments have been received. Staff recommends your approval.

MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation.

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. Thank you, John.

MR. BEHRENS: We have agenda item 7(b)(5), 7(b)(6) and 7(b)(7), the first two concern regional mobility authorities and the last one concerns toll projects. Phil?

MR. RUSSELL: Thanks, Mike, and again for the record, I'm Phil Russell, director of the Turnpike Division.

All three of these minute orders, I'll talk generically about them, we had a public hearing for all three. We received no comments, either during the comment period or during the public hearing.

The first one, as Mr. Behrens indicated, are changes to Chapter 26 related to regional mobility authorities. Again, a couple of the high points to jog your memory. One element adds the cities of Laredo, Brownsville, McAllen and Port Aransas to those lists of cities that can form regional mobility authorities. This would also, under Chapter 26, provide some clarification as far as design and construction standards and it would also reinforce that the RMA board of directors are subject to Chapter 171 of the Local Government Code relating to conflict of interest.
Staff would recommend approval, and I'd be happy to address any questions you might have.

MR. WILLIAMSON: And you're recommending approval on the first of the three. Correct?

MR. RUSSELL: Yes, sir.

MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation on the first item.

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. Thank you.

MR. RUSSELL: Thank you, Chairman.

The next minute order relates to Chapter 26 and 27, essentially dealing with conversion conveyance. If you remember, previously the notion of conversion and conveyance was fairly complex, it related to five different statutory provisions. House Bill 2702 consolidated those four statutes into a single statute, one dealing with conversion, one dealing with conveyance.

This minute order would revise Chapter 26 and 27 to
reflect this consolidation of statutes. The legal effect is essentially identical to what it was previously.

These rules also provide some abilities for us to convey a ferry to those toll authorities, and it also provides a bit more clarity on the public involvement process that everyone would use for conversion or conveyance of projects.

And again, staff would recommend approval of this minute order, and once again, I'll be happy to address any questions you might have.

MR. WILLIAMSON: Actually, what we're really doing here is making it easier for all those people who are banging down our door to convert tax roads to toll roads to find the right statute. Correct?

MR. RUSSELL: It would be much easier for those folks, yes, sir, Chairman. One-stop shopping.

MR. WILLIAMSON: One-stop shopping.

You heard the staff explanation and recommendation.

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.

MR. RUSSELL: Thanks, Chairman. And my final minute order today relates to Chapter 27, the process dealing with comprehensive development agreements.

Again, just to highlight a couple of the rules that were reflected back in House Bill 2702, this minute order would further define and formalize the role of the commission in our CDA process, it would adjust and provide flexibility to the proposal review fee. If you recall, currently we have a $20,000 application fee, it would lower it to $7- and $10,000, depending on the type of project, and it would also provide some flexibility for Mr. Behrens to lower that fee if the conditions warranted.

It addresses the ethics policy, both for developers who are proposing to us, as well as our own TxDOT employees. It formalizes the protest procedures and some other technical clarifications.

Staff would recommend approval of this minute order as well.

MR. WILLIAMSON: Members, you've heard the staff explanation and recommendation.

MR. JOHNSON: So moved.

MS. ANDRADE: 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. Thank you, Phil.

MR. BEHRENS:  Agenda item 7(c), another rule for final adoption, and this is concerning our rail safety rules. Jim?

MR. RANDALL:  Jim Randall, Transportation Planning and Programming Division.

Item 7(c). House Bill 2702, 79th Texas Legislature transferred to the department all powers and duties of the Railroad Commission that relate primarily to railroads and the regulation of railroads.

Under the new law, the department is authorized to perform any act and issue any rule and orders as permitted by the Federal Railroad Safety Act of 1970. In order to implement the legislature's transfer of authority, the department must repeal the rules of the Railroad Commission and adopt its own rules concerning rail safety.

This minute order adopts the repeal of Title
16, Chapter 5, Rail Safety Rules and adopts Title 43, Chapter 7, New Subchapter 2 concerning Rail Safety. The rule-making implements the transfer of jurisdiction over railroad safety matters from the Railroad Commission to the department.

