

RESTRUCTURING THE TEXAS TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

WORK GROUP FINDINGS AND RECOMMENDATIONS

FINAL REPORT

October 2009

*Submitted for Review to
TxDOT Executive Management
and the
Texas Transportation Commission*



*Prepared by
Texas Transportation Institute*



*In Cooperation with the
Texas Department of Transportation*



*and the
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Restructuring the Texas Transportation Planning and Programming Process

Work Group Findings and Recommendations Final Report

Executive Summary

As part of its efforts to address the need to improve understanding, accountability, and transparency between transportation agencies and the general public, the Work Group identified several issues that it sought to address through documentation and revision of the project development process and in the other recommendations made by the group. These issues are listed below as a summary of Work Group recommendations, and are presented by category.

Finding: Implement Communication, Transparency, and Accountability

There is critical need for increasing and improving communication, transparency, and accountability for a variety of audiences. Public participation should be a continuous, sustained component of the project planning and development process.

Recommendations:

- Incorporate continuous public involvement throughout the entire planning and programming process.
- Develop appropriate communication tools that will allow a variety of audiences to effectively participate.
- Establish performance benchmarks for the development, delivery, and value of projects by which all partners can be measured.

Finding: Planning Process

There is critical need for a revised state transportation planning process that coordinates local, regional, and state transportation priorities throughout the project development process.

Recommendations:

- Develop a comprehensive, statewide multimodal transportation plan and provide regular updates.
- Develop a planning process that sets priorities and identifies authority to perform designated work.
- Create a priority-based, financially constrained planning process which will support and guide decision-making in response to changing circumstances.
- Include a statewide vision plan that looks beyond the 20 year time horizon without financial constraint. The plan should identify needs and goals and estimate possible benefits achievable at a higher level of funding. The vision plan should be based on desired outcomes such as those used in the Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Mobility Plan (TUMP) to address metropolitan congestion.

Finding: Project Development Process

The project development process is too complex, lacks clarity and transparency, and does not lead to predictable outcomes.

Recommendations:

- Develop a process that is less complicated and more understandable.
- Use Level of Authority as a framework for cooperative decision-making that moves projects from concept to implementation.
- Identify levels of authority based on achievement of major milestones and compliance with fiscal constraints.
- Support the development, maintenance, and execution of project lettings by strengthening the State Transportation Improvement Program as a mechanism to better match fiscal constraints and the timely delivery of projects.

Finding: Project Concurrence

There is critical need for improving coordination between the Texas Department of Transportation (TxDOT) Administration, TxDOT Districts, and Metropolitan Planning Organizations (MPOs) /Rural Planning Organizations (RPOs).

Recommendation:

- Enhance the communication process between TxDOT and MPOs/RPOs regarding project development, project selection, and funding using the Project TRACKER concept.
- Clearly define the relationships between TxDOT Administration, Divisions, Districts, and MPOs/RPOs for project development and programming, based on a cooperatively developed financial forecast.
- Require MPO/RPO/TxDOT coordination on project Level of Authority.

Finding: Financial Planning

There is critical need for reliable TxDOT financial forecasts that are continually integrated into the statewide planning and programming processes at all levels.

Recommendations:

- Implement an understandable process for the allocation of resources to address the identified needs and goals following a total project cost (TPC) process that addresses cash budgets for engineering, right-of-way (ROW), and construction.
- Manage programming through a financial forecast that allows the availability of projects to let to contract if others are delayed or if additional funding becomes available, while staying within established priorities as reflected in the TIP/STIP.
- Form an MPO/RPO/TxDOT standing work group to establish financial/economic parameters used in the forecasts and monitor the forecast as historical data is received.

Other General Recommendations

Reduce the number of funding categories. The Work Group has discussed and recommended reducing the number of funding categories to provide greater flexibility and to enhance ability to communicate to a variety of audiences. The general public, our legislators, and locally elected officials have a difficult time understanding what transportation funds are available for what purposes. A reduction in categories will simplify the explanation and provide

confidence in funding expectations. It is recognized that any reduction in funding categories must be aligned with current federal legislation; however, current thinking at the federal level is in line with this recommendation.

More closely involve the MPOs/RPOs in the development and management of letting schedules. One of the issues raised by the Work Group is that MPOs/RPOs do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This is partially because project letting schedules developed and maintained by TxDOT are not regularly developed or otherwise shared with MPOs/RPOs and partially because MPOs/RPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

Letting Schedule Development. While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of how these schedules are developed and managed is creating issues for the MPOs/RPOs and TxDOT. The work group recommends that TxDOT amend the letting schedule development process to include a monitoring process that allows the MPOs/RPOs an opportunity to track the progress of scheduled lettings and an amendment process that allows MPOs/RPOs to help set priorities as changes to the letting schedule are needed.

Assumptions

The planning process proposed herein is developed around the following assumption:

The revised planning process assumes that updates to the financial forecasts will be provided by TxDOT more frequently than they are at the current time.

The revised planning process assumes that financial forecasts used by the MPOs/RPOs will be based on or start from the financial forecasts developed by TxDOT. There must be full communication of financial forecast from TxDOT to MPOs.

The revised planning process assumes that TxDOT will carry through on its desire to allocate total project cost (TPC) funding to each MPO/RPO.

The revised planning process does not integrate the Texas Metropolitan Mobility Plans or the Texas Urban Mobility Plans but views these documents as useful as they exist to inform the planning process instead of being a part of it.

The full implementation of the project development process will require TxDOT to substantially change some internal operating procedures.

Restructuring the Texas Transportation Planning and Programming Process

Work Group Findings and Recommendations Final Report

I. Definitions of Terms Used

In the course of the Restructuring the Texas Transportation Planning and Programming Process Work Group's discussions and documentation, terms have been used that are vital to the understanding of the recommendations formed. These terms are listed below and are defined according to their use in this Work Group's Findings and Recommendations Final Report.

Bands - Total cost or revenue within a specified time period, not disaggregated by individual year or project.

Cash Flow - Analysis of costs and revenue for each increment of a given time period. This generally results in funding available after all costs, including financing costs, are accounted for.

Document Amendment - Changes to an existing TIP, Unified Transportation Plan (UTP), and MTP/RTP/Statewide Long Range Plan (LRP) that do not require: the creation of a new document nor reset the document's cycle clock.

Document Update - Changes to an existing planning document such as the Transportation Improvement Plan (TIP) or the Metropolitan Transportation Plan (MTP)/Rural Transportation Plan (RTP), etc. that require creation of a new document. An update resets the document timeframe and cycle clock.

Economic Conditions, Current - Short-range (0-4 years) value of variables that affect the cost of projects or amount of revenue expected to be available. Examples are the gasoline consumption rate, construction cost index, inflation, etc.

Economic Conditions, Likely - An estimate of the mid-range (5-10 years) value of variables that affect the cost of projects or revenue expected to be available.

Economic Conditions, Projected - An estimate of the long-range (11-20+ years) value of variables that allows for future cost estimates and revenue projections.

Financial Constraint - Cost balancing of all construction projects or phases of projects, against the amount of revenue expected to be available for a given document in a given timeframe.

Financial Forecast - An estimate of the amount of revenue expected to be available in a given timeframe using specified assumptions.

Level of Authority (LOA) – The allowable status of a project permitting individual project development activities. Certain milestones may have to be met before advancing to the next level of authority.

NEPA – Actions and documentation to satisfy requirements of the National Environmental Policy Act. The National Environmental Policy Act requires federal agencies to integrate environmental values into their decision making processes by considering the environmental impacts of their proposed actions and reasonable alternatives to those actions. The implementation of NEPA by the United States Department of Transportation for projects that use federal transportation funds requires a project development process that uses balanced transportation decision-making and takes into account the potential impacts on the human and natural environment and the public's need for safe and efficient transportation. The actions and documentation required for NEPA implementation vary in complexity according to the scope of the proposed project and the potential environmental impacts.

Project Phase – The portion of a project expected to occur within a given timeframe. For example, advance purchase of ROW may be shown in year 1 of a document while the construction phase may be in year 11.

Project Implementation Plan (PIP) – A management plan used to monitor a project's schedule, scope, and cost. A PIP is required for projects in Program, Implement, and Let Levels of Authority.

Timeframe, Short-Range – 0 to 4 years.

Timeframe, Mid-Range – 5 to 10 years.

Timeframe, Long-Range – 11 to 20+ years.

Total Project Cost (TPC) - In 2006 the Texas Transportation Commission directed the staff to implement a “Total Project Cost” (TPC) system which would document all costs associated with an individual project. The TPC is not a budget allocation, but rather is a means to capture information in the Design Construction Information System (DCIS) to enable the reporting of all costs associated with a project. The concept originated through a desire to see a comprehensive, single-source system that captures planning, development, ROW, and construction costs for a project. Regional training of staff was conducted in 2006 and the system became operational in 2007.

TRENDS - TEMPO/TxDOT revenue forecasting model used in the development of planning level forecasts.

Value Engineering – A systematic and creative method to remove unnecessary costs from a project by identifying and analyzing the function(s), determining their cost, and developing alternative ways of performing them, while maintaining or improving the project's necessary quality, aesthetics and other desired factors.

II. Introduction

The Sunset Advisory Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies on a rotating basis every 12 years. The SAC questions the need for the agency under review, examines the potential duplication of services or programs with other state agencies, and considers new and innovative changes to improve the operations and activities of each agency being reviewed.

The SAC issued its staff review of the Texas Department of Transportation (TxDOT) policies and programs in June of 2008, in advance of the 2009 legislative session during which the sunset of TxDOT was considered. Some key recommendations of the report included:

- Requiring TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward those goals.
- Requiring TxDOT to develop a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.
- Requiring TxDOT Districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Requiring TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

As part of its response to the issues raised by the SAC staff report, TxDOT formed the Restructuring the Texas Transportation Planning and Programming Process Work Group to evaluate the effectiveness of TxDOT practices in developing and managing the project development process and the Unified Transportation Program (UTP). More specifically, the Work Group was asked by TxDOT to identify best practices for the planning and programming process, evaluate existing practices, and suggest recommendations for developing a new process that is transparent, easily understood, streamlined, and predictable. Additionally, the Work

Group was authorized to review and comment on any area of planning and programming it believed was warranted.

The Work Group included members from the TxDOT Administration, the TxDOT Transportation Planning and Program Division (TPP), the TxDOT Finance Division (FIN), TxDOT Districts, and selected Metropolitan Planning Organizations (MPOs). The Work Group was supported and facilitated by Texas Transportation Institute (TTI) staff. The Work Group began meeting periodically in February of 2009, with members contributing additional time between meetings to develop and review additional material as needed.

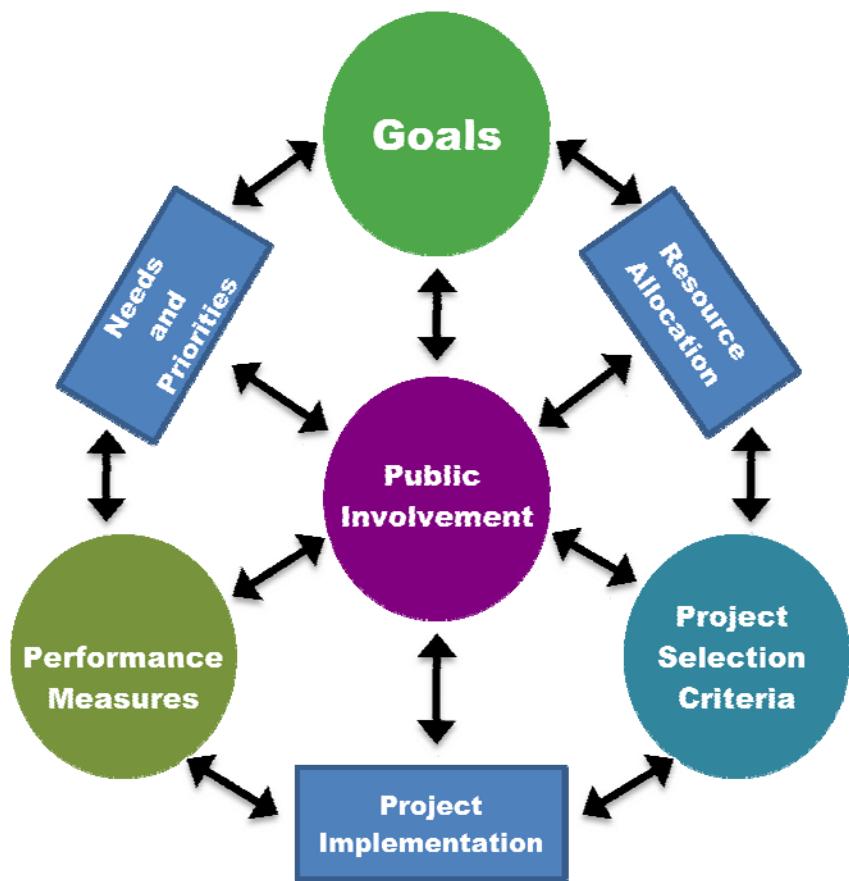


Figure 1. Role of Goals, Project Selection Criteria, and Performance Measures.

As part of its efforts to address the need to improve understanding, accountability, and transparency between transportation agencies and the general public, the Work Group identified several issues that it sought to address through its documentation and revision of the project development process and in the other recommendations that it made. A list of these issues follows, providing a summary of Work Group recommendations presented by category. As shown in Figure 1, the importance of continuous public involvement throughout the entire

planning process is essential. Individual audiences and expected communication techniques must be effectively utilized.

Implement Communication, Transparency, and Accountability

- Incorporate continuous public involvement throughout the entire planning and programming process;
- Develop appropriate communication tools for the audience to effectively participate;
- Establish performance benchmarks for the development, delivery, and value of projects by which all partners can be measured.
- Identify audiences, improve techniques, and increase opportunities for public involvement;
- Identify audiences for each document in the planning process; and,
- Establish new, or document existing, funding formulas.

Planning Process

- Develop a comprehensive, statewide multimodal transportation plan and provide regular updates;
- Develop a planning process that sets priorities and identifies authority to perform designated work;
- Create a priority-based, financially constrained plan which will support and guide decision-making in response to changing circumstances;
- Include a statewide vision plan without financial constraint. The vision plan should be based on desired outcomes such as those used in the Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Mobility Plan (TUMP) to address metropolitan congestion. The plan should identify needs and goals and estimate possible benefits achievable beyond current fiscally constrained levels of funding;
- Include corridor preservation as part of the planning process; and
- Improve coordination to insure delivery of priority projects year to year.

Project Development Process

- Develop a less complicated and more understandable process;
- Use Level of Authority as a framework for cooperative decision-making that moves projects from concept to implementation;
- Identify levels of authority based on achievement of major milestones and compliance with fiscal constraints;

- Support the development, maintenance, and execution of project lettings by strengthening the Statewide Transportation Improvement Program as a mechanism to better match fiscal constraints and the timely delivery of projects;
- Simplify the project development process by reducing the number of funding categories; and
- Create a project development process that is fully multimodal.

Project Concurrence

- Enhance the communication process between TxDOT and MPOs/RPOs regarding project development, project selection, and funding using the Project TRACKER concept;
- Clearly define the relationships between TxDOT Administration, Divisions, Districts, and MPOs/RPOs for project development and programming based on a cooperatively developed financial forecast; and,
- Require MPO/RPO/TxDOT coordination on project Level of Authority (LOA).

Financial Planning

- Implement an understandable process for the allocation of resources to address the identified needs and goals following a total project cost (TPC) process that addresses cash budgets for engineering, right-of-way (ROW), and construction;
- Manage programming through a financial forecast that allows the availability of projects to let if others are delayed or if additional funding becomes available, while staying within established priorities as reflected in the TIP/STIP;
- Form an MPO/RPO/TxDOT standing work group to establish financial/economic parameters used in the forecasts and monitor the forecast as historical data is received;
- Provide regular financial forecasts to support the project development process;
- Reflect a range of forecasted funding, particularly to address uncertainty in the out years;
- Include financial guidelines for short-range (years 0-4), mid-range (years 5-10), and long-range (years 11-20+) time-frames of the project development process;
- Include a consistent baseline (provided by the State) for key assumptions while maintaining flexibility;
- Establish an understandable process for the allocation of resources to address the needs and goals identified; and
- Assure equity of resource distribution in a manner that everyone understands.

The purpose of this report is to present the revised project development process being recommended by the Work Group for consideration by TxDOT. The report includes the following:

- Definitions of terms used to define and describe the revised project development process (Section I);
- A narrative describing the proposed project development process (Section III);
- Graphics representing and detailing the revised project development process (Section III);
- A narrative describing the roles of project tracking and Project TRACKER to promote transparency and communication throughout the project development process (Section IV);
- A narrative on the use of performance measures to support the project development process, providing accountability and understanding (Section IV);
- A narrative describing how public participation interfaces with the planning process (Section IV);
- A list of assumptions made in developing the recommended project development process (Section V); and,
- Other recommendations (Section VI).

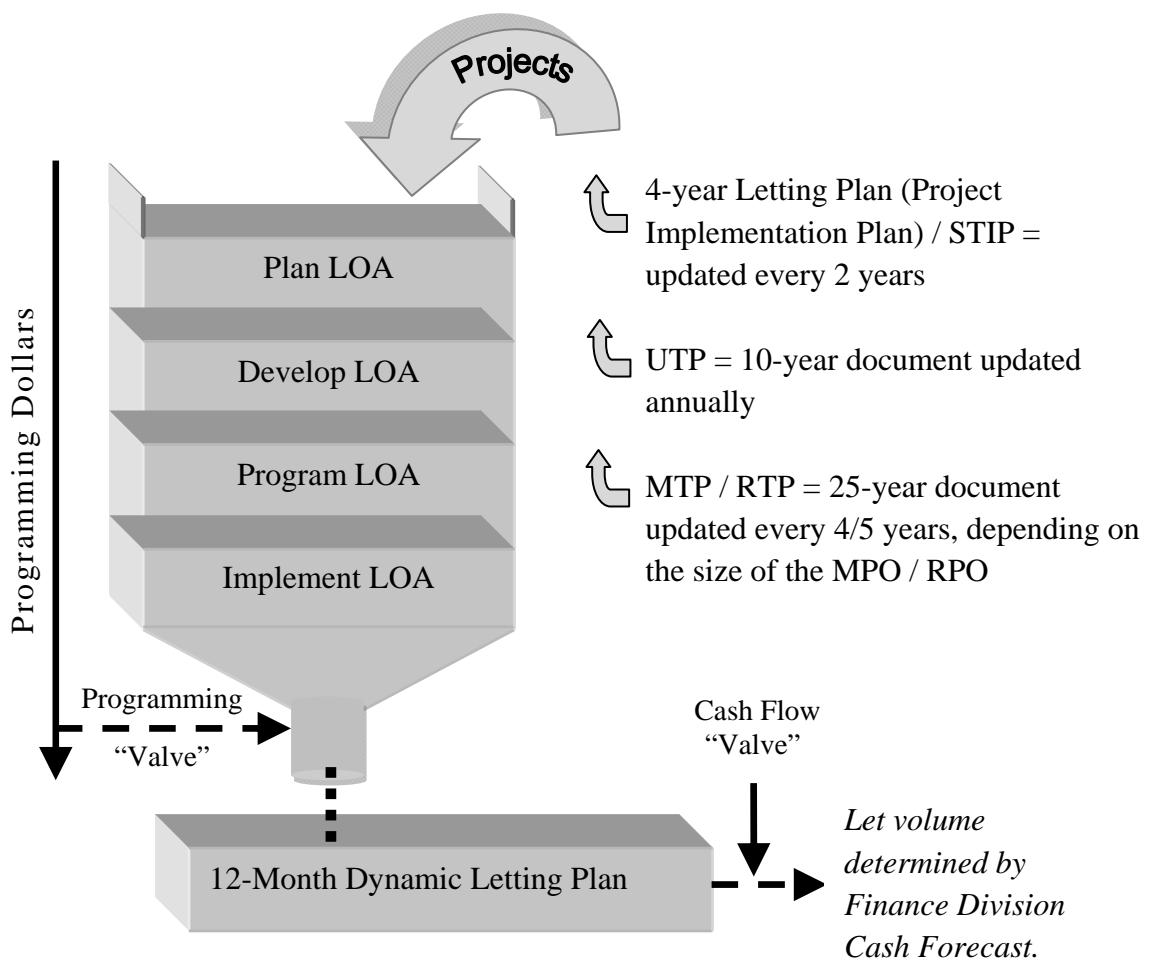
III. Proposed Project Development Process

There are three distinct areas of the proposed project development process: project-specific level of authority (LOA), financial forecasts, and planning and programming documents. Individually, each of these is fairly straight forward. However, when trying to correlate them, difficulties in understanding how they relate often arise. For example, some projects take significantly longer than other projects; making milestone-based levels of authority difficult to fit into time-based financial forecasts. However, through the development of statewide, metropolitan and rural transportation plans (STPs, MTPs, and RTPs), the UTP/project development process, and the TIP/STIP, costs for projects in all levels of authority can be reflected and accounted for.

Figure 2 is an effort to portray, in layman's terms, the flow of project development as envisioned by the Work Group. One should imagine the tall tank filled with projects expected to be developed over a twenty-year time period. The type of work allowed to proceed on the individual projects in the tank is dictated by its Level of Authority (LOA). The number of projects allowed to enter the tank is controlled by financially controlled documents such as Metropolitan and Rural Transportation Plans (MTPs/RTPs), the Unified Transportation Program (UTP), and the Four-Year Letting Plan.

Two “valves” control the speed at which project flow is dictated. The valve on the tank controls “programming dollars,” i.e., programming documents such as the UTP and Four-Year Letting Plan determine the flow of projects into the process. The number of projects allowed into to the Twelve-Month Dynamic (moving) Letting Plan (trough) is determined by the programming process valve.

The valve at the end of the trough represents control by the monthly Finance Cash Flow forecast and determines how quickly the projects flow from the Twelve-Month Dynamic (moving) Letting Plan. This trough allows TxDOT Letting Management to have a full twelve months of projects to select from at all times to determine a letting schedule that will accommodate priorities set by the Four-Year Letting Plan and the types of Federal funding available, as well as to accommodate the Monthly Cash Flow forecast.



Note: LOA designates Level of Authority granted to proceed on individual projects.

Figure 2. Project Development Process.

The overall Work Group philosophy is that the amount of revenue available for programming should be estimated for certain periods of time, and project-related costs should be constrained to the available revenue. However, the process should allow the flexibility to tightly constrain

projects that are ready to let to the resources currently available, while still allowing for a larger pool of projects to reach development stage in case additional revenue becomes available. With that in mind, it is important to realistically estimate revenue availability in the near term while allowing for uncertainty in future revenue forecasts, positive or negative.

Level of Authority

The first concept to consider in the project development process is the Level of Authority (LOA). The LOA for any given project represents how far along the development process the project has progressed, or is authorized to progress. Five LOAs are proposed as listed below.

- Plan
- Develop
- Program
- Implement
- Let

Each LOA can be thought of as identifying what types of development activities are allowed to occur at the current time. Unlike Letting or Implement Authority, Develop or Program Authority should not be thought of as an indication of the amount of time before a project is expected to be constructed, but more in terms of meeting certain milestones in the planning, engineering or design processes or funding availability. Some projects may proceed through the LOAs in a year or less, while others may take 15 years or more. The time spent in each LOA, and the entire LOA process for that matter, is dependent on several factors such as project type, project priority, availability of funding, environmental development complexity, complexity in mode choice analysis, and right-of-way (ROW) acquisition complexity. The five LOAs are shown in relation to permitted activities and milestones in Table 1.

Table 1. Levels of Authority.

Level of Authority LOA	Permitted Activities	Milestone Necessary to Advance to the next LOA
Plan	Pre-NEPA Feasibility Initial Coordination	Notice of Intent (NEPA)
Develop	NEPA Schematics ROW Maps Value Engineering (VE)	Financial Constraint (Inclusion in UTP)
Program	<i>All Develop Activities, and Purchase ROW Agreements Design Utility Adjustments</i>	General Project Implementation Plan Financial Constraint (Inclusion in TIP/STIP)
Implement	<i>All Program Activities</i>	Detailed Project Implementation Plan Financial Constraint Inclusion in 12-Month Letting Schedule Complete VE Study
Let	<i>All Implement Activities, and Twelve-Month Dynamic Letting Plan</i>	Project Tracking Financial Constraint Subject to Cash Flow NEPA Complete

Project Phasing/Incremental Project Implementation

Every project may be contained in multiple planning and/or programming documents. These planning and programming documents are, for illustrative purposes, organized in time increments. Larger projects are often advanced in segments or phases. Therefore, it can sometimes be misinterpreted that the entire, larger project should automatically proceed to an advanced LOA if funding in certain phases (such as ROW acquisition, engineering or early stand-alone construction elements) is advanced to the Program or Let LOA. However, in these cases, the major project will still be maintained in the Develop or Program LOA while just those early phases are separated out and advanced as “independent” projects.

Plan Level of Authority

Only projects contained in an adopted MTP/RTP, or the financially constrained Statewide Transportation Plan (STP), are included in the Plan LOA. This would allow early planning

activities prior to the National Environmental Policy Act (NEPA) initiation (if needed) to occur, such as fatal flaw analysis, toll feasibility, initial public involvement and local coordination efforts. For a project to move to the Develop LOA, NEPA must be initiated and the type of environmental document to be developed must be approved by the Federal Highway Administration (FHWA). In the case of exempt projects, documentation showing exempt status should be prepared and processed.

Develop Level of Authority

Develop LOA may be granted once the NEPA process has been initiated. Develop status allows the full range of NEPA activities to proceed and reach completion. Projects with Develop status are not expected to go to construction within the next 10 years. Funding for NEPA activities (such as consultant services) will only require the availability of consultant contracting dollars for the year or consultant contract period. Some post-environmental project development activities (such as early ROW purchase, engineering, public outreach, or other planning and project development activities) may be performed or initiated in the Develop phase. However, those portions of the project should be split off as separate sub-projects or activities with their own project code, as their expenses must also be constrained to funding available for the letting year or relevant contract period. The new, related project will be given a different LOA depending on when the expenditure is expected, but a link to the host project should still be maintained. Essentially, Develop LOA can be considered a phased approach for projects that require a fairly long development period (ten years or more) or for which construction or implementation funding has not yet been secured, but for which development activities are necessary.

Program Level of Authority

Once the NEPA process has been initiated and construction funding is expected within ten years, Program LOA is granted. Program status anticipates that the full range of NEPA activities have been completed or are well underway, and detailed engineering design is to begin (Plan, Specifications and Engineering activities-PS&E) within the next few years. The significant difference between Program status and Develop status is that a commitment is being made that the project is expected to go to letting within ten years. Once the environmental finding has been received, the detailed engineering design should begin. The larger host project may also be split into several independent project phases in which each phase may be classified under a different LOA depending on when their expenditures are expected to occur. It is also expected that once a project reaches Program status, its development progress will be monitored through a general project implementation process to ensure the project remains on schedule.

