



DRMC

Dallas Regional Mobility Coalition Minutes of Meeting September 10, 2010

Call to Order

Chairman Rob Franke called the Dallas Regional Mobility Coalition (DRMC) meeting to order at 11:00 a.m. on Friday, October 1, 2010. (NTTA offices, 5900 W. Plano Parkway, Plano, TX. 75093). A quorum was present.

Minutes

The Minutes of the September 10, 2010 meeting were approved with the inclusion of the proper attendance page.

Treasurer's Report

The Treasurer's Report was approved as presented and invoices to be paid for September 2010 were approved.

Texas Transportation Institute

Earlier this year, Representative Eddie Rodriguez (Austin-D), Chair of the House Interim Select Transportation Funding Subcommittee requested an analysis from the Texas Transportation Institute (TTI) concerning the consequences of transportation funding shortfalls. Representative Rodriguez requested this study in May 2010, following the initial Committee hearing.

Representative Rodriguez's office announced the completion of the TTI study September 28, 2010 and summarized the Report's conclusions. The report was structured around a series of rhetorical questions.

For instance, are jobs being lost as a result of not addressing transportation needs? Yes. Over the last 20 years the Texas' population has increased 2.0%; vehicles driven on the road increased 2.6%; annual miles traveled increased 3.5%; in contrast, the capacity of state roads increased only .5%.

If it takes significantly longer to travel to your job, the potential market for skilled labor contracts. The Report mentions Dell in 2007 when they relocated 360 employees from Round Rock to Lebanon, Tennessee citing mobility concerns. International Paper sold five wood product mills, including one in Texas, due to their increased transportation costs.

How many jobs will Texas lose by 2035 without addressing transportation shortfalls? If Texas just maintains the current "level of service" for traffic congestion, it will benefit the Texas economy by \$1 trillion. For every \$1 invested in roads, there is \$6 in economic benefits. Job losses over five years is estimated to be 43,000; over ten years-110,000; and, 135,000 more in 25 years. That is a total of 288,000 jobs lost by 2035.

How does "doing nothing" affect transportation infrastructure? High urban growth areas will have increased transportation costs due to: (i) extended travel times; and, (ii) higher vehicle operating costs. More frequently transportation incentives are key to corporate relocation.

San Antonio in 2003 funded a second rail spur to the Toyota Tundra site to cement their relocation. The Toyota plant is estimated to have created 7,300 jobs in Bexar County. The small Hilmar Cheese Company in Dalhart received a \$45 million incentive package that funded a Farm to Market road extension to the plant. In 2008, they announced they were doubling plant capacity creating more jobs in the panhandle.

What will happen if Texas roads are not maintained? Reconstruction is three times more expensive than preventative maintenance. Good preventative maintenance can extend road life 18 years. 87% of the state's roadways are now in "good or better" condition. If the state limits its maintenance budget to just \$1.2 billion per year, that 87% number will decline to 50%. Spending \$1 on preventative maintenance today can delay the \$6-\$14 future cost of rehabilitation or reconstruction.

How much does congestion cost Texas? Due to anticipated population growth, if the current spending levels are left unchanged, the congestion cost in 2035 will be \$1.1 trillion. Increased capacity that results in lower congestion creates business efficiency. FHWA estimates a return on highway capital investment at 16% for every \$1 invested.

Would the cost of goods increase if we do nothing? From 2005 to 2008, the cost per hundred pounds of goods transported to customers rose from \$2.52 to \$7.41. Every \$1.00 (one dollar) of agricultural product requires 14.2¢ of transportation costs. The average supply chain logistic cost is 6.5% of sales. Out of that amount, 63% is transportation costs. Freight costs nationally have recently increased 11%.

Can lessening congestion increase business productivity? A study in the San Francisco Bay Area found that for every 10% reduction in commuting time, productivity gained 1%. Workers were spending less time commuting, getting to work earlier, staying later and lower personnel turnover all increased business productivity.

What does transportation cost the average person? The average Texas household spends \$9,500 per year on transportation. The annual cost of delay due to congestion is estimated to be \$928.

How will more congestion and longer commute times affect costs? In 2035 congestion delay will increase to \$3,300 per person. The hours stuck in traffic will increase from 38 now to 140 hours. Finally, almost 7 million gallons of extra fuel will be burned due to the delay.

There will be separate House select interim committee hearings on October 13, 2010 (Representative Eddie Rodriguez) and October 26, 2010 (Representative Drew Darby) to formally receive the TTI report.

