APPEARANCES

COMMITTEE MEMBERS PARTICIPATING VIRTUALLY:

John McBeth, Chair
Jim Cline, Vice Chair
Marc Whyte
Dietrich von Biedenfeld
J. R. Salazar
Ken Fickes

TxDOT PRESENT AND PARTICIPATING VIRTUALLY:

Eric Gleason, PTN Director
Josh Ribakove, PTN Communications Manager
Fred Fravel, KFH Group, Consultant
<table>
<thead>
<tr>
<th>ITEM</th>
<th>MEETING AGENDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Call to Order</td>
</tr>
<tr>
<td>2</td>
<td>Guidance on virtual meeting participation</td>
</tr>
<tr>
<td>3</td>
<td>Approval of minutes from January 29, 2021 meeting (Action)</td>
</tr>
<tr>
<td>4</td>
<td>TxDOT Public Transportation Division Director’s report to the Public Transportation Advisory Committee regarding public transportation matters.</td>
</tr>
<tr>
<td>5</td>
<td>Overview of current Texas Administrative Code state funding allocation formula and federal Section 5311 funding allocation formula.</td>
</tr>
<tr>
<td>6</td>
<td>Update on Intercity Bus study.</td>
</tr>
<tr>
<td>7</td>
<td>Public Comment – Public comment will only be accepted during the meeting. Link and details are below. The meeting transcript will be posted on the internet following the meeting.</td>
</tr>
<tr>
<td>8</td>
<td>Propose and discuss agenda items for next meeting; confirm dates of next meeting. (Action)</td>
</tr>
<tr>
<td>9</td>
<td>Adjourn (Action)</td>
</tr>
</tbody>
</table>

THE LEGAL CONNECTION, INC.
WWW.TLC-TEXAS.COM - 855.327.7901
PROCEEDINGS

JOHN MCBETH: It is 10:05 so with that I will bring the meeting -- the April meeting of the Public Transportation Advisory Committee to order. And if you would Josh, if you would call the roll.

JOSH RIBAKOVE: Sure, I would. Well, John McBeth we know you’re here.

JOHN MCBETH: I’m here.

JOSH RIBAKOVE: Jim Cline?

JIM CLINE: Here.

JOSH RIBAKOVE: Ken Fickes.

KEN FICKES: Here.

JOSH RIBAKOVE: Dietrich von Biedenfeld?

DIETRICH VON BIEDENFELD: Here.

JOSH RIBAKOVE: J.R. Salazar?

MR. SALAZAR: Here.

JOSH RIBAKOVE: And March Whyte is not with us yet, but we do have quorum.

JOHN MCBETH: Great. We can go ahead and convene the meeting. If you would Josh, go ahead and provide us with a briefing on the virtual protocols for the meeting.

JOSH RIBAKOVE: Sure. Welcome everybody.

This is the PTAC meeting, Public Transportation Advisory Committee for April 22, 2021. Your line has
been muted automatically when you joined the meeting.
If you did not enter your name when you joined, please
exit and join again and do enter your name. That’s how
I’ll know you are and be able to take your comments, et
cetera.

If you wish to comment on an Agenda item,
just use the meetings chat feature. I’ll be monitoring
that as well as the Q&A and I’ll respond, and we will
read your comment out to the Committee and if
necessary, your line can be unmuted. Please remember,
don’t place the meeting on hold. We all get to hear
your hold tone and that’s no fun for anyone.

Let me just very briefly go through the
process for committee motions in the virtual world.
When we have a standard motion like approving the
minutes, adjourning the meeting, et cetera, the Chair,
John McBeth, will select a couple of Committee members,
ask one if they want to make a motion. Ask another one
for a second and that’s how that process will go. If
there are motions on action items, specifically on
today’s Agenda and I don’t believe we have any that are
actionable, but if so then the Chair will ask the
Committee members if they wish to make a motion and
we’ll go from there. Thanks John. That’s all.

JOHN MCBETH: Thank you, Josh. We’ll move to
Item Number 3, approval of minutes from the January 29, 2021 meeting. James, would you like to make a motion on those?

JIM CLINE: Yeah, this is Jim Cline. Move approval on the minutes.

JOHN MCBETH: And Dietrich, would you like to make a second?

DIETRICH VON BIEDENFELD: I -- this is Dietrich von Biedenfeld, I’ll second.

JOHN MCBETH: We have a motion and a second. All in favor signify by saying aye.

(Aye stated in unison.)

JOHN MCBETH: All opposed by saying nay. There are no nays. It’s all ayes therefore the minutes are adopted, and Josh I will sign those, scan them and send them to you this afternoon.

JOSH RIBAKOVE: All right.

JOHN MCBETH: We’ll move on to Item Number 4, the TxDOT Public Transportation Division Director’s report to the PTAC regarding public transportation matters. Eric?

ERIC GLEASON: Good morning. This is Eric. Josh, if you’ll go to the next slide if we could. So, I thought what I would do today for the Committee is for my report I would focus on providing an update on
what we know about the Covid-19 response as well as a brief overview of the funding that we’ve received to date from -- federal funding that we’ve received to date for relief purposes. And I think the Committee could expect this topic -- we’ll probably touch on this at each of our next two or three meetings just to keep you up to speed on what we know. And today’s report is sort of a preliminary look at some data that we had readily available. I’m anticipating that for your July meeting we will have a more inclusive and conclusive picture for you. So, Josh, let’s go to the next slide.

So, in general, given what we were able to look at from the recent federal reporting that everyone began doing in earlier this month. When we look at the transit districts, the rural transit districts that TxDOT was responsible for entering information on with this required FTA reporting. It gave us a glimpse at what I think is probably a representative picture of what most everyone has experienced and is experiencing out there. And so, what you have here are -- for overarching summary points from a look at that first segment of data that we are now reporting to the Federal Transit Administration through the National Transit Database. So, not surprisingly, most rural transit districts throughout the pandemic reduced
service. Some did suspend it all together. Although I
would say the majority looked at only service
reductions and not suspension. Most are back now to
normal operations. Some are continuing to operate
reduced service levels and at least with the data we
had none of the transit districts we reported for
reported that they had suspend -- that they had
suspended service all together. So gradually coming
back online I think is the picture there. In terms of
the employees and positive tests for Covid, again a
somewhat limited sample but of the 1,000 employees
associated with the districts we reported for, only 20
positive tests were reported, and all had recovered
from that. And that also over 85% of the employees
with those districts have been vaccinated. So that
just gives you a sense of as we are hopefully coming
out of the -- the most extreme times or impacts from
the pandemic, where at least our rural program
districts are at in terms of levels of service, how
it’s impacted their employee base and they’re ability
to continue operating and then where they are in terms
of getting vaccinations.

The other thing that we took a quick look at,
and let’s go to the next slide Josh, was a look at the
some of the performance data that we collect throughout
each fiscal year. We collect this on a quarterly basis, and we actually collected for all transit systems in Texas including metropolitan systems. What I have for you today are two -- two slides. This first slide is for rural performance data and the second one will be for urban transit district performance data. So, looking at five key indicators of where service is at and impacts and then ridership, you can -- as you might expect looking -- comparing where folks were in 2019, which was the last fiscal year where folks operated for the entire year, a full-service program. FY20 of course was interrupted halfway through with a pandemic, so using FY19 as a baseline and then looking at the first two quarters for both ’19 and then this fiscal year, ’21, just tracking consistent with reductions in service levels. Vehicle miles are down. If you go across to the right revenue hours are down, not surprising. Operating expenses over in the left-hand side are up, most likely associated with increase cleaning protocols and those kinds of things. Cost per hour, when you put, you know, the decline in revenue hours and then the -- the increase and expenses together, the cost per hour has gone up significantly and we’ll have to track that. And then ridership almost a mirror reflection of the increase in cost per
hour. Ridership has dropped almost 50%.

So, we will -- so that’s the rural picture.

The urban picture is similar, not quite as extreme. I think, Josh let’s go to the next slide. Again, you’ll see the reductions in revenue miles and revenue hours. Only a very small change in operating expense and then a similarly, I mean still significant 25% increase in cost per hour but not nearly the same magnitude as the rural program is reporting. However, the ridership decline is much more pronounced. And I suspect that is has more to do with the nature of the urban area ridership, including in some cases students who may not have been in class, and in other cases, perhaps more of a choice ridership base as part of their ongoing ridership profile as opposed to a transit dependent profile. So, that’s the urban picture. You know, I think it’s -- we’re not drawing conclusions with this. I think everything is tracking where we thought it might. My largest concern in both cases is the increase in the cost per hour. Because obviously over time if that doesn’t settle back down then that is a, you know, a significant impact on overall levels of service assuming that financial support for these systems remains the same.

So, that’s a quick look at the pandemic --
between now and your meeting in July we’re also talking about fielding a quick survey of urban transit districts and rural transit districts, state funded districts to allow us to have a more complete picture of where folks are at and the ongoing impacts of the pandemic. Any questions on that before I jump into the relief funding.