Implement Level of Authority

Projects with Implement LOA are considered to have a high degree of commitment and are shown in the four-year TIP and STIP for construction or implementation. Major projects with

Implement LOA should have completed the NEPA process or have a NEPA decision pending. Minor projects (expected to qualify for a Categorical Exclusion or Finding of No Significant Impact [FONSI]) should be entering the NEPA process (if required) with a Record of Decision (ROD)/FONSI imminent or received. Similar to Program LOA, projects with Implement LOA should be aggressively monitored to ensure schedule and cost expectations through a project implementation process. Project monitoring is critical for any project without a completed environmental decision; as unanticipated changes to required environmental mitigation can substantially increase project scope, cost, and scheduling.

Let Level of Authority

Projects with Let LOA are those listed in the Twelve-Month Dynamic Letting Plan. Because they are expected to proceed to construction or implementation within 12 months, the project must be cleared through the NEPA process and all preconstruction activities and agreements should be complete or imminent. This should not be confused with the currently existing One-Year Project Letting Schedule. Projects with Implement Authority can dynamically move to this LOA, and not wait for a new One-Year Project Letting Schedule to be developed.

The Twelve-Month Dynamic Letting Plan was created to overcome deficiencies in the current TIP/STIP process which prevent it from meeting the following critical needs:

- To continuously and accurately identify actual funds available for contract obligation or require adherence to programming targets, thereby preventing programming that significantly exceeds the State's financial capacity;
- To adequately identify project priorities within a given program year;
- To support the process of monthly lettings with project programming that matches project readiness for letting;
- To identify consequential funding constraints and project costs for right of way, engineering, utility relocation and other project costs; and
- To anticipate project costs at the time of project letting.

As a consequence, the current TIP/STIP does not adequately inform the letting process. If the TIP/STIP is allowed to deliver a financially constrained program of ready to let projects and identify their letting priority; that provides the ability to use the TIP as the basis for a Twelve-Month Dynamic (moving) Letting Plan which could be updated monthly as project lettings progress or new financial information becomes available.

Levels of Authority, as they relate to individual planning documents might be as follows.

- The 20-Year Statewide Plan could include individual projects that include any range of LOA. In other words, an individual project could be in any one of Plan, Develop, Program, Implement or Let Authority.

- The Ten-Year UTP could include individual projects that are in Develop, Program, Implement, or Let Authority.
- The Four-Year Letting Plan (STIP) could include projects with Program and Let Authority.
- The Twelve-Month Dynamic (rolling) Letting Plan consists of individual projects with Let Authority.

Revenue Estimating and Forecasting

The second concept to consider is revenue estimation and forecasting. As inferred in the discussion of the planning and programming documents, it is desirable to estimate short-term revenue availability very accurately and, as one moves to intermediate and longer timeframes, more flexibility should be allowed to account for less certain economic conditions and project cost estimates. For each timeframe represented in the planning and programming documents, a single estimate of federal and state revenue should be developed by TxDOT and provided to each MPO/RPO and TxDOT district. To define the variables and parameters that will go into each forecast, a work group should be created, made up of representatives from TxDOT's financial division, planning and programming division, districts, MPOs/RPOs, and potentially outside consultants. Parallel to TxDOT's forecast of federal and state revenue, each metropolitan area and rural area should develop an estimate of local funds expected to also be available. These local fund estimates should then be shared with TxDOT for inclusion in a total revenue forecast for use by TxDOT and MPOs/RPOs in project selection and programming. This concept is shown in Figure 3. It is noted that each time period may have different assumed economic conditions used in the forecasts. Figure 4 also portrays the various economic conditions that may be considered to address the different planning documents over the 20-Year planning period.

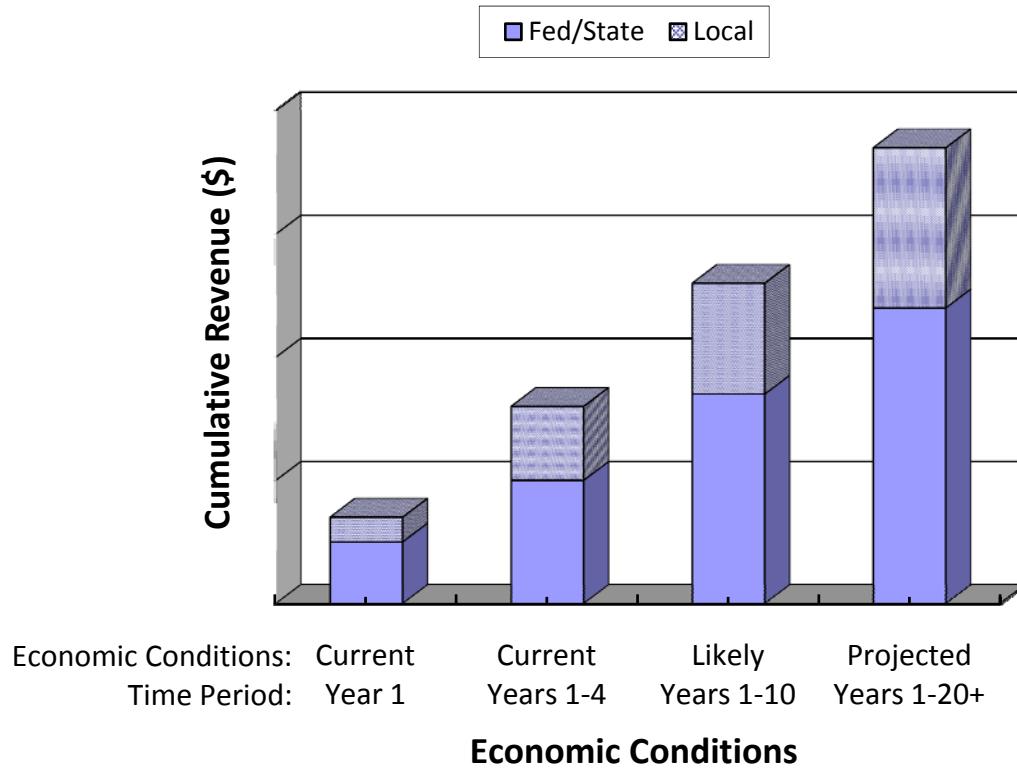


Figure 3. Revenue Forecasting.

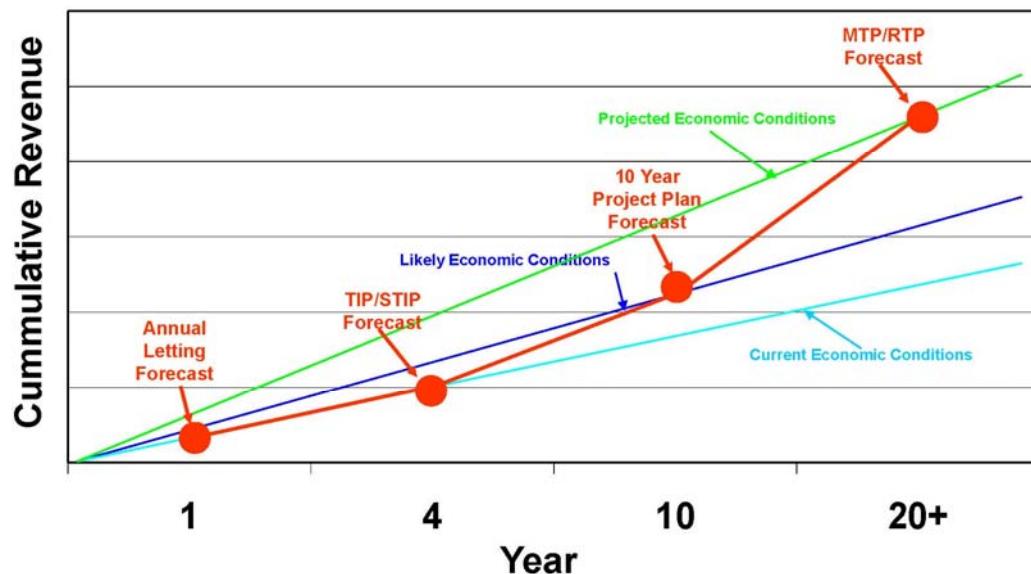


Figure 4. Financial Forecasting Example (Federal and State Funds).

Cash flow-based forecasts should be developed for short- and mid-range documents, the letting schedule, TIP/STIP, and UTP/project development processes. These cash flow estimates should take into account all anticipated revenue collections, federal reimbursements, and previously committed obligations that have not yet been expended. They should be based on the current and likely economic conditions as illustrated in Figures 3 and 4. For the letting schedule, they should be developed monthly to ensure the proper scheduling of projects for the Twelve-Month Dynamic Letting Plan. For the TIP/STIP and UTP/project development process the estimates should be made and certified by TxDOT every two years to coincide with the state legislature's budget and appropriations cycle. The TIP/STIP and UTP/project development process do not need to be updated to use the new forecast. However, they may be amended to account for minor changes to project scheduling and costs if the resulting intermediate cash flow forecast results in a significant change to expected revenue. TxDOT may elect to update the TIP/STIP and UTP/project development process, if the resulting intermediate cash flow forecast results in a significant change in expected revenue. For long-range forecasts, the TRENDS model will be used.

Figure 5 is a graphic representation of the logic proposed to link the financial forecast sources (TRENDS or the Finance Division Forecast Model) to necessary update schedules and planning timeframes.

Financial Forecast Resources and Cycles

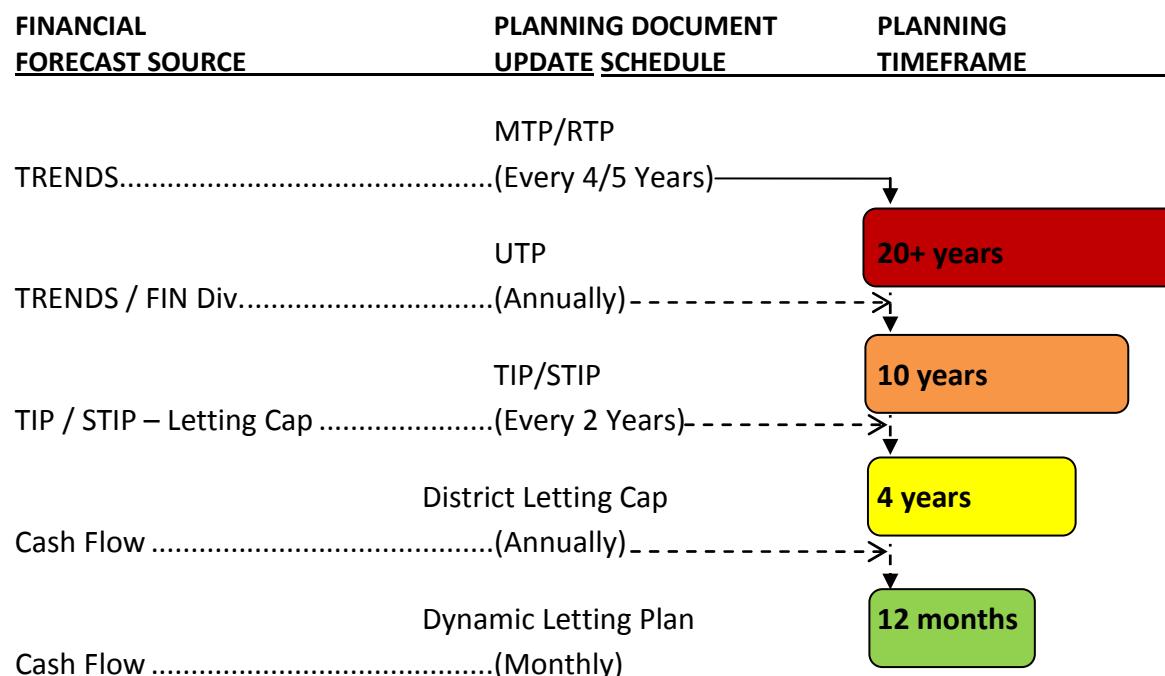


Figure 5. Financial Forecast Resources and Cycles.

A revenue-based forecasting model, Transportation Revenue Estimator and Needs Determination System (TRENDS), has been developed and validated by the Texas Transportation Institute (TTI) and the Center for Transportation Research (CTR). TRENDS is the product of a collaborative project by the Texas Association of Metropolitan Planning Organizations (TEMPO) and TxDOT to produce an estimate of conventional revenues for a long-range planning period (20+ years) and allow quantification of possible revenue enhancements. TRENDS allows extensive and rapid scenario analyses by policymakers of the critical factors affecting revenues as well as alternative policy options. TRENDS or a similar successor product is expected to provide revenue estimates beyond the UTP period.

Translating Cash Forecast to Letting Capacity

By convention, TxDOT planning documents describe projects in terms of total cost. These single dollar values are listed chronologically in the year the project will let out to bid.

TxDOT cash flow is analyzed and projected differently. Cash flow is analyzed and projected in terms of periodic revenue and payments over the multiyear life of construction contracts, both existing and proposed. Figure 6 provides a tabular and graphical depiction of how future project payments are compared to future revenue (Fund 6 only) and translated to project cost for use in planning documents.

In Figure 6, each curve represents this multiyear payout for contracts let in a given year, plotted cumulatively over previous years' lettings. When total payments for all contracts active in a given year are set at or near projected revenue for that year, the difference in these curves translates to a projected "letting capacity" or "letting volume" for a given year or years. In analytic terms, the integrated area between any two curves represents the project letting capacity for that timeframe.

Large projects often take multiple years to complete in the construction phase alone. Project costs are not budgeted with cash in hand for the entire project cost at time of letting but rather are spread out over the life of the project phase according to the amount of project cost outlays that are expected to occur in each year of a multiyear project. This is similar in concept to ordinary State and local government budgets, in which outlays are budgeted based upon anticipated revenue during the budget period, not on amount of cash on hand at time of budget approval.

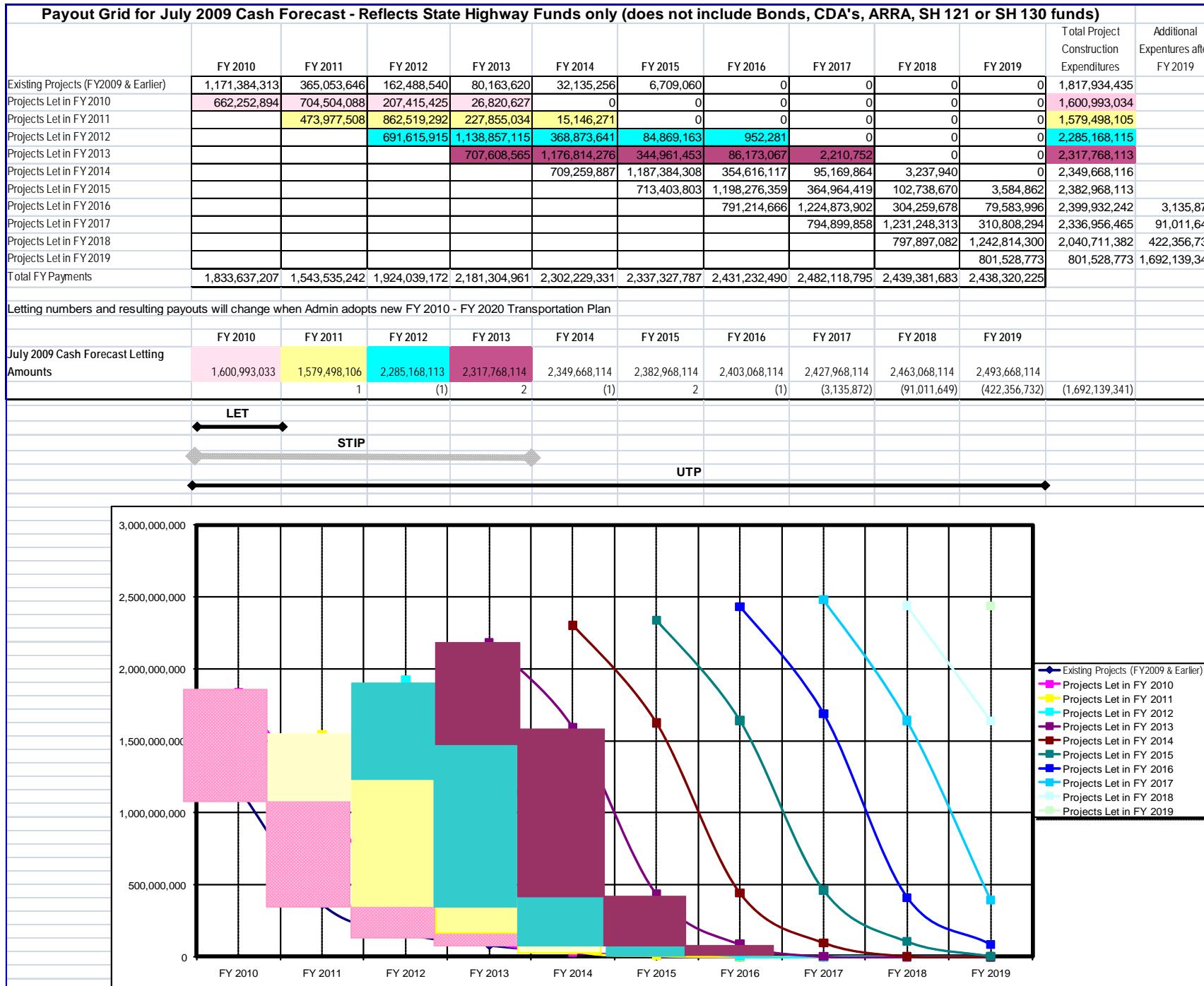


Figure 6. Relationship between Cash Forecasting and Letting.

By way of example, the letting capacity for FY 2010 (Fund 6 only) is the difference between the FY 2010 project curve and the existing projects curve. This is shaded in pink in the table and on the graph. By comparison, letting capacity for the STIP period would be the area between the FY 2013 project curve and the existing projects curve. These four years (2010 – 2013) are shaded in pink, gold, blue, and maroon (respectively) in the table and on the graph.

A practical observation is that funds appropriated for any given fiscal year, pay for a portion of projects already under contract as well as a portion of contracts let that year. For FY 2010, the funds available total \$1.833 billion. \$1.171 billion of this total is dedicated to existing contracts. Only \$662 million is available for the first year's expense for projects let in FY 2010. To derive the letting capacity for FY 2010, one would sum the projected available payouts (shaded in pink) for the contracts let in FY 2010 and go on through FY 2013. This sums to \$ 1.600 billion.

Planning and Programming Documents

Planning and Programming documents include those that are either required under federal regulation or the Texas Administrative Code (TAC). This is where the concepts of project development and revenue forecasting merge. Each document serves a separate purpose and may have different assumptions, but they should also provide a level of consistency within the process. While Figure 5 shows the time-based concepts of financial forecasts and their relationship to the required documents, Table 2 attempts to portray the process when adding the non-time-based concept of LOA to the process.

Table 2. Planning and Programming Documents.

Document	Levels of Authority (LOA)	Revenue Forecast
Vision Plan	<i>Strategic Needs, Goals, Resources and Initiatives</i> No LOA Required	Unconstrained
MTP/RTP	Plan Authority	20+ Years Projected Economic Conditions
Statewide Transportation Plan	<i>Priority Programs/Corridors/Projects</i> Plan, Develop, Program, Implement, and Let Authorities	20+ Years Projected Economic Conditions
10-yr Project Program (UTP/PDP)	Develop, Program, Implement, and Let Authorities	10 Years Likely Economic Conditions
4-Year Letting Plan (STIP)	Program and Let Authorities	4 Years Current Economic Conditions
12-Month Dynamic Letting Plan	Let Authority	1 Year Current Economic Conditions

Currently, TxDOT requires an annual letting schedule to be developed. The letting schedule lists all projects expected to be let within the next year, month by month. The replacement Twelve-Month Dynamic Letting Plan should reflect the actual amount of money expected to be available taking into account all costs, including current and future obligations relative to the expected cash flow. As such, it should be somewhat conservative and account for all funds being spent on construction, ROW, design, engineering, and planning for each project. This should be consistent with TxDOT's initiative to implement TPC accounting. Let Authority should be dynamically controlled so that projects can be moved to this LOA as other projects have been let, without waiting for a new One-Year Project Letting Schedule to be developed.

Transportation Improvement Program and Statewide Transportation Improvement Program

The TIP and STIP are required under federal regulations to contain a listing of all regionally significant projects, including all projects utilizing federal funds, over the next four-year period. It should contain a realistic estimate of available revenue and should account for expenditures of

funds for planning, engineering, design, ROW, and construction. Many projects in the TIP and STIP require local funds or local activities such as utility relocation, etc. Therefore, local governments need assurance that a project's inclusion in the TIP and STIP generally represents a firm commitment that it is programmed for construction. As such, it should be conservative in its estimate of available revenue so that extensive efforts aren't spent on a project that may not be ready within its scheduled timeframe.

Unified Transportation Program

The UTP or Project Development Plan is a state planning requirement that represents an intermediate timeframe in the project development process. It should cover a period of 10 years and include all of the projects, or phases of projects, covered in the TIPs, STIP, and Letting Plan, plus those projects that will be ready for letting within 6 to 10 years. A project's inclusion in the UTP/PDP development process also represents a commitment to its continued development and carries with it an expectation that funding will be available in the expected timeframe. This should give comfort to local governments and project developers who may be ready to expend significant effort on advanced development activities such as NEPA clearance, engineering, and design. Because of this commitment, it should also be conservative in its estimate of available funding. It should be updated annually using the financial forecast certified by TxDOT.

Metropolitan Transportation Plan and Statewide Transportation Plan

The MTP/STP represents a long-range blueprint for the transportation system. It is federally required to continuously cover a 20+ year timeframe. It is also required to be financially constrained to expected revenue. However, because it is difficult to predict revenue availability over such a long timeframe, it is recommended that assumptions regarding revenue should not be based on detailed cash flow expectations, but more on historic trends, projected economic conditions, and potential new legislative initiatives at both the federal and state levels. The MTP/STP should be updated at least every four or five years (depending on air quality attainment status) as required by federal regulation. Provisions should be made for periodic amendments as desired by the MPOs/RPOs (for MTPs/RTPs) and TxDOT (for the STP). MPOs/RPOs should use the cooperatively prepared revenue forecast available through TxDOT at the time of the update.

In addition, the STP should identify statewide priority corridors and programs. It should also contain policies as well as provide investment strategies and forecasts for the 20-30 year statewide multimodal needs. The STP should provide a framework for priorities which can be used by MPOs/RPOs in developing specific corridor and programmatic recommendations in the MTPs/RTPs. This Work Group understands that TxDOT's Strategic Planning Group recommends that a 20-year project-specific element be included in the STP. The Restructuring Work Group recommendation is not in conflict with recommendations of this Strategic Planning Work Group.

Vision Plan

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas such as mobility, safety, security, intermodalism, environment, and funding strategies. This document should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal LOA is part of this stage in the process since there are no real projects or corridor recommendations identified. The Vision Plan should be unconstrained and identify transportation need and should include an analysis similar to the existing TMMP/TUMP efforts.

Various graphical representations have been developed throughout the Work Group's discussion and development of their recommendations. Figure 7 and Table 3 each endeavor to provide detail on the relationship between the financial and planning aspects of the transportation project development process, and how they are supported by the various planning and programming documents.

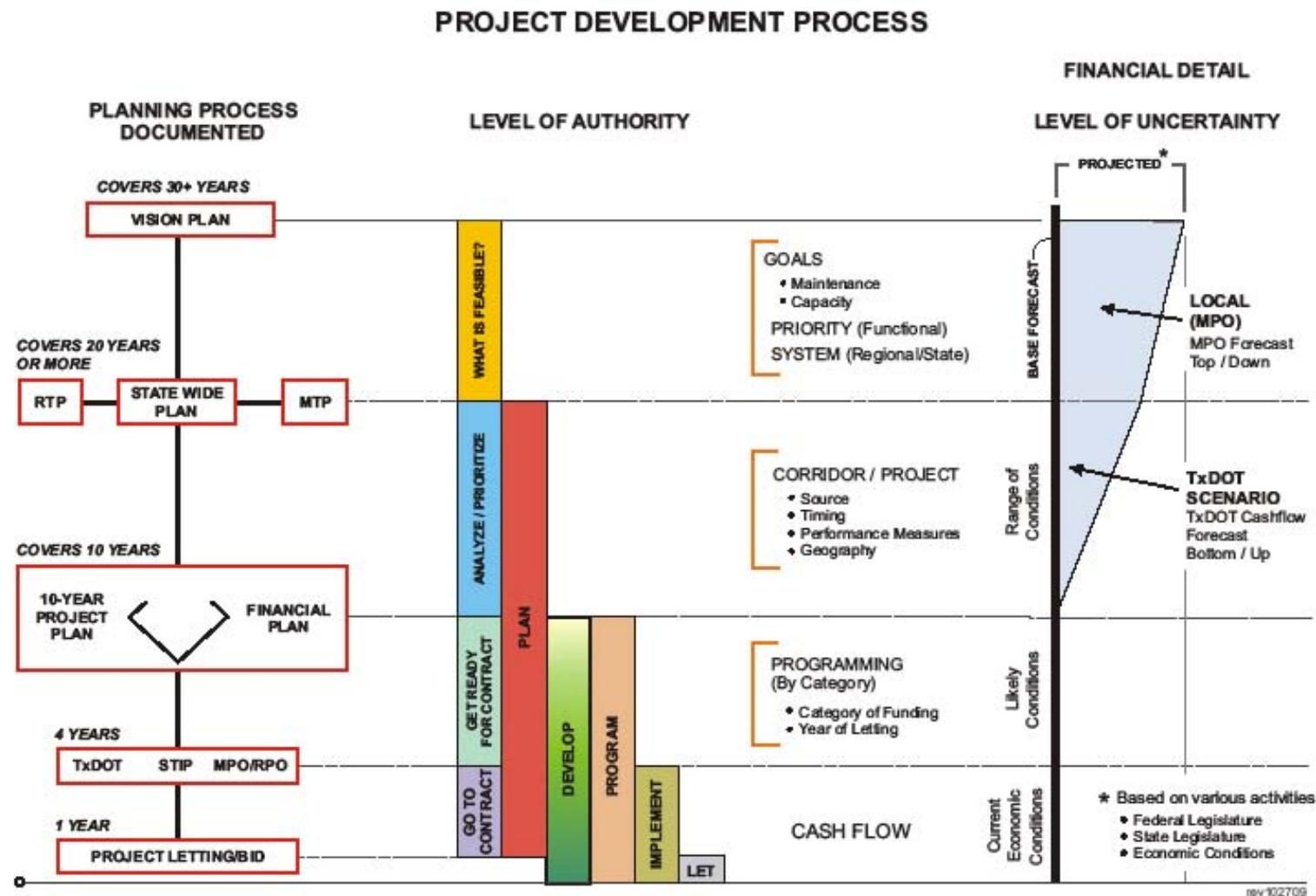


Figure 7. Restructuring the Planning Process.