Senator Tommy Williams

Joining DRMC by conference call is State Senator Tommy Williams, Chairman Senate Transportation and Homeland Security Committee (Woodlands-R). In addition to Senator Williams, Committee Clerk Tolsey Reddy, Staff Director Ryan LaRue, joined the discussion from Austin.

Rob Franke introduces Senator Williams and invites his opening comments. The Senator believes that “public-private partnerships” (“PPP”) can be appropriate under some circumstances. The term Comprehensive Development Agreement has become toxic due to its association with the Trans-Texas Corridor and attacks by toll road opponents. The Harris County Toll Road Authority (HCTRA) has exercised its primacy authority in the Houston area. However, it may not have financial capacity to take on any additional projects. Any PPP considered by this legislative session need to be based on local request and local support.

Judge Mary Horn notes that local support has been evidenced by Denton County bond elections in 2004 and 2008 that dedicated local funding for I-35E. DRMC has recently initiated the process of formalizing local support with the creation of an I-35E Stakeholder Coalition. The Coalition will request passage of Resolutions of Support from the political subdivisions along I-35E.

Senator Williams states that there are still members of the Legislature who are opposed to any tolls on a TxDOT highway. Judge Horn stresses that the improvements to I-35E will have 14 free lanes as an option to the two managed toll lanes in each direction.

State Senator Tommy Williams (Woodlands-R) is introduced by DRMC Chairman Rob Franke. Lt. Gov. Dewhurst recently named Senator Williams Chairman of the Senate Transportation and Homeland Security Committee.

Senator Williams, in introductory comments, noted that the Chinese symbol for crisis and opportunity are the same. That may be foreshadowing of what confronts the State this year.

He views the TxDOT Sunset Commission review process as an opportunity to reshape the agency. The agency focus should be less on engineering and more on administration. The three priorities are: (1) sustainable funding; (2) financing of projects; and, (3) project delivery.

Texas must continue to expand road capacity to keep pace with population growth. There is \$3 billion in bonding capacity that has been authorized (public vote) but not implemented through statute. Senator Williams has been in discussions with the Lt. Governor and Senator Ogden (Chair, Senate Finance) concerning funding options for TxDOT.

With the limited resources available, the State needs to focus on the State’s most congested roads. Just a handful can be funded at any one time. Eligible projects would likely be identified within the top 20-25 most congested roadways.

The State does face a significant budget shortfall. In 2003, Senator Williams was on Senate Finance that had to address the State funding crisis. Article XII of the current State Budget was one time spending amounts from the Federal Stimulus Bill (American Recovery and Rehabilitation Act). Those amounts will have to be offset with State General Revenue in this budget cycle.

The difficulty Texas faces is continuing in-migration growth. Approximately 1,200-1,300 individuals move to Texas each week. Most bring vehicles with them that increases congestion on the roadways. Senator Williams is not opposed to innovative financing concepts like Comprehensive Development Agreements. He does believe that the label CDA should be dropped in favor of "public-private partnerships" ("PPP") since CDAs became toxic during the debate over the Trans Texas Corridor.

In his senatorial district, the Harris County Toll Road Authority (HCTRA) has exercised the primacy grant in Senate Bill 792. HCTRA may not have the financial capacity to construct additional toll roads at this time. PPPs will need to evidence local need and support.

County Judge Mary Horn points out that there is already local support for I-35E. Denton County road bond elections in 2004 and 2008 each allocated local funding to I-35E. DRMC recently created a Stakeholders Coalition composed of cities and counties adjacent to I-35E. Senator Williams points out there are some legislators that are opposed to tolling any highway. Judge Horn notes that I-35E improvements will create 14 free general purpose lanes with only two managed lanes in each direction.

DRMC member Steve Mitchell asks about the possibility of ending diversions from Fund 6. He would like to resolve the diversion issue during the 82nd Session. He encourages DRMC members and officers to testify in Austin before the Senate Finance and House Appropriation Committees. Do not lose territory that you have gained.

Rob Franke expresses concerns about discretionary funding by TxDOT as opposed to formula based allocations. A state needs a steady and secure source of transportation funding. How will we pay for maintenance? Fund 6 will have to cover maintenance and little else according to Senator Williams. The public needs to be informed and understand the seriousness of the current lack of funding.