JOHN MCBETH: Eric, this is -- this is John. I will make one comment on the urban ridership. Our urban ridership dropped mainly because of the number of businesses or entities like Texas A&M University that basically shuttered.

ERIC GLEASON: Yeah.

JOHN MCBETH: We weren’t carrying people as -- we weren’t carrying custodians. We weren’t carrying food service people and we weren’t carrying service industry people because all the restaurants were closed. So, that’s -- we’ve identified that’s where the majority of our ridership -- our reduction in ridership went was all of the businesses. So, that’s also got a fairly severe economic impact on the local economy. So, I just make that comment.

ERIC GLEASON: Yeah, that makes a lot of sense John. Particularly for your area for sure.

JOHN MCBETH: We didn’t see it in our rural
program. We just didn’t see it there but boy we -- we sure saw it in the Bryan/College Station program. And everywhere in the Bryan/College Station program, even in the demand response, the ADA side. We saw a major reduction.

ERIC GLEASON: Interesting.

JOHN MCBETH: Yeah, very. We don’t know -- I know the hospitals were open and I know the doctor’s offices were open. I don’t know -- I don’t know how our ADA went down.

ERIC GLEASON: J.R., you got any observations on this? I don’t mean to put you on the spot but --

MR. SALAZAR: No. I don’t -- I don’t mind. You know I think we’re similar to John that, you know, we saw a drop obviously. I think where some of the biggest drops that we had was with contracts. For example, the local Image Mar Centers that we transported to worksites and obviously as those places just shut down -- so, we had to thin routes and, you know, and do away with a lot of those but our general public trips went down as well. And also, our Medicaid trips went down as well.

ERIC GLEASON: Ken, (indiscernible) Harris County?

KEN FICKES: Well, yeah, we -- our demand
response program RIDES, which has been a great program for almost 20 years now, they experienced quite a drop and it’s building back up but it’s building back up slowly. Our fixed routes have done incredibly well the past 12 months. We were up probably over 20% but having said that we started five new routes in November or December of ’19 and they took off like a rocket and then when the pandemic hit, they dropped. It was kind of the same thing what John’s seeing. Some of the government buildings and businesses, a lot of those routes which are destinations are closed and they’re not open. So that’s effected the ridership on those routes. But here in the last three months, everything’s rocking along pretty well and looking back to kind of like back to better than normal. So that’s our experience. Oh yeah and our Park and Ride is -- is crashed. We don’t get a lot business out at the Park and Ride right now because a lot of the downtown buildings I guess are still -- still closed.

ERIC GLEASON: Yeah. Yeah. That’s makes a lot of sense. That’s good to know that your other -- that your fixed route ridership is doing so well.

KEN FICKES: Well, I think people are getting -- people are getting out more.

ERIC GLEASON: Yeah, yeah. That’s good to
know. And so that’s the kind of thing that we want to try and track on a quarterly basis for you over the next I would say, you know 6 to 12 months. Because I think, you know, it remains an unanswered to question to see to what extent we will return over time to traditional level or whether we’re actually going to see some sort of a significant permanent change in things.

So, okay, now let’s shift gears. Josh, let’s go to the next slide. So, shifting gears to the funding side of the equation and looking at the funds that TxDOT has received for the programs that we administered, which is (indiscernible) largely rural. So, there’ve been three pieces of relief legislation with funding for transit in them. The first one of course was CARESS and that’s the first column. And you can see the -- the programs that CARES funded. It was a 5311 and 5311(f) or Intercity Bus funding stream that we got through CARES, $143.2 million for Texas. CRRSAA, the second relief legislation only included a relatively small money for the 5310 program, 1.3 million. And then the recently passed Rescue Plan, the American Rescue Plan, with funding for all three programs plus for the first time some funding for RTAP. And you can see how it splits down there. If you add
everything together, Texas has gotten $156.4 million of Covid relief funding across those programs. The other thing we’ve got for you on this chart is we’ve color coded when we anticipate Commission action on those funds. So, the Commission has approved, and we have obligated in the Federal Grant system all of the CARES funding. So that is all out under project grant agreement with rural transit districts and intercity bus carriers in Texas and is being spent down and we’ll take a look at that in just a moment, more specifically.

The CRRSAA and ARP funding is -- has not yet been approved by the Commission and the first step then will be next week at their meeting when they will look at 5310 funding for both CRRSAA and ARP. And those funds, it’s a relatively small amount of money, 2.6 million total, it is to be used on only the operating grant element of the 5310 program. And so, in our case it’s a relatively small amount of the overall 5310 funding is actually program for operating. So, we will be adding these funds to those current grants -- current 5310 grants still operating. And we’ll be adding these funds to them in a way that’ll allow the current contracts to continue through the end of this calendar year.
For June then, we are for certain moving ahead with the 5311 element of the Rescue Plan funding, 3.3 million at the top there. And then hopefully, and I would think more than likely the intercity bus element of it -- the reason that you see the 6.9 million there in yellow with a to be determined on it, is the Commission has expressed a greater degree in interest in how the intercity bus funds are allocated out than those funds which are more directly related to a formula allocation on the rural side. So, we’re just not -- I’m having a conversation with the Key Commissioner next week and hopeful that they will be fine with just allowing us to move ahead with the (indiscernible) distribution of those funds looking at current ICB funding recipients to support those programs.

So that’s where this stands. You know, there have been -- and John, I know you’re familiar with this, there’s been some approaches to determining who gets what amount of funding for both CRRSAA and ARP which were different than those used in CARES and that has had a profound impact I think on the amount of funding that Texas might normally expect to receive. On the other hand, $156.4 million is a significant amount of money and we will try and make sure that we
stretch those dollars as best we can against -- across
needed services programs.

So, let’s go to the next slide, Josh, I think
it’s the last slide that I have. Which give the
Committee a sense when it comes to CARES, all $143.2
million are under contract for expenditure. This shows
you the breakdown between the funding that went to
rural transit districts, which is the first set of
columns there on the left. The funding that went to
ICB services and that’s a straight required 15% set
aside of the total amount, so 15% of 143.2 million is
$21,480,000. So, you can see the breakdown there and
then you can see the overall expenditure history where
we are getting close to that 50% mark of having spent
down the CARES allocation. The intercity bus
expenditures are tracking a whole lot more closely to
the total than the rural program is, but the rural
program is tracking at about the rate where we expected
it too to begin with. So, this is looking good. You
know, of the 160 -- of the 156 million we’ve gotten 143
million of it is obligated and under contract for
expenditure that’s over 90% of the total. So, I think
in general Texas is performing well with these federal
funds.

So, at that point I’m gonna stop. That’s the
end of my Director’s Report. Take any questions the Committee might -- might have. All right. I’ll turn it back over to you John.

JOHN MCBETH: Okay. Thank you. It’s a good report, Eric. Interesting to -- most interesting is the ICB. You know, everybody knows my opinion of that. That’s a gigantic waste of money but I’ll get off that soapbox.

We’ll move on to Agenda Item Number 5, which is the overview of current Texas Administrative Codes state funding allocation formula and federal Section 5311 funding allocation formula. Just to introduce this Item, this is something that myself and Eric have been talking about for quite some time. This formula has not been revisited for goodness gracious at least 15 years and it’s just time to take a look at it. So, I will turn this over to Eric.

ERIC GLEASON: Okay. Josh, let’s go to the next slide. So, I think we briefed the Committee in January on the topic of looking at the Administrative Code, needing to look at it over the next 12 to 18 months to prepare ourselves fundamentally to respond to what we anticipate to be the impacts of the 2020 Census and following the announcement by the Census Bureau of the urbanized area designations. And we’re thinking
that if it follows the 2010 schedule, we’re thinking that will happen in the Spring of 2022 and that we need to be in a position shortly thereafter to have a formula allocation in Administrative Code that responds to those changes.

So, what we want to try and do today is to bring the Committee up to speed on the current formula. Why it is the way it is and how it works the way it works. And to offer up a glimpse of what we think some of the key issues will be that we will facilitate discussions around for the Committee at your July and October and possibly January 2022 meetings.

So why don’t we -- let’s go to the next slide
JOSH. So why are we doing this and how big of a scope might this effort entail? So, the primary reason we’re doing this and the focus for today’s conversation is to put ourselves in a position with a formula -- with the allocation formula spoke for state funding to both rural and urban transit districts and plural rural program federal funding. And then secondarily, we do expect that it’s likely in this timeframe, this 12-to-18-month timeframe that there will be a new authorization -- there will be new authorization legislation passed by Congress that will likely trigger a need for us to go through the Administrative Code
perhaps more broadly across more programs. And if that is the case then we will pick up those changes as well as a part of effort looking at the Code. Those changes typically don’t generate or require the kind of back-and-forth conversation that the formula changes do. Which is why we want to and get a -- of a jump start on that conversation today.