Table 3. Restructured UTP Plan Design.

Planning Documents		Forecast Years	Plan & Design Permitted Activities	Level of Authority
Vision		>MTP	Conceptual	None
Metropolitan Transportation Plan (MTP) & Statewide Transportation Plan (STP)	Economically optimistic for uncertain economic times	20+	<ul style="list-style-type: none"> I. Pre-Environmental Activities <ul style="list-style-type: none"> 1. Request environmental document type from FHWA 2. Initiate Pre-NEPA 3. Priority Activities II. Begin environmental activities <ul style="list-style-type: none"> 1. EA/DEIS/CE mobility 2. Value Engineering and/or CE, if necessary 3. Planning schematic (mobility) III. Planning Schematic 	Plan and Develop
Gatekeeper: Financial Constraint				
10 Year Program (UTP/PDP) (Project Lists)	Economically conservative (Mid-Range)	10	<ul style="list-style-type: none"> I. Environmental Activities <ul style="list-style-type: none"> 1. EA/DEIS/CE mobility 2. CE, if necessary II. Design (Detailed Engineering) III. Planning Schematic (Mobility) IV. ROW Maps 	Program
Gatekeeper: Financial Constraint; Complex Engineering Activities; Substantially Completed NEPA				
Statewide transportation Improvement Plan (STIP) / Transportation Improvement Program (TIP) (Project Lists)	Actual (Short-Range)	4	<ul style="list-style-type: none"> I. Environmental Activities <ul style="list-style-type: none"> 1. EA/DEIS/CE mobility - substantially 2. CE 3. PCE II. Design (Detailed Engineering) III. Planning Schematic (Operations) IV. ROW Maps 	Implement
Gatekeeper: Financial Constraint; Design Complete; Environmental Clearance				
12-Month Dynamic Letting Plan Federal Letter of Authority (FLOA) (Project Lists)	Actual Cash Flow	1	<ul style="list-style-type: none"> I. Construction Bid - NEPA Approval/Design – FLOA II. Engineering (PS&E) III. Planning Schematic IV. ROW Purchase – NEPA Approval V. Utility Adjustments – NEPA Approval 	Letting (Expenses)

IV. Supporting Processes

Activities that support the overall transportation planning development process include project tracking, using performance measures, initiating public involvement, and incorporating Context Sensitive Solutions where beneficial.

Project TRACKER

Project TRACKER currently serves as the gateway to all of TxDOT's project-related information. Users can locate projects by county, state/federal legislative member, and those funded under the Economic Stimulus Program and by Prop 14 bonds. TRACKER is available through the TxDOT Internet website. Updates are made as projects progress through planning, design, and construction. TxDOT will update the Project TRACKER once per month. The original intent was to post the status of all projects in design on the Internet. However, TxDOT is now updating the database from which Project TRACKER pulls its information so that it includes projects constrained within the cash flow of fiscal years 2010 and 2011. This includes a backlog of design projects similar in volume to the two-year cash flow, and another backlog of advance planning projects. Depending on the implementation of Proposition 12 funds, Toll and Pass-Through Toll projects, and work done by others, this project database may grow again. The next large update will be as TxDOT implements a Critical Path Method Schedule for each project to monitor project progress and milestones. Data and schedules change as the information is updated. When projects are very large and very complex, shifts in funding and regional priorities can affect their status.

The Work Group believes that project tracking should begin, at the latest, when a commitment is made that the project can be expected to go to letting within 10 years. This relates well to the document's previous discussion of Program LOA and the new UTP/project development process document. Projects at this level begin to generate considerable interest from the general public and elected officials. Updating progress during this stage would provide for considerable insight into the project development process. It would also assist in another recommendation of the group which is the communication with and involvement of planning organizations as projects progress from the UTP/project development process into the STIP and then eventually into the Letting Schedule.

Project TRACKER could also be used to document the transportation planning community's project development business work plan. It shows past progress and future target dates. Tracking projects with this tool could provide measures of performance as actual dates compare to planned dates and with comparisons of the progress of similar projects across the state.

There will be a period of transition as projects found in previous UTPs and MTPs migrate into what may be more appropriate funding statuses and or completion schedules. Consideration of a

means to document to the public the potential “disappearance” of locally popular, but less feasible long-range projects is necessary to maintain transparency.

Public Involvement and the Planning Process

Public Involvement refers to the full range of activities used to engage our respective communities in the transportation-planning process and to assure that the process is inclusive, transparent, and accountable. The “public” is made up of diverse interested parties including elected officials, community leaders, environmental agencies, impacted organizations, and individual citizens.

The TxDOT/MPO/RPO’s public involvement process is designed to ensure early and continuous opportunities for the public to express its views on transportation issues and to become active participants in the transportation planning and decision-making process.

The principal planning responsibilities of an MPO/RPO include the development of a 20+ year, and an MTP/RTP for the urbanized/rural area that is fiscally constrained within the projected federal and local funds available. Opportunities for the public to identify projects and priorities are an essential part of making these plans responsive to community needs.

The MTP/RTP serves as the foundation for the TIP, which identifies those projects that have a high probability of going to contract or construction, constrained by the available funding. Public input is essential to identify the projects of highest priority particularly in this time of limited resources.

By federal and state law, all regionally significant multi-modal transportation improvement projects (regardless of funding source) must be included in and be consistent (to the maximum extent feasible) with the TIP and MTP/RTP in order to be eligible for federal aid and state funding. Therefore, the TIP is the primary plan that guides all state and federally funded transportation improvements in urbanized/rural areas.

Under federal regulations, all planning organizations are encouraged to consult with other planning officials responsible for any type of planning activities affected by transportation in the area (including state and local planned growth, economic development, environmental protection, airport operations, and freight movements). In addition, the planning authorities’ processes will provide consistency between transportation improvements and planned growth and economic development patterns.

The planning process provides citizens, affected public agencies, representatives of public transportation employees, freight shippers, providers of freight transportation services, private providers of transportation, representatives of users of public transportation, representatives of users of pedestrian walkways and bicycle transportation facilities, representatives of the disabled, and other interested parties with a reasonable opportunity to comment on the MTP/RTP and TIP, and major revisions.

Evaluation of the Statewide Transportation Network through the Use of Performance Measures (PMs)

One of the Sunset Advisory Commission's (SAC) recommendations was that TxDOT establish a mechanism in which long-range statewide goals are clearly defined, and progress (or lack thereof) towards achieving these goals is tracked and measured regularly in a consistent manner. This tracking and evaluation mechanism should be based on a comprehensive set of performance measures (PMs) that will reflect the true performance of the statewide transportation network. The PM process requires a substantial level of effort to collect, analyze, and report data in a simple and comprehensive way that will be incorporated into the Texas Transportation Planning and Programming Process. All interested parties need to provide continuous input, including TxDOT (Administration, divisions, and districts), MPOs/RPOs, local governments, transportation agencies, elected officials, and the general public.

Within the framework of the proposed planning process, long-range statewide goals will be established in the 20+ year timeframe corresponding to the Statewide Transportation Plan (STP). A starting point for setting these goals can be the current five that are identified in TxDOT's 2009-2013 Strategic Plan: 1) reduce congestion, 2) enhance safety, 3) expand economic opportunity, 4) improve air quality, and 5) preserve the value of transportation assets. Long-term goals can be revisited every time the STP is revised (e.g., every five years). Development of more detailed goals, PMs, and activity steps are currently being prepared through a consultant contract by TxDOT.

A comprehensive set of relevant PMs will be selected to evaluate progress toward achieving each individual long-term goal. The following thoughts should be considered when selecting PMs:

- PMs vary depending on the type of analysis (planning, operational, strategic), level of analysis (system performance, regional, statewide), and specific purpose (system performance, project selection, or impact assessment). (1)
- PMs should stand the 4-R test: they should be relevant, robust, repeatable, and responsive. (2)
- Evaluation of statewide performance through PMs should be done on a regular basis (e.g., every year)

Evaluation of the statewide transportation network using the selected PMs can be performed with the same frequency as the update of the 10-year UTP/project development process, which is currently done every year. The results of the evaluation will provide valuable information on how the different elements of the statewide transportation network are performing. Actions can be taken based on this information in order to correct deficiencies or continue to promote progress toward achieving goals. For instance, if a PM related to pavement condition is showing a continuous deterioration trend, policy makers (i.e., the Texas Transportation Commission [TTC]) can direct additional resources towards preventive maintenance or rehabilitation

programs. The same can apply to safety, air quality improvement, or other goals. The TTC can change the distribution among the funding categories in the 10-year UTP/project development process to address and correct specific problems.

Once the statewide funding targets are established for each category in the 10-year UTP/project development process, individual regions (i.e., MPOs/RPOs and districts) will have information on the size of their respective funding programs. Projects can now be selected according to local priorities. Each region can and should have its own selection criteria to populate the 20+ year MTP, the 10-year UTP/project development process, the 4-year TIP, and the 1-Year Letting Schedule following respective financial constraint principles.

TxDOT and each region need to create and maintain a database of information that can be used to perform the periodic evaluation of the transportation network. This information needs to be sufficient and consistent in order for the PM analysis to be meaningful. Clearly, much of the information is already being collected (e.g., accident data, pavement quality, bridge condition, congestion levels, air quality levels, lane-miles, etc.). However, other types of information may be required to complete the comprehensive performance evaluation of the statewide transportation network, such as opinion surveys. Many of these data collection efforts require significant time and resources of TxDOT, MPOs/RPOs, and other partnering agencies.

There are many challenges in establishing a PM-based evaluation system at the statewide level. One of these is to understand the differences between statewide circumstances and conditions versus regional/local ones. In a state as large and diverse as Texas, individual PMs may have different degrees of relevance depending on urban/rural area, climate, geographic, socioeconomic, and other conditions.

Context Sensitive Solutions

Context sensitive solutions (CSS) - a collaborative, interdisciplinary approach that involves all stakeholders in providing a transportation facility that fits its setting. It is an approach that leads to preserving and enhancing scenic, aesthetic, historic, community, and environmental resources, while improving or maintaining safety, mobility, and infrastructure conditions (Results of Joint AASHTO/FHWA Context Sensitive Solutions Strategic Planning Process Summary Report, March 2007).

There are four core CSS Principles that apply to transportation processes, outcomes, and decision-making: 1. Strive towards a shared stakeholder vision to provide a basis for decisions; 2. Demonstrate a comprehensive understanding of contexts; 3. Foster continuing communication and collaboration to achieve consensus; 4. Exercise flexibility and creativity to shape effective transportation solutions, while preserving and enhancing community and natural environments.

CSS is guided by a process which...

- Establishes an interdisciplinary team early, including a full range of stakeholders, with skills based on the needs of the transportation activity.
- Seeks to understand the landscape, the community, valued resources, and the role of all appropriate modes of transportation in each unique context before developing engineering solutions.
- Communicates early and continuously with all stakeholders in an open, honest, and respectful manner, and tailors public involvement to the context and phase.
- Utilizes a clearly defined decision-making process.
- Tracks and honors commitments through the life cycle of projects.
- Involves a full range of stakeholders (including transportation officials) in all phases of a transportation program.
- Clearly defines the purpose and seeks consensus on the shared stakeholder vision and scope of projects and activities, while incorporating transportation, community, and environmental elements.
- Secures commitments to the process from local leaders.
- Tailors the transportation development process to the circumstances and uses a process that examines multiple alternatives, including all appropriate modes of transportation, and results in consensus.
- Encourages agency and stakeholder participants to jointly monitor how well the agreed-upon process is working, to improve it as needed, and when completed, to identify any lessons learned.
- Encourages mutually supportive and coordinated multimodal transportation and land-use decisions.
- Draws upon a full range of communication and visualization tools to better inform stakeholders, encourage dialogue, and increase credibility of the process.

The CSS approach to project development leads to outcomes that...

- Are in harmony with the community and preserve the environmental, scenic, aesthetic, historic, and natural resource values of the area.
- Are safe for all users.
- Solve problems that are agreed upon by a full range of stakeholders.
- Meet or exceed the expectations of both designers and stakeholders, thereby adding lasting value to the community, the environment, and the transportation system.

- Demonstrate effective and efficient use of resources (people, time, budget,) among all parties.

V. Assumptions

The revised planning process assumes that updates to the financial forecasts will be provided by TxDOT more frequently than they are currently. This must be done with the understanding that these updates not serve as triggers for or otherwise affect the MPO/RPO timelines for updating MPO/RPO long-range plans (LRPs) or transportation improvement programs (TIPs). This is an especially critical assumption for non-attainment areas that must follow a more deliberate timeline and process for updating their LRPs and TIPs than other MPOs/RPOs do.

The revised planning process assumes that financial forecasts used by the MPOs/RPOs will be based on or start from the financial forecasts developed by TxDOT. As such, the revised planning process also assumes greater participation by the MPOs/RPOs in the development and review of the financial forecasts.

There must be full communication of financial forecast from TxDOT to MPOs.

The revised planning process assumes that TxDOT will carry through on its desire to allocate total project cost (TPC) funding to each MPO/RPO. The MPOs/RPOs are assuming that current funding formulas will be used and that any changes made will be in consultation with the MPOs/RPOs, as has been done in the past.

The revised planning process does not integrate the Texas Metropolitan Mobility Plans or the Texas Urban Mobility Plans. The Work Group views these documents as very valuable but believes they are most useful if they exist to inform the planning process instead of being part of it.

The full implementation of the project development process will require TxDOT to substantially change some internal operating procedures.

VI. Other Recommendations

Increase the financial resources to the MPOs/RPOs to facilitate the implementation of the revised planning process. The assumption that TPC funding will be distributed to the MPOs/RPOs by formula will require the MPOs/RPOs to take a more active role in how the financial aspects of their LRPs and TIPs are developed, managed, and maintained. This will

require additional staff and financial resources to accomplish, especially for smaller MPOs/RPOs. Any discussion about revising the planning process needs to include a discussion of how to increase the financial and technical resources made available to the MPOs/RPOs.

Reduce the number of funding categories. The Work Group has discussed and recommended reducing the number of funding categories to provide greater flexibility and to enhance our ability to communicate to the variety of audiences that we interact with. The general public, our legislators, and locally elected officials have a difficult time understanding what transportation funds are available for what purposes. A reduction in categories will simplify the explanation and provide confidence in funding expectations. It is recognized that any reduction in funding categories must be aligned with current federal legislation; however, current thinking at the federal level is in line with this recommendation.

The proposed Surface Transportation Authorization Act of 2009 includes recommendations to reduce the number of transportation funding categories. That recommendation is supported by the Work Group. Specifically the legislation proposes that:

The federal role will be redefined and federal surface transportation be restructured by consolidating or terminating more than 75 programs. The new bill would consolidate the majority of highway funding into four, core formula categories designed to:

- Bring our highway and bridge systems to a state of good repair;
- Improve highway safety;
- Develop new and improved capacity; and
- Reduce congestion and greenhouse gas emissions and improve air quality.

The work group recommends a reduction in funding categories aligned with adopted federal legislation however; with one added category:

1. **Maintenance:** to ensure that the current system assets are preserved,
2. **Mobility:** to reduce congestion and develop new and improved capacity and improve system efficiency through operational improvements,
3. **Safety:** to ensure the safe operation of the transportation network and to reduce hazards met by the public and our commercial operators.
4. **Environmental:** to ensure funding for projects that will reduce greenhouse gas emissions and improve air quality, and
5. **Other:** to provide Commission discretionary funding of statewide initiatives that will enhance the development of the Texas economy.

More closely involve the MPOs/RPOs in the development and management of letting schedules. One of the issues raised by the Work Group is that MPOs/RPOs do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This is partially because project letting schedules developed and maintained by TxDOT are not regularly developed or otherwise shared with MPOs/RPOs and partially because MPOs/RPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

As the importance of using cash flow as a tool to manage letting schedules becomes more common and important, there is some concern that MPO/RPO priorities are not being implemented as they should due to the manner in which letting schedules are developed and maintained. While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of how these schedules are developed and managed is creating several issues for the MPOs/RPOs and TxDOT:

- The tracking of projects in any organized or efficient way is very difficult, or even impossible in some cases. This creates difficulty in managing projects in the TIP, which in turn makes it difficult to demonstrate fiscal constraint when TIPs are amended or developed. This can lead to possible issues with the development and approval of the Statewide TIP, ultimately affecting project delivery and complicating the development of updated projects lists for amended or new long-range transportation plans.
- Communication with local governments is much more difficult, especially with regard to how implementation expectations are communicated. While local governments can easily check on the status of a project, delays become a much greater issue due to the lack of familiarity with how the letting schedule was developed, how it is managed, and why.
- The management of transportation networks used for mapping and travel demand modeling is more difficult.

The work group recommends that TxDOT amend the letting schedule development process to include:

- A monitoring process that allows the MPOs/RPOs the opportunity to track the progress of scheduled lettings; and,
- An amendment process that allows MPOs/RPOs to help set priorities as changes to the letting schedule are needed because of changes to projects or changes in viable funding.

Attachment A
to the Final Report:

**Restructuring Work Group Progress Report,
May 2009**

A Progress Report on

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Restructuring the Texas Transportation Planning and Programming Process

Progress Report

May 2009



A Report on Restructuring the Texas Transportation Planning and Programming Process

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ATTACHMENTS

Attachment 1 – Work Group Membership and Participants

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PROGRESS REPORT ON RESTRUCTURING THE TEXAS TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

May 2009

INTRODUCTION:

This document is considered to be a progress report which indicates preliminary observations of the Work Group. This document summarizes the observations of the work group to date.

SUMMARY:

Preliminary observations to date indicate the following general conclusions which are later explained in greater detail:

There is a critical need for reliable TxDOT financial forecasts which are coordinated into the statewide planning and programming documents on a continuing basis.

A revised project development process is essential (replace the UTP).

Implementation of consistent fiscal guidance at all levels of the planning processes is needed.

Increased communication, transparency, and accountability are apparent needs. *This observation coincides with TxDOT Strategic Policy and Planning Management Group efforts currently being addressed.*

The next steps are the transition required to implement new overall concepts.

BACKGROUND:

The Sunset Advisory Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities.

After review of TxDOT policies and programs, the SAC issued a staff report in June of 2008. Some key recommendations of the report included:

- Require TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward these goals.
- Establish a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.
- Require TxDOT districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Require TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

In its November 2008 response, TxDOT reacted positively to recommendations of the SAC report and detailed its strategies and status of addressing SAC recommendations. In continuing response to the issues addressed, TxDOT has selected a Work Group which in two phases will include staff from TxDOT Administration, Finance Division, Office of General Counsel, Transportation Planning and Programming Division, Design, Government and Public Affairs Division, Commissioner's Aides, and a geographic distribution of TxDOT District and MPO staff. The Department is assessing proper additional input from local elected official, the legislature, and the public in general for Phase 2 of this effort. Facilitation, technical assistance, and reporting for the Work Group have been assigned to the Texas Transportation Institute.

TxDOT STRATEGY

A Work Group including members from FIN, TPP, Districts, MPOs, Counties, Legislature, GPA, Commission aids, and TTI was established to evaluate the effectiveness of TxDOT practices in developing a Unified Transportation Program (UTP) and the role it plays in the overall planning process that leads to development of transportation projects. The Work Group will review the current process, outline goals, re-develop a recommended process and an implementation timeline, and determine staff needs to implement and report status.

The Work Group adopted the following strategy for organization and involvement of planning partners and the public in general:

- Phase 1 – Selected MPOs, FHWA, and TxDOT District, Division, Offices, constitute the original Work Group. The Work Group is shown as Attachment 1 of this document. Work Group membership is shown in Attachment 1. A figure which shows geographic distribution of the work group members is shown as Attachment 2.
- Phase 2 – Once the initial phase is completed, other outside organizations and Commission staff may be engaged to evaluate the effectiveness of the Work Group's efforts.
- Stakeholder Participation: If desirable, information can be presented to and solicited from stakeholders through individual interviews, focus group meetings, public meetings or other means of communication.

CHARGE TO WORK GROUP

The Work Group was asked to identify best practices for the planning and programming process, evaluate TxDOT existing practices, and suggest recommendations for developing a new process that is transparent to all, easily understood, streamlined and predictable. The Work Group was authorized to review and comment on any area of planning and programming that they thought warranted. The process should result in re-development and documentation of clear and understandable guidelines for best practices.

TIMELINE FOR WORK GROUP REPORTS

The original estimate by the TxDOT Administration anticipated the time requirement to accomplish the evaluation and report to be eight months. The first Work Group meeting was in mid-February. In order to have some early preliminary recommendations as requested by TxDOT Administration, the Work Group elected to prepare a series of interim progress reports to outline accomplishments as they occur. The interim reports would not be in full detail and a Final Report will be published in full detail. The Interim Reports, however, will be focused enough to assure TxDOT Administration and the Texas Legislature that changes are eminent and an overall direction is being established for consideration of implementation. Some recommendations can begin implementation prior to completing details of a final report

WIDE ANGLE VIEW OF OVERALL GOALS

The overall goal of this evaluation is to establish a transparent, well defined and understandable, project specific, performance-based system of project planning and programming that integrates milestones, forecasts, and priorities. A system for “granting of authority” to various types of project development will be recommended.

Goal 1: Recommend a process that will integrate all planning and programming documents and processes: *example documents under review*

One Statewide Multimodal Transportation Plan - TxDOT

Eight Texas Metropolitan Mobility Plans (TMMMP) - MPOs

17 Texas Urban Mobility Plans (TUMP) - MPOs

25 Metropolitan Transportation Plans - MPOs

One Unified Transportation Program (UTP) - TxDOT

25 Urban Transportation Improvement Programs (TIPs) - MPOs

24 Rural Transportation Improvement Programs (TIPs) - TxDOT

One Statewide Transportation Improvement Program (STIP) - TxDOT

Goal 2: Assure an issuance of level of authority that is supported by a well defined short and long- range cash forecasting system.

WORK GROUP STRATEGY

As an organizational approach, the Work Group identified the following desirable initial action steps:

- Review planning process documents.
- Review funding categories of the UTP.
- Re-develop funding categories and processes if necessary.
- Document the planning and programming process including strategy for coordination with both MPO and rural planning processes and their products.
- Document how the TxDOT Visions and Strategic Plans are integrated into planning and programming documents.
- Set implementation timelines.
- Consider the need to formalize the project selection process through rulemaking as suggested in the Sunset Review.
- Assure a process of public involvement in the transportation planning process.
- Develop publicly available summary documents and necessary manuals.
- Assure consistent application to the planning and programming processes.
- Consider a system that manages, monitors, and reports the Department's quantifiable outputs, outcomes, and performance in the planning, programming, and scheduling area. Creation of appropriate benchmarks and performance measures will be considered.

WORK GROUP ISSUES UNDER CONSIDERATION

Issue Consideration: Issues currently identified and under evaluation by the Work Group are listed by area of consideration:

Currently, the UTP is over-programmed and overly optimistic.

Project Development

- Simplify the PDP process by reducing the funding categories (reduce from twelve to three).
- Create a process or PDP that is fully multimodal.
- Reflect a range of and the uncertainty of forecasted funding (particularly the out years)
- Include financial guidelines at all levels of the process.
- The PDP needs to have a consistent baseline for key assumptions, and still have flexibility. The baseline should be provided by the State.

Project Concurrence

- Improve coordination between TxDOT Admin., Districts & MPOs (for funding concurrence).
- Over programming allows availability of projects to let if others are delayed.

- Stay with established priorities.

Financial Planning

- Financial planning & project development were not integrated.
- Projects to be let were over-programmed and bond funds not available.
- Consider that UTP match the 1 year letting schedule with no over programming.
- A UTP type process can work if we come up with better funds forecasting system.
- A UTP type document is necessary for providing financial guidance for the MTPs.
- Consider having the TxDOT CFO provide regular financial forecasts to support the planning and programming process. The financial forecasts should address each level of authority in the metro, urban and statewide areas to adequately plan, develop, and implement transportation improvements.

Planning Process

- Develop a process that is less complicated and more understandable.
- Break the mold for a new and better process.
- Create an adaptable plan.
- Develop a process the public can understand.
- Consider performance measures.
- Consider corridor preservation as part of the planning process.
- Use total project cost to manage limitations and incorporate deadlines
- Consider a priority-based planning system.
- Improve coordination to insure delivery of priority projects year to year.
- Develop a total project cost process and address cash budgets for ROW and construction.
- Develop a planning process that sets priorities and identifies authority to perform designated work.

Communication/Transparency

- Identify audiences for the document proposed for the planning process.
- Develop appropriate communication tools for the audience to effectively participate.

SIGNIFICANT RECOGNITIONS

A twenty-year minimum Project Development Plan (PDP) document is essential. An eleven-year Unified Transportation Program (UTP) is currently used by TxDOT for some of the elements of the proposed PDP.

TIPS, STIPS, and Letting Plans are the keys to the programming process, but proper authorization of stages of work for projects is a must to recognize the 12-year head start for major mobility type project development.

Accuracy of revenue forecasting is most important in the first four years, but identifying the level of uncertainty is desirable as you journey to the outer years (especially since the MTPs will be updated every four years for TMAs and five years for non-TMAs).

It is suggested that the Statewide Transportation Plan be updated on a frequency of five years and coordinated with the financial forecast.

The Work Group believes the use of performance measures will be a strategic component of a new and better process of planning, programming and scheduling work. Strategic performance measures will be used to monitor and evaluate effectiveness and to identify areas that need improvement. For example, “are all the planning entities programming on the approved schedule, and are they meeting all of the planning requirements?” The goal of performance measures is to improve the delivery of projects and communication with the public.

Observations in this progress report revolve around the principles of making the process simple to understand but well defined, understandable and transparent, integrating credible forecasts, priorities, milestones, and performance measures and evaluations.

MAJOR PRELIMINARY OBSERVATIONS

Coordination and Simplification

Observation: Providing better service by simplifying the planning and programming processes is essential. The existing Unified Transportation Program should be replaced by “The Texas Project Planning and Programming Process (TP4)” which is currently being developed for recommendation by this Work Group. The time span of this document will be a minimum of 40 years. TP4 will integrate all current planning documents with essential cash forecasting systems as necessary. TP4 will consist of three elements:

- A Vision Plan (40 years minimum) – The TMMP/TUMP and the 2030 Report are parts of this strategic plan. The Vision Plan is both statewide and multimodal.
- A Project Development Plan (PDP) containing 26 years of proposed projects consisting of ten years of long-range projects with Plan Authority and 16 years of short-range projects having Develop Authority.
- A Project Program (PP) consisting of four years of projects with contract letting programming.

Authorized project level of authority for the Vision Plan should include “Feasibility Study Authority.” Authority for the PDP should include “Plan Authority” and “Develop Authority.”