Minute Order 110228, dated September 29, 2005, proposed the repeals and new sections. A public hearing was held on October 21, 2005, one commenter representing a Class 1 railroad stated their support of the rules. Staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you've heard the staff's explanation and recommendation.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you.

MR. BEHRENS: Agenda item 8 concerns Transportation Planning. We have three minute orders under that topic, and Jim, if you'll go ahead and lay out those three minute orders.
MR. RANDALL: Okay, sir.

Item 8(a). Minute Order 110109, dated June 30, 2005, approved the 2006 Statewide Preservation Program. In August, SAFETEA-LU was signed into law to fund the Federal Aid Highway Program Surface Transportation Research Highway Safety and Transit Programs. SAFETEA-LU established three new federal safety programs: the Highway Safety Improvement Program, the High Risk Rural Roads Program, and the Safe Routes to School Program. The former Federal Railroad Signal Safety Program was renamed the Railway Highway Crossing Program.

In order to implement these new safety programs and the increased funding levels provided by SAFETEA-LU, staff recommends an amendment to Category 8, Safety, of the 2006 Statewide Preservation Program. Exhibit A outlines the overall Category 8 Safety Program and the supplemental funding amounts for a total of $295 million. These programs will be managed as statewide allocation programs. Projects will be ranked, prioritized and selected by the Traffic Operations Division.

Staff recommends approval of this minute order.

MR. WILLIAMSON: Members, you've heard the staff's explanation and recommendation.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you.

MR. RANDALL: Okay, sir. Item 8(b). Pursuant to Transportation Code, Chapter 91, the commission authorized by Minute Order 109588, dated February 26, 2004, the acquisition of the 33-1/2 mile Bonham Subdivision Rail Line which runs between Paris and Bonham. The department acquired the rail line from Union Pacific Railroad on September 21, 2005.

The Fannin County Rural Rail Transportation District has expressed a desire to lease the rail line from the department to operate a rail facility. The rail district has proposed to maintain general management responsibilities for the rail line and sublease its operations.

Following a discussion item on the November 17, 2005 commission meeting agenda, the commission gave staff direction on the lease terms. Staff has met with the rail district regarding the specific issues discussed at the commission meeting. We're confident that an agreement can
be reached on those terms.

With your approval of this minute order, the executive director would be authorized to negotiate and enter into any necessary lease agreements with the rail district.

Staff recommends approval of this minute order.

MR. WILLIAMSON: Stand by.

MR. RANDALL: Okay, sir.

MR. HOUGHTON: Is this different, any twists in this negotiated agreement than we previously had seen?

MR. RANDALL: No, sir. The commission had asked us to put a provision in to retain the passenger rail rights which were included, a buyout clause which we're going to put in there, and also the amount of the lease is we've reached with a $500 annual to begin with and then a surcharge on any carloads above 1,400.

MR. HOUGHTON: So that's what we discussed.

MR. RANDALL: Yes, sir.

MR. WILLIAMSON: Members, you've now heard the staff's explanation and recommendation. Is there anything else to be discussed?

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. Thank you.

MR. RANDALL: Okay, sir. Item 8(c). Minute Order 110266, dated October 27, 2005, approved the 2006 Statewide Mobility Program. This minute order amends Category 12 Strategic Priority of the 2006 SMP to authorize additional project selections for the amounts shown in the attached Exhibit A.

 Strategic Priority projects generally promote economic development, provide system continuity, increase efficiency on military deployment routes, or address other strategic needs.

The two projects we are bringing for your consideration are located in the Odessa District. The first project is the Phase 1 construction of the State Highway 349 reliever route from County Road 60 to the Martin County line. Phase 1 work is the construction of a two-lane, undivided facility. When completed, it is anticipated that this route will serve as a truck bypass around Midland.

The second project is the construction of an interchange on Business Interstate 20E at the John Ben
Shepperd Parkway. This project will complete the connection of the JBS Parkway to Interstate 20 to the south.