Next slide, Josh. So, let’s talk schedule. So, we are at the top here with our initial discussion and then we’ve kind of laid out for you a road map working with approximate dates for your meetings and then some key milestone dates around other meetings to give you a structure moving forward on when we will be making decisions or bringing things to the Committee for your review. So, after today we do anticipate, you know, and at least the July and October and possibly even the January 2022 meeting of the Committee, that we will be bringing sort of issue level discussions to you and looking for the Committee to reach some agreement amongst yourselves on -- on these issues and the advice that you might give the Commission on how to approach them. At the same time, we will be taking advantage of our regularly scheduled twice yearly Operators Meeting, we meet in July and January, to bring the entire group of transit district riders, rural and urban, along with
this discussion. So, we’re gonna try and -- and I think merry up both of those meetings with PTAC meetings immediately afterwards to allow the Committee to have the benefit of the discussion from the entire group in your deliberations. So, for example, one of the things we’ll talk about at the end of today’s meeting will be a, you know, a date for the July meeting and right now we’re looking at July 22nd which is the day after the July semi-annual meeting. So, we’re gonna try -- we think it makes sense to have the Committee meeting follow that meeting so you can have the benefit of discussion from that meeting for your consideration.

So, as I mentioned we do expect or anticipate based on the 2010 schedule that there will be a -- information coming in the spring of ’22, just about a year from now, where the Census will release urbanized area designations. Now, you know, I get that’s questionable. They’re -- they’re behind already in releasing data needed for redistricting. So, it’s -- it remains unknown as to whether or not they will stay on a sort of a schedule or whether subsequent downstream decisions will be delayed as well. But in any event, working with our past experience we are then in a position next Spring where the traditional June
State funding award for fiscal year ’23
(indiscernible). What we’re anticipating with this is probably a partial award. And then we will go into a formal rule making process based on the specifics of the urbanized area designations and the impacts of those on funding. We will go into a specific rule making process that will put us in a position of having final rules with changes to the formula that would then impact a second partial distribution of state ’23 funding and all of fiscal year ’23 federal funding as soon as January of 2023. So that’s kind of the road map that we see in front of us as we move forward. Any questions on that?

Okay, let’s go to the next slide Josh. So, one of the first things we do with kind of a process and, you know, John and J.R. have both been through it several times, and so this should be familiar. We have found that perhaps one of the most important steps when we are looking at it, a rule making process around a formula, is to up front get some consensus around what kinds of overarching objectives or guiding principles or outcomes if you will, independent of the specifics, but what are we looking to accomplish with the formula and these sets of changes? And what you have in front of you here is what -- when the last time the formula
was -- was amended back in 2017. These are the guiding principles or objectives that PTAC reached at the time to help them understand what they were trying to accomplish. And as a Committee, you can expect us to – this will be the -- probably the first conversation we have with you in July is going to be around what do these look like. Do these capture everything we’re trying to accomplish with the formula? Are there other considerations that need to be a part of whatever the solution is? So, we don’t need -- I mean we can certainly have a discussion around these today. We don’t need anything from the Committee today. This though will be sort of the first topic we will have as a Committee. This will be the first discussion we have in July to try and come up with this page for this process. That make sense.

MR. SALAZAR: Hey Eric, this is J.R. I just have not necessarily a question but more of a comment. While I understand, I agree with this and I was part of that process, that was obviously before the pandemic hit and I think we just need to keep that in mind when we talk about performance efficiency and effectiveness, that all rural transit districts and urbans too and we talked about that a while ago, have seen a drastic cut in ridership, all those things. So just -- just as
long as we keep that in mind, I’m good with it.

ERIC GLEASON: So, I think that, you know, the whole unknown of how, yeah growing back from the impacts of the pandemic and what that will mean clearly is something to be considered. So, I think that’s a -- yeah, that makes a lot of sense J.R.

JIM CLINE: Hey Eric, this is Jim.

ERIC GLEASON: Uh-huh.

JIM CLINE: And you guys have looked at this before but there, you know, certainly likely that we’re gonna have some changes in designation. Some that grow into or out of the urban transit district designation. So that’s gonna be an interesting piece on how to soften that blow as -- or -- or ramp it up, right?

ERIC GLEASON: Right. So that was -- that was a discussion we had with the Committee that actually led to the Committee’s recommendation last year that the Department include in its appropriations request additional funding, approximately $3.7 million, 3.3 of which was associated with maintaining per capita funding (indiscernible) in the State program. And that the time when we looked what TTI and the state demography’s office was forecasting, the biggest impact we had was we had three current small urban systems.
We have the Amarillo area, the McKinney area and then the Bryan/College Station area that are both based on the 2010 Census, low 200,000. All three of those are anticipated to go over 200,000 which in state funding moves them up to the large urban category. And as you’ll see here, another slide or two, right now the way the state funds work, there are specific amounts allocated to rural, small urban and large urban. And at minimum this Committee identified the need to address that issue with that kind of a movement anticipated. So yeah, that easily gonna be, I think the most challenging -- challenging issue for the Committee and for the Commission resulting from the Census. Absolutely.

JIM CLINE: Thank you.

ERIC GLEASON: Anything else before we move on? All right. Josh, next slide. So, my slides not changing. Has others changed? Or is it -- is it just me?

MR. SALAZAR: No, it’s still the same.

ERIC GLEASON: So -- there we go. Okay. So, John mentioned this, let’s take a step back and understand some history behind the current formula. And, you know, not to under estimate the impact of this change but (indiscernible) it’s been 15 years, give a
take a year or two, and, you know, there was a
(indiscernible) change in the formula, I’m calling it
the New World Order here, back in 2004 and 2005 when
the Commission at the time approved changes to the
Administrative Code which basically shifted the way
allocations to rural and urban transit districts in the
state (indiscernible). And they shifted from a -- from
allocations based on history, if I can put it that way,
to allocations which are based on population, land area
and performance. And it was a Commission driven
reallocation of baseline funding amounts, and, you
know, I can tell you that John remembers that well. It
was a very challenging time for a number of transit
districts that they’re historic funding levels of both
state funding and federal rural funding declined over a
period of five or six years because of this change
driven by the Commission. And so -- but that action
back then is what put the general framework for the
current formula in place. It was somewhat off that
(indiscernible) growth in the federal rural program
back at the time the state funding was static, and it
continued to be static, and it was on the state funding
side, the local match side of everyone’s overall
budget, that continued to decline for I want to say 10
or 12 of the -- some of the more established transit
districts in the state. It was a very challenging
time.

Now since then there have been a number of --
there have been couple sort of key changes but for the
most part only minor fixes and adjustment to that
structure. We did in, gosh I want to say it was maybe
2013 or '14, we did formalize what we now call the
Vehicle Mile Award, this was probably 2010, the Vehicle
Mile Award portion of the annual formula for the rural
side and then 2017 when the Committee and the
Commission created this third category of transit
district -- recognizing those transit districts with
over 200,000 in population that were still receiving
state funds as a separate group. So -- and we
currently have six -- six transit systems in the state
fit that larger category. It’s gonna be Laredo,
Brownsville, McAllen, The Woodlands, Lubbock and
Killeen. I think I got them all. And the list, it’s
this group of six that currently have 3 and half
million dollars of state funding every year and they
(indiscernible) to which we’re thinking about three
more. We think three more will be added. So that goes
back to Jim’s question just a moment ago.

So that’s, you know, obviously glossing over
a lot of a history but that is the history of the -- of
the formula. And I don’t know if John or J.R. want to add anything at this point having been impacted by this over the years.

So, let’s go on.

JOSH RIBAKOVE: Eric, this is Josh. Just a little bit of housekeeping before we go to the next slide. I want to let everyone know that our sixth PTAC, Marc Whyte, has joined us and is part of the meeting now. And also, for the Committee members we are getting a little bit of audio noise. If you’re not speaking, please put your phone on mute. And we’ll continue. All right. Next slide, Eric.

ERIC GLEASON: Okay, welcome Marc. All right. Understanding --

MARC WHYTE: Thank you. It’s good to be here.