Authorized project level of authority for the PP should include “Construction Funding Authority” and “Let/Bid Authority.” Preliminary graphics showing the proposed process are included as Figures 1, 2 and 3.

Observation: The planning process should reduce the number of categories from 12 to 3 using the following categories of work. Existing categories could be converted to the three new categories with new category rules to be developed:

- “Category P” - Preservation Projects
 - Category 1 (Preventive Maintenance and Rehabilitation)
 - Category 6 (Structures Rehabilitation and Replacement)
 - Category 10 (Supplemental Transportation Projects) PART
- “Category M” - Mobility Projects
 - Category 2 (Metropolitan Area Corridors)
 - Category 3 (Urban Area Corridors)
 - Category 4 (Statewide Connectivity Corridors)
 - Category 7 (STIP Metropolitan Mobility)
 - Category 10 (Supplemental Transportation Projects) PART
 - Category 11 (District Discretionary)
 - Category 12 (Strategic Priority)
- “Category O” – Other Projects
 - Category 5 (Congestion Mitigation and Air Quality)
 - Category 8 (Safety)
 - Category 9 (Transportation Enhancements)
 - Category 10 (Supplemental Transportation Projects) PART

Strategic Planning

Observation: The TxDOT Commission should chart the future of mobility through corridor value determinations and define long-term corridors of significance through a forty-year Vision Plan. The process should incorporate local area interests into corridor priority determinations. This will require the identification of statewide corridors in the Statewide Plan (30 year plan) and the development of statewide consensus on corridor priorities. Scheduling of all corridor projects should include participation by all planning partners including multi-state corridor studies when necessary (I-69 and I-49).

Observation: TxDOT should assemble a working group from districts, MPOs and divisions to finalize procedures and propose guidelines for corridor identification and prioritization for the Statewide Plan or the Vision Plan. The group should identify and prioritize corridors through a process which includes public involvement. This will enhance TxDOT ability to focus on future needs and resources to develop the needs.

Advantages and Challenges

Advantages:

- Net reduction of nine categories results in a simplified process.
- Project development no longer being controlled by numerous categories improves flexibility.
- Districts and MPOs are able to utilize funds in accordance with need instead of program.
- Districts receive authorizations in lump sums without restrictions on where the funds can be used.
- Districts are able to work with MPOs on “off Texas highway system” projects.
- Effectiveness of communication, transparency, and the ability to show relationships between project priorities all increase/improve.

Challenges:

- Recordkeeping increases to assure use of Federal funds by available appropriation and obligation authorities.
- Finance Division Letting Management Section is responsible to use most restrictive federal dollars first
- Shifting and coordination of responsibilities between FIN, TPP, DES and Districts
- Problem related to “determine the distribution formula” of Federal categories of work.

Observation: TxDOT should develop clear understandable rules about the categories.

Clarification of Levels of Authority

- Plan Authority - Environmental work and ROW determination plus maps (determination of ROW requirements)
- Develop Authority - All development work including PS&E, ROW acquisition, and utilities relocation.
- Construction Funding Authority – all of Develop Authority plus completion of ROW and utility clearance and programming for letting to construction in a scheduled year.
- Let/Bid Authority – project letting through a dynamic one-year letting schedule (continuously updated)

Note: Time of issuance of a project’s level of authority may depend on the type of project being developed.

Note: No Level of Authority is required for Feasibility Study in the Vision Plan

Observation: When 12 categories are collapsed into three, geographic distribution of funds to MPOs should be made on the basis of recently developed Category 2 and 3 Work Group Distribution Equations for these mobility funds. Considerable effort has been expended in reaching consensus in this regard.

Observation: Projects in the current funding categories of the UTP and Letting Schedule should be moved into the new funding categories.

Observation: Projects currently authorized to “Construct” authority which cannot be accommodated due to fiscal constraint should be moved to “Develop” authority.

Observation: All revenue (and letting capability) for the next ten years should be identified to a project level. Innovative Finance, Tapered Match, Advance Construction with Partial Obligation and Soft Match should be used in cash forecasting to a maximum extent to allow inclusion of all possible projects possible in the “Develop” authority of the planning process.

Observation: The new process should provide the ability to identify specific projects that will be accomplished with any potential new revenue (Example: bonding and tolling).

Training and Information Dissemination

TxDOT should provide education and training through courses, manual, pamphlets and instructional videos which are appropriate for different individual audiences. Separate instructional materials may be required for TxDOT personnel, MPO personnel, elected officials, staff, and the public at large. Regularly scheduled courses should be provided so as many people can attend as desire.

TxDOT should develop and publish on-line a Project Selection and Funds Distribution Manual as well as a simplified brochure/pamphlet. These should be available to all interested parties free of charge.

WORK GROUP PHILOSOPHY ON THE PROJECT DEVELOPMENT PROCESS

Planning and Financial Continuum, Significance, and Conclusions – Tom Niskala, Corpus Christi MPO; Dan Lamers, NCTCOG MPO; and Alan Clark, HGAC MPO

Project Development Process

The development of transportation projects in Texas is a process defined by federal, state and local guidelines and regulations. The current federal highway legislation, Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (**SAFETEA-LU**) authorizes the federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.

The Texas Department of Transportation (TxDOT) uses the term “program” to describe the process by which Metropolitan Planning Organizations (MPO’s) and local TxDOT District Offices evaluate and approve the projects along with other regional priorities and decide if the project should be advanced to the next step of development.

One of the goals of the Restructuring the Planning and Programming Work Group is to propose an integrated planning and programming process that allows for open public review of priorities in the project selection process across the State. The current system relies on a combination of data from several sources. To this end, the Work Group is attempting to combine two principal processes into one; the planning/project development process and the financial planning process.

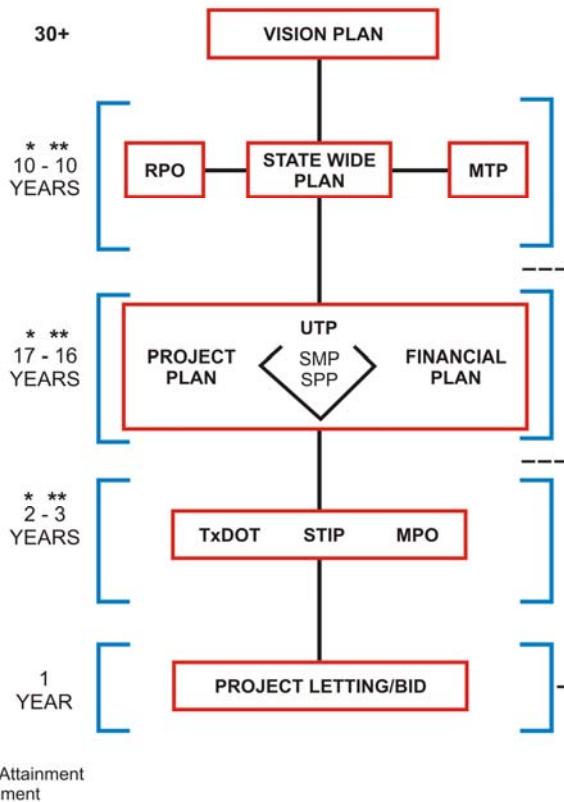
The planning/project development process includes everything from Statewide and system level goals all the way down to specific project level detail ready for construction. Currently this is performed at multiple levels either by TxDOT, MPOs, transit authorities, or local governments.

The objective of this document is to distinguish between the two functions necessary to implement programs and projects: planning authority and financial planning. It is also intended to demonstrate the need to balance the detail needed at the various levels of the project development process. The following explains how these two processes proceed concurrently as two continuums that can be merged.

Planning Continuum

The Planning Continuum is an ongoing process that begins with a long-range vision developed as part of the statewide and regional planning process. This Vision would replace the TMMP/TUMP process and be developed with a process comparable to the 2030 Committee work. This Vision establishes the transportation network horizon for the long-range 30 – 40 year (or more) period.

PLANNING PROCESS

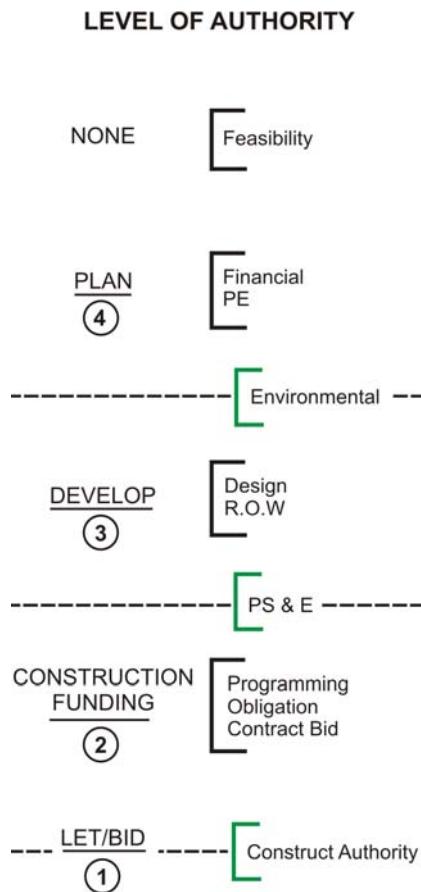


Based upon this Vision, TxDOT must develop a long-range Statewide Multimodal Transportation Plan that is a policy level plan utilizing the plans developed in the MPO Metropolitan Transportation Plan and any Rural Planning Organization's planning products. The Statewide Plan would meet the needs of the statewide planning document for the Federal Highway Administration and the Sunset Commission. The Statewide Plan formulates policies, provides investment strategies, and forecasts for the 20-30-year statewide multimodal needs. Policy direction from the Vision Plan and the Statewide Plan are used to develop subsequent Metropolitan Transportation Plans (MTP). Projects in the MTP can be at various levels of detail. Many are simply corridor level recommendations and are not defined fully enough to go straight to TIP/STIP programming, but require additional planning and development. There is a need for TxDOT to have a document recognizing this intermediate level for planning purposes, but without the detail necessary to indicate financial commitment.

Currently, a mid-range plan or 11-year strategy is developed to identify the financially constrained program for project development and construction. The Texas Transportation Commission and TxDOT use the Unified Transportation Program (UTP) as a plan to guide transportation project development and construction. The UTP is divided into two documents 1) the 2007 Statewide Mobility Program (SMP), and 2) the 2007 Statewide Preservation Program (SPP).

From the mid-range plan, a 4-year, short-range Statewide Transportation Improvement Program (STIP) is developed as an aggregation of the 25 - MPO developed Transportation Improvement Programs and the District developed rural projects. The STIP identifies the fiscally constrained short-term program that lists the projects to be constructed statewide. Specific attention is placed on the first year of the STIP when the projects in the STIP are scheduled for "letting" or placed under contract by the project sponsor. The remaining three years in areas that are in attainment (or two years in non-attainment areas) identify projects and funding sources that have a high probability of going to contract.

Theoretically, every project would proceed through the process from vision to construction in a sequential manner with information and detail developed in each step used in a subsequent step. However, not every project can proceed in such a straightforward sequential manner due to a variety of reasons. Because of this, the Work Group has attempted to identify certain activities that must occur in certain stages of project development and certain milestones that must be met before proceeding to a subsequent stage. This process has led to defining certain "levels of authority" in the planning/development process. This is similar to the levels of authority currently in place within TxDOT but with more well-defined milestones, both at the project detail level and the financial level. It is the merging of these two processes that will provide for a priority-based, transparent project selection and programming process.



Feasibility

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas as mobility, safety, security, intermodalism, environment, and funding strategies. This should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal Level of Authority is part of this stage in the process since there are no real "projects" identified. A 40+ year financial estimate can be established and broad financial policies can be discussed.

Observation: Documents such as the TMMP/TUMP and 2030 Report and parts of the TxDOT Strategic Plan could be incorporated into the Vision Plan.

"Plan" Level of Authority (Level 4)

This stage is where the needs and goals identified in the Vision Plan are used to develop metropolitan and rural transportation plans. Each MPO and TxDOT (or perhaps RPO) should identify specific corridor and system-level project recommendations. These recommendations should be financially constrained to the system level only. A 20, 25, or 30 year financial estimate should be generated by TxDOT and refined by each MPO to reflect their individual policy recommendations, and should also include additional local revenue estimates. It is at this level that the NEPA process should be undertaken. Determination of ROW requirements may be made during this level of authority.

"Develop" Level of Authority (Level 3)

Once the project is known in sufficient detail, it can proceed to the Develop Level of Authority. At this level, additional project details are defined and the design process is finalized (PS&E) and ROW acquisition initiated. It is also at this level that the necessary permitting processes should be undertaken. Also at this level, a detailed financial plan should be developed identifying specific funding sources and amounts. Initiation of purchase of ROW is authorized for level 3.

"Construction Funding" Level of Authority (Level 2)

At this level, pre-construction activities should begin. Activities such as completion of ROW acquisition, utility relocation, and detailed project scheduling and management plans should be developed. If needed, interagency or interlocal contracts and agreements should be established and a request for proposals should be issued (if necessary).

"Let / Bid" Level of Authority (Level 1)

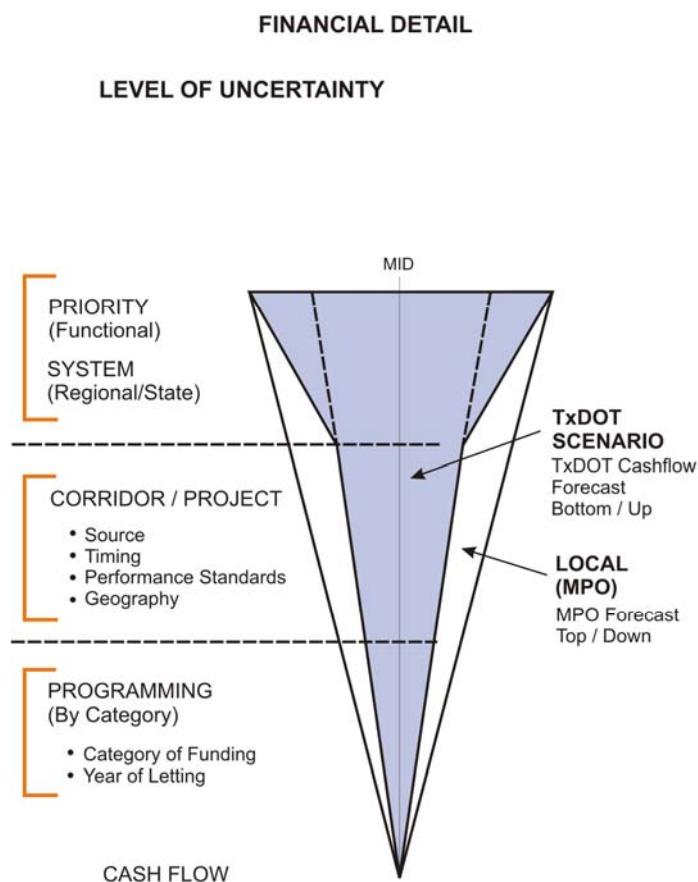
Project is ready to proceed to construction.

Financial Continuum

The ability to turn plans into reality is contingent on the availability of funding. It is the current thinking of the Work Group to develop a common financial forecasting process that can feed each level of planning/project development at the appropriate level of detail, allowing for statewide consistency but local flexibility.

This can be represented graphically as shown below.

A graphic representation would illustrate that a financial forecast would provide a range of estimates – with that range increasing in uncertainty the further out in time that the forecast is made. This is represented by a “cone of uncertainty” that illustrates the increasing uncertainty over time



It is desirable that one set of Federal and State financial forecasts should be developed for all MPOs, TxDOT districts, and RPOs to use. A baseline forecast should be developed using the best knowledge of financial parameters available to TxDOT, such as gas tax, vehicle registration

fee rates and borrowing rates, etc. A series of alternatives should also be developed with both low- and high-side levels of these rates. These scenarios should not be overly optimistic or pessimistic but should be within the realm of reasonableness. It is within this forecast range that each MPO or RPO would choose the level they are comfortable with when financially constraining their MTPs. It is also within this range in which the State should set revenue availability used in constraining the number of projects that can be placed into the UTP, or Develop level of Authority. For TIP/STIP use, the baseline forecast should be used by all.

From the local agency perspective the MPO's and the TxDOT Districts look at the financial forecast process from the bottom up with the first year of the TIP, and remaining three years, requiring the greatest confidence level to make projects a reality. The State Legislature and TxDOT look at the funding continuum from the top down with policy decisions driving the flow of funds down to year one of "project letting". Therefore, the confidence level must be greatest at the bottom with less confidence at the top.

The local or MPO forecast must also factor in other sources of revenue whether it is from local bond projects, Regional Mobility Authorities, Toll Authorities, etc. and therefore, there may be even less confidence in the financial forecast over time (hence the addition to the cone of the un-shaded areas).

The long-range portion of the financial continuum has the greatest uncertainty and funding projections focus on project priorities and the impact on the transportation system. The mid-range portion begins to narrow projects down to identify sources of funding, the timing of funding, the impact of specific projects and the geographical benefits. The short-range portion has the highest level of confidence and is specific as to the category of funding and the year the project will go to contract.

Significance

When viewed as a parallel process (Figure 1) the "planning continuum" and the "financial continuum" reflect the changing confidence level in the overall project development process. To improve this process the following are being considered for recommendation:

- Update the Vision for TxDOT to better direct the intent of the planning process.
- The update of the Statewide Plan given the most recent legislative actions at the state and federal level.
- The development of regular financial forecasts, by TxDOT, that coincides with the end of each legislative session.
- The TxDOT financial forecast should include a forecast for the 1-4 year short-range, 5-20 year mid-range and 20-30 year long-range periods that clearly communicates the reduction in confidence level with each increased time period.
- A separate but corresponding project list will be developed using the corresponding documentation developed at the local level through the TIP and MTP process.

Conclusion

The TxDOT planning and programming toolbox has served TxDOT and the local agencies well. Given the new fiscal realities – several adjustments to this process will provide an even more responsive and useful planning product.

PROJECT DEVELOPMENT PROCESS

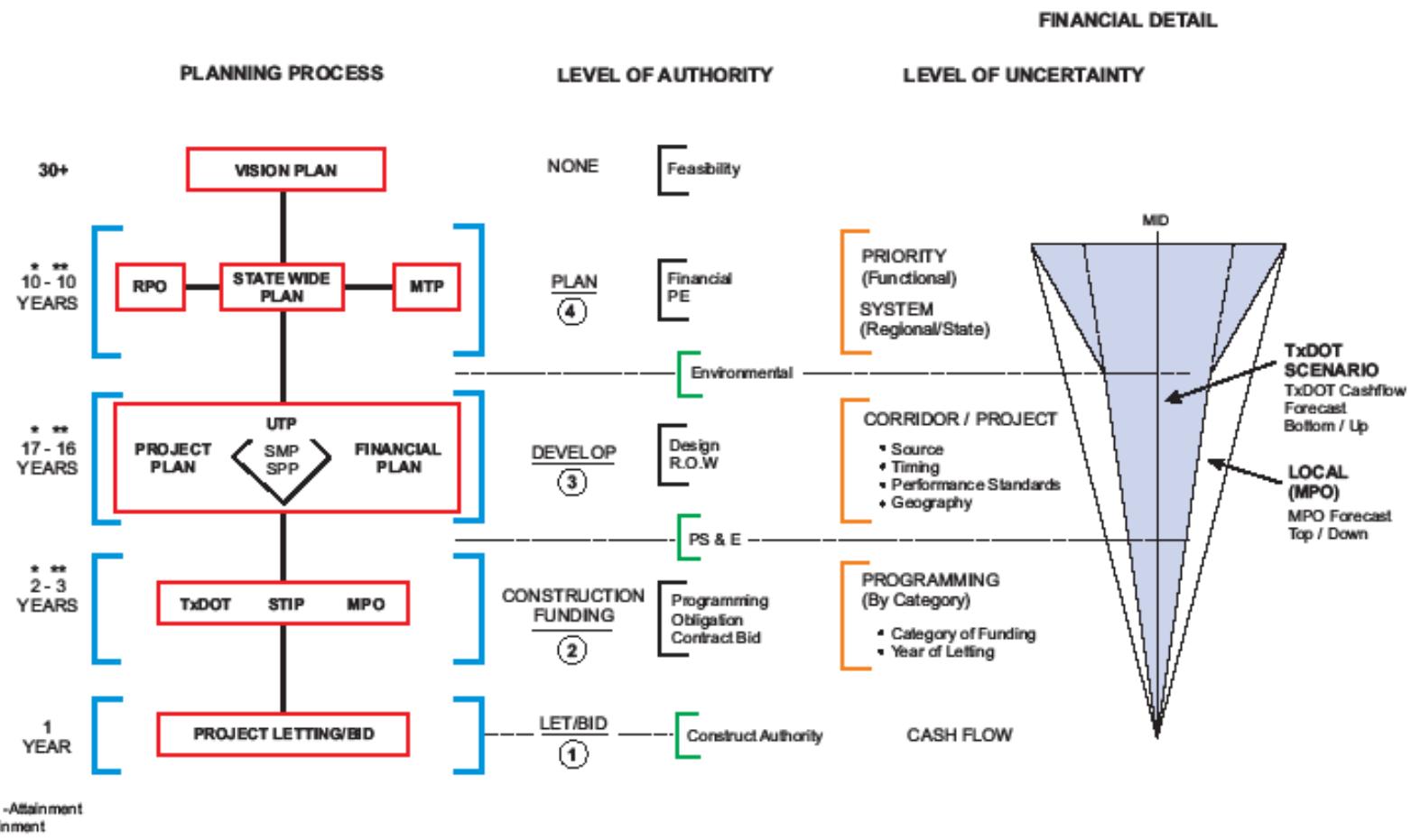


Figure 1. Project Development Process – Niskala/Lamers. (*Preliminary and Subject to Change*)

Put documents into proper places in the process:

PROJECT DETAIL*

- *Conceptual*
- *Broad Need*
- *System Mode*

- *Benefit/cost*
- *Corridor*
- *System Connectivity*
- *Scope*
- *“Ownership”*
- *Social/ENV Impacts (NEPA)*
- *Priority*

- *Design (PS&E)*
- *Permitting*

VISION

TMMP/TUMP
2030 Report
Fed Leg
(TxDOT Strategic Plan)

PLANNING



STP
MTP
RTP
NEPA
MCIS (major corridor investment studies)
RASP

DEVELOPMENT (CSJ)

UTP (PDP /parts 1: Mobility & 2: Preservation)
Financial Forecast (Scenario C)

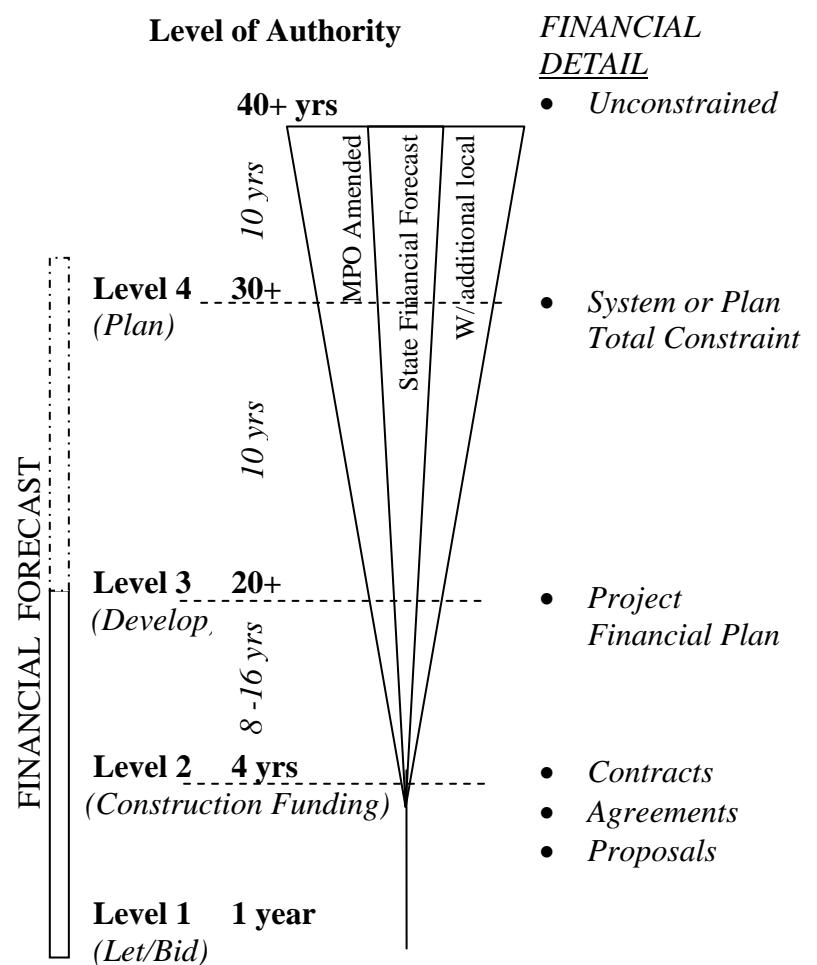
PROGRAMMING/CONSTRUCTION FUNDING

TIP/STIP
Financial Forecast (Scenario C)

LETTING/BIDDING

Letting Schedule
Financial Forecast (Scenario C)

Level of Authority



* This level of detail should be satisfied before moving to the next level of authority.