We recommend your approval of this minute order for the amounts shown in Exhibit A of the minute order.

MR. WILLIAMSON: Jim, is it the case that the United States Government's competitive proposal for the future gen coal-burning CO-2 recycling $500 million investment test project will probably receive an application from this part of the state? I think that's the case, is it not?

MR. RANDALL: I'm not aware of that, but I've got Mr. Garduno from Midland-Odessa.

MR. WILLIAMSON: Is that the case, Lauren?

MR. GARDUNO: Yes, it is.

MR. WILLIAMSON: There will be a future application from this part of the state, about a half billion dollar investment. I think this probably supports that.

Members, you've heard the explanation and recommendation.

MR. JOHNSON: I would not think of asking this item be deferred, noticing we have very distinguished visitors from Midland and Ector counties here.

Lauren, one question. When the commission met...
out there, if my recollection is correct, there was some conversation with some of the neighbors along John Ben Shepperd Drive about this improvement. Have they been for the most part satisfied with what's going on?

MR. GARDUNO: Yes, sir. For the record, good afternoon, commissioners. My name is Lauren Garduno and I'm the district engineer of the Odessa District.

We have been able to, I think, address the concerns that the citizens had along the John Ben Shepperd Parkway area. We will be addressing it with some actually hardscape and some softscape features along on that design, tree-planting, some planters there that will be able to abate some of the sound issues that they had, some of the concerns they had, and actually some access issues too. So yes, sir, that issue has been addressed.

MR. WILLIAMSON: Lauren, have you lost weight?

MR. GARDUNO: At times. I lose, I gain, I lose, I gain.

(General laughter.)

MR. WILLIAMSON: You look like you've lost some weight.

MR. GARDUNO: Well, I'd like to lose some more, to be honest with you.

MR. JOHNSON: I'm delighted to make a motion to approve this item.
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. Thank you, members.

And I think, Mr. Raines, did you have something to say, sir?

MR. RAINES: For the record, Steve Raines of Speaker Tom Craddick’s office at the Capitol. He just wanted me to come by and say thank you for approving the minute order and helping us out with this project that’s so important

MR. WILLIAMSON: We’re very excited about the possibilities for the Midland-Odessa area and attracting that huge generating project, and we’re standing by to help all we need to make that happen.

MR. RAINES: Thank you very much.

MR. WILLIAMSON: And any other application from the state. The governor’s charge is if it’s an economic opportunity, let’s invest in it, and that’s certainly an economic opportunity, so you let us know. We’re all
unanimous in that.

MR. RAINES: Appreciate that very much.

MR. WILLIAMSON: Thank you for coming by.

MR. RAINES: By the way, I think that's $800 million. I do that stuff too.

MR. WILLIAMSON: We really want that to come to Texas.

MR. RAINES: Thanks very much.

MR. WILLIAMSON: Thank you.

MR. BEHRENS: Agenda item number 9 is a pass-through toll project in Grayson County. James?

MR. BASS: Good afternoon. This item will authorize the department to enter into a pass-through toll agreement with Grayson County. Under the agreement, the county would initially finance the 12-mile extension of State Highway 289. The department would then reimburse the county over time based upon actual traffic on the improved roads at a rate of 15 cents per vehicle mile, with a minimum of just under $5.3 million paid per year and a maximum of just over $7 million paid per year until such time as a total of just over $84-1/2 million will have been reimbursed to the county.

Staff would recommend your approval.

MR. WILLIAMSON: Well, we have three witnesses, members, and I'd like to say that these are new friends,
but they're not, they're old friends, they've been with us a long time.

MR. HOUGHTON: I'd just like to ask James a question, or Amadeo. Where's Amadeo?

MR. WILLIAMSON: Don't let James off the hook.

MR. HOUGHTON: Well, either one. They can tag-team this one.

MR. WILLIAMSON: Fast Jimmy Bass has been out of the limelight too long.

MR. HOUGHTON: What's the total cost of this project, including rights of way, engineering, all of the whistles, bells, lights and sirens on it?