ERIC GLEASON: -- the current formula. So how did the -- how does the state side work with the current formula. Let’s focus first on first state funding. So, the state provides funding to rural, small urban and large urban transit districts in the State of Texas. And that is a -- transit districts formed under Chapter 458 of the Transportation Code and as long as you were -- you formed yourself as a transit district when you were under 200,000 even if you go
over 200,000 but you remain a transit district unless you make the choice and take the option of forming a transit authority. So, the key on the state side and this is unique to the state funding is that the TAC language and we will look at this as an example in just a moment. So, the language in the Administrative Code includes specific amounts funding to be allocated based on a need and performance allocation. The legislature appropriated a biennium total and the Administrative Code hard wires in amounts, biennium amounts for rural, small urban and large urban allocations. Those entire amounts are then run through a formula based on need and performance. Need on the rural side is a combination of population and land area and represents 65% of the overall amount. And then performance on the rural side is 35% and is three equally weighted factors contributed to performance. On the urban side for both large and small urban transit districts, need is only population and the reason for that is that at the time this was developed back in 2005, the conversation discussion recognized that land area was not as much of a factor in urbanized area operations as it is on the rural side. And therefore, need was only a population-based criterion. And then 50% performance, looking at four factors, not three, four and each of those factors
having a different weight. Again, based on the conversations at the time. And when we get into this discussion in July and October, we can revisit some of the more specific assumptions made for these. But -- so one of the key differences is the rural has a 65/35 split. The urban is a 50/50 split. Again, acknowledging at the time that the performance challenges on the rural side were more heavily impacted by the specific operating environments and all the diversity of the operating environments across the state that the rural program encounters versus the urban side and not as much variation there. So that was the key -- the key reason for that difference. Now on the same side because the -- there are specific amounts that are hard wired in any funding in excess of those amounts are distributed on a discretionary basis. No transit system can have more than a 10% decrease of overall funding from year to the next. So that means that even though your raw number might suggest you should go down 15% from one year to the next, the most you could go down is 10%. And that you could expect the following year to see an additional decrease to pick up the remainder of that decrease. And then the other unique part of the state side of things is in the Transportation Code there are certain areas which are
statutory defined urban areas that get a certain amount of funding every year from our allocation.

And let’s go to the next slide Josh and this will give -- this is the picture then of how the state funds break down in the Administrative Code and what I just said and perhaps a more visually descriptive way. But if you start at the top, you can see the very -- so any of the kind of the -- the salmon or flesh-colored boxes here are areas of Administrative Code where you will see an actual number hard-wired into the Code. And you can see then the biennial state transit fund amount comes from the Appropriations Bill. Then that amount then is split into the large urban biennial amount, small urban biennial amount and rural biennial amount. And then off the small urban comes this statutory urban area fixed amount. And then as I described in the blue boxes that talks about how allocation decisions are made amongst the various transit districts in each group.

Now, if we shift gears to the federal side, let’s go to the next slide Josh. Well, yeah, so key differences on the federal side from what we just talked about on the state side. First of all, only rural program funding is impacted -- only federal rural program funding is impacted by the formula in the
Administrative Code. The urbans receive their specific allocations, those amounts for the urbanized areas are calculated at the federal level. We will verify those amounts for small urban areas between 50 and 200,000, TxDOT verifies those amounts but those areas apply for those -- that funding directly to -- to FTA and not through the Department. And the Commission does not have a role in rule making around the allocation of those funds. That’s done at the federal level.

So, understanding the current formula, on the federal side it’s a combination in Administrative Code, a predetermined amounts and variable (indiscernible). So, on the state side, they’re all predetermined. On the federal side, it’s a combination. And we’ll see that in just a moment. The federal program also includes optional and required set-asides. So, there’s an optional set-aside of up to 10% for administration. We currently take closer to 3 or 4. And then on the intercity bus side there’s a required set-aside of 15%. There is a predetermined amount of $20.1 million which is to be distributed based on need and performance and those -- in this area here, for this third bullet that you see here, this exactly mirrors what we just talked about on the state rural program side. So, 65% based on need, which is population and land area, 35% on
performance and under the performance three equally weighted factors that contribute to the overall total there. The -- on the federal side we are allowed, under the Administrative Code, the Commission can take up -- can use 10% or can award 10% of the total available after the set-asides, can award up to 10% on a pro rata, a competitive or in response to an anomaly or unanticipated situation. The Commission does have the ability to use up to 10% of the funding on what we call as a discretionary basis. It’s not completely discretionary. There are some guidelines in the Administrative Code that lend a certain amount of structure to what it can and can’t be used for, but we have called it discretionary. And then anything in between the 20.1 million and whatever is used for discretionary, but any available prior year funding goes out based on total vehicle miles.

So, the next slide is a little hard to follow and I’m not gonna walk you through the details of it but it shows -- it takes the formula and it shows the Committee what -- how the funding we got in 2018, I believe, flowed through this formula. So, Josh, let’s go to the next slide.

So, I’m not seeing yet. I don’t know if other members are seeing it.
MR. FRAVEL: No, I don’t -- I don’t see it.

ERIC GLEASON: Okay. So, it’s just a delay in -- in (indiscernible) advance. There we go. So, this is a strict accounting using FY’18 federal rural apportionments to Texas of what I just described. And you can see how each of those elements of the rural formula that I talked about are addressed. And the -- so we get under the lighter blue box is the total apportionment. The dark blue box is our sort of -- there’s one on the left is the set-asides, which are for either Intercity Bus and State Program Oversight. The needs and performance portion which is fixed at 20.1 million. And then a combination of a competitive or service levels. Competitive being discretionary and service levels being represented by vehicle miles. You can see how that all flows through the current formula.

And let’s go Josh to the next slide. So, in summary, the formula is largely a proportional share-driven allocation. Which means that everyone gets whatever their share of the overall total is depending on what’s being calculated. So, if it’s population, if it’s land area, if it’s performance, if it’s vehicle miles, it’s all based on what your reported proportional share is of those totals. The need information, the population and land area information
is based on the decennial census so it remains constant from one year to the next and only changes once every 10 years. And you know that’s kind of (indiscernible) growing state like Texas where we know that -- that, you know, particularly around growing metropolitan areas a lot of the (indiscernible) or density and the population increase is happening in the rural areas but there’s really no way to accommodate for that growth outside of the next census from a formula standpoint.

The urban transit district need amounts are census driven, urbanized area based and calculated separately even if combined in practice. So, what does that mean? So, the example we have is here is Midland/Odessa. So those are two separate urbanized areas according to the census. So, they are treated as two separate urbanized areas in our calculations. And it’s only at the end that they get added together for Easy Rider. Easy rider runs the service in both of those. So, we don’t treat -- we don’t add those two populations together just because the same service provider. They get calculated separately and then awarded to Easy Rider.

What drives change every year from one year to the next? What drives the changes and the amounts that everyone gets? So, the performance side of things
is annually updated and does trigger changes in the overall annual allocations among districts. You can have district boundary changes, this is largely a rural side situation, where rural transit districts change their boundaries, either new ones are formed, or counties decide to opt out of one and go in another. That obviously will impact the formula. And then from time to time we have to make corrections to data collection methods and that too will trigger changes to allocation from one year to the next. So, it’s relatively stable (indiscernible) census driven but there are elements to it that can impact from one year to the next what folks get. And the reason that’s important is if you went back to our first slide around principles, there’s a -- there’s kind of a push and a pull between stability and wanting the formula to communicate stability and a constant amount that people can plan for. So, you know, once every 10 years objectively calculated is pretty stable. You also want it to be up-to-date and to recognize change when it can. And so that tends to, you know, lead to the annual -- lean towards looking at ways to keep it up to date to change it more often.

So, let’s go to the slide then Josh. So, what are some of the key areas we think that we will
end up looking at as a part of this update? And this is just a brainstorm list. There may be others. We think we probably need to talk about whether specific amounts or what we want in the allocation formula, these hard-wired amounts or are we better off working with percentages of whatever, you know, whatever we -- we get.

Definition of “need”. Are there additional criteria that we ought to be looking at to determine need?

Performance, does the overall approach work? Are these the right measures? And J.R., this may be where we have to factor in the conversation around Covid and the impacts of that on performance.

With the discretionary funding, you know, how is it used? How is it distributed?

What’s the appropriate split between need, performance and discretionary in the overall formula? Right now, our formula funds are available for general use. Do we want to be more targeted about some of them? For example, do we want to target a portion of the overall funds for capital purposes? Or not.

And discretionary funds, do we want to build it some sort of a higher threshold that’s different
than formula funding, you know. Discretionary funds are discretionary. Is there -- does it make sense? Can we require more of applicants if they want to be eligible for discretionary funds?

And there may be others. You know, one of the things that came up the other day was with all these emergency relief funding we’ve gotten, you know, our only choice was to put it through the formula. Do we want to have language in the Administrative Code that recognizes this kind of a situation as somehow different than that? So, we have some ability to look at allocating these kinds of funds differently than just as the formula would.

So, lots of questions. I think John mentioned it’s time to go back and, you know, kind of check the -- tear it all down and check it out and make sure it’s still doing what -- what we want it to do. And I think these issues here tend to get to allowing us to do that.