It is important confidence be restored in TxDOT. The public needs to be presented with a visual presentation that demonstrates which projects will be eliminated absent adequate funding. The economic impact of that last lost mobility should be quantified. The terms of innovative financial options may not allow one size fit all. The decision-making process for use of a tolling option may need refinement.

Local innovative financing should be tailored to the communities impacted. The public education program should be similar to a school bond program that clearly identifies the benefits to be received.

Michael Morris suggests that there should be three priorities for the Legislature. First, identify the top three roadway projects and perhaps two or three bridge projects. Second, public-private partnerships should be authorized for I-35E, SH 183 and the completion of North Tarrant Express. Third, Regional Toll Revenue deposited in Fund 6 should be transferred to the region

where it was collected. Part of the reason for Senate Bill 792 was to protect HCTRA toll revenue from being captured by the State.

Executive Director

The most recent federal rescission cost the State of Texas \$190.4 million. TxDOT reductions were: Interstate maintenance (\$27 mil.); recreational trails (\$3.3 mil.); STP (\$150 mil.); state planning (\$10 mil.).

State motor fuel taxes have shown small year over year increases in the last four consecutive months. The gasoline tax remained flat but the diesel fuel tax has shown improvement. To date, TxDOT cash revenues are down 7.7% but expenses have been trimmed by 12%, leaving the agency in relatively good financial condition.

TxDOT announced the sale of \$1 billion of bonds. Their interest cost declined 17% from last year. Build America Bonds create a competitive financial advantage financially for the agency.

I-35E

The initial organizational meeting of the I-35E Stakeholders Coalition was successfully concluded. A follow up meeting has been scheduled.

A Resolution of Support for participating cities in the I-35E corridor will be drafted. Chambers of Commerce associated with the corridor will also be contacted.

Agency Updates

NTTA

Victor Vandergriff is the newly elected Chair and Dave Dennison Vice-Chair. State Highway 161 is in financial close but there are TIFIA problems.

TxDOT

Two pass-through toll projects have been approved for the region.

RTC

The Cotton Belt innovative financing study is on track.

DART

HOV lanes on LBJ will be closed for 12 days. The new intelligent transportation system for US 75 has a cost of \$13 million, but a projected transportation improvement value of \$230 million.

Legislative Hearings

House Select Committee on Transportation on October 13, 2010 (E2.036).

The House Interim Select Committee (Rep. L. Phillips, E2.016) on October 26, 2010.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at 12:52 p.m.

The Minutes of the October 1, 2010 Dallas Regional Mobility Coalition Executive Committee Meeting were approved November 5, 2010 by the Governing Body.

Grady Smithey
DRMC Secretary

Members in Attendance:

Name	Entity
Rob Franke	Cedar Hill
Mary Horn	Denton County
Linda Koop	Dallas
Kimberly Lay	Addison, Farmers Branch, Highland Park
John Harper	Rowlett
Pete Kamp	Denton
Steve Mitchell	Richardson
Geralyn Kever	McKinney
Douglas Athas	Garland
Stan Pickett	Mesquite
Grady Smithey	Duncanville
Kathy Ward	Collin County (Joe Jaynes)
John Baumgartner	Allen
Ex-Officio Members Attending:	
Charles Emery	DCTA
William Hale	TxDOT (Kelly Selman)
Additional Guests	
Ed Wueste	S & B Infra.
John Blain	Dean Intl
Butch Jones	Freese & Nichols
John Cabrales, Jr.	City of Denton
Steve Taylor	North Dallas Chamber
Ernest Randall	
Doug Huneycutt	KBR
Gary Savanyu	Criado
Amanda Wilson	NCTCOG
Carrie Rogers	NTTA
Ayub Sandhu	ARS Engineers
Colby Walton	Cooksey Comm.
Dave Carter	Richardson
Mark Goode	Dunaway Assoc.
Enrique Garcia	Criado
Gurtaw Baez	Baez Consulting
Jerry Dittman	Mesquite
Stanford Lynch	FNI
Daphne Johnson	Hayden Consultants
John Polster	Denton County
Greg Janec	Jacobs
Darrell Thompson	Jacobs
Tom Burke	Chamhill
Curtis Beaty	TTI
Don Treide	Baker

Name	Entity
Cal Bostwick	Cobb Fendley
Eric Starnater	Lamb-Star
Srini Sangineni	Walter P. Moore
Nancy Mitchell	LAN
Tony Schmitt	Burns & McDonnell
Michael Copeland	WSA
Mike Garrison	BGE
Greg Porter	Cedar Hill