MR. SAENZ: It's about $101 million. For the record, Amadeo Saenz, assistant executive director of Engineering.

The county is providing the right of way, utility adjustments and mitigation, and their estimates we looked at were somewhere between $14- to $17 million -- $14- to $15 million.

MR. JOHNSON: That's between $14- and $17-.

MR. SAENZ: That's between $14- and $17-.

(General laughter.)

MR. WILLIAMSON: I think that we're going to start with -- who wants to finish, tell me that? Jerdy, do you want to finish? Gene? It doesn't matter? Well
then, Gene, why don't you come first. It's good to see you again.

MR. SHORT: Thank you, Mr. Chairman and commissioners. We appreciate the opportunity to be here before you today.

You know, Grayson County has worked on this road project for over ten years. This is the first opportunity we've had to bring this project to reality.

We've heard your call for local governments to step up to the plate and take charge of our own transportation destiny by supporting our recommended projects financially. We've heard that over and over.

The extension of State Highway 289 is included in the Sherman-Dennison MPO as a future toll facility and will become Grayson County's first conventional toll road. This project has become a reality because of the teamwork and cooperation between the Grayson County Commissioners Court, Grayson County RMA, the MPO, and unanimous support from all governmental entities and chambers of commerce in Grayson County.

And I want to thank a few people this evening. I want to thank Bobby Littlefield, our TxDOT district engineer, Kevin Harris --

MR. JOHNSON: Do you really mean this evening?

MR. SHORT: Pardon me?
MR. JOHNSON: Do you really mean this evening?

MR. SHORT: Yes, sir.

(General laughter.)

MR. SHORT: I want to thank Kevin Harris, our area engineer. We have a good working relationship with those guys and we enjoy having them up there very much. Especially Larry Phillips, our state rep; Jerdy Gary of the Grayson County RMA; Amadeo Saenz with TxDOT; and Jenny Taraborelli with Pate Engineers; and especially the Texas Transportation Commission for helping us with this project.

I thank you for considering this project today.

Thank you.

MR. WILLIAMSON: Has anybody got anything to say to Gene? We're proud to be associated with you. You're a good county commissioner.

MR. SHORT: Thank you, sir.

MR. WILLIAMSON: Tim or Jerdy? Come ahead.

JUDGE McGRAW: For the record, I'm Tim McGraw, county judge in Grayson County. And thank you, Mr. Chairman and commissioners for hearing our request today. This has been a long haul for me, not as long as it has been for Gene for over ten years. I've only been in office for three, but it's been an educational three years, I'll guarantee you.
And if approved today, this will be a historic event for Grayson County, and I thank you for even hearing us.

Grayson County set as a goal to develop Highway 289 as our number one economic development project. We understand that improving our transportation network is key to attracting and keeping jobs in the region. This is critical to the future of our county.

As a county, we are united. The project has the support of every group: the commissioners court, the RMA, the MPO, the small cities, the chambers of commerce, and anybody we could get to put together a proclamation, we did it. And I mean that, everyone in Grayson County sees this as our number one project to get economic development in our region. Your action today will allow us to move forward and to accomplish the goal that the citizens of our county have put out.

To develop the project, we sought the help of the private sector and have partnered with Pate Engineers. This creates the type of public-private partnership I think you have encouraged. The private sector will guarantee the completion of the project and provide the funds to construct the project. The state will guarantee to repay those funds through pass-through financing.

Finally, Grayson County will promote economic development.
along the corridor to ensure that those funds can be repaid as quickly as possible.

I want to thank the legislature, particularly Larry Phillips, for giving us the tools to meet our needs in our community. I want to thank TxDOT, the commission for their help, and even though he's no longer serving on the commission, I want to express my gratitude to Robert Nichols for all his support.

MR. WILLIAMSON: We keep a spot for him here in spirit.

JUDGE McGRAW: I'm sure he appreciates that. And finally, I want to thank Mr. Behrens, Mr. Saenz, Bobby Littlefield, our district engineer, and Kevin Harris, our area engineer, for all the support and guidance that they have given us through the years as we have pushed this project through.