Figure 2. Workgroup Discussion of Process Flowchart. (*Preliminary and Subject to Change*)

THE PROJECT PLANNING & PROGRAMMING PROCESS (TP4)

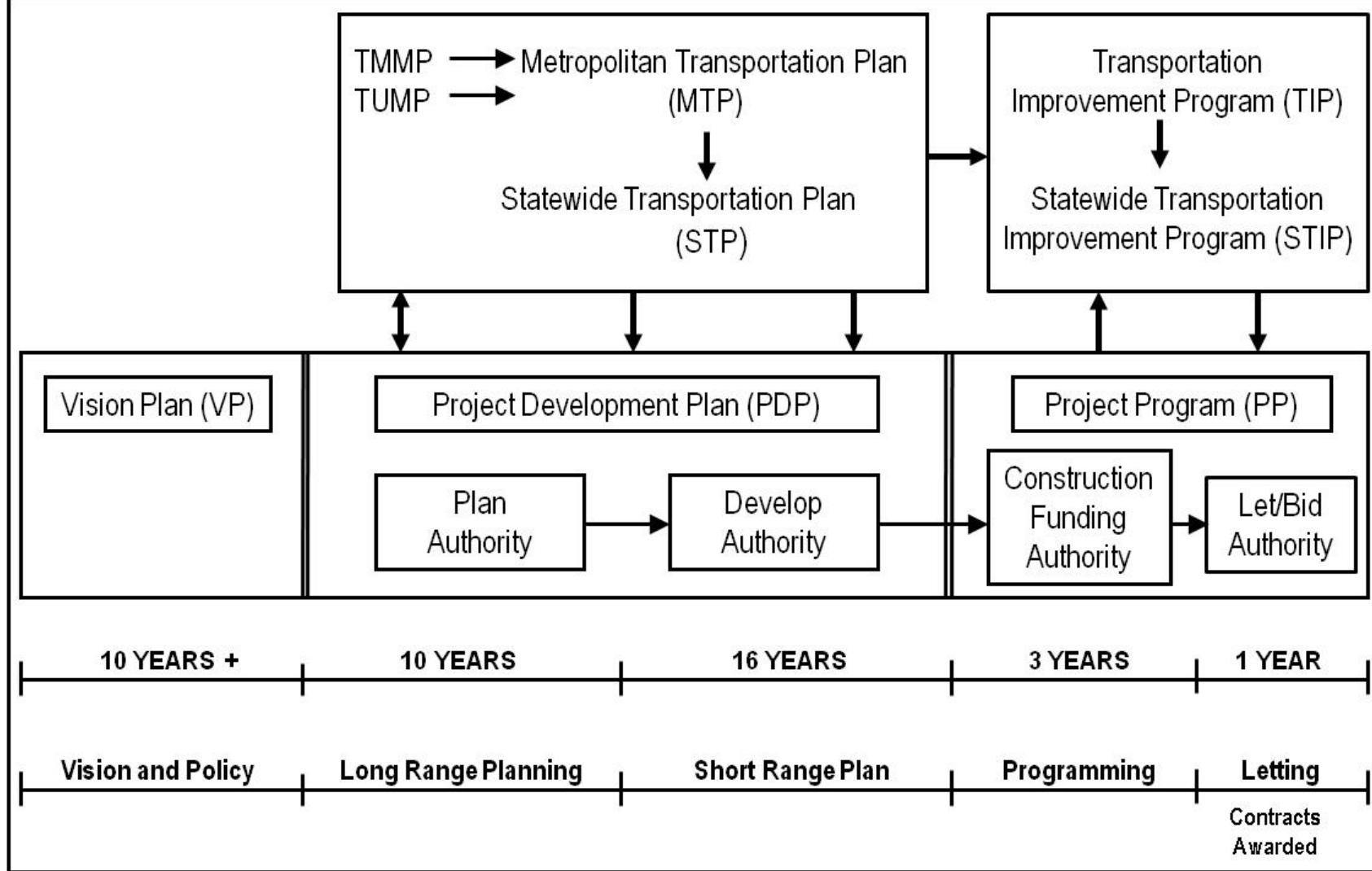


Figure 3. The Project Planning & Programming Process (TP4). *(Preliminary and Subject to Change)*

CONTINUOUS IMPROVEMENT THROUGH PERFORMANCE MEASURES

Mary Meyland, Special Assistant to the Executive Director for Strategic Policy and Performance Management, TxDOT Executive Administration, has recently joined the Work Group. Her work, which involves researching and evaluating existing performance measures and management in the area of planning and programming, is directly related to what this Work Group is trying to accomplish. Realizing this, the Administration invited her to coordinate her efforts with the Work Group, to more effectively and efficiently respond to the Sunset Commission.

In reviewing her team's research findings and observations to date with this group, it was clear that their analysis is following a parallel track with many of this Work Group's observations. Working separately, the two groups have followed the same cumulative thought processes and come to many of the same preliminary assumptions. This realization came as an affirmation for both groups. Our separate but parallel observations reinforce that we are on the right track with our observations herein.

The Restructuring Work Group is more comprehensive in scope than is the Meyland research. Therefore, recommendations to be developed at a later date in a final report from this Work Group will also be more comprehensive and detailed than those resulting from the Meyland efforts.

Transportation projects should be completed on a schedule promised to the public and affected communities. TxDOT is moving toward performance based management and should consider using quantitative measures of performance of the planning and programming processes and documents to continually evaluate its success and that of the MPOs.

The Work Group has not performed a detailed evaluation of performance measurement to permit recommendations at this time. However, example measures and targets which could be considered include:

- Percent of TxDOT projects in the first year of the STIP that are let for construction in that same year.
Each year TxDOT and the MPOs commit to a four-year published program of projects in the STIP. Planning partners, businesses and citizens rely on the information. TxDOT should consider establishment of an ongoing target for 90 percent of projects in the first year of the program to be let for construction in that same planned year. TxDOT has established TRACKER to enhance accountability for delivering projects on schedule. A performance measurement system could improve this recent initiative. Performance measurement will permit documentation of factors which prevented accomplishment of the goal and reevaluation.

- Percent variation in major project's cost from estimates when projects first enter the STIP to actual cost when let for construction.

TxDOT should consider annually updating cost estimates for projects under development, using a uniform methodology and adjusting for inflation. The control of scope and cost increase in projects is important to the planning process. TRACKER should measure how much costs change when projects enter the four-year STIP. Performance measures should reflect changes in cost in engineering, right-of-way and engineering costs.

SUBCOMMITTEE RESEARCH

Observations made by individual participants are included here as examples of discussion and research.

Adapting to Changing Circumstances: Statewide Transportation Plan, Project Development Plan and Letting Plan – Jody Ellington, TxDOT Pharr District

As we look at ways to improve the current planning and programming process by simplifying it and making it more transparent, efficient, accountable and understandable, we also need to ensure that the process is flexible enough to adapt to changing circumstances. Given the significant amount of variables involved in project development from an initial planning needs assessment to letting a contract to construction, changes are inevitable. These changes can involve and affect individual projects as well as entire statewide plans and programs. Some potential issues and possible ways to address them for the three basic processes/plans – Statewide Transportation Plan, Project Development Plan, and Letting Plan - are outlined below:

Statewide Transportation Plan

Overall needs assessments to address identified strategic goals are performed without financial constraint based on assumptions and projections involving items such as demographics, travel demand etc.. Once overall needs have been identified and evaluated, financial projections are used to prioritize and select programs and projects for further development. To date, statewide needs have been identified through TMMP's, TUMP's & the 2030 Commissions, and federally required MTP's have served as financially constrained long range plans.

Some potential issues in continuing as is include:

- Inconsistent coverage and update cycles, and changing assumptions/projections – the TMMP's and TUMP are not currently set up for regular updates, and rural areas and state/regional connectivity are not addressed. In addition, MTP's are typically 25 year

plans updated every 5 years which does not coincide with the 2 year state budget, typical 6 year federal highway bill or 2 year STIP cycle. This can lead to significant discrepancies between documents, and limit flexibility to change noting that changes in assumptions/projections could lead to revised priorities and plans.

- Inconsistent and changing financial forecasts – forecasts are currently inconsistent between Districts/MPO's, and changes/revisions are probably being handled differently as well. Keeping to a conservative forecast could result in not having enough projects in the long range plan to be worked on to address additional funding that could become available or projects that fall out.
- Changing project information – as projects are developed, limits, descriptions and costs are refined and change, requiring MTP changes. Could become more of an issue as we go to total project cost.

Possible ways to address:

- *Address rural area and state/regional connectivity needs assessments with TRMP's, and rural area and state/regional connectivity long range plans with RTP's. Integrate and combine these with the TMMP's, TUMP's and MTP's to establish the overall State Transportation Plan. In addition, establish better coordinated document update cycles by setting the Statewide Transportation Plan (TMMP/TUMP/TRMP & MTP/RTP) update to a 4 year cycle.*
- *Use different & more liberal assumptions for mid and long range financial constraint. TxDOT would prepare in collaboration with MPO's, and would be used for preparation of all MTP's & RTP's*
- *Move to a program and corridor based needs assessment and prioritization/selection plan.*

Project Development Plan

Per working group consensus to date, there is a need for a document/process, such as a PDP to address project programming and development authorization. This is currently being handled through the UTP (SMP/SPP) which has been a 10 year financially constrained document, typically updated annually. Programming was addressed using 12 different categories of funding, and authorization was given as plan, develop or construct. In general, projects were individually listed/approved by the Commission for Cat 2 (Metro Corridor), Cat 3 (Urban Corridor), Cat 4 (Statewide Corridor), Cat 6 (Structures Rehab/Replacement), Cat 9 (Enhancement) and Cat 12 (Strategic Priority), annual allocations provided to the Districts for Cat 1 (Preventive Maintenance & Rehab), Cat 5 (Congestion Mitigation & Air Quality), Cat 7 (Metro Mobility/Rehab) and Cat 11 (District Discretionary), and annual allocations provided to the Divisions for Cat 8 (Safety) and Cat 10 (Supplemental Transportation Projects).

Some potential issues in continuing as is include:

- Limited planning flexibility - tying project authorization to financial constraint based on construction funding doesn't allow adequate planning to determine which projects need to move forward.
- Limited project development flexibility – project specific selections/funding for mobility projects doesn't allow for changes as project development refines the scope, limits and cost and as priorities may change based on funding, project development issues, etc.. Changes also require Commission approval or waiting until the next update. In addition, although PM & Rehab is not project specific, Districts are limited on mixing the two allocations.
- Limited total project cost/funding flexibility – currently only construction funding is addressed, but as total project cost is implemented for project specific selections/funding this could become a major issue noting that other than construction costs (engineering, right of way, utility, etc.) change and evolve with projects as they are further developed. For example, could be difficult to address not having enough ROW funds for a specific project that does have adequate construction funding.
- Changing financial forecasts – keeping to conservative forecasts based on current cash flow could result in not having enough projects in the pipeline to address additional funding that could become available or projects that fall out for one reason or another.

Possible ways to address:

- Authorize separate planning funds to address corridor/regional/state planning based on needs assessment. This could be a redefined “Plan It” strategy cover feasibility studies, schematics and environmental work and could be included in the PDP.
- Do away with specific project selections/approvals for mobility projects and go to an allocation program. Focus has been on moving to local decisions and local control which this would accommodate for Cat 2 & 3 (in combination with Cat 7). State in collaboration with MPO’s would need to handle Cat 4. Could also combine Cat 2,3,4 & 7 into just one Cat for Mobility. As for PM & Rehab, combine into just one allocation and let the decision be made locally on how to spend.
- With the move to local decisions and local control, and following the above move to an allocation program for mobility projects, allocate and distribute all other non-construction project funding (PE, ROW, etc.) to Districts/MPO’s in the same manner so they can manage total project costs and prioritize and develop projects under changing circumstance.
- Understanding the PDP will cover about 12 years of development, use different & more liberal assumptions for this mid range financial constraint. Would need to sync with what was used for the STP. TxDOT would prepare in collaboration with MPO’s.

Letting Plan

Annual letting plans are developed for each District which authorizes projects for construction within that fiscal year based on cash flow projections and established category and district letting

caps. Projects are typically not let only if there is an issue with project development or cash flow. These projects are pulled from the STIP, which is a federally required 4 year financially constrained plan.

Some potential issues in continuing as is include:

- Flexibility vs. Accountability – we already have the flexibility in moving projects forward to letting from any year within the STIP, but when done becomes an issue with accountability. Questions arise as to what the priorities really were, and if money is being spent where it is really needed.

Possible ways to address:

- *STIP could be prioritized and treated more as a 4 year letting plan, and Commission could adopt. Or, assuming PDP is not project specific, and if STIP is not adopted as a 4 year letting plan, project specific annual letting plans could be approved by the Commission, giving real “Construct” authority.*

> *Could STP incorporate planning & development authority so no PDP is needed? Could STIP be construct authorized letting plan that is updated/approved annually.*

> *Need an easy way (single process) to simultaneously update all plans when needed - Statewide Plan (MTP/RTP), Project Development Plan (if needed), and Letting Plan (STIP).*

TxDOT Letting Schedule and Project Tracking –Joe Cantalupo, CAMPO

One of the issues raised by the Unified Transportation Program (UTP) Work Group is that Metropolitan Planning Organizations (MPOs) do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This is partially because project letting schedules developed and maintained by the Texas Department of Transportation (TxDOT) are not regularly developed or otherwise shared with the MPOs and partially because MPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

As the importance of using letting schedules as a tool to manage cash flow becomes more important, there is some concern that MPOs priorities are not being implemented as they should because of how letting schedules are developed and maintained. (*Note: Comment by the Work Group, “In reality, cash flow is being used to manage the letting schedule, not the other way*

around, as stated.”) While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of the how these schedules are developed and managed is creating several issues for the MPOs and TxDOT:

- It makes the tracking of projects in any organized or efficient way very difficult, if not nearly impossible. This creates difficulty when it comes to managing projects in the TIP, which in turn makes it difficult to demonstrate fiscal constraint when TIPs are amended or developed. This can lead to possible issues with the development and approval of the Statewide TIP and ultimately affect project delivery, and complicate the development of updated projects lists for amended or new long range transportation plans.
- It makes communications with local governments much more difficult, especially with regard to how implementation expectations are communicated. While local governments can easily check on the status of a project, delays become much more an issue because of a lack of familiarity with how the letting schedule was developed, how it is managed, and why.
- It makes the management of transportation networks used for mapping and travel demand modeling more difficult.

One possible way to address and improve this would be for TxDOT and the MPOs to agree that letting schedules be provided to the MPOs for review prior to their approval by TxDOT, and to agree that TxDOT will provide the MPOs with monthly (or quarterly updates) that highlight what schedules were changed and why.

Texas Metropolitan Mobility Plan (TMMP), Texas Urban Mobility Plan (TUMP), 2030 Committee Texas Transportation Needs Report – Bob Appleton, TxDOT Bryan/College Station

The work group has asked how the UTP, an intermediate document or process connecting long range plans with the TIP/STIP and letting schedules, might interact with the previously prepared TMMP, TUMP, and 2030 Report. The described purpose of the Texas Urban Mobility Plan and Texas Metropolitan Mobility Plan was a focus on the mobility needs of each area in order to address the funding shortfalls that exist between the total resources available to the region through traditional funding sources, and the amount needed to reduce congestion to a locally acceptable level. By strict definition none of these three documents are plans, but are more forecast reports. However, they provide information that is a strong foundation upon which to develop the UTP whatever form it ends up taking. The plan for developing a UTP should include the steps necessary to update a support document modeled on these reports.

The group discussed scenario building similar to the probability cone that the National Weather Service uses to predict tropical storm landfalls. The TMMP, TUMP, and 2030 reports provide groundwork for developing the fiscal component of possible scenarios for developing the UTP

cone. The 2030 report incorporated much of the work prepared for the TMMP and TUMP. It contains four mobility scenarios: *Current Funding Trend, Maintain Economic Competitiveness, Prevent Worsening Congestion, Reduce Congestion*. These provide a set of “undesirable, good, better, and best” forecasts of funding versus needs that could establish an envelope for levels of project selection. Rather than simply over-programming funding levels as is the current habit, the New UTP might contain programming levels that matched these sorts of scenarios and gave the observers and users of this document or process an estimate of probability of a project’s or corridor’s future development. The information in these three reports also considered the increased maintenance and operations costs of increasing facilities for mobility. The costs developed under the scenarios mentioned above in combination with scenarios for allowing deterioration of, maintaining, or improving the condition of transportation facilities could provide the programming levels for maintenance funds and projects.

If the formula for development of the 2030 report has been successful in developing public confidence in the results, then it should serve as a model for updating the results as part of the new UTP development process. This could be the basis for presenting the decision making process for integrating local priorities into regional and statewide plans and could give guidance to local and regional offices regarding their project development work priorities. This is especially important given the amount of time necessary to develop mobility projects. The 2030 report addresses needs and costs for multiple travel and freight modes.

The usefulness of these reports and similar future reports is fairly obvious. However, we must pay particular attention to the participation of the end user and other customers in the development of the report and the subsequent inclusion in the UTP. We must recall the heated debates over the level of current and future transportation need in Texas and ensure that acceptance of the envelope in which we develop our plan comes first, followed by development and acceptance of the plan. Some may recall the State Audit Office’s critical analysis of the amount of need identified in the TMMP and TUMP.

The new UTP should include the methodologies and information produced in the 2030 Committee Texas Transportation Needs Report as a significant part of its development process. A plan that informs transportation users, legislators, project developers and others must begin with a widely accepted identification of future needs and this document appears to accomplish that.

The Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Mobility Plan (TUMP) – Tom Niskala, Corpus MPO

A retrospective review of the process resulted in the recommendation that the eight large MPO’s start meeting in July of 2005 to review methodologies and approaches for development of the next TMMP, due by September of 2006. It was also decided to expand the TMMP concept to

the seventeen other urban areas and a corresponding Texas Urban Mobility Plan (TUMP) process was initiated. As part of this new process a number of new approaches were taken including:

- The inclusion of rehabilitation costs,
- Updates of construction cost estimates by categories of metro area size,
- An assessment of the value of time for the delays experienced by passenger vehicle and commercial trucks,
- The development of a consistent travel demand modeling approach

Reports for all 25- urban areas were prepared for the Texas Transportation Commission by September of 2006.

The TxDOT Commission took an alternate approach in 2008 and established the 2030 Committee. The purpose of the independent 12-member committee was to present an assessment of the state's transportation needs through the year 2030, in the context of today's economic reality. The committee, with the assistance of the Texas Transportation Institute and MPO input, identified the fiscal impact of maintaining mobility levels through 2030. The Committee issued a report estimating the resources necessary to meet those needs in December of 2008.

Positive and negative thoughts include:

- The 2004 TMMP's were developed in a relatively short-time frame and lacked consistency in approach or methodology.
- The 2006 TMMP's and TUMP's utilized travel demand model runs to illustrate the needs to eliminate "Level of Service - F" or the worst congestion level and was not intended to identify project specific actions needed to reduce that congestion.
- There were no additional resources provided to the 25 MPO's to provide the plans and no modification of the other federal or state planning activities that needed to proceed during the development of the TMMP's and TUMP's.
- The resources, experience level and capabilities of the 25 MPO's vary dramatically and the "one size fits all" methodology created products with differing confidence levels.
- The process took a "macro" look at transportation needs but was assailed by critics for micro differences in findings.
- The 2030 Committee process findings from TTI were useful and were received with less criticism and dissension than the previous TMMP / TUMP reports.

Observations include:

- The development of 25 reports by 25 very different MPO's will not provide a single product that can be viewed with a high level of confidence. Each of the MPO's should

decide the value of incorporating the TMMP / TUMP thought and analysis process in the development of their individual Metropolitan Transportation Plans.

- The diverse 2030 Committee did provide TxDOT a meaningful product to communicate financial needs to the legislature with minimal burden on the 25 MPO's. A similar Committee process in 2010 may benefit from including representation from the MPO community.

Terminology of State Documents: Project Selection Process, Statewide Transportation Plan, Strategic Plan, and the Unified Transportation Program – Robert Allen, Abilene MPO and Brad McCaleb, Texarkana MPO.

UTP Work Group Issue Identification - Terminology

Issue: Terms used in the State documents (Project Selection Process, Statewide Transportation Plan, TxDOT Strategic Plan, and Unified Transportation Program) concerning the transportation planning and programming process are used inconsistently among the documents and in ways that are not intuitively obvious to all in the profession let alone the general public.

Issue: In the goal of communicating ideas accurately and in a meaningful way, there is often tension between the use of simple terminology with which most readers are familiar and the use of precise language that diminishes the likelihood of multiple meanings attached to a single term.

Goal: Develop a consistent lexicon for use in all public documents relating to the transportation programs engaged in by TxDOT.

Example: The terms “plan,” “build,” “maintain,” and “safety” are used repeatedly but inconsistently in the above referenced documents.

“Plan” has the broadest range of general definitions and is also used most inconsistently. In the Project Selection Process, Strategic Plan, and draft Statewide Transportation Plan documents the term “plan it” as a strategy refers to everything that happens prior to construction of a project. In the Project Selection Process document, however, planning is described as one of the five typical steps in the project selection process that occurs after the identification of need and the financial plan and beginning prior to but continuing along with the development phase. The metropolitan transportation planning process typically entails needs identification, financial plans, public involvement, and varying degrees of environmental review. In the UTP, “plan authority” refers to a particular stage between feasibility study and develop authority. As a noun, plans may refer to general policy documents, needs studies, resource studies, or specific engineering design documents.

“Build it” refers to the implementation of all infrastructure projects that are not defined as “maintain it” projects. “Build it” projects include rail crossing replanking and rail crossing signal maintenance projects, however. “Build it” and “construct authority” do not mean the same phase in a project’s life. “Construct authority” refers to the final phases of project

development but the project must be moved from construct authority to letting authority before it may be built.

“Maintain it” refers to the maintenance, rehabilitation, or replacement of existing infrastructure except for safety infrastructure projects that are built from specified safety project funds. Maintenance, however, is normally used within the profession in reference to a specific subset of “maintain it” projects.

In the five budget strategies referred to in the Project Selection Process and Strategic Plan, safety is referred to only as a part of the “use it” strategy that refers to providing grants to improve public safety. In the Strategic Plan, the “enhance safety” goal is described in terms of noninfrastructure programs. The Project Selection Process, however, also refers to the programs in the UTP in which safety projects funded through specific safety funding programs are a part of the “maintain it” group of projects. A project may be developed primarily for safety purposes but if it is funded through a program such as district discretionary funds, it is a “build it” strategy project. The draft 2004 Statewide Transportation Plan used “maximize it” instead of “use it” and referred to safety as part of the “build it” strategy.

Example: Added “capacity” is primarily used within the profession to refer to adding additional primary travel lanes for environmental review purposes. Throughput capacity, however, may be improved through operational improvements such as turning lanes, weaving lanes, grade separations, or access management projects. Bridge capacity refers to structural load-bearing ability.

The Project Selection Process defines “build it” in the following terms

“This strategy oversees construction projects that add capacity to the state’s transportation system, either through new projects or those which supplement the existing infrastructure. Projects in this category could include widening an existing tax-supported highway or toll road, constructing a new bridge or lengthening a runway at an airport.”

“Build it” projects include not only capacity in the form of added lanes and operational improvements, however, but also transportation enhancements, landscaping projects, and the aforementioned rail crossing maintenance projects.

ATTACHMENT 1

UTP Work Group Members Addresses MPOs and Districts

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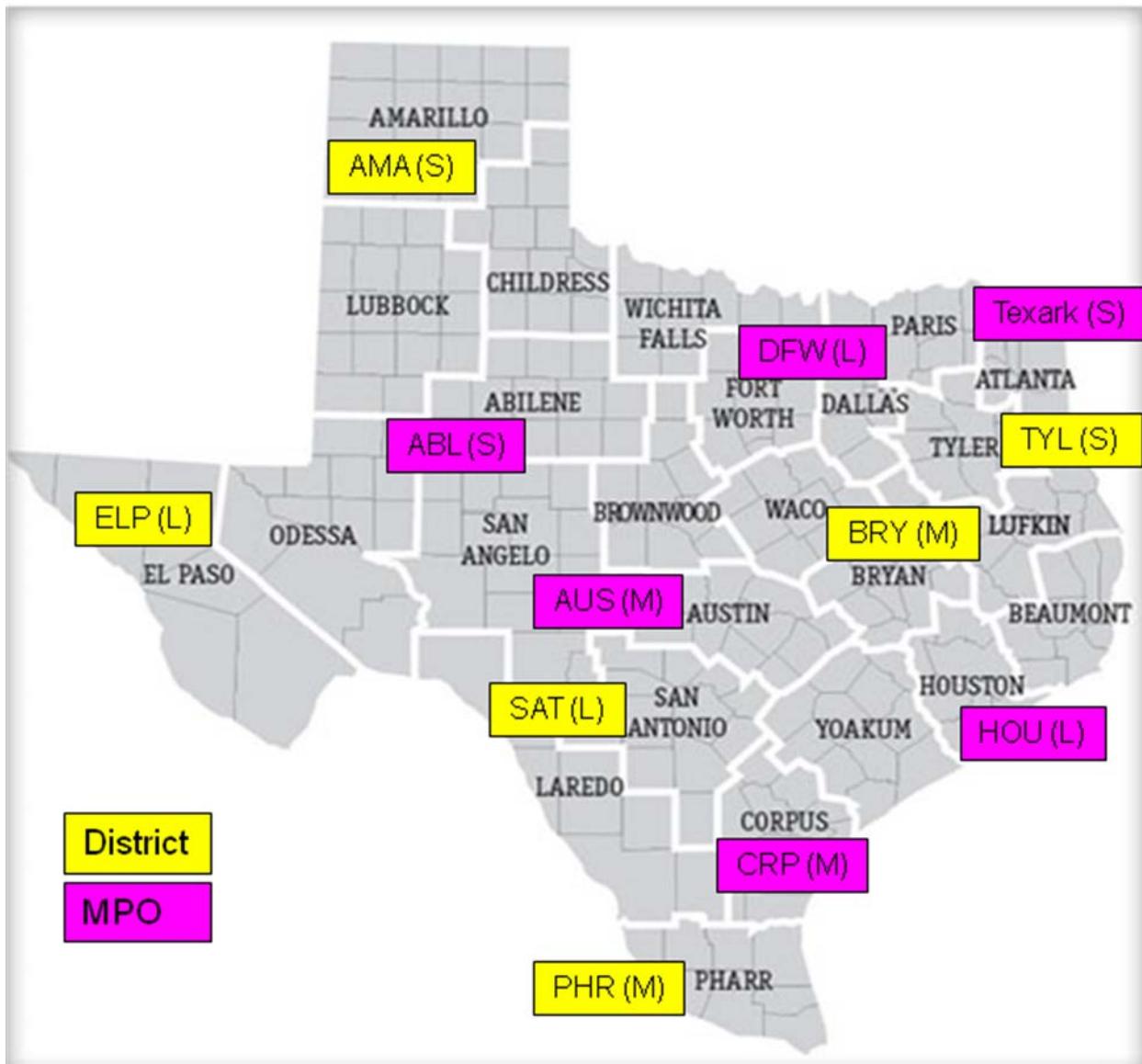
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ATTACHMENT 2



WORK GROUP MEMBERSHIP LOCATION

Attachment B
to the Final Report:

Meeting #1 Notes, February 16-17, 2009

UTP Work Group Meeting Notes

February 17-18, 2009

Phil Russell	Brad McCaleb	Carol Court
John Barton	Bob Appleton	Montie Wade
Steve Simmons	Robert Allen	Wayne Wells
James Bass	Tom Niskala	Brian Ragland
Jody Ellington	Alan Clark	Dione Albert
Mike Leary	Joe Cantalupo	Lanny Wadle
Kenneth Petr	Edwardo Calvo	Lori Morel
Dale Booth	Jack Foster	Stuart Hanzlik
Dan Lamers	David Plutowski	Mercedes Buckner
Clay Smith	Todd Carlson	

List of Attachments referenced during the meetings:

- | | |
|---|--|
| A - Wade PPT Presentation (2/17/09) | F - UTP Category Chart |
| B - TxDOT Planning Charts | G - Workgroup Membership Map |
| C - Planning Funnel | H - Work Group List |
| D - Wadle Finance Cash Flow Handout | I - David Plutowski PPT Presentation
(to be presented at future meeting date) |
| E - PDP Process Flowchart (white board) | |

Tuesday, February 17 Notes:

W.Wells opened meeting, allowing TxDOT Administrative representatives to talk first as they had to leave after an hour.