So, looking -- looking ahead as to what’s next, Josh let’s go to the last slide. The next steps, and I’m only going to go 90 days here. I’m not gonna try and project 6 months or 12 months out. Internally, I need to do my homework around bringing Commissioners and Administration folks along with this effort. I
think in the past I will say we’ve had a fair degree of freedom to conduct this effort and get pretty far along with it before needing to loop particularly the Commission in. I will say this Commission is more interested in getting engaged sooner on these kinds of topics than previous Commissions. So, I will be looking at opportunities in this time frame to bring them along on what our discussions are to make sure that we are including any of their interests upfront so that we don’t get caught at the end with something we didn’t expect. We will be looking to prepare white papers on some of these initial policy discussion topics that I outlined in the previous slide. And as I said earlier, we have a semiannual meeting with the Operators on the 21st. And then PTAC the next day and we will provide the operators with a combination of what I think you heard today and then a glimpse at the white papers and issues that we prepared for your July meeting. And that concludes my presentation. Any questions?

JOHN MCBETH: This John. Great --

ERIC GLEASON: Well, John I don’t hear any.

JOHN MCBETH: -- great presentation, Eric.

It pretty well does it in a nutshell.

ERIC GLEASON: Well, I appreciate that. It’s
a lot to cover and before we’re through we’ll probably go over this stuff two or three times more. But at the risk of over communicating, our experience with this topic is the more inclusive, the more we go back and forth on this stuff before we actually look at rule language the better off we will be.

JOHN MCBETH: I would agree with that about a thousand, billion percent. It’s much more logical and planned than it was in 2004 and 2005.

ERIC GLEASON: All right. Well, Mr. Chair I’ll turn it back over to you.

JOHN MCBETH: Okay.

JIM CLINE: Hey Eric, this is Jim. I’m real interested to hear what the operators have to say in terms of if there’s an imbalance to this scene from their viewpoint. You know, is it corrected or is it, you know, there’s value in keeping the formula stable so that a lot of this does stay stable but sometimes it -- over time it -- it gets out of kilter if you’re not careful. So that’s one thing I’d like to talk about on the 22nd. If you hear anything at the operators meeting on, you know --

ERIC GLEASON: That -- and Jim, that --

JIM CLINE: -- is there -- to solve --

ERIC GLEASON: -- would bring back to what
criteria we might use to make the calculation.

JIM CLINE: Uh-huh.

ERIC GLEASON: Yeah.

JIM CLINE: Yeah.

ERIC GLEASON: Okay.

JOHN MCBETH: Okay. That being said, we’ll go to Item Number 6 which is an update on the Intercity Bus study. And Eric, you have this one also.

ERIC GLEASON: Sure. We’ll I’m gonna turn it over real quickly Fred Favel from KFH, our consultant team who is doing this study for us. But by way of introduction to Fred, the Committee may recall that back in 2019 the Committee worked through a process to come up with a strategic direction report for the Intercity Bus program. Where we identified the desire to shift from a largely, I think hands off approach to the program allowing proposals to come in and to guide our discussions around those -- will guide our investments around those proposals. We concluded at the time there was interest in moving toward a more strategic and deliberate approach to the program, that while not being so prescriptive as to publish schedules and all those kinds of things, that we wanted to be in a position of knowing more about where intercity bus program investments make the most sense. And this is
the rural program. So, we have hired KFH to help us
work through that and what you’re gonna hear today will
be -- they started their work in earnest in January.
And it’s gonna be an overview of what they’ve learned
to date about to Texas. And the process they’ve gone
through to date to get to that point. And to, I think
where we’re at with this is we’ve kind of come to --
coming to a close on the outreach effort -- the initial
outreach effort and we are beginning to turn our focus
toward outcomes for the study and, you know, what are
the strategic priorities for this program. And so,
this is a good point to engage the Committee. I can
see us coming back in July and possibly again in
October with the final results from the studies. So,
with that, I’m gonna turn it over to Fred. Fred’s been
doing this work; gosh it seems like forever. Sorry,
Fred.

MR. FRAVEL: You’re gonna make me sound
historic.

ERIC GLEASON: Well, you are historic. I --
I will say -- I’ll tell the Committee that I met Fred
when I was in graduate school in North Carolina and he
was a graduate assistant and going after his doctorate,
I believe.

MR. FRAVEL: Yeah.
ERIC GLEASON: And he was into intercity bus
then. So, you know, without divulging anything about
the timeframe associated with that --

MR. FRAVEL: Yeah, don’t.

ERIC GLEASON: -- I certainly am glad to have
a chance to work with him again. So, Fred, I’m gonna
turn it over to you.

MR. FRAVEL: Okay. Well, thanks Eric. I
appreciate it. Let me just add to the PTAC comment
that I thought the explanation of overall transit
funding in Texas was excellent. I learned so much
listening to the first part of this, so that was useful
for me.

Josh, do you want to put the next slide up?
I think when we look at it, we’ll see that Eric
actually got through much of it. The introductions and
where this study came from. I think the PTAC members
know that because they were around in the prehistory of
this before I got engaged in it. At any rate, as Eric
said we’ve been working away and what we’re trying to
get to on the project schedule is to make sure that if
we need to make changes in the next Coordinated Call or
in the forms that are related to that or anything like
that that we have the information to make some of those
changes on a solid ground and in line with the
assessment that PTAC and TxDOT wanted. So that’s --
that’s kind of what we’re going.
The next slide, Josh, if you can -- is
basically kind of our -- our timeline and where we are.
And I think Eric kind of talked through this a little
bit but we’ve -- we’ve done some work on the policy
context and how TxDOT runs the program. We’ve looked
at a number of other states to see how they run the
program and those were all combined in a draft
technical memorandum. We’ve done an inventory of the
existing intercity bus services and we’ll show you some
maps for that in a couple of minutes. Those are all in
a technical memorandum that we’ve tried to put a lot of
information into to give us the context. We’ve done a
technical memorandum on a needs assessment that looks
at population and transit need factors and how that
relates to the Intercity Bus Network. And we’ve just
finished a series of efforts to get input from
stakeholders and that is all summarized in a technical
memorandum. We’ll talk a little bit about what we
heard. So anyway, we’re kind of at the halfway mark in
terms of that. A lot of the inventory existing
conditions work is done and now we’re gonna be
exploring where do we go with this. And so, the
comment about coming back in July and October is
probably a good one. I think we’ll want to show you kind of where we think we’re going that and get your input on that.

Next slide, maybe. So, one of the things that we were asked to look at kind of on the early side is if we wanted to change the program and there’s an underlying assumption that we do, so that TxDOT is providing more strategic direction to the program. Do we need to change any of the language in the Texas Administrative Code? And we looked at that and I, you know, we didn’t see anything that particularly says the program has to be open ended or hands off. It does have a requirement in it that says that TxDOT has to consider the outstanding request from intercity operators and rural transit districts. So, I don’t think that language prevents TxDOT from saying in this Call we want to -- our priority projects are A to B and C to D and we want it this often. But we probably need to include an option in there so that if -- if there’s something that TxDOT has not perceived as a need that has arisen either because it’s, you know, become unprofitable for one reason or another but it still serving people, or some regional need has developed that there’s a way to consider that as part of the application process. So, it could be included. Some
of the states that have -- take up strategic direction
in their application do that, they include language
that says, you know, here’s our priorities. Here’s
what we want. We want to see applications for if you
have something else that you want to apply for and make
the case, here’s, you know, here’s what you need to put
in and how to justify that and we’ll consider that
against the other things. Or you could have a separate
request for information process prior to the
Coordinated Call but that kind of creates a, you know,
a double process. So, our assessment was you don’t
need to change the Administrative Code to provide some
strategic direction in the program going forward.

Next slide. In the inventory that we looked
at, the inventory of services, we -- we’re including
the entire Intercity Bus Network, both the subsidized
and the unsubsidized. And you can really kind of slice
it up into four main categories. And if you’re really
into bus services you could probably spend some time
arguing about which is which. But there’s what we
think of traditional intercity bus service. There’s
Greyhound and Greyhound is also a key player in a
national interlaying network that is actually called
the National Bus Traffic Association, NBTA, where
carriers have their ticketing system coordinated so
that there’s interlaying tickets. And that enterprise together is -- is basically traditional intercity bus service.

There are a number of specialized carriers in, particularly in Texas, but all over the country and sometimes there -- have a different orientation. But in Texas we’re looking at a bunch of carriers that basically take folks sort of to and from Mexico across the border and they -- they compete with the traditional intercity bus service to some extent but they’re also a different market segment and have a different operating model. They have their own stations, for the most part. They market to a different market and so they’re another segment here. There’s short distance or regional services, some of these are 5311(f) and we have a couple of private intercity carriers in the state that do that. And we have the CARTS program that does some regional intercity routes. Some of those are tied in to that national interlaying network. I think All Aboard America and CARTS both are.

And then we’ve had over the past decade a number of express curbside services develop. And these services tend to run between big metro areas and big university towns. And they don’t usually have any non-
urbanized stops. So, they’re competing with the
traditional intercity bus service and to some extent
the cross border express services. But they’re not
likely to provide rural or city to city service in the
state except between the largest cities. And we’re
thinking here of Megabus and Flixbus. Vonlane is a
particular market segment where they’re selling an
express service that’s got a higher level of amenities
and -- so we kind of divided up the service into those
four categories. Basically, the rural areas are not
served by the express curbside services. I just want
to make that point. So, we don’t see applications from
them. We’ve given them an opportunity to participate,
haven’t heard back. They’re kind of in a different
setting.