This truly, if you approve it, will be a Christmas present to Grayson County, and I hope you do approve it, and thank you in advance.

I want to wish each one of you and yours a Merry Christmas. If there's any questions I can answer for you, I'll try to do them at this time.

MR. WILLIAMSON: Members, questions of Tim?

MR. JOHNSON: Judge, what is the annual budget, your county budget?
JUDGE McGRAW: About $54 million.

MR. JOHNSON: Fifty-four? I just want to salute you for, one, the courage, and secondly, the tenacity on this. When you think about it, as Amadeo said, this is a $100 million-plus project which is basically twice your annual operating budget, I think that speaks volumes for what you are committing to, and I salute you.

JUDGE McGRAW: Thank you, sir, and I salute you for having the foresight to put these challenges in front of us.

MR. HOUGHTON: You met the challenge. Congratulations.

JUDGE McGRAW: Thank you, sir.

MR. WILLIAMSON: Well, let me just say the same thing, Tim. I appreciate the friendship and the courage and leadership, along with Gene, that your court showed.

JUDGE McGRAW: You are always welcome in Grayson County. Come see us.

MR. WILLIAMSON: We're proud of our relationship with you. Jerdy?

MR. GARY: Good afternoon, Mr. Chairman, commissioners. It's a pleasure to be back with you. And today, this is really a great beginning because building this phase of the road for the future improvements of
Grayson County's transportation system, and as Commissioner Short said, this road will become the future Grayson County toll road.

As RMA chair, I believe this action today is going to allow the RMA to immediately start planning for the next phase of improving mobility in Grayson County, and I believe probably the first project we'll be considering will be the sector connecting, or as mentioned earlier, integrating with NTTA's 289 expansion at the Grayson County line. And this project is about a 15-mile segment which will be the foundation for conventional tolling to US 82.

Ultimately we will then start planning and building a segment to connect on to US 75 somewhere in the vicinity of our existing 75 over into Oklahoma, and this will complete the first conventional toll system and provide a regional solution for the migration that's heading our way.

So with that, I just wanted to kind of put a little future spin on what the judge and commissioner said, and I've been around quite a while too, back with Commissioner Short as mayor of Dennison, and we've been talking about this for a long time, and it's just a great day and we're just so grateful for your consideration.

MR. WILLIAMSON: Isn't it nice to be able to
get out ahead of the curve?

MR. GARY: It really is. We appreciate it so much. Any questions?

MR. WILLIAMSON: Anybody got questions? This is the governor's appointee and the chair of the Grayson County RMA.

MR. HOUGHTON: Congratulations. Look forward to working with you.

MR. GARY: Thank you, sir.

MS. ANDRADE: Thank you.

MR. WILLIAMSON: We thank you. Who is going to close?

MR. BASS: Staff would recommend your approval.

MR. WILLIAMSON: Members, you've heard staff's explanation and recommendation and testimony from the witnesses.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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.
Congratulations, Grayson County. We're very happy for you, happy for the state.

MR. BEHRENS: Agenda item number 10, under Finance we have two minute orders. They both concern financial statements, one for the Mobility Fund and one for the Central Texas Turnpike System. James?

MR. BASS: As a part of the master resolution for the Texas Mobility Fund bonds, the commission agreed to present audited annual financial statements to the bond market. This agenda item asks that you accept the audited financial statements for the period from inception to August 31, 2005, so that we may distribute them to the market.

I would point out that the audit was performed by staff of the State Auditor's Office, and we do have a member of the staff with us today if you have any questions for them, or I would be happy to attempt to answer any questions you might have.

MR. HOUGHTON: How much money do we have in the fund right now?

MR. BASS: In the Mobility Fund? The current balance in there is, I believe, just over $800 million, and that's made up of both the taxes and fees that are deposited to the fund to pay debt service over time, as well as the remaining bond proceeds from the issuance we
had back in June.