Phil Russell and John Barton

J.Barton - Acknowledged frustration with the UTP process, and the need for collaboration. We need a better process that is less complicated, and more transparent, efficient and understandable to promote public buy-in. The Sunset Review reveals the majority of frustration is with planning and programming. An objective view questions why we do things the way we do? Do we have to do things this way? We need to step back and make the process less complicated. Steve Simmons wants us to “break the mold” on a new, better process outside of the existing framework. Do we need to have a UTP in the State of Texas? Is it a state law that we have a UTP? It came from past planning practices, so of what current value is it, and what type of structure do we need today? Do we have to do things the way we’ve been doing them? Why don’t we have a current UTP?

With the financial crisis, we have no funds to plan with, and we cannot plan without funding for the UTP. Based on assumptions, the UTP contains errors and is overly optimistic. We need to wait until the end of legislative session for UTP development, to see what we have to work with, and base the STIP on reality for the first three years.

Our charge is to step back from the current UTP framework, evaluate how we communicate and how we lay out what we can and plan to do. Then we see what the reaction to it is, based on reality, not some pipe dream. I know that, in the past, we have often over-programmed. But we need to plan and present something based on reality. We never want to tell anyone their project won't let, but we have to be realistic and not include projects that are not financially constrained. Since passage of SAFETEA-LU, "financially constrained" means just that. We have to be realistic. The Finance Case Forecasting system must drive development of the UTP.

P.Russell - 10 years ago, we were a new wave group, figuring out what processes were actually state law. We found out some were not "laws," but they made sense. Since then, we have tried to dispense with useless rules and laws. We have a lot of flexibility to bring this into the next generation. We need to think about what we need, not what we have always done. In the past we have always had more money to take care of business, and we over-programmed. We had to so we would have projects ready to go at a moment's notice. The public has many of the same concerns, and if their project is on a piece of paper (i.e., planning document), it should be good to go. We need to clearly explain to the public what the difference is, especially under the current economic conditions. Gas revenue is trending down, and we lost 85 million dollars this year. We have to be transparent because money is so tight.

Counties do a good job with this, and I have been talking to them. They don't have a long logistical tail to get projects approved and they have fewer people to coordinate with. Municipalities can let projects much more quickly by adjusting city budgets based on the funds that are available. Our projects take so long to program and plan. So we have to be ready to go to letting when the funds are there. We have given you a blank slate and you have a lot to do.

M.Wade - You've opened the big box. Now these people need to figure out what they want to talk about. They need to ask you guys questions while you are available, so let's go around the table.

J.Ellington - I agree that we need a plan we can adapt and address changes quickly. I'd like to pursue that idea. The public won't like that, which concerns me. A majority of mobility projects take 10-12 years to plan and program. We need something we can do.

J.Ellington – What you want are simple, flexible procedures we can get online right away.

K.Petr - I agree. We need some way to make the status transparent to the public. We have more needs than money, and doing a feasibility study is worthless if there is no money for it.

M.Wade - Studies aren't doing it. We have more needs than we do dollars, and we probably always will. But that's a healthy thing,

D.Booth - Having a UTP or not is a good question. With what we have, if we stumble on something, we can't address it without a Minute Order.

P.Russell – The Commission will still have to approve projects. As to whether or not we need a UTP; that will have to be addressed. But we [TxDOT Administration] are open to any suggestion. Maybe the timing should be June 1st, when we know what our budget is. It is a two year cycle though.

D.Booth - A biennial cycle might give us more time to focus.

D.Lamers - I'm glad to hear that there are no preconceived notions so we can focus on the project development process (PDP). Transparency is a good thing, but we need more direct guidance for the planning process. We need more public involvement to educate the public and elected officials on how the process works. How can we be flexible and educate? I am also concerned that we have a document that gives different types of project authority over a longer period of time. We need to have authority to do some types of work many years before they make a letting schedule.

P.Russell - Some things never change. Over-programming and over-promising happens because it is hard to look people in eye and tell them we can't program their projects. We need to get them into the process.

J.Barton - Over time, I hope you'll think about accountability and maybe performance measures. Even though priorities change at the local, MPO, and state levels, we need to look at cities and counties as examples. They have a shorter time frame and they work on a different type of financial management system, they track their performance and their changing priorities.

We need a division of resources to be used for short-term projects and a different set for long-range projects. We have been hesitant to do that, putting all of them in a plan. Projects in long-range plans across the state have no chance of being programmed because they aren't fundable in terms of state priorities. We need accountability so that projects can't be replaced or supplanted. Go back and look at your long-range plan from 20 years ago and compare it to what has been done to this day. There is no predictability.

P.Russell - Private industry has been able to adapt by changing their growth plans. They turned on a dime because of the financial crisis. They don't have to answer to the public. We do. We have to be realistic and we may have to use some of those practices in how we publicize and communicate.

T.Niskala - When times are good, you can have more faith in predictability. The public sector has a hard time turning on a dime. The public involvement process is required, and slows things down. The UTP did a good service when we could predict; not so much now. We need more strategic means of responding that serves us better. A UTP-type process can work if we can

come up with a better funding forecasting system. We also need to remember that we do our plans over every five years so this is a continuous planning process.

P.Russell – What can we do to shorten the process? We control some processes, some we don't. We need to figure out what those are and start there. We have to look at the target audience and plan to respond accordingly.

J.Barton - We do need a tool we can shift to respond as needed but we still need the transparency, flexibility, simplicity and accountability. We need to do projects; but, if we don't have funds for big projects unless it is made a priority, there won't be other projects. That means priorities cannot change when funds are tight. That is accountability. But we all have to agree.

D.Lamers - The entire region has to be in agreement, we cannot kick it back up to administration. We need to work within our region on what is needed at that level.

P.Russell - we can't sort that out for you. If there is a priority, and it's that or all the other work, you have to be able to make that choice.

J.Barton – I agree. You have to be able to say “no.”

D.Lamers - The hard decisions have to be made at the metropolitan level.

C.Smith – In the 15-20 years it takes to reach project implementation stage, you've done nothing but that one project. There's financial planning needed to build, but when you look at planning, you can't study the finance need in that one corridor over a 25 year horizon. There are planning needs as to modes of transportation in a community. If they can preserve ROW with their own resources, it seems we need to separate out the planning and the funding. Just as a city does a thoroughfare plan, we need to be able to plan at least the environmental part and do what we can with our own resources; or pick the low-hanging fruit along a corridor. I feel we're constrained too much and cannot look at a whole corridor. We can only pick out pieces and never pull it all together. I think planning horizons needs to be bigger. We have too many issues to be able to get a large project programmed

M.Wade - Authorities need to look at a longer period of time.

J.Barton – Is it important for the state to be able to come up with long-term corridors? We will need changes to allow for corridor preservation if this planning group wants to take this on. But we need to develop a futuristic analysis every few years because we cannot predict how these communities are going to grow and how their needs are going to change (for example, environmentally). Predictions of availability of oil are going to affect the consumption of fuel for transportation. This will affect how they plan number of miles traveled on roadways. So preserving corridors may not be what you need 50 years from now. We need futuristic studies with scenarios that can help planners.

C.Smith - I'm not necessarily thinking of asphalt surfaces, but what it will take to move people. I think we need a vision longer than 25 years. We need to look past that umbrella and recognize it takes so long to get to that point.

M.Wade - In the 50s and 60s when we started designing the Interstate System in Texas and, at that time, we only allowed a width of 10-15 feet behind the back slope for ROW for utilities. Did we think we wouldn't be using any more ROW than that in 25 years? We did not allow for any growth in a system that would become the backbone of the nation.

B.McCaleb - I didn't know what to expect from this group. I've gone from being unsure to somewhat excited. Are there still no restraints? Do you want a UTP or no UTP or do you want to change how we do business? The UTP is 20 years because of NEPA and public involvement. Districts are running around and trying to keep everybody happy. How do we do business without the UTP? How deep do we go? Now I'm thinking we need a few constraints.

P.Russell - I don't think we have any preconceived notions. As to how deep you go, you have to figure that out.

J.Barton – Sunset said we have to do this re-evaluation of our process within the bookmarks of existing regulations and laws. But if these regulations and laws are too constraining, you can make suggestions to evaluate those things as well.

B.McCaleb – You mentioned how projects and MTPs change. They do and they don't. We still have many of the same projects in our plans because there never seems to be the money for those. Districts are frustrated with juggling projects and elected officials and stopping work for a progress report. They shift effort to the squeaky wheel. In the transportation industry we appear inflexible but it's because our hands have been slapped so many times, we're hesitant to stretch them out.

J.Barton – I've seen what you are talking about. Projects that have remained in the plan still haven't been done. Yet, within the same time, we identified another project and bought property for those, without doing any work on the project added to the plan in the 60s. You still have those projects because all those little projects supplanted it. This leads to a great deal of public unrest. Public officials tend to lobby support for individual interests.

B.McCaleb – How do we get back to accountability, to that point where we say, "This is how much money we have available," and bridge that expectation gap?

B.Appleton – I think we need to determine who the customer of the document is? Identify them. If it's a public document, it's different than a planning document. Perhaps we can create different documents for different customers.

R.Allen – I'd like to get away from mixing UTP and MTP. Needs-based planning and funding should be the focus. Until you start the planning process you don't have any idea of cost. The process needs to decide how much money you have and then how much you can actually build.

We're not close, we're still designing. But if the public doesn't want a project there's no point in designing it. If a bridge costs a billion dollars, it may not ever be feasible. We should also remember that you always have to have "shelf" projects you may never think you'll be able to build under financial constraint. You have the design done, and then if the funding comes down, we could get it in because it's ready to go.

T.Niskala – Remember that the value of the UTP to MPOs is that it provides for financially constrained planning. Responding to information impacting the TIP is more important than out years. The first four years are the most important. I do like the idea of doing it after the legislative session and not being so formal, but having more flexibility and adaptability. At the same time, we must have long-range planning authorities due to the many years it takes to get a project to the letting schedule phase.

A.Clark – My concern is more than the shortcomings of a tool used in the past. I'm not sure the UTP can solve all the problems noted by the group thus far. It needs to demonstrate financial constraint, like a "super-TIP." What does the Commission want out of this work group?

J.Barton - They want you to develop a project development process that is transparent, reliable, and accountable. For us to come up with a magic wand; but short of that, they want us to consider other DOTs that run on an encumbent system. We recognize that an encumbered system will produce fewer projects every year. I think we should spend all our money every year, so an encumbered system would not be the most efficient approach.

P.Russell - We have basic principles we live by personally. Why are we so reluctant to apply these same principles to our programming? The transparency is such that we need to be able to react to things as they transpire. The idea that we need the funds currently available to pay off work already completed is hard to sell.

E.Calvo – Transparency in the process is important. The starting point has to be very clear and realistic in talking to public and elected officials. Whatever we call it, we have to have realistic expectations to level the playing field. Total project costs should be used. We need them to know we have limitations. We need to manage limitations and incorporate deadlines.

M.Leary - I agree with Edwardo. You must have realistic expectations; promise less and deliver more. The expectations have never been so high we haven't been able to deliver. We have been doing better, but we have to understand that there are diminishing resources. Gas taxes are not going to help. The State defines the system of what they want to improve. Anything beyond that will be up to the region.

J.Barton - Part of our PDP involved environmental review and ROW acquisition. In order to consume our resources in a way that is positive for the state, it means we have to have hundreds of projects ready in order to be able to complete one as soon as the funds are available. There are always issues to stop a project, so we must have many in the wings to turn to until we find one that can be completed.

What I see is that our planning system is not a priority-based system. We have morphed into funding whatever we can get to in order to use up our money. We need a total shift from emphasis based on a cash-flow system back to accountability. We don't know what our priorities are in Texas. We need to get back to priorities; not what we have money for, but what our needs actually are. We need a realistic, accountable process that addresses the true needs of Texas.

James Bass and Steve Simmons

S.Simmons – Planning is not priority-based. The legislature doesn't know what our transportation priorities are.

J.Bass – In some of our conversations, we have been asked, "Why don't we do planning and programming so we are using our limited resources to produce the greatest benefit for the state?" If the STIP is a 4-year plan and UTP is 11, wouldn't the first four years of the UTP be the STIP? We have not been doing that. We have a chaotic planning process, plans with different timelines. We need to all be on the same page moving in the same direction.

S.Simmons – James is right, and some have said that we may have gone too far in giving the MPOs the rights in the decision making process. We have trouble defining projects to the legislature. We formed this group to develop a system to address all the people we need to get information to. How can we put all these processes together to get a document that works for everyone? We need to deliver projects in a priority based way that is transparent, trackable and accountable.

J.Bass – We over-programmed but there were valid reasons for that at the time. But many people don't understand that, and we have to make sure everyone is on the same page this time. We need to have a lot of projects in the plan, but delineate according to whether they are actually likely to be programmed. Many of these are going to change anyway. Too many things change, even the public's driving habits, which is reflected by our gas tax income.

S.Simmons – What we have is a problem relating to the legislature. Like the Katy Freeway – how can it be categorized? What needs does it meet and how can it be categorized? Katy fit into all of them. We need to develop a system that is understandable. That may be a second phase for this work group. What type of planning goes into this reconstruction? A summary of the Sunset Report finding is that the UTP process is closed, hard to understand, difficult to get projects into and hard to follow.

J.Bass - There are rumblings in the Legislature about a TxDOT business plan. TxDOT needs a business plan concept of why we program with the UTP. But let's make it usable. How can we achieve delivery of priority projects year to year? Is it a planning document? Is it that difficult a step to get it to the stage of usefulness in both planning and programming?

E.Calvo – One thing I would like to see this group address is managing expectations with elected officials and MPOs. But at same time, we need to simplify the internal process. Trying to explain how projects are done is too complicated to be explained. How can we simplify the

process? There are some things we can control and some we don't, like different categories, different laws and regulations. There are so many pots of money. Isn't there a simpler way that would be easier to track and be more transparent?

S.Simmons – We do have the opportunity right now to make changes; the Legislature is in session right now. We are required by law to do some things, but we can still make recommendations for other changes; for instance, doing away with a lot of the silos for funding. There are processes that have to be followed, because there are different entities involved. How can you do a cash flow analysis with different project lifetimes? This is the time to figure that out if we can simplify the process. We need to take a hard look at how to develop total project cost, even if it is harder to develop. We should not just take the easy route.

J.Bass – We need to address cash budgets for ROW and construction. In one case, a district awarded a 300 million dollar project ahead of schedule, using the money differently according to how portions were budgeted. This can overburden the overall budget and total implementation.

A.Clark – How much of our problem is about communication? We have all these things that delay our projects: financial, opportunity, etc. Our job is done when we can tell an elected official why a project needs to be done. With the difficulty we have, how do we manage the change and create ways to communicate so we deal with the issue of priorities and accountability? It's so difficult to achieve consensus and it's a very delicate thing. How can we do this and be sensitive to changes that occur without warning? We have to have plain and simple documents available at all stages. It is so hard to communicate in the transportation family, but it's harder to go outside with communication.

S.Simmons – Understanding the process is a difficult thing. Once someone gets a project approved by the Commission, they think it's a done deal. Now that things have changed, we need to be able to communicate that.

A.Clark - Are we using all of our resources to communicate effectively? How we manage the change is important. I think we can come up with a way to use our money that translates to getting projects approved. Short-term information is more reliable, but longer-term information is more understandable and better explains consequences. We're on a different plane than we have been for five years. I see TxDOT getting beat up for things that were misunderstood because of the complexity.

S.Simmons - I think everyone is working at 200 percent capacity, and we have not let this be a high enough priority to take the time to get it done. We wind up being reactionary rather than proactive. We need more foresight and ability to get out ahead.

J.Bass - Part of the communication problem is internal. Documents meant to be used for TxDOT employees now have a big external audience. We use a plan based on a forecast which is based on an assumption. We have to make adjustments based on the actual income. We can use the "cone of impact" used for hurricane tracking. It has 12 different reasonable possibilities. We pick one assumption and look back at it at a given point to see if we need to move the planning line.

How does your assumption change and what led you to change it? If someone wants to look into it, it's there. But we need to communicate it differently, and be more explicit about assumptions used in planning.

A.Clark – There is a lot of agreement in this room about what we need. But how we partner up to communicate with people is important. I think we can use our resources better if you [TxDOT Administration] give us feedback on our ideas as well assume sense of your priorities.

M.Wade - back to Dan Lamer's question about a financial forecasting system. We'll not likely hit a target, we know that. The work MPOs are doing with the JACK model will improve our financial forecasting capabilities.

J.Bass - the JACK model is more of a "what if" scenario. The monthly cash forecast is something we have to do every month. It controls the spigot of how much we have to work with and what gets done. Recently we expanded the forecast out to cover the full length of the UTP. We went through a series of 8-10 calculations on how much of state revenue we might receive on so many gallons of gasoline sold. We applied the federal rate to it, and then it came back as obligation authority (OA) two years later. They are more closely aligned than before. The Commission had approved a funding level, but that's not what we have now because of inflation. Everyone is project- or delivery-oriented.

Back on the 100 million dollar project we awarded and it would have paid out over 36 months. We have no control over how that's actually going to be paid out. Weather, economy, trends, etc. all effect it. Revenues don't change but the forecasts have to be adjusted continuously to agree with the most current revenue expectations. That's helpful to look at, but it doesn't help us monthly. We are looking to contract with the Comptrollers Office to have economists look at these models and improve them. Using outside parties gives us another set of eyes and authorities. TxDOT is going to pick one of those lines on the tracking chart. But we need input from others.

S.Simmons – The forecast we're using right now is pretty accurate. We're doing it on a monthly basis. If you look at what finance developed 3-4 years ago, we're within 100 thousand dollars of what we predicted 3 years ago we would have.

J.Bass – There was suspicion that TxDOT had under-budgeted and benefitted from that.

S.Simmons - The reality is that we don't have that extra money to spend.

J.Bass - Over this 10 year period, we were closer five times, and the controller was closer five times. It benefits us to look at all the different possibilities. We are going to be wrong; it's a matter of by how much of a percentage we are going to miss the forecast.

D.Lamers - We need to have the right tool for the decision that needs to be made. A PDP needs to have different assumptions and maybe alternatives.

J.Bass – Sometimes the MTP and UTP may have different assumptions and we get hammered because of that. The different documents may have different totals, but we need to have a minimum that ties back to a designated line. On the other hand, because of uncertainty we have to have projects ready to go; then we need to add another layer, and so on. It's important that someone be able to look at two different documents and find the same number in both.

M.Wade – On a daily basis we have been doing a pretty good job of forecasting, but TxDOT was paying out funds at a significantly faster pace than the model indicated. Finance has developed new payout tables based on recent experience.

J.Bass - Some states have complications with encumbered funds. We have never done that in Texas. Some folks ask why we don't know how much the contractor work is going to cost. We have a revenue line that pays for the existing costs. We hope that enough revenue comes in to pay tomorrow's bills. We do not have a pot of money to pay from.

T.Niskala – In the “Cone of probability” for forecasting, at the MPO level I don't have big expectations and confidence level. But I don't need it at the long-term planning level. It's the four-year project level accuracy that concerns me. Higher confidence needed in the short-term.

J.Bass – The gas tax was predicted to grow, but when it started to go down, we went down 4 percent within a 12-month window. Absent that, we were pretty accurate on our forecasts.

S.Simmons – You develop a 4-year plan based on a certain amount of inflation.

T.Niskala – Now we have the obligation to realize any projection is subject to turmoil. We have to do the best we can do. I'd rather rely on TxDOT estimates and your resources. At what point would a long-range cash forecasting system be able to assist us at the MPO level?

J.Bass-We want that to be open out there where we can see the assumptions. We're looking at updating our computer systems at TxDOT. For the planning part, we want to have the system out there and accessible to the MPOs and the information would roll up to TxDOT. They manage it locally, but we can see things at a statewide level. The timing for the necessary equipment may not hit in this budget cycle. The money wasn't in the bill.

S.Simmons – Our system does the job, it's just hard to get it out, and it's hard to adapt. We need a strategic plan ... technology has passed us up, and upgrades will allow for much better transparency. We need to be able to recreate how we reach decisions. Our mainframe system makes it hard to reproduce that information. It is not a point and click environment. All MPOs are on different planning cycles. Is there any way to schedule that so they coincide?

B.McCaleb – MPOs are required to provide information on a schedule.

J.Bass - We can do a forecast now, but in a few months (June) that will look very different. We're getting feedback from the Sunset and Appropriations Committees.

T.Niskala – We talked about doing it every 2 years.

S.Simmons - We'd like to get the feds on a two-year cycle.

A.Clark – In terms of schedules and cycles, program decisions have to be done together. The next time anyone here does a forecast, they should use the state financial forecast. We need to have them more frequent than the 4-5 year cycles most are on.

J.Bass – That's why we have some difficulty.

S.Simmons – I don't want to have the issues among districts that were caused due to some getting their work done before the inflation and others didn't get anything. We want to keep everyone on a level field. The debit system is such that the one who has their projects ready to let can borrow funds from another district, but then are accountable to return those funds.

A.Clark - From our MPO perspective, it's often a mystery why things happen the way they do. We're on the verge of none of us understanding.

S.Simmons - If project "A" is your main priority you should have focused on project "A," instead of putting all your funds into projects "B," "C," & "D."

A.Clark - We don't make that decision and, most likely, "B," "C," & "D" were ready to go and "A" wasn't. The district has so many priorities they can't work on them all. You want flexibility, but it's hard for us to be invited to be involved in those decisions. Maybe we could improve the process we described where we work across boundaries and make it more uniform.

S.Simmons - TxDOT has 25 districts, and they all have priority projects with different values.

A.Clark - As MPOs we have to be careful not to let changes in leadership slow things down.

B.McCaleb – I have a question about the way some other state agencies use encumbrances. Why is it not a good system when we are arguing about having more projects ready than we can let?

J.Bass – Encumbrance means you consider all the projects' cost spent when let the project to contract. In essence, you will not need all that money for at least three years on major mobility projects. You would have fewer projects to work on because you have less money available. How soon are these buckets going to be filled up so we can start a project? Encumbrance is more conservative. Cash flow is more aggressive but uncertain. We have been cash flow since the 70's at least.

A.Clark - It would be hard to justify asking for more funds when they could say you have X amount in your account already.

S.Simmons - When the legislature sees "construction" they think new work. We have come a long way toward getting them to understand that those are existing expenditures, not letting.

J.Bass - We have 11 billion dollars in projects out there, but about 4 billion remaining to pay. This was helped by the bonding programs. If we were an encumbered system, the balance would be more like 14 billion remaining to pay.

A.Clark – Unspent funds from grants are obligated because they are slow to pay out, the same as encumbered.

B.McCaleb – The inflation rate is 22 percent, so why are we still using 4-5 percent in our calculations?

J.Bass - We can't predict inflation, and we are currently in a period of deflation, so do we include that? There are so many ways to calculate that, and many people do different things. Maybe it's using whatever a given source uses for their long-range forecasting. But the legislature says, "That's your number TxDOT." So if we point at a third party, it helps that perspective.

S.Simmons - This group can look at that 4-year program and decide if that is better.

J.Bass - Since we're looking at the last 4 years, let's use that. It needs to be something simple enough to be explained (and/or defended).

M.Wade – Their way of averaging out their rate of inflation to that date.

S.Simmons – We hope you take this opportunity to start with a clean slate. Figure out how we are going to move forward from here.

LUNCH

W.Wells - Recalled group to order. I would like to take this opportunity to introduce Brian Ragland since we did not have time for introductions earlier. Of all the groups I've been in, having four members of administration is an exception. It speaks to how wide open this process is to be. We have no agenda because there is little or no precedence at this stage. Let's recap what we heard this morning. Are there any thoughts from the floor?

A.Clark – Is UTP needed? What is its purpose or role? Today's discussion was about a whole host of issues that were not necessarily fixed by the updates to the UTP. How do we or can we make UTP all those things laid out by the Commission? Understandable, realistic, accountable--all this is a whole lot bigger than the UTP. I'm not bothered by the scope, but maybe by the amount of responsibility we've been assigned.

R.Allen - The changes are necessary because of all the changes we've experienced. What are the issues, and how can they be addressed as they relate to the UTP? There is no software on the shelf for this.

B.McCaleb – The constraints to our work would be making sure that we align with current laws, codes, etc. Maybe we should have someone explain to us what those documents are. Can we do that?

M.Wade – Every state will have some sort of document similar to a UPWP, but they all call it something different and they cover various time frames.

J.Cantalupo – What is the problem we are trying to solve?

W.Wells - (*Read the sentence from the Sunset Report.*) “Establish a transparent, well-defined and understandable system of project programming within TxDOT that integrates project milestones, forecasts and priorities.”

J.Cantalupo – But what are we trying to accomplish here today, as a group?

D.Plutowski – Showed slides from M.Wade’s presentation to the January 30th TxDOT Administration meeting (see Attachment A) to try and clarify. “Goal: Recommend a process that will integrate all planning and programming documents and processing.”

A.Clark – Can we have a copy of the Jan. 30th presentation to the Administration?

M.Wade – Yes, we can do that (attached). They seemed to be focusing on UTP as something that could put all this together. This makes sense because it is right in the middle of putting all the planning documents together.

J.Cantalupo – It’s probably hard for the people we serve to understand this.

M.Wade - That’s an understatement; it’s impossible.

D.Lamers - The MTP and the STIP are the bookends that have federal requirements tied to them. We need to make sure that the UTP document meets all their needs.

A.Clark - The UTP is not a multimodal document. It’s a state document, a TxDOT document. It doesn’t have urban transit or local concerns. What role should those other resources play in UTP? The STIP has transit included.

M.Wade - Assuming multimodal transportation, we’re talking about all modes.

T.Niskala - Capturing information from those sources, we’ve got a gap.

A.Clark – TxDOT is totally engaged in toll roads, they are project-specific. Not talking allocation, but how something it's funded.

B.McCaleb - Even the current UTP shows revenue studies.

A.Clark - In the future we need to keep in mind what growth in finances has been. The UTP has to have outside input it doesn't really manage.

M.Wade – What are the major issues?

Using visual aid PowerPoint, work group began filling in the following:
(See last slide in Wade's presentation.)

1. UTP not fully multimodal
2. Doesn't adequately define local revenue sources (non-TxDOT funds)
3. Doesn't reflect the range of funding (uncertainty)

Discussion

Unknown - Could that be fixed by updating every two years?

A.Clark - We need more certainty for near-term decisions than for far-off decisions.

J.Bass - Advertise and document your assumptions.

B.McCaleb – One major issue is what do we want between the MTP and TIP and what do we want the UTP to do?

M.Wade - a Project Development Process (PDP) might fit the bill.