You had a lot of coverage earlier about the
Covid, the pandemic impacts on the public transit
operators. There were significant impacts on the
private carriers as well. And because most of the
service they provide is completely funded out of their
fare box, when the fares -- ridership fell, the fares
went away, and they were really left in a very
difficult situation to try and keep service up. The
traditional carriers like Greyhound basically went
through and did a lot of frequency reduction. They
suspended some very low ridership routes, but they try to maintain the network connections because for a lot of the remaining riders, this service was pretty essential. You know whether that was healthcare workers moving to where they were needed or truck operators who needed to get to the distribution points, whatever. And depending on which carrier you talked to and which region of the country, the ridership was about 20% of normal. And of course, the revenue was way down as well. So that was a reason that those carriers were so interested in and had such a need for that CARES funding was to maintain service.

Express carriers, a lot of them just simply suspended their services and those probably will be coming back, you know, as they perceive that travel is picking up again. The traditional carriers like Greyhound, we had a meeting with Greyhound a week or so ago, and they are cautiously optimistic and they’re bringing back some schedules on a very dynamic kind of a thing. Monitoring ridership and putting service back in where it looks like they’ll be enough riders. They’re still limiting capacity on vehicles, so even if a vehicle is running it’s not generating the revenue it would have before. But they’re seeing some beginnings of an upturn in the ridership. I’m kind of optimistic
because a lot of intercity bus ridership is really driven by family trips, social networks and I think there’s a lot of people in this country that have put off connecting with other people for a year and a half and that once there’s a perception that it’s safe, people will be out there trying to connect up with their families and catch up on events and things like that that they’ve foregone. So, you know, in addition to kind of recreation related trips as well. We’re seeing that with the airlines as well.

Anyway, next slide. This is a map of the Texas Intercity Bus Network. And it’s, you know, you’ll have to print it out and study it really, but the point of it is that there is a significant network statewide, most of it is operated by private carriers with fare box revenue as the main source to support it. And on this map, we’ve tried to code by carrier to show how the different carriers operate. But you can certainly see the number of carriers that focus on the Texas triangle and the kind of the main services going out of the state and how -- how there are fewer carriers in some of the more rural areas as you get into central and west Texas and into the Panhandle.

Next slide. Now the previous map kind of showed the coverage and this is one where we’ve tried
to show the frequency. And again, you see really that some of the Greyhound service and some of the service provided by other carriers in the rural areas is really basically one round trip a day. It’s kind of lifeline service, you know. If you’re in, oh I don’t know, pick a town. If you’re in San Angelo or something like and you need to get somewhere out of town and you’re not a Medicaid client going to a medically approved service, this is your option and that’s, you know, there’s a bus a day in each direction. So it’s not -- not a level of service that’s trying to drive people out of cars or attract them out of other alternatives. This is -- this is for folks that need it and don’t have an alternative basically in much of the state. That’s a little different when you get into the triangle where you see the frequency in the express buses and you can, you know, if you got multiple trips per day, it becomes a better alternative. And that’s also in the region in the state where the traffic congestion and the parking might lead you to say, I think I’d rather take the bus. And so -- but that’s largely the part of it that we’re -- we’re relying on the private market to decide how much service and where it goes.

Now there’s an inset on this map that is an effort to depict the CARTS interurban network. Which
is basically a network of regional routes that connect with Greyhound in Austin that CARTS as a rural transportation provider has developed. And it’s interlined with Greyhound so it’s part of that process as well.

Next slide. Now this kind of shows you what the 5311(f) program funding is focused on. The -- the pink lines are depicting the unsubsidized route network and the blue lines jump right out as the subsidized routes that are -- that are currently funded. In the past there have been some other subsidized routes. Some of them were discontinued and others actually the ridership improved to a point that they were graduated from the program, of course all prior to Covid. But you can see that, you know, the focus of the subsidy routes is pretty much been in the western -- central/western Panhandle region where the costs are high because the miles are long and the ridership is thin because the populations are lower. And that is, you know, there’s a certain sense to that that we see on the map.

Next slide. If we look at what percentage of people in Texas live within 10 miles of an intercity bus stop, about 2/3 of the state has that level of -- of access, in terms of population. Now that includes
your urban populations as well. We find that in the really rural areas, that a lot of people think well 10 miles is just, you know, we drive that to get a quart of milk or something. And people are willing to drive 25 miles to pick up grandma at a bus stop or access a bus to get out of town. And if you take that broader definition of the service area, 94% of the population lives within 25 miles. Now this includes both the subsidized and the 5311(f) routes. So, we’ve got about 5.8% of the population that’s more than 25 miles from an intercity bus stop. Which is -- these are looking across the county and states, these are pretty good coverage levels of the combined total Statewide Intercity Bus Network. I should say that that network is -- the coverage of the network is based on the pre-Covid and if we looked at what was discontinued during -- during Covid, the coverage actually stayed pretty much the same. Greyhound, I think stopped service to, oh I can’t remember what it was, six -- six points or something in the state during Covid and they’re anticipating bringing back most of that. But most of the points that were served continued to have some level of service. Frequencies went down and sometimes routings became more indirect.

Next slide. We also did some work trying to
see does that network serve areas with high needs. And this is based on the percentage of the population. We have an index that we call a Transit Dependent Index that’s a combined index based on low-income folks, auto less households, seniors, persons with disabilities. For intercity bus we also include young adults. And what this index has developed and then it’s ranked to the level of the index across the entire state. So, the darker shaded areas have a higher transit dependents index compared to the mean level for the state. And this is on a percentage basis, so we see that some of the more rural areas, there’s a high percentage of the population that fits into the high transit needs category. It may not be a large number of people. So, you can sometimes see that there’s -- there’s high needs as a percentage of the population in some of your really rural areas. And here you can see the -- some of the Panhandle and the Valley areas crop up and some areas over in the far eastern part of the state as well. One of the aspects of using the Census data to do this though is that the size of the block groups varies with whether you’re rural or urban. So, on a percentage basis we might find in an urban area that there’s -- we’re not seeing a large area that’s got a high needs percentage but there may be more
people in an urban area with -- with the high needs characteristics.

Next slide. One of the factors that I saw that you’re using in determining needs for the overall public transit program is -- is overall population. We’re trying to drill down to find out if there’s areas that have some level of population that are potentially in need of additional intercity bus routes or services. That they’re more than 25 miles from an existing stop and that they have some level of population that might contribute to ridership. So, this is a step in getting to the identifying priority areas. This is the largest urban clusters -- now the census definition of urban clusters is 2500 and above and so these are folks that are more than 25 miles from a stop. And you can see the little -- if you study map, you see numbers that are key to the top urban areas that are more than 25 miles from a stop. And, you know, they’re distributed around the state but interestingly there are a number, kind of along the Gulf Coast that open area between the metroplex and oh, San Angelo, Big Spring, south of Abilene, there’s some dots in that area. And then as you’re going along the kind of between Gainesville, Wichita Falls up to Amarillo you see some -- some dots as well. There are some in east Texas and across the
northern part of the state as well. So, this is based on kind of the numbers. Are there people there? And are there -- are they lacking service is where we're kind of starting with that.

Next slide. So, in addition to looking at the numbers we wanted to give people a chance to weigh in. we had six regional meetings and we tried to get invitations out to transit operators, you know, a wide variety of people. Transit operators, regional planners, centers for independent living, community action agencies, veteran’s organizations, tribal entities, higher education, the private intercity operators and typically it’s difficult to get public input or even stakeholder input for intercity bus because the immediate stakeholders, the companies that run the buses, are a fairly small finite group. And the people that ride the buses are folks that don’t typically have a lot of time or focus or knowledge about how to participate in public transit, you know, in the planning process. You know, we find it’s very different from local or regional types of transit planning services because at any given route or whatever the people on the bus are from all over the country. They’re not all from that region or that town. So, it’s hard to get information out of them.
But we wanted to pick the brains of as many people as we could. The regional meetings actually were a kind of a pleasant surprise to me. I really -- I didn’t expect a lot of attendance. They were small groups, but we had everybody participate and we ended up having almost a focus group, I would say at each of the meetings, and we got a lot of good input.