MR. JOHNSON: Two questions, James. What was the date of inception?

MR. BASS: Inception, I believe, was March of 2004 was the first date that a fee was deposited into the account. There was no debt outstanding at that point in time.

MR. JOHNSON: This is as of April '05?

MR. BASS: This is through the end of August 31, '05.

MR. JOHNSON: Through the fiscal year '05 which is 17 or 18 months.

MR. BASS: Yes, sir.

MR. JOHNSON: And there was $118 million or so, less $6 million worth of interest, $118 million worth of contributions.

MR. BASS: Yes.

MR. JOHNSON: Now, in fiscal year '06 and fiscal year '07, what are the anticipated revenues, contributions to the fund?

MR. BASS: The revenue streams into the fund changed beginning September 1, and then it changes yet again by having an additional revenue stream added to it on September 1 of '06, the first day of '07. And so those are scheduled to increase, and I apologize, I can't off
the top of my head recall those updated estimates.

As you'll recall, before we issue any debt backed by the revenues of the Mobility Fund, it requires that we receive an updated revenue forecast from the Comptroller's Office.

MR. HOUGHTON: Certified. Right?

MR. BASS: Yes, sir.

MR. JOHNSON: Well, would you chase those numbers down, the estimates?

MR. BASS: I will be happy to do so.

MR. JOHNSON: Thank you.

MR. BASS: If my Dewberry was turned on, I might have them now, but it's turned off

MR. WILLIAMSON: No Dewberries.

MR. JOHNSON: I'm shocked that there's a number in the wide world of finance of this agency that you cannot recall.

MR. BASS: Well, I apologize.

MR. WILLIAMSON: He must have been up with the baby last night. Any other questions of Fast Jimmy Bass?

(No response.)

MR. WILLIAMSON: Members, you've heard the staff's explanation and recommendation.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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. Thank you, James.

MR. BASS: The second item, agenda item 10(b), as a part of the indenture for the Central Texas Turnpike System, the commission agreed to present audited annual financial statements to the bond market.

This agenda item asks that you accept the audited fiscal year 2005 financial statements for the system so that we may distribute those to the market as well.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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. Thank you.
MR. JOHNSON: One last question of James. Your gut feeling, what has been the impact of the change in the collection point for the gasoline tax now that we have a little seasoning?

MR. BASS: The best educated analysis is to the state about an additional 2 percent which would equate to about $64- or $65 million. In addition to that, as we capture more gallons, there's a secondary benefit that occurs a couple of years later through the federal allocation which would equate to around another $50 million. So we believe it's in the neighborhood annually of $110- to $115 million from the change of point of collection.

MR. WILLIAMSON: And you threw in an extra word there, annually, not totally, annually.

MR. BASS: Correct, annually.

MR. JOHNSON: Okay, good. Thanks.

MR. BEHRENS: Agenda item number 11 under Right of Way, this is a minute order to recommend the authorization to negotiate for options to purchase future right of way for FM 720. John?

MR. CAMPBELL: Once more for the record, my name is John Campbell, director of the Right of Way Division.

I'd like to present for your consideration the
Minute Order under agenda item number 11 to authorize the use of option contracts for potential future purchase of right of way along a proposed route for the expansion and widening of FM 720 in Denton County. This is the seventh project in TxDOT's pilot program for the use of options to purchase.

This minute order provides the authority for the Dallas District engineer to negotiate the execution of option contracts and to expend funds for option fees and related expenses. Timely execution of option contracts to effectively purchase the development rights during the interim prior to scheduled right of way release provides a strategic opportunity for the department to realize lower acquisition costs, less complicated negotiations, and thereby a more efficient acquisition process.

Staff recommends your approval of the minute order.

MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation.

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you.

MR. BEHRENS: Agenda item number 12 concerns department property, and this will be a property exchange between the department and the Floresville Independent School District. Zane?

MR. WEBB: For the record, I'm Zane Webb, director of the Maintenance Division.

The minute order before you today, commissioners, is to approve a property exchange between the Floresville Independent School District and TxDOT.