B.McCaleb – let's not call it a "program."

A.Clark - I don't want a super-TIP. That confuses the public because the projects are listed in a 30-year document. The old PDP was like that. The document didn't talk about assumptions.

M.Wade - It sounds like what you want is a constrained PDP.

A.Clark - I'm not opposed to the idea, as long as we don't wind up with the same thing we had in the past. We want to be able to connect those dots, but we don't necessarily need a 30-year plan.

Unknown - You're talking about a mid-range tool with a financial scope that covers our near-term plans. Do we still need that tool?

M.Wade – Are you suggesting a 12-year period or less? A UTP, or whatever you call it, for whatever period of time, it sounds like you want it to be a financially constrained document.

Unknown - There need to be controls for how the money is spent. Obligations of authority are needed to do work from corridor studies all the way down through lettings.

J.Bass - We don't have any control over those decisions if they are made on the local level.

Unknown - The new process is one you would develop, and then write around it the rules of constraint?

D.Lamers - There is a federal requirement for financial constraint and we have to make sure we are applying the appropriate level (difference between TIP and MTP). We have to be somewhere in between the “bookends.”

Unknown - If we're going to do this every two years, just do the best job we can. Two years from now we'll update it. Just keep an active plan alive.

D.Lamers - What if this conflicts with my 4-year plan?

A.Clark - A 2-year cycle is what we're used to on the TIP process. The plan update cycle isn't triggered because we have new input. We need an accurate account of what's in the UTP. A 6-year plan might be the best option, but I don't know what that means to the Feds. It helps bridge the process from TIP and the rest of the PDP.

M.Wade - Aren't the TIP and PDP different issues? Do we need to focus on just one?

B.McCaleb – It's too soon to say. The TIP is short-term, near-term projects and they better be ready. A mid-range document includes projects trying to get into the TIP.

A.Clark/T.Niskala - Both agree that a 2-year updates schedule is good.

A.Clark - You're thinking a PDP would cover from year 5 through 20 or whatever? It would pick up after the TIP?

M.Wade - It would fill in the gap between the TIP and the MTP.

R.Allen - How we integrate the geographic area of Texas into this would have to be discussed.

A.Clark – One recommendation we've made to the Commission to allow us to be the consultation for the five surrounding areas. This gives ownership for projects to locals.

M.Wade - In May I finished a report on rural planning organizations (RPOs) for TxDOT. The report recommends formation of RPOs to cover areas not covered by MPOs. Formation could be done through the rulemaking process, but TxDOT wants it done with legislation. The current

proposal is that the RPO be staffed by the COGs and regional planning organizations. TxDOT may be able to provide some funding for this planning.

B.McCaleb - That sounds workable for Houston or Dallas, but not for us. I would rather see TxDOT do the rural planning. We have bad experience using our local COG.

D.Booth - One way to deal with that is to focus on the UTP document.

M.Wade – TxDOT won't have the staff to do this. Our recommendation is to do this through the original COGs and local groups.

B.McCaleb - I don't see the reasoning to form another layer of government to consult.

A.Clark - Part of the state has a master planning process, top down and bottom up; and the rest of the state doesn't. The whole state should have the benefit of that. One problem is those areas in between the metropolitan areas have no voice and nothing ever gets done in those areas. I would hope an RPO would be staffed by the MPO, so there isn't duplication but the areas are represented. Right now we have a series of facility studies and hope they get addressed. This doesn't preclude that state from having a policy plan.

M.Wade - I've seen states go from policy to specific and I've seen them do the reverse. I think it was a good recommendation to have the RPOs with no duplication in staff. I think we're getting the big picture of what we want to work on down.

A.Clark - Where can we get the resources to do what we really need to do? I would not recommend a planning document that is not fiscally restrained. You could have a vision document that is not constrained.

M.Leary – RPOs are encouraged in federal legislation, but not required (or funded).

M.Wade – Our research identified seven RPOs that tried to start up in Texas, but then they had costs and no budget.

J.Cantalupo – One great value of an RPO is that it prepares these areas outside the urban areas for the time when they will be part of a regional planning group. I think it should be a rule at that point that they cannot be a member of an RPO and an MPO. RPOs are an encouragement of having them join the MPOs. That helps the discussion as to whether RPOs are needed. I appreciate Brad's position, but it seems to be a local situation.

B.McCaleb - About being fiscally constrained--will it be to the point that the TIP has to match the MTP? Are all three of these documents going to be tied together from the FHWA point of view?

M.Leary - sometimes it's used to show process of funding. The UTP is not something we review except to show continuity between the TIP and MTP.

B.McCaleb - If we're trying to go out to public meetings on the three different documents, we need to be continually aware of the expectations of whatever we create here--internally and externally--TxDOT and FHWA vs. public and elected official.

J.Cantalupo - Would there be a circumstance like that? That we could not work through something in the TIP or the MTP because of something that is in the UTP?

M.Leary - We don't review the UTP. And we don't approve the MTP, we just look for continuity from the TIP and we will comment on any inconsistencies. We frequently see things in the TIP that are not in the MTP that we comment on.

C.Smith - Today the UTP is a statewide document it's not really about one MPO or district. It's as if we have a document that looks at financial constraints of the funnel of funding allocations. Today it seems like it is independent.

M.Wade – The projects that go into the STIP are in the UTP and come from the districts. Maybe the ownership needs to be at the local level rather than that part being pulled out and managed by someone else.

D.Albert – Some of the challenges brought out in our office were that the UTP list of projects to be let was over programmed and bond funds were not available to let as much as anticipated. The response from ADM is that maybe the UTP should match the one-year letting schedule with no over programming.

B.McCaleb - There is no guarantee of letting a project unless it is on the monthly letting schedule?

D.Albert – No, once approved in the Official 12 Month Letting Schedule, it has received priority to be let within that year. Projects listed in the 12 Month Letting Schedule are dictated by the funding as available in the TxDOT Financial Forecast. TxDOT District staff in coordination with the local entity can submit the projects for a particular letting within the approved 12 Month Letting Schedule. Programming and Letting staff review federal criteria and decide how a project gets funded. If eligible for federal funds, it will receive federal funds, if selected for bond funds by Administration, it will be bond funded and if the forecast allows, based on functional class it would be state funded. You could simplify the process by not having so many categories or pots of money. Some were originally set up using bond funds. Because of inflation, those funds were not available for letting. What we anticipate and forecast on for letting, can change according to the financial climate and dollars available in the forecast. Reducing the categories could help by simplifying. The over-programming can be a good option because it allows more projects to choose from if others cannot make it to letting based on ENV/STIP issues.

A.Clark - I like the idea of having fewer funding categories. We know decision making priority has been formed for those funding categories. But the use of the money may not have anything to

do with how it was assigned. What we thought was one category included several issues; and we should focus on priority rather than funding source.

Unknown - On the flowchart (see Attachment B) when we go from the TIP to the letting schedule, there is a big disconnect.

D.Lamers - As the difference between the programming and letting caps increases, it gets worse. We'll pick projects from the plan according to certain issues, and that never gets communicated back to the local area. If we knew we had certain percentages of funds being used for projects that might affect whether it was approved for letting, we could make sure those criteria were met.

R.Allen – If all this seems arcane to these guys how can we explain to locals?

A.Clark - I think the district is doing the best they can in a difficult situation. But if we can't deliver projects the policy-makers expect, they may not want to fund these through this process. People are going to find ways to fix this, and not necessarily good ways.

W.Wells – Letting of mobility projects--since I have been in letting management, there has been a great decrease in Category 2,3 4 & 5 going to letting. Administration has chosen to go in that direction for those activities. District has not communicated that to MPOs.

A.Clark - I just won't work out any deals for letting with TxDOT because it's not worth it. If there is local money available, it might be different. I don't think anyone has made any decisions, or done anything in bad faith. If we can clean up our financial act, our ability to match projects to available funding will improve. We have to do a better job of getting projects to letting. I don't know where the bottleneck is, but these things need to wind up at the same place at the same time so when we have money available, we have projects ready to go.

W.Wade – When changes are made by letting management, do those projects go ahead without any coordination with the MPO?

A.Clark - If the project was funded 50 percent from CMAQ, I believe it comes from CMAQ, and the rest comes from the letting management funds without MPO input.

D.Albert - A project is setup in DCIS based on the executed agreement. We will let projects that are equal to or less to the federal dollars in the forecast. Districts are given a letting cap that is based on the dollars in the forecast. Certain funding in a project does hit against Houston's total letting dollars. Overall, CMAQ is tracked and would hit against total CMAQ funds and their cap.

A.Clark - I wish that, whenever you determine how much funding is available, MPOs could know what you are looking at so we could have some input. I never thought about looking at when the projects paid out as a means of determining what to fund. This could be improved if we knew your processes, so we could plan accordingly.

D.Albert - In addition to all those other things, we have to look at when federal funds are going to lapse, so that we spend them all before the time is up. It is a good thing to over-program. It is just a list of projects that have been given letting authority. We look at the funds available and the projects on the 12-month letting schedule.

W.Wells – When the cash forecast is down 140 million dollars, that means letting is down 420 million.

A.Clark - Do you have to bring STP into the sub-allocation?

D.Plutowski - We've run an analysis on STP and the feds will audit that.

W.Wells - We make the funds available through programs.

A.Clark – On the letting authority, only 40-50 percent of the funding was available because the rest is for maintenance. We have to spend the money because of the way we've brought them to you. If CMAQ funds are lost (timed out), it is statewide. How do we keep our books up to date? It's hard to shed unfunded projects and it is not clear if we should. Those are the most ready to let in some cases.

D.Albert – The bond funds this time were not moved into September, and the projects that would normally have rolled with them, didn't go. In the past, the UTP was over programmed with State Hwy Funds and Mobility and Prop14 funds. In 2009, specific categories are being tracked against the Scenario C approved by the Commission.

A.Clark – There is a disconnect between funding and programming. MPOs do not see finance/letting priorities in the final “go” decision on a project. We anticipated millions of dollars in projects to be let, but maybe that was bad planning on our part. Should we keep them on the books? It would be nice to be able to explain the reasoning for shedding some and keeping others. Maybe after June we'll be able to do that.

D.Lamers – I don't know what we're doing yet in the North Central area.

M.Wade - When we had Category 2 and 3 workshops, we couldn't get started without considerable discussion on the topic of transparency. Both Categories now have a system to follow the total project cost vs. the funds that were allocated. Allocation by distribution to individual MPO areas has been recommended to the TxDOT Administration.

D.Plutowski and **W.Wells** said that calculation of additional funds was not possible without an updated UTP.

M.Wade - Are you tracking the total cost of Alan's project vs. the amount of money allocated for letting (programmed \$\$\$)?

W.Wells – We are working on a program to track final costs, but it is not yet completed because we are hung up on other work. Amadeo does want the Commission to consider this in order for us to be transparent.

M.Wade – Category 2 and 3 requested that a report be proposed which compares programmed dollars to the cost dollars per project. Alan and Dan, would you be happy with a program that gives you occasional reports on how your projects were measuring up against the estimated spending to date?

W.Wells – We have a program in progress that follows that thought process. It will be broken out by project cost categories.

A.Clark – The things that hurt us are change orders, rises in fuel process, etc. These are cost escalations even after a project has been let.

M.Wade – We haven't tied the total project cost process and funding together adequately in the current UTP.

Decision to wrap up this session by 4:30 tomorrow and continuation filling in Major Issues list in PowerPoint Slide:

1. UTP not fully multimodal
2. Doesn't adequately define local revenue sources (non-TxDOT funds)
3. Doesn't reflect the range of funding (uncertainty)
4. UTP doesn't reflect range of funding / uncertainty of funding (particularly the out years)
5. UTP not fiscally constrained
6. Need coordination between TxDOT Administration, Districts and MPOs (for funding concurrence)
7. Project Development and Financial Planning are not integrated and/or efficient

Unknown - If we need to look at the UTP, don't concentrate on last month, but we need to understand how information flows and is managed.

Goal 2: Assure an issuance of level of authority that is supported by a short and long-range cost forecasting system. (Attachment A)

Unknown - It is perceived that there is weakness in determining what authorities should be issued for work projects and when they are authorized.

R.Allen - Construct authority gives you authority over everything for 11 years. We should be more rigorous and consistent when using terms like “development” or “construct.”

Possible Action Steps Cont'd - Establish a system that manages, monitors and reports the Department's quantifiable outcomes and performances in the project development planning, programming and scheduling area. A pre-request is performance measures for programming.

A.Clark – I think we should use “project development process” instead of “planning,” programming and scheduling. Finances and project development seem to be on parallel tracks.

D.Lamers – I agree.

M.Wade – There are so many elements in the area of performance measures, but if there is a grading system you have a way to rate them.

Unknown - Why do we have projects that didn't get let? It's not always because they cost too much.

A.Clark - We need some performance measures to determine why our projects don't get let.

R.Allen – I thought some of our projects were shovel ready, but they were not let.

M.Wade - David will talk tomorrow about the project selection process. Wayne will tell us about TRACKER. Dan said he would like to have a better explanation about JACK from someone who works with it specifically. Should we do this for the next meeting?

B.McCaleb - I'm not opposed to having these discussions, but I'm not sure we're ready for that yet. I don't think we've defined what we need and where we are going from here. We need to look at the existing UTP and map out how all these things work together to define a process and the stages that are needed.

A.Clark - If we had a project flowchart on the wall, we could look at what is needed in the UTP to categorize project development according to what funding is available by year, etc. There is a lot more that goes into letting.

B.McCaleb – This would help us determine where the information that we use in the UTP comes from.

D.Booth – Looking at the chart (Attachment B), we need to separate out construct authority and have it more closely correlated to the STIP cycle. We can parallel similar types of documents.

M.Wade - The STIP is a periodic policy document statutorily mandated. Then we have a mandated document into which we could put the detail and it would be a peer document to MTP. Then we could separate out the construct authority and have it correlate with the STIP.

A.Clark - Maybe it is informed by the cash flow process (short-term) and the more detailed, the more clearly things flow from Plan to TIP.

B.McCaleb – We need to identify why we have the UTP and what we need it to do.

C.Smith – We should define what the UTP is and does. It will be a source not for one thing, and not the same set of tools for establishing what monies are available for next year. We need to describe the UTP and its steps from implementation down through the process.

T.Niskala - It changes depending on where you are in the overall process. Look at it in three chapters, and in the long-term, to see that things are fiscally constrained.

W.Wells – We're in an internal audit right now because the financing and programming have joined, and we are now called programming and letting. Their goal is to flowchart the whole process all the way through. That will be a useful tool for this group when it is done. They've done individual interviews and now its time to put it all together.

M.Wade - We will start in the morning by highlighting the things we talked about today and that can help us begin putting together a process/flowchart that reveals what the UTP is and what we need it to be.

D.Lamers - And we're going to go through the project development process and red flag the items as well.

WHITE BOARD TEXT

Wayne Wells wrote these on the board as individual work group members made suggestions of what the work group should address.

John Barton and Phil Russell

Communication breeds good things	5-year futuristic analysis / reconciliation
Promise less / deliver more (YOE/TPC)	Who is customer of document?
Predictability	Public vs. internal
Simplify Project Development	Needs –based planning process & NEPA
Adaptability to Change	Value of UTP – 4-year & MTP relied on
Fast response / strategic attack	Financial constraint – Super STIP
Educating locals about planning process	Manage Expectations – YOE & TPC
Expand planning horizon	

Steve Simmons & James Bass

Priority-based project delivery system	
Focus-limited resources – process engineering	
Common planning cycles	

Plan > Forecast > Assumption will 

Business plan

Cash budgets (PE & ROW) vs. contract budget (construction)

Advertise your assumptions

Wednesday, February 18 Notes

B.Appleton - We still have questions about who our customers are. Gov. Dewhurst, in his speech about the Department, asked for the top 100 projects in the state. We weren't able to give him that because our UTP documents are divided between 25 MPOs. We improvised, but the list was not satisfactory. Is that something this new PDP document should indicate?

W.Wells – Yes, John Barton stated that it is possible for a charge. He said that the Department might consider this for their budget request and tie it to things they are working on.

M.Wade - On the first point (Dewhurst), the work group tried to establish a system to identify the most important projects using an equation listing properties, but Administration was not interested because it is subjective to each area. The Statewide Corridor Preservation Work Group tried to come up with an equation for this, but was unsuccessful.

A.Clark - The statewide plan shouldn't have holes in it. It should represent the whole state. They don't tell us what we are going to do about that. This is a missing element we've already talked about. The process has steps and this document is a middle piece.

It could be helpful when we're talking about financing bonds and new revenue sources. 75 percent of the budget is what is already spent. One quarter is new and the TIP end of things. If this document is a middle role, where are we headed right now? Next piece is where are we going next? What's coming down the pipeline? Not necessarily the most important piece. We had an idea and it was rejected so we still have the need?

Items to address:

- Who is this document for?
- Identify priorities in statewide plan.
- Write out a definition of what we think this document is down the line.
- We are recommending this is a financial document, but doesn't a revenue document create inflexibility and make it hard to bring in new ideas?
- UTP is a legacy and grandfathered in. No priorities were ever identified.
- Not sure it needs to have projects listed (that's what causes inflexibility)
- What's beyond the STIP?

C.Smith – Since the UTP was last updated by the Commission, locally we're doing things differently that aren't reflected in the UTP. It isn't as dynamic as what is being done locally. This sets design managers on the course of projects identified for priority.

T.Niskala – You're right, but that's trying to make one document do two things. This document defines what the use is going to be, but does not define sources. If we do that, we can have a source document and not encumber it with other issues.

B.McCaleb - I don't disagree with much that's been said, but I don't know how to get it all down to something we can use to produce a funding plan the Commission can provide for districts use to produce a project document.

T.Niskala – It could be faster and more efficient.

D.Lamers – We should avoid a pure finance-based document. MPOs and TxDOT need something to help set priorities. To work on a project it has to be in the UTP level of authority. I like the idea of identifying projects and tracking their progress. I'm getting confused on how to make it all things to all people.

J.Cantalupo – We have a UTP, which is a solution. We're taking all the things we need to try to do and all the issues or problems and make one solution for them all. Instead of identifying the problem we need to solve. Is there a way to do all this and not fall short? We need to know how much money we have. I left yesterday, not knowing what we're trying to do. Let's list all the things we need from this and not call it a UTP. Let's figure out what we need and see if the UTP can do it.

A.Clark – Let's call it a TPD for the time being. What are the needs, outcomes, etc. that belong in a statewide plan and identify projects? The other end is what are we going to build next year? We're missing the middle piece. Where projects are refined and financial constraint is introduced. We need it to be a robust process. We understand what we want and what we need. The UTP was a poor substitute for the TPD. We've never had a statewide revenue forecast that looked out beyond...except the UTP. I think we might have to go back to the idea that the UTP has to identify project development. I'm concerned about who is giving direction to that.

T.Niskala - As to formula, I want to know what the process is. We have document that talks about priorities, let's define that document so it serves a purpose in terms of process, and refine the UTP.

R.Allen - We have a scatter-shot project selection process. We need to get away from that. We need to know how we are going to pass. The process is too fragmented. 25 different MPOs, 24 district rural areas, all with different priorities and no organization.

T.Niskala - Could your statewide plans lay that out?

R.Allen - Goal number one was to define the process.

M.Wade - I think Tom is saying we need to come up with a process that is different from the Statewide Plan. The TTC is corridor level. Sounds like this falls over to statewide. Think about the audience we're writing for: local elected officials, legislators, and the public. I doubt that we can write one scenario that will meet the needs of all three.

R.Allen - I think those are audiences. We have to write it in different terms or language for each entity. I expect it will be a document we develop in a way that can be easily found and browsed on the Internet.

M.Wade – We have a system and TRACKER. If it is a large document, it isn't seen as a public document. I don't know if we're trying to do more to address public needs...

W.Wells – The Administration wants it to be searchable. Virginia DOT has a really good capital improvement plan online.

W.Wells - Project TRACKER is only for projects let in 2009.

M.Wade – The effort is begun and it's a great goal. When do you think we could have TRACKER up?

W.Wells - I asked that question and got a less than satisfactory response. It's a special project, and Administration (Mary Meyland) is responsible.

J.Cantalupo - This is neat, but it doesn't help inform the planning process. It doesn't do what we need here. It doesn't tell MPOs how much money they have.

W.Wells - It's a work in process, and could expand. It's a launching point for other processes. Mr. Ragland called when it first went online, and said he saw signs that projects weren't listed in TRACKER because they were let pre-09.

M.Wade – Let's review TRACKER on the screen. It's on the TxDOT website. It's a link we sent out for the group to review. (*Technical difficulties prevented this.*)

(Project Tracker website is: http://www.txdot.gov/project_information/windshield/default.htm)

J.Ellington - Explained that the data can come from two database management systems it is keeping up with. TRACKER reports on percentages because it looks beyond 2009.

Unknown - This document is for which audience?

C.Smith - This is to the TIP and the audience is the public. I get lots of emails from people looking for information online. This is the TIP and we're looking at the entire process. This doesn't get into looking at the 10-year plan.

J.Cantalupo - We need to lay out the process before we show how we can interface with something like this.

D.Lamers - I think we need to look at the process and answer some basic questions.

M.Wade - This document is not for the public because it's at the end of the process.

W.Wells - The charge to the working group is to provide for transparency and accountability. TRACKER includes projects every district is working on. This provides accountability and, in addition, in the future it ties into the planning process. The intent was a legislative tool to provide information to the public. We start with statewide plan, ending with TIP and this is in the middle.

D.Albert – One question on the Statewide Plan is, “Are letting dates included in this list of projects?”

A.Clark - We color code them by their status as to letting compatibility. I thought the issue was balancing resources with priorities and needs. In the plan, we identify what our transportation process is supposed to do for the State of Texas. From that, flows the identification of our needs then development of policies plans, procedures, etc. That leads to where our priorities are, balanced with our resources. Say we require a certain level of investment in safety, so we look at the other needs. They all have to be constrained, and cycle back through our priorities. We come up with something that reconciles our revenues and priorities. The TMMP got away from that since it was not fiscally constrained. The plan can include things that are current as well as long-term. The development of projects needs scope level of investment characteristics all feeding back to setting its priority. At the TIP end, with individual projects, we are missing the financial piece.

D.Albert – We have a list of letting dates tied to each year. What if those were in this UTP/PDP document, listed as equal to this database? It's already out there for the public, and that document would be changed according to funds available or lost. The projects are still there, but the priorities will change according to categories of funding.

A.Clark - We understand more about the scope of the project, so the development process is the most dynamic and the hardest. TxDOT has all the pieces. We have a conceptual framework, we just need to put all the pieces together and refine the process. We never really had a long-range forecast that looked at how all this fit together. TxDOT has never quite gotten caught up with all the programs, resources and revenues available. It's a hard thing to do, to fit these pieces together, but they are here. TTC is “dead” and not what we need. MTP doesn't do what we want it to do, but we need something like it.

E.Calvo - The UTP is helpful by giving us some boundaries to work in at the local level. Can that process be improved? I think so and that's what they're asking us to do. Are they asking us to change how TxDOT does business as far as the financial distribution? Is that an option? Or are

we just to improve the forecasting and form, communication to the public, etc. I think we need to focus on the current UTP and try to improve it.

M.Wade - This work group is not like any other. It is wide open, with no specific focal point. This is difficult because we have so many things to look at. Ed, you and Dan seem to be saying that we need transparency and how to do that. Regarding Tom's comment and Allen's suggestion, it needs to be bigger—with a PDP –A, PDP-B, etc. each to deal with a different aspect of the process, such as financial. At this point, we have lots of important things to look at with no real idea of where to start.

James Bass and the Finance Division have to worry about the forecasting, and what you come up with is going to feed into that process. You have addressed the Statewide Plan this morning. Should it be project specific or corridor specific? I want to make sure your comment and ideas are not wasted. We need to tie them into the statewide process. Everyone watches what we do down here. Jack Foster can speak to us more on the Statewide Plan. We have a good planning process. Using encumbered dollars is not the way to go, but Brad thought we still needed to discuss it as it compares to cash flow and efficiency issues. We don't want to lose federal dollars, so we have to have projects ready.

M.Leary - Cash flow sets priorities. Projects that fit the money available are let. This changes the priorities. This affects air quality conformity. From my side, we have to make sure some projects get let, even when they don't fit priorities because of conformity issues.

B.McCaleb - That's why we need to follow a process so we don't lose financial constraint. MPOs and RPOs have to feed into that and we have to identify points of conflict with things like conformity.

A.Clark - I suggest we look at the planning funnel chart (see Attachment C). We have in our heads the planning process, refining projects down to the letting schedule. What we don't know is how the financial part works. When we get down to the TIP we're talking about cash flow. But when we're still in the planning stage, we don't know what we need to look at financially. We need something to tell us what we need to look at along the process--the steps of the financial process. We're used to being told what funds are available, than trying to figure out how that comes about.

M.Wade – Looking at the funnel, 80 percent of what we do is reimbursable at the top of the funnel. Mike, assuming the funds are federal, can you explain how this process works?

M.Leary – In transportation, under SAFETEA-LU we're given certain funds broken out by categories, then by state, and then broken out by apportionment by state. In this category this is what's available for you, taken down by certain things. In July and September there is an amount identified. Behind that is obligation authority (OA)(80 percent), that tells you how much of that apportionment you will actually get cash for. The OA is only good for that fiscal year. That's what you can spend. The state takes their federal aid projects and doesn't obligate any money for

them. They send us a bill every month or so. Once the money is obligated it is “on account” and reimburses expenses.

A.Clark - A single project could receive several obligations over several years?

M.Leary – Yes. Currently you get about 2.5 billion in apportionment authority, which is about 1.8 actual.

A.Clark – If there are no guidelines or restrictions on how to use those funds, how does the state reconcile the allocation?

M.Leary – You’ll have to ask James Bass, Jim Randall, or someone like that. At FHWA, we’re concerned with the amount of projects that are advance constructed (AC’d). My concern is why we drop some of them off. I think there’s a better way to roll that cash flow into the UTP. The TIP is a huge wish list of projects that won’t get done in four years.

T.Niskala - Two documents are a good idea. A financial development plan would change more often.

A.Clark - We don’t have any access to the OA on projects.

D.Albert - We have tools and resources to track AC amounts and projects that need to be converted to regular funds. With AC we have thresholds on what projects is authorized with Advance Construction, such as working days, type of project, project cost, etc.

A.Clark - How many more years is the state going to pay on Katy freeway? This part of the pie is the hardest for us to understand. It’s hard to understand why we weren’t allowed to let certain parts of projects each year.

D.Albert - Not all the authority is used in a given year on AC projects (maybe more than half). The other thing is tapered match. We use that instead of ACing every project. It’s a tool to set up a project as an obligation and receive 100 percent reimbursement. Included in the forecast is a list of what revenue they expect to get. We look at tapered match before ACing a project. Information is available and out on the Internet. The financial forecast is produced by the Finance Division under Lanny Wadle. The other part comes from Forecasting.