Next slide. We have a tech memo that has a lot more information, but this is kind of some of the preliminary observations that we got out of the meetings. Certainly, people remember intercity bus services that used to exist and have been discontinued. If you go back far enough there have been sort of waves of -- of service being discontinued. Once upon a time up ‘til 1982 there was a federal regulatory structure that kept a lot of rural service in place because carriers had to run that if they wanted to provide service on the high traffic routes or to provide charter service. After the federal deregulation, a huge amount of rural service was lost. And then subsequently there was a Greyhound bankruptcy strike and bankruptcy in the early 90’s, more rural service was lost. Greyhound went through a restructuring in the mid 2000’s and I think that restructuring finally sort of touched a nerve in a lot of states and they
began to take advantage of 5311(f) because folks were starting to put their hands up and say, we can’t get from, you know, rural America to connect with anything. So, there’s been a lot of service lost. There are gaps in the connectivity of the existing service, and we heard this kind of in two areas. One is getting to the intercity bus stops from rural areas. And sometimes that has indirect routing but we also heard from the rural transit operators who basically said, well we provide some long distance routes but we get to the edge of our service district and people need to go beyond that to medical services or family or personal businesses -- and personal business and we -- we, you know, can’t cross our jurisdictional boundaries and we have to try to and line up things for some other transit operator to take them and, you know, we would need intercity connections to address some of that. People also identified unserved areas and examples of corridors that they thought needed service. Many folks were surprised to see how much of a network there was all together and were not aware that -- of this network and how to get information about it. I think there’s a clear need for that.

A number of comments about the bus stops. That in rural areas, you know, once upon a time we had
bus stations for Commission Agents in a lot of areas and now in a lot of places the bus kind of stops in front of a gas station that may or may not be marked. And there’s no shelters and that’s an issue that was remarked on and perceived.

Some folks also brought up the cost of intercity bus fares. That for low-income people it’s — it’s prohibitive to take those longer trips. And that was particularly brought up in the Valley/South Texas region.

In thinking about how to get regional rural transit customers to get into needed services in the big cities, there’s a concern about the intercity bus might take them from the rural town into the bigger city but particularly for elderly folks or those with mobility issues or something like that, that navigating the first mile/last mile to get to their destination is really a challenge and an issue. And that’s one reason that a lot of the rural transit operators, you know, there’s very limited use of intercity bus for putting like non-emergency medical trips on intercity bus. They have to deal with those issues at both ends of the trip.

Next slide. We -- like I mentioned, there were particular corridors and areas that -- areas were
identified as needing some service. East/far western part of the state between El Paso going east toward Midland/Odessa, some of those counties were mentioned. That Brownwood area between San Angelo and the metropolex was brought up. A number of areas in the rural south Texas, in the Valley area and also, we heard some comments about really along the Gulf Coast and a lot of the small towns there as well.

There were also some comments about even the area that’s more than 25 miles from the Houston Greyhound station includes a number of areas that there’s a perceived need for some kind of intercity service or transit service and some of those areas are inside the urbanized area and a few of them are outside and might be on the inside in future years. That’s an issue to look at. Galveston, in particular.

Station conditions were brought up again as well. And in the tech memo we have a lot more information and what we’re -- and as we’re developing. It’s kind of priority areas or themes, we’ll be bringing that information together with the demographics in this next technical memorandum that’s coming out.

So that’s kind of where we are with the identifying needs. So, there’s -- there’s really sort
of two sides to your -- your overall mission. Can Texas provide or include strategic direction? We think that’s feasible and doable. And then the other part of it is what is that strategic direction? And that’s -- that’s kind of what we’re working here. And then as we see what that is we’ll be focusing more on how do we translate that into the program.

Next slide. So, anyway, this kind of -- I think we’ve kind of talked through this but we’ve really gotten through a number of those preliminary steps as Eric said in the introduction. The input has helped a lot and we’re, you know, we’re still open to input. There is a project website through the TxDOT website and of course if you want to reach out to me, to the team with anything that comes to your mind, we’re -- we’re interested and open on that. We’re still aiming to have everything wrapped up by the end of October, but we want to get our input in for the application process and so on before that. And so, we’ll be wanting to get you more information and build on this knowledge base in the near future actually as we move toward that.

So, I think the next slide is kind of the next steps, one that we always have at the end of one of these. So Technical Memorandum Four, our editorial
staff is cleaning it up as we speak and I think that’ll be in TxDOT’s hands by Friday, the documents that outreach process. And we’re working on that priority areas, bringing all of that together. One of the interesting tasks that I now see a little bit more interest about is really the evaluation of existing and proposed services and calculating performance measures. TxDOT has actually done -- compared to most of the states that I work in, has done a much better job collecting data from the grant recipients under this intercity program to be able to look at performance measure. So, we’ll be looking at the existing 5311(f) projects and then when we look at potential areas for additional projects or new projects, what we try to do is develop estimates of what the performance would be based on ridership estimates. We have to use demand models which are particularly in the wake of Covid really fraught with some issues but -- and then kind of look at performance standards and say would it, you know, do we want to fund this new service if it’s gonna cost $300 a trip? Do we want to fund this new service if we think we can do it for $50 a trip? And we’ll come back to you with that -- kind of with that perspective in Technical Memorandum Number 6. So, the performance end of things is -- is I think gonna be an
interesting -- an interesting aspect of it. It relates back to a lot of the program issues though. If you looked at the funding, one of the things you didn’t see that there was state funding for match or state funding for this program is that we’re using in-kind match from Greyhound miles, the value of that as the match for all of these services. And how this all pans out in the future depends on Greyhound having enough unsubsidized service to provide miles and to be able to use that in a connected network. So, we’re all watching and hoping for that to come back. Texas may have some advantages in being able to use transportation development credits in some ways for that. And we’re looking at that as a program option as well. So, that’s where we’re going and that’s kind of where we are. And thank you very much. Is there another slide? I don’t think so. Yes, for more information.

ERIC GLEASON: Thank you, Fred. So, John at this point we’ll open -- open up the Committee for questions, comments, anything that comes to mind. This is not an action item today. It is just an update. We did feel it was a good time to check in with the Committee though on this work to see if there were any thoughts.

JOHN MCBETH: Well, this is John. I like the
direction this is going. I would make a couple of comments. One in regard to the -- any changes in the TAC, I’ve read everything I can read at the federal/state level on intercity bus set-asides. I would like to see the TAC state that the 15% that is set aside for intercity bus is distributed by the rural formula to every rural transit system in the state. And they will be required to spend it on intercity bus, but the intercity bus carriers will have to come to them. Provide their plan of what they’re going to do. And then and only then would the rural transit system fund them. And if the rural transit system doesn’t want to do intercity bus, then that money would be remitted back to TxDOT to distribute however they wish to distribute it. I think that’s the only way to make the program serve the whole state as opposed to the very small portion of the state it is currently serving. So, that -- that -- that’s my comment and as everybody knows I’ve vehemently against this program. I don’t understand how it was ever funded out of the rural program at the national level other than we were a really easy target. When I President of CTAA, I lobbied hard against this program. It belongs with Amtrak. It doesn’t belong at rural transit. Period. Now, that’s -- that’s just my -- that’s my opinion and
I’ll have that opinion til the day I die. And now that Amtrak has $80 billion more this is a perfect time to move them. So, I’ll get off that soapbox. Does anybody else have any comments?

JIM CLINE: Yeah, I’d like -- this is Jim.

I’d like to put something in if I could.

JOHN MCBETH: Sure.

JIM CLINE: I’m really interested in -- in with due deference to John and your feelings on that, if we have to -- if we are -- and we are mandated to do this, how is the best -- the best strategic way for us to do this? I mean, how can we, you know, (indiscernible) and address if you -- for the folks that don’t have access. And I think that would be, you know, particularly important in what we do. And I’m not sure if that’s -- do we fund trips? Or do we fund service? Wow, that’s an interesting question but I’d like y’all -- I’d like to see that, you know, just -- I’m just curious what y’all thoughts are on that.

MR. FRAVEL: If I could just -- could you just repeat that because you broke up in there, but you were saying do we fund blank or do we fund blank? And I just want to hear what you were saying.

JIM CLINE: Oh, I’m sorry. Would it be possible to actually fund the trip, I mean like tickets
and funding that sort of thing? Or is it funding the service to make the trips available?

MR. FRAVEL: Okay.

JIM CLINE: And it -- you know, is it -- so that kind of different perspe -- I don’t know if that’s legit or not but that’s something that might be a way to address the need in some ways also.

MR. FRAVEL: Okay. There have -- many years ago when there was more privately provided intercity bus service in rural America, there were some states that tried to do, you know, a user side subsidy. And, you know, basically write down the fares and one of the problems that arose was that if you don’t provide some minimum level of service there’s nothing for those people to ride. And that -- that’s kind of a just a comment now. We’ll be glad to look into it more but that -- that’s kind of where -- where the program evolved at a national sense. Was that the number of riders, even giving them -- if you gave the rider $75 toward their trip, there aren’t -- that isn’t gonna be enough to get an operator to operate that service and you just won’t have anything for them to use that on. And it’s, you know, maybe at these days they could go to an Uber and I don’t know what an Uber trip from Brownwood to the metroplex cost but, you know, that --
that, you know, that might -- you know, if we can at
least I would say speculate on that in the study if
you’re interested in looking at that.