For a brief background, we've got a 50-year-old facility in the middle of Floresville. It's been entirely surrounded by the Floresville Independent School District. A number of years ago, TxDOT knew that we were going to have to eventually move out of that facility so we went out some distance outside of town on State Highway 97, bought a new piece of property, but we didn't have the money to build a new facility on it.

In 1994, the Floresville Independent School District came to TxDOT with an offer to exchange our old property for improvements on the new property. We found that to be a good exchange in our opinion. The San Antonio District worked out an agreement with the
Floresville Independent School District. This minute order would approve that exchange of properties.

Staff recommends approval.

MR. WILLIAMSON: Pretty straight ahead deal.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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. Thank you, Zane.

MR. WEBB: Thank you, sir.

MR. BEHRENS: Agenda item number 13 is our contract approval for the month of December, both our maintenance contracts and our highway and building contracts. Thomas?

MR. BOHUSLAV: Good afternoon, Commissioners. My name is Thomas Bohuslav, I'm director of the Construction Division.

Item 13(a)(1) is for consideration of award or rejection of highway maintenance contracts let on December 1 and 2, 2005, with an engineer's estimated cost of
$300,000 or more. We had 13 projects, an average of 2.5 bids per project. We recommend award of all projects.

MR. WILLIAMSON: Members, you've heard the staff recommendation and explanation.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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.

MR. BOHUSLAV: Item 13(a)(2) is for consideration of award or rejection of highway construction and building contracts let on December 1 and 2, 2005. We had 76 projects that we let, an average of almost four bidders per project. We have four projects we recommend for rejection.

The first project is Project Number 3227, Angelina County. It was 54 percent over, and we had two bidders; the low bid was about $289,000. This is for some aesthetic improvements in Lufkin near a railroad underpass. From comments we have on the contract and district thoughts, we'd like to go back and make some
design changes to reduce the cost and re-let it.

The second project recommended for rejection in Hill County, Project Number 3018. It was 47 percent over, three bidders; the low bid was about $1.8 million. This is for some guard fence and safety work and end treatment work. We put some stipulation in the plans that restricted work areas for the contract where they had limited work areas, and we looked at the project again and see that we can open up additional work areas and allow them to be more efficient in how they prosecute the work, and we think that will save some money. So we'd like to go back and redesign the project and propose it for a future letting again.

The third project recommended for rejection is Project Number 3231 in Potter County. It was 22 percent over, two bidders; the low bid was about $783,000. This was for a dense concrete overlay on two bridge decks and there are alternative treatments to that dense concrete overlay, and the district is proposing to use another type of treatment to save money and use this other treatment and go back and re-let the project to do that.

The last project recommended for rejection is in Presidio County, it's Number 3003. It was 102 percent over and we had one bidder; one bid was about $11.9 million. This is for some widening work on US 67/90 and
we want to re-let this and try to solicit more bidders and get better prices for the project.

We recommend award of all projects with the exceptions noted. Any questions?

MR. WILLIAMSON: I'm kind of curious about the last one you recommend we reject. It was how much over, 2 percent over?

MR. BOHUSLAV: 102.

MR. WILLIAMSON: Oh, 102 percent over.

MR. BOHUSLAV: Yes, sir.

MR. WILLIAMSON: Never mind, I don't have a question.

Members, you've heard the explanation and recommendation.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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. Thank you, sir.

MR. BEHRENS: Agenda item number 13 (b)(1) and
(b)(2) are contract claims that were heard and these are to approve those settlements. Amadeo?

    MR. SAENZ: Good afternoon, commissioners, Mr. Behrens. For the record, Amadeo Saenz. I'm assistant executive director for engineering operations, also chairman of the Contract Claims Committee.

    Item 13(b)(1), the minute order before you approves a claim settlement for a contract by Riata Enterprises on project RMC 608152001 in Frio County of the San Antonio District.

    The Contract Claims Committee met with the contractor and the district on November 10 to consider the claim and made a recommendation for settlement to the contractor. The contractor has accepted our offer. This committee feels this is fair and reasonable and requests approval of this recommendation.