A.Clark - That tells me that we need a companion document that describes the financial side of the process. I wasn’t aware that this was such a long time period. We probably need a couple of different tools. One to look at would be revenue for short-term and one for long-term. I don’t know to what extent cash flow management needs to be included in what we’re doing.

W.Wells - Our guiding documents come from the FTA.

Unknown - How did the programming get in the TIP? We have a disconnect. If you guys don’t see how it can be done, it won’t get done. So how does that get into the TIP?

W.Wells - Our involvement is that the list is recommended for the TIP and we make sure it's in the STIP.

Unknown- We MPOs do not see what is not recommended, and we think everything is trying to get moved forward. That sounds like a gap we could close.

D.Plutowski – We planned to do all that with the UTP, but it just could not work.

M.Leary - We go through the STIP and look at it by year. If it's in the UTP, we assume there is constraint. We're going to have problems when we update the STIP. We don't approve or review the UTP, but we use the tables to represent constraint.

T.Niskala - That's the problem with presenting an updated UTP which is considerably less. There are new UTP numbers but they haven't been distributed.

A.Clark - It will be substantial enough to make changes to plans. The issue this year is when do we pull the trigger?

J.Cantalupo - The difference between doing it before or after the legislative session is that we might get some relief.

A.Clark - When we have a disconnect between funding and needs, it will cycle up and we will say we can't achieve all we thought we could. We will have to create new ways to deal with that.

BREAK

M.Wade - Jack Foster is on his way to answer questions about the Statewide Plan and the STIP development process.

(Had difficulty hearing and understanding Jack Foster)

A.Clark – To what extent does the Statewide Plan estimate dollar needs and compare those?

J.Foster – An update is scheduled and a draft due by August, but a final will be out by the end of the year. The Statewide Plan is a policy level plan and has hyperlinks to a lot of different sites, for instance, links to TEMPO for MPOs, for financial needs to the 2030 report, and for financial forecasting to TRANS (not JACK). It meets the needs of the statewide planning document, contains maps of current conditions and future trends, and tries to meet the requirements of the FHWA plus what Sunset Review requires. Regarding visions, the Strategic Plan with its five goals will be referenced. It will try to analyze how we're meeting its five goals with the money we've been given.

A.Clark – How much further can it go in exploring state transportation needs as to financial resources available?

J.Foster – It looks at the main responsibilities of TxDOT, linking to other resources. It is not looking too deep except for making assumptions about what TxDOT is responsible for. Things not under TxDOT are not looked at. The horizon year may be 2035.

A.Clark - Financial elements of planning need to be multimodal. Will the highway plan comment on levels of performance for road surfaces? Hardly targeted given what we see as to needs vs. resources we will only be able to do X amount.

J.Foster - It won't generate any new analysis between now and August on the 2030 plan already done.

T.Niskala – What about future iterations? We just don't have resources or time to do another complete iteration.

J.Foster – The next full blown report will be coming up _____.

D.Lamers - What sources of revenue will it try to capture?

J.Foster – The trend is federal and state. Local initiatives won't be in position to forecast as far as we know now.

A.Clark - To what extent will the Statewide Plan discuss project level information?

J.Foster - Not much, and that's a problem. It might identify corridors. There is no real gain for NHS, and it hasn't looked in detail at inter-connective corridors.

J.Cantalupo - My opinion is a state plan that is broader and nothing more detailed than corridors. If it didn't include projects why is it involved in the process?

J.Foster - If the level of detail is less, the level of review is less also. The strategic plan is for the next 4-5 years, not a long-range vision.

E.Calvo - How does it tie in with individual MPO plans? What are the outer years and do they need to tie in?

J.Foster - Yes it will be, at least as far as providing links to MPOs. I don't know if we'll make assessments of rural needs--maybe in a more thorough document or trends document.

A.Clark – It still needs some forecasting vs. needs process and might still be a very high-level planning document.

E.Calvo - In terms of a statewide financial forecast, when we add incorporated MPOs and rural requirements, it matches with forecasting at the state level. We all have different ways of

estimating revenues, but if we all have a common horizon, we can agree at state level that these are the revenues.

J.Foster – I thought that's what the TEMPO meetings are about right now, to form an agreement that we will use a common forecasting system. I don't have timeline, but we are moving there.

D.Lamers - Is this replacing TMMP with PDP? Is the 2030 project specific?

J.Foster – Yes, the TMMP had project-level specifics – sort of. The first one in 04 had realistic projects, but it hasn't been updated in that respect since.

A.Clark - We need to hear in this group, about what the TEMPO group is doing.

J.Foster – We are tweaking it to make it more user-friendly.

T.Niskala – How would the Statewide Plan link to the UTP?

J.Foster - Max Proctor always wanted to have corridor maps to link to UTP to give a long-range vision. If there is a revision or successor, we need an idea of how we're spending our dollars and what direction it's going in. It's a bridge document to show where we're going and how we're planning to get there. The UTP is a mid-term program to get to long-term planning.

M.Wade – Bob Appleton and John Barton talked about and John indicated a possible need for developing the top 100 projects in the state. Some recommendations were developed to do this, and the group thinks this should be in the Statewide Plan rather than UTP.

B.Appleton – Who are we looking to serve with this document that is a bridge between the TIP/STIP and the Statewide Plan?

J.Foster - When we met with the Commission and Sunset Review they asked about the top two, three or five projects. This discussion was never really followed through since we don't have one top project because it's hard to name that and if put in the plan, you can't change it as easily. If we could put corridors in and prioritize them, it might work.

A.Clark – When we amend the STIP we must amend the MTP at the same time. If we can't amend the plan, we can't amend the STIP. The reason to have a plan that looks like the TIP is so we don't give people the wrong idea about decision making that hasn't occurred. Contrarily, a long-range plan can have different elements from the TIP. It shouldn't be seen as different, just different aspects of the same document. We're trying to find what to split off. We see that there is no financial development plan. Not that every document should be constrained, but we should have a financial discussion at every level. It defines level of performance, going from vision level down to cash flow. We have not laid it out in a way that would show a system that supports X amount of growth and defines the level of investment that is needed for that growth. This would be something elected officials could understand. Or you say if you invest this much, this is the level of growth you will get. Have we done this?

J.Foster - It may have been part of the strategic planning process, not the Statewide Plan. There will be a new plan in August, and I would run some scenarios.

M.Leary - What are your priorities? It's at all levels. You do your forecasting and go back to the legislature and say these are our overall goals and this is what it will take.

Unknown - It may fit your five goals, but what is the UTP?

J.Cantalupo - Goals and vision at philosophical point. When you get down to our level at the MPO, we talk about how to apply that philosophy. Each MPO may apply it differently. The companion piece is the money. There's another piece that tells us how much state money is available. There is also local money. You have those two lines, the state philosophy, and the things we actually have to do. We need to put all this down on paper and follow it through.

A.Clark – I think we should consider addressing is what a reasonable number of projects to try to bring through the process, and how much funding will we have to let?

M.Wade - There are different tools to use for long-range funding and short-range funding.

D.Lamers - We are developing tools like that and we could have the people who have been working on it to come and talk to the group.

A.Clark – When does the information from that tool enter into the planning? We may have to start all over when we learn how much support is available.

M.Wade – Are there any more questions about the STIP?

A.Clark – What is the difference between letting schedules vs. planning schedules. We need to get the federal targets you use in the letting process. When and how can we develop new targets for our TIP cycle? How can we get closer to where we should be?

J.Foster – We've already made some moves in that direction. The 07 UTP took more than a year to put out. Figures came from percentages, approved by Commission as in 06. It had higher number than what went into it by time it came out.

A.Clark - Projects already let to contract were already eating into the money coming down the pipes because of rising costs. If even our most optimistic assumptions are wrong, I need to start over now.

J.Foster – James Bass and John Barton said we will have to make some sort of assumption based on June numbers and take it to the Commission. The Commission still has to say what the funds are going to be.

A.Clark - Do you think it's worthwhile to make estimates at this point?

D.Plutowski – TxDOT was looking at breaking down each year by category.

D.Albert – The January letting schedule is the current list.

W.Wells - But administration might not want to put out those numbers.

A.Clark - I'm not saying to do that, but there aren't that many things on the table. I think we could get new numbers on June 1 and have the new TIP ready.

L.Wadle - The diversions to other uses are the big factor and the legislature may create the need for big changes.

A.Clark - Say we get nothing. That could be a baseline, and estimate from there to have scenarios in place so when you get the real numbers you can crank it out. This might not be an issue for everyone.

J.Foster - We're doing two lettings in April and two in May.

L.Wadle – We sent out a March out-of-cycle listing by email today (should only be used for economic stimulus).

M.Wade - The MPOs have some flexibility right now.

A.Clark - *Summary of discussion with Foster*

- Short-term update
- Regarding the Statewide Plan - did you think discussion of statewide vision or needs would be used to fill our plan?
- Should identify some level of transportation corridors (not projects), along with discussion of needs, priorities, etc. (threshold of discussion).
- Policy level document
- Might measure the extent departments are meeting plan goals.

A.Clark - Would you recommend MPOs measure performance plans of the state, to see if they are helping meet those?

J.Foster - That would be helpful to help advance the state goals.

M.Wade – Under revenue forecasting, will we have to recognize non-state resources? When we talk about matching plans to revenue, we need to look at what the scope needs to be vs. what we want it to be. We don't attempt to document all the projects in the state. We are too big, and a lot of roads are local responsibility.

Unknown - We're interested in local concerns and what that means.

M.Wade - Project development planning stage – How do we show that in the UTP? Do projects over a certain size need to have their own financial plan? Maybe the buckets don't matter until we get down to the TIP. Would that work?

J.Foster - A 500 million dollar project is sized according to NEPA document, even if it has a lot of CSJs.

A.Clark - Regarding letting and cash flow, if I have 50 million in category X, do we need to look at things at that level of sophistication? We've never done that, but we have no way of figuring out our available funding.

M.Wade - TxDOT is trying to provide that information.

A.Clark - Why should we be sending things down if we don't know if they can be let? Why should we do all that guessing?

M.Wade - once your project is let, that entire amount is encumbered against your allocations.

LUNCH

M.Wade – Finance folks said they would be happy to come down to give us a rundown on how they do what they do, and they are bringing handouts (See Attachment D). There are a couple of ways to move forward from here. For instance, this slide (Attachment A last slide) shows the six things we looked at yesterday and we can divide them up and have sub groups.

J.Cantalupo – Let's spend more time laying out the process or funnel.

W.Wells - We're not on a time line or anything, but if we can get in a draft it will help Jack because it's holding up the Sunset Review.

E.Calvo – Is there going to be a new FY 09 UTP?

D.Plutowski - They No FY 09 UTP should be approved before the FY 10 UTP.

A.Clark – Are there any suggestions of topics other than those on the slide?

M.Wade - No, those are the topics we have discussed. Not necessarily to come up with recommendation, but define what the real issue(s) is/are. It would be a good way to approach to have you guys identify the issues

M.Leary – We have concluded a major agreement by what we've already heard. There needs to be something between the TIP and the MTP?

M.Wade – We also heard that we need to tie in project authority and letting as well as the financing forecasting system.

C.Smith – Before we leave, we should look at a framework of where we're headed. In my mind I picture a long process in two parts required by FHWA – bookends.

J.Cantalupo – We agree there needs to be an interim part that agencies are developing. We need to break it down. There's funding and financing. How does that work? We have some kind of participated revenue stream that gets tied to corridors or something and it comes down to cash flow at the end.

M.Wade – You decided that you would like to develop a diagram and show where to put the parts we need?

Unknown – Yes, how does this whole thing come together and how does it work? We need to update the UTP as a component of the long-range plan. It's not a federal requirement.

M.Wade - Let's build a framework for the rest of the afternoon.

A.Clark – We seem to have general agreement about major blocks.

On White Board: (*See Attachment E for final iteration*)

Statewide plan > project development plan > TIP at each we have different levels of detail of project development, strategy and financing.

Unknown – A statewide plan and metropolitan plan need to be linked to be sure and include/capture non-state revenue.

J.Foster – A statewide plan can have a financial plan without being constrained fiscally. You have enough information at the statewide level to set priorities as to function.

Unknown – At this level we don't need to be concerned with funds sources, but we need to set priorities, taking into account the available funds. We can't be on two pages with the TIP and the state plan. What we're saying is very broad, but the same components have to be included at all levels. At the level of the Statewide Plan, it doesn't define geography of funds apportionment. You get direction and agreement of priorities for the state's funding and a mechanism to bring us all to agreement.

A.Clark – At the project development level we define projects and programs that will be developed (corridors). Here we get into geographic distribution of funds.

J.Foster - We could do this at the Statewide Plan level.

D.Lamers - Mike [FHWA] looks at project distinction at the PDP level.

M.Wade - I think the MTP is one of most important parts of PDP itself. That's where projects come from, so the project selection process starts at the top of this framework.

A.Clark – All that we do throughout the process feeds back to the MTP.

M.Wade – The MTP is the most important long-range process the state has.

A.Clark - There is a process of project development that has to occur.

Unknown – A PDP has more detail than the MTP, but has the same components.

Unknown – The whole process is the MTP.

Unknown – At the UTP level we have to start introducing constraint.

Lanny Wadle – Forecasting – handouts (See Attachment D)

I've heard you talking about the finance side. We've been producing a forecast since the 70s but it has changed according to revenue sources included and they can be layered in to see them separately. We produce two monthly forecasts. The internal has much more detail. The handout is the external forecast. They came up with this format which is a compromise as to detail.

We have a set of assumptions about revenue funds, such as the gas revenue. When it started dropping, we revised our estimates, but we flattened the growth and it has cost us 90 thousand dollars in growth. It changed the amount of state funds going into Fund 6, also changes how much we send in to the feds which will change what obligation funds we will get in a couple of years. What we send to the federal trust fund only affects us as a state. We get a "guaranteed return" but it's not really guaranteed except for the minimum, which is what we use for forecasting purposes.

It's hard to tell if this blip will last, and how it will ultimately affect us. Our assumptions are laid out, and they may be different from what you may decide. We use this to develop the obligation authorities in the future. We have compared it to JACK, which was a little more optimistic on revenues. They didn't take payoff on construction projects. We take those and spread those out. Page 2/11 is the letting amount by fund source. The further you get out in time, the less accurate you are. I can guarantee the numbers are wrong, I just can't tell you how wrong. At end of each year, we look back to see how close we came as to the spending and revenue bottom lines.

K.Petr - Could you be 80 percent confident?

L.Wadle - I would have said with revenue we could be pretty good, but the gas tax really threw things out of whack. On the expenditure I have less confidence. I have no prediction on what

TxDOT or other agencies might spend. I'm assuming what's in our LRP. We eliminated most of our diversions, and they paid them all out 1.5 million. I'm not including it if it's not current law.

E.Calvo – Looking at two different tables, the difference is prop 14. But prop 14 has to be paid back.

L.Wadle – The second page is only letting. Prop 14 debt service is on page 3 (Based on what has been issued so far, and just TxDOT expenses only, though it includes all funds). We have five goals, but a lot of strategies.

Our five goals are:

- | | | |
|-----------------|----------------|-----------------------------|
| 1. Plan it | 3. Maintain it | 5. Use it (includes safety) |
| 2. Construct it | 4. Manage it | |

There is a lot of detail in this process. When we look at projects, we have a great deal of detail and it is updated every month based on what is paid. Overall we're pretty close, but by project we're not very accurate. We have the detail about pay-outs over the life of the project, updated monthly. We look at the actual that month and may make changes (for instance, motor fuel tax). You can't really look back to determine what to do because there is no precedence.

Unknown - If it were not a strange year, do you look at a history?

L.Wadle - We look at 8-10 years with a rolling 3-year history. We've been pretty close until this year. The length of this dive, or the curve, we just don't know. So we reduced it by a third and we'll look at it again at Aug/Sept.

M.Wade - Lanny can make this available to us as soon as he gets approval, which should be no problem.

Unknown - This is all based on actual and then they make projections?

E.Calvo – This is the source of available funding we use for UTP?

L.Wadle – Yes.

R.Allen - If we extended this to a 25-30 year forecast, how difficult would this be?

L.Wadle – Once we update our software, we could probably, yes. But is there a benefit to doing this?

T.Niskala – It's no different from what we're already doing anyway to have financial constraint in our MTPs.

Unknown - There's a cone of uncertainty.

L.Wadle - The new system is in layers and each revenue source would be another layer to forecast.

A.Clark - Is contribution from private citizens or public/local funds of any difference to the state?

L.Wadle - Those funds are put into a trust and spent down. But in-kind donations like ROW won't show up. Non-toll financing is tracked and is adjusted so as not to affect the letting cap. That is plugged into the forecast. The 12-month letting schedules are good indicators of the local funds. Since in-kind donations are not included it is not exact as to total cost.

Look at page 4 of the handout - To answer questions from the Administration who says that it looks like we have money in the bank; we have to take out the money that is prop 14 and that was borrowed from Dallas. We had to take that out to show them the reality of what we are worth. We have to borrow to make payroll.

Unknown - How much is needed for federal stimulus?

L.Wadle – It cost nothing and it is totally reimbursable (same day). The plan is to pay off all short-term borrowing by the end of the year. It has helped us out a lot.

A.Clark – When I'm thinking about a project, I'm not thinking we go to the feds and obligate that all at once. It's paid out over a period.

L.Wadle – It depends on the type of work. We're given authority, based on the type of work and cost of project, we would get regular payments, or we would use advance construction (AC). As projects pay out and bills come in, we convert it to "regular" and we bill the feds.

A.Clark - The schedule on page 2 is titled Total Letting Amounts. What are you calling a letting, in terms of how money is obligated?

L.Wadle – When we go to let, we award the low bid.

M.Wade - Alan is looking for something that tracks the OA, this doesn't show that, it shows the total letting by contract dollar amounts.

L.Wadle – We don't add inflation to construction. They buy whatever they buy and then we pay the cost. The increases are by activity. This isn't project cost, it is cash that we can let. If we have less costs, then we can let more. If we have higher costs, we will borrow short-term and cut internal costs etc. to keep from decreasing letting. We do not speculate on anything that is not law or that is known to be accurate as well as can be known. Having more funding sources (bonds etc.) has made our job more complex. A 50 million dollar bank account is something you want to stay on top of.

BREAK

Back to diagramming by Alan and Tom (Attachment E)

Unknown - From a conformity standpoint it can be no more than 20 years apart. Constraintment gets us into at least a 15-year period.

Unknown - Having a forecast range it should be easier to show that we're consistent within state forecast boundaries.

Unknown - Metropolitan plans may have local revenue.

Unknown - But we can show at the corridor level we start drawing geographic lines.

K.Petr – If we get rid of the UTP what about SPP? Where would it go?

Unknown - Whether the UTP is one document or more, financial is given at all stages.

A.Clark - We are going to defer to district personnel to coordinate with Austin.

Unknown - Statewide plan gives direction of sources.

A.Clark - At UTP level we are dealing with performance standards/measures.

J.Foster – The Strategic Plan is a five year document

Unknown - Vision could be tied into the Statewide Plan and could be overlapped. This is a goal of James Bass.

Unknown - The first four years of the UTP were the same as the TIP and STIP.

Unknown – A financial plan might need to be updated every two years as discussed.

Unknown - Amadeo mentioned that TxDOT puts a draft of the UTP out; the financial information is set and is used by MPOs to develop their TIP. The UTP affects the TIP which affects projects in the UTP.

Unknown - Years 5-19 give me an idea of what my budget will look like for the first 3 years, and then pieces for the next levels beyond that.

A.Clark - We don't want UTP to look like TIP. Level of authority isn't tied to dollars, but to the type of projects you're working on. But as we get closer to the tip of the planning funnel, we have to have an idea of the funds available.

Unknown - On a level of authority, put “Construct” back in to be used on a rolling 12-month time period.

Unknown - Couldn’t we combine “Implement” and “Develop” and still have just three levels of authority?

Unknown - If my project is the next in line and has Construct authority, but the finances don’t allow for it, how do we make the best use of the funds available and not lose anything? How do we pick the projects we can let?

Unknown - We have to have accountability to explain why projects aren’t let when they have Construct authority. Especially when they are bumped back in favor of another project that is less popular or “necessary.”

E.Calvo - We’re developing a letting schedule based on cash flow. When is a new letting schedule developed?

D.Plutowski - For 08, September 4th 2007, but the 09 wasn’t posted until after the first of the year because of all the economic changes.

A.Clark - Can we get some sort of notice when the letting schedules are posted? We have no way of knowing. Our district told us it wasn’t right.

J.Cantalupo – I agree that we should be notified when the letting schedule is posted, Ed. Then we have to look at how we stand as to letting caps in particular categories.

A.Clark - The problem is you don’t know that a project is funded because it was a decision made by TxDOT but you have not been notified. The MPOs and districts don’t always talk. They talk when it goes into the TIP, but two years later, when it didn’t “go” nobody tells the MPO unless they specifically ask.

Unknown - This failure to communicate creates an inefficient system.

W.Wells - Nobody wants to be the one to drop the hatchet.

A.Clark - It could be much easier for the MPOs if they had a better working understanding of how things are processed and how decisions are made within TxDOT. Better communication, better understanding. Better explanation.

W.Wells – Sometimes it comes from a sudden halt coming down from administration.

C.Smith – We turned in what we would like to do, but never knew when we were allowed to spend.

W.Wells – It stayed in TPP because the UTP never materialized.

C.Smith – We were never constrained, so the first ones to the trough got their projects funded and the rest were left out in the cold.

W.Wells - Under normal circumstances, MPOs would have so many dollars to spend each year, and you'd develop plans around that and the work programs fit into letting schedule. It was shaky on how much money was there for a district to be able to let unless it was in these categories. There was still unobligated money in 2008. Now there are constraints and that MPO can't let what was not obligated in 2008. It cannot be carried over.

Unknown - When a bank balance authorized funding in advance and MPOs could use those funds for future year programs.

J.Cantalupo - Not everything in the TIP will be ready to go in a year. TxDOT will look at all those eligible for letting, so they make decisions about what is let. I need to know how to figure out myself what is eligible for letting.

B.Appleton – We just need to do a better job of communicating.

J.Cantalupo - When we cannot explain what's going on, that makes my job harder, but also makes things harder for the whole system, and makes us less accountable or transparent.

B.Appleton – Some of us are pushing the envelope harder than others. At the last minute we have to not let something that jeopardizes our federal funding because of some detail that doesn't meet requirements.

J.Cantalupo - We are all working on the same thing, trying to get stuff built. But when we can't explain to the public and elected officials, it undermines the whole system.

M.Wade - When do we want to meet again? What's going to be accomplished between now and the next time we meet? Alan and Tom and Dan agreed to write up these diagrams and get them out to everyone with discussion that goes with them.

A.Clark – Let's think about perspectives. If I'm on the Commission, what does this do for me? We didn't talk about public involvement, etc. anything that makes this more transparent.

ATTACHMENT A

The Planning and Programming Process

*Wide Angle View of Overall Goals
ie
Looking Outside the Box*

Presentation

- Cover a couple of broad goals
- Review Planning and Programming Documents
- Strategy for this effort
- Charge to Work Group
- Possible Action Steps
- Options for Work Group Involvement
- First Work Group Meeting

Goal 1:

Recommend a process that will integrate all planning and programming documents and processes.

Documents

*Statewide Multimodal Transportation Plan
Texas Metropolitan Mobility Plans (TMMP) (8)
Texas Urban Mobility Plans (TUMP) (17)
Metropolitan Transportation Plans (25)
Unified Transportation Program (UTP)
Transportation Improvement Programs (TIPs) (25 Urban)
Transportation Improvement Programs (TIPs) (24 Rural)
Statewide Transportation Improvement Program (STIP)*

Goal 2:

Assure an issuance of level of authority that is supported by a short and long-range cash forecasting system

More Immediate Short Range Goal

Establish a transparent, well defined and understandable, project specific, performance-based system of project planning and programming that integrates milestones, forecasts, and priorities. A recommended system for "granting of authority" for various types of project development should be made.

ATTACHMENT A

Strategy

A Work Group including members from FIN, TPP, Districts, MPOs, Counties, Legislature, GPA, Commission aids, and TTI will be established to evaluate the effectiveness of TxDOT practices in developing a Unified Transportation Program (UTP) and the role it plays in the overall planning process that leads to development of transportation projects. The Work Group will review the current process, outline goals, re-develop a recommended process and an implementation timeline, and determine staff needs to implement and report status.

Charge to Work Group

The Work Group will be asked to identify best practices for the planning and programming process, evaluate TxDOT existing practices, and suggest recommendations for developing a new process that is transparent to all, easily understood, streamlined and predictable.

The Work Group may elect to divide into subcommittees and issue charges to address individual areas of the processes, but subcommittees or members will be free to comment or make recommendations regarding any other area.

The process should result in re-development and the documentation of clear and understandable guidelines for best practices.

Possible Action Steps

- Review planning process documents
- Review program funding categories of the UTP and re-develop if necessary
- Re-develop programs and processes if necessary
- Document the planning and programming process including strategy for coordination with MPO planning process and its products
- Document how the TxDOT Visions and Strategic Plans are integrated into planning and programming documents

Possible Action Step (continued)

- Recommend implementation timelines
- Formalize the project selection process through rulemaking
- Development of publicly available summary documents and necessary manuals
- Assure consistent application to the planning and programming processes.
- Establish a system that manages, monitors, and reports the Department's quantifiable outcomes and performance in the **(project development)** planning, programming, and scheduling area. A pre-requisite is the creation of appropriate benchmarks and performance measures.

First Work Group Meeting

- Background on why the members are here
- Discuss Charge to the Group
- Detail objectives, time commitment, organization
- Review transmitted materials: Selection Process, video, UTP link, Project Tracker
- Discuss UTP Process
- Consider revision and/or consolidation

What are the Major Issues???

1. UTP not fully multimodal
2. UTP doesn't represent full breadth of local revenue sources
3. UTP doesn't reflect range of funding / uncertainty of funding (particular the out years)
4. UTP was not fiscally constrained
5. Need coordination between TxDOT Admin., Districts & MPOs (for funding concurrence)
6. Financial planning & project development were not integrated.

THE PROJECT DEVELOPMENT & PLANNING PROCESS

TMMP
TUMP

Metropolitan Transportation Plan
(MTP)

TTC

Statewide Transportation Plan
(STP)

Transportation
Improvement
Program (TIP)

Statewide
Transportation
Improvement
Program (STIP)

Feasibility
Study

PLAN
Authority

Unified Transportation Program (UTP)

DEVELOP
Authority

CONSTRUCT
OR
CONSTRUCT
Authority

CONSTRUCT
Authority

One Year
Letting
Schedule

10 YEARS or Greater

7 YEARS

3 YEARS

1 YEAR

Long Range Planning

10 YEARS