MR. SALAZAR: Hey Fred, this is J.R. and I’m
in Brownwood right now as we speak. And --

MR. FRAVEL: Oh boy, okay. I’m sorry to be
using your example. I don’t know nothing about
Brownwood to be doing that.

MR. SALAZAR: No, no, no by no means do I
mean it that way. But I think the community here is
frustrated that they don’t have trips to Austin or
trips to Dallas/Fort Worth and, you know, and -- but I
think its specific trips. I mean, so if we opened up a
route from Brownwood to Dallas or Brownwood to Austin,
I don’t think we’d fill up a bus and I think it’s, you
know, just people here need it individually and so they
speak out and say we don’t have service but -- and
that’s just my quick thoughts on, you know, Brownwood,
Texas to Dallas. And I’ll tell you, there is no
individual providers. There are no Uber’s or Lyft’s in
Brownwood, Texas.

MR. FRAVEL: Which is generally the case in
rural America. I mean, we’re just -- we don’t have a
lot of options, you know, so. But I don’t know, you’re
correct. I don’t think -- based on the demand models
we’ve got and things like that, I don’t think it would fill a bus in that sense. The way intercity bus has survived as a mode, and this is very true for Amtrak as well, is by -- is from the network. That every one of these little dots produces a few trips of people that are going to, you know, along the range of other dots. And when you accumulate them on a long route that’s between two major endpoints and the bus has a few people between the endpoints and then has a few people getting on and off at each place, it’s enough to sustain the service. And that’s one reason the model of saying, oh we’re gonna fund the intercity bus from Brownwood to Austin. My guess is that when we looked at that we would find a very high cost per trip --

MR. SALAZAR: Yep.

MR. FRAVEL: -- for that limited number of people that really want to make that trip every day. But if we have a bus going through there that’s already got 10 or 12 people on it, you know, the downside of that is the bus going through there is not going to be scheduled to be the most convenient for people in Brownwood. They want to go in the morning and come back in the evening.

MR. SALAZAR: Sure.
MR. FRAVEL: And a bus that starts in Del Rio and goes to Dallas, you know, it’s not gonna go through Brownwood at the most convenient time. But it’s -- it’s really in many ways about a lifeline alternative service for people that are not clients of a particular agency. In other words, the rest of the public, so.

But I hear John’s comment and I believe me I was around in 1991 when that whole issue was -- was fought at the national level and at CTAA and all of that and I -- I know -- I know where he’s coming from and I know people that will have that belief ‘til their dying day. And if it had been up to me, I would’ve made this program -- at one time it was -- there were drafts that would’ve called this Section 17 instead of Section 18. It would’ve been its own program. For whatever reason, Congress decided to go ahead and put the -- put it into a rural and I -- I don’t -- I don’t know all of the behind that but that’s where we are with it, so. In effect, it’s a separate subsection and funding was added to the -- what became the 5311 program at the time that was supposed to accommodate the expansion of this 15%. But we can -- we can -- we can meet over a beverage and discuss that history at some point.

JIM CLINE: Eric, this is Jim. Naivety on my
part regarding the -- you know the trips -- the routes.

I’m not suggesting that that has to be part of -- by any means that that has to be something that’s addressed. Other than -- at the end of the day if we’re gonna spend some money on this, it needs to be -- it needs to make a difference where it does. And that may be part of the -- well, it may come across as unfair when we don’t have it all over the state, we could get some results. Where we could actually some -- answer a need and answer demand and provide the lifeline service for a specific area or areas that might make the most sense. And so, anyway I’ll throw that out there.

ERIC GLEASON: Yeah, it’s an interesting -- interesting challenge, I think, to take what is largely a lifeline basic mobility coverage objective to make sure you maintain connections even if the private carriers cannot. It’s almost by definition you’re not into the high-performance end of things anyways but given that charge, how do you be as highly performing as you can be? What is the best way and the best use of funds with that basic. I think what is basically a coverage of access with this program. That’s just, you know -- it’s always more fun and exciting when you’re talking the high performers and what to do with that

THE LEGAL CONNECTION, INC.
WWW.TLC-TEXAS.COM – 855.327.7901
but almost by definition we’re working with the other end of the spectrum and trying to make the best use of the funds we have for that purpose.

I want to do a time check. It’s 11:57, we are scheduled to go until noon, I believe. So, I do want to wrap this up. I want to thank Fred for your time and the work you all have done so far. We look forward to having you come back and reveal more of what your conclusions are as you get closer to wrapping up.

So --

MR. FRAVEL: Okay.

ERIC GLEASON: -- thanks for that.

MR. FRAVEL: I’ll look forward to continuing.

JOHN MCBETH: Great report.

ERIC GLEASON: Mr. Chair, I will turn it back to you.

JOHN MCBETH: We’ll go to Agenda Item Number 7. Josh, do we have any public comments? I hear no public comments.

ERIC GLEASON: We don’t hear Josh either.

JOHN MCBETH: Josh -- or Josh, yeah.

ERIC GLEASON: Okay, let’s just --

JOSH RIBAKOVE: Sorry, I must’ve muted myself accidentally. John, there are no public comments at this time.
JOHN MCBETH: Okay.

JOSH RIBAKOVE: I’m monitoring that and the Q&A.

JOHN MCBETH: There being no public comments, we’ll go to Agenda Item 8, which is discuss future agenda items. Which I think we’ve already discussed those, but we also need to establish date and time for the next meeting.

ERIC GLEASON: Yes, sir and right now we are looking at July 22nd. Which would be the day after the semiannual meeting with all the transit districts that we have.

JOHN MCBETH: And I guess it’s at 10 o’clock?

ERIC GLEASON: Yes, sir.

JOSH RIBAKOVE: (Indiscernible) convenient, sir.

JIM CLINE: Yeah, that works for me John.

JOHN MCBETH: Okay. Works for me. Anybody have any problem with that?

MARC WHYTE: Nope.

JOHN MCBETH: Okay.

MR. SALAZAR: Hey John, this -- John, this is J.R. I just have one question real quick for Eric, does PTN -- do y’all have an idea of when PTN is gonna go back to the work setting as opposed to being
virtual?

ERIC GLEASON: So, where we -- we are able to return anytime we wish. But in terms of the semiannual conference, July will be virtual.

MR. SALAZAR: Okay.

ERIC GLEASON: And I anticipate January will be our first opportunity back.

MR. SALAZAR: Okay.

JOHN MCBETH: I was about to ask the same question. Great. Okay.

JOSH RIBAKOVE: This is Josh. I’d like to propose dates for our October and January’s meeting as well. If we can discuss those. And in October we’re thinking of Tuesday, October 26th, it’s the last Tuesday of the month at 10 a.m. And then January we were thinking about Thursday January 27th or Friday January 28th. And those follow the operators meeting in January.

ERIC GLEASON: Josh, why don’t we just send an e-mail out to members and throw out all three dates, July, October and January and ask for feedback on that.

JOSH RIBAKOVE: Will do.

ERIC GLEASON: Thank you.

JOHN MCBETH: Okay. Then that brings us to Item Number 9, which is adjournment. Which is an
action item. If I could get a motion from Ken Fickes
and a second from J.R. Salazar, we can adjourn. Hello?

    ERIC GLEASON: Maybe we’ve already adjourned,
and we just don’t know it.

    JOSH RIBAKOVE: We haven’t. I see Ken’s
still on the line and J.R. is still on the line.

    MR. SALAZAR: This is J.R. I’ll move that we
adjourn. If we can get another second somewhere.

    JIM CLINE: I’ll second it. This is Jim.

    JOHN MCBETH: All in favor signify by saying
aye.

    (Aye stated in unison.)

    MR. SALAZAR: Y’all take care.

    JOHN MCBETH: Okay. Thank y’all.

    JOSH RIBAKOVE: And our meeting is adjourned.

Thanks everyone.

    (END OF PROCEEDINGS)
CERTIFICATION PAGE OF AUDIO RECORDING

I, Angelica Mathews, hereby certify that the foregoing is a correct transcription from the audio file of the proceedings in the above-titled matter.

Please take note that I was not personally present for said recording and, therefore, due to the quality of the audio file provided, inaudibles may have created inaccuracies in the transcription of said recording.

I further certify that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was taken, and further that I am not financially or otherwise interested in the outcome of the action.

I further certify that the transcription fee of $_________ was paid/will be paid in full by the Texas Department of Transportation, Austin, Texas.

______________________________
Angelica Withall
The Legal Connection, Inc.
8656 West Hwy. 71
Building F, Suite 200
Austin, Texas 78735
(512) 892-5700
(512) 892-5703
Firm Registration No. 656
Before me, __________________, on this day personally appeared Angelica Mathews, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ______ day of ________________, 2021.

___________________________
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS
COMMISSION EXPIRES: _______