    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.
MR. SAENZ: I've got one more. Item 13(b)(2) is also a claim. This minute order before you is a claim settlement for a contract by Dean Word Company for Project NH 97(332) in Williamson County of the Austin District.

On November 10 the Contract Claims Committee considered this claim and made a recommendation of settlement to the contractor. The contractor has accepted, the committee considers this to be a fair and reasonable settlement of the claim and recommends your approval.

MR. WILLIAMSON: And what was the original request? He wanted us to pay him how much?

MR. SAENZ: Let me get to my numbers. His original request was $2.99 million and we made a settlement offer of $568,000.

MR. WILLIAMSON: You hammered that poor guy for a million and a half -- two and a half, and you expect us to approve of your actions?

MR. SAENZ: We think it's fair and equitable. There's always two sides to every story, two sides to every claim.

(General laughter.)

MR. HOUGHTON: So moved.

MR. JOHNSON: 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. Thank you.

MR. BEHRENS: Now we'll go to agenda item number 14, our routine minute orders. They are all listed there on the agenda for you and in your briefing book. They've all been duly posted, as required. We'd be glad to discuss any of them individually.

MR. WILLIAMSON: Was there one in here where we were condemning some land owned by Jay McHart?

MR. BEHRENS: I'm not aware of that. I'm also not aware of any of it that affects any of the commissioners, so we would recommend approval of the routine minute orders.

MR. WILLIAMSON: Can't we find some of his land to condemn?

MR. BEHRENS: Give us time.

MR. WILLIAMSON: The highway department always gets theirs.

MR. HOUGHTON: So moved.

MS. ANDRADE: 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.

MR. WILLIAMSON: Motion carries.

Members, we have a contingent from Bosque County who wishes to speak in the open comment period about a matter of great importance to them. I need to ask first, your House member is Rob Orr, is that right? Is Rob here?

(No response.)

MR. WILLIAMSON: I see Richard Skopik, I don't see Rob. Mr. Skopik?

MR. SKOPIK: For the record, Richard Skopik, district engineer, Waco District.

The representative is not going to make it. He told me to express his wishes that we had sufficiently resolved the issue this morning with the group to the point that it was up to the group to decide if they wanted to still appear, and apparently they've decided not to.

MR. WILLIAMSON: Is that them back there?

MR. SKOPIK: I don't think so. I'll go check, I've been watching.

MR. WILLIAMSON: Well, I know we're being taped, so I want to say for the record Mr. Orr is a good
House member and we would have looked forward to visiting
with him. We think he's going to be a good one for
transportation.

And Richard, we're glad things got worked out
and we hope it got worked out in a fair and professional
manner.

Mike, do we have any other business?

MR. BEHRENS: None that I'm aware of.

MR. WILLIAMSON: Mike, do we have any reason to
go into executive session, behind closed doors in the dark
of night?

MR. BEHRENS: No, sir.

MR. HOUGHTON: Smoke-filled room.

(General laughter.)

MR. WILLIAMSON: Well, before I say the most
privileged motion is in order, let me just say to everyone
that works for the Department of Transportation, we wish
you, seriously, Merry Christmas, Happy Chanukah, happy
holidays, a good holiday season, whatever might apply. It
is a privilege to serve you and the citizens of the state
of Texas. And I have the same wishes for my fellow
commissioners.

MR. HOUGHTON: And to you, Mr. Chairman, Merry
Christmas.

MR. WILLIAMSON: Now the most privileged
MR. HOUGHTON: Move to adjourn.

MR. JOHNSON: 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. For the record, we stand adjourned at 2:57 p.m. Thank you.

(Whereupon, at 2:57 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF: Texas Transportation Commission

LOCATION: Austin, Texas

DATE: December 15, 2005

I do hereby certify that the foregoing pages, numbers 1 through 269, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Carol Oppenheimer before the Texas Department of Transportation.

12/20/2005

(Transcriber) (Date)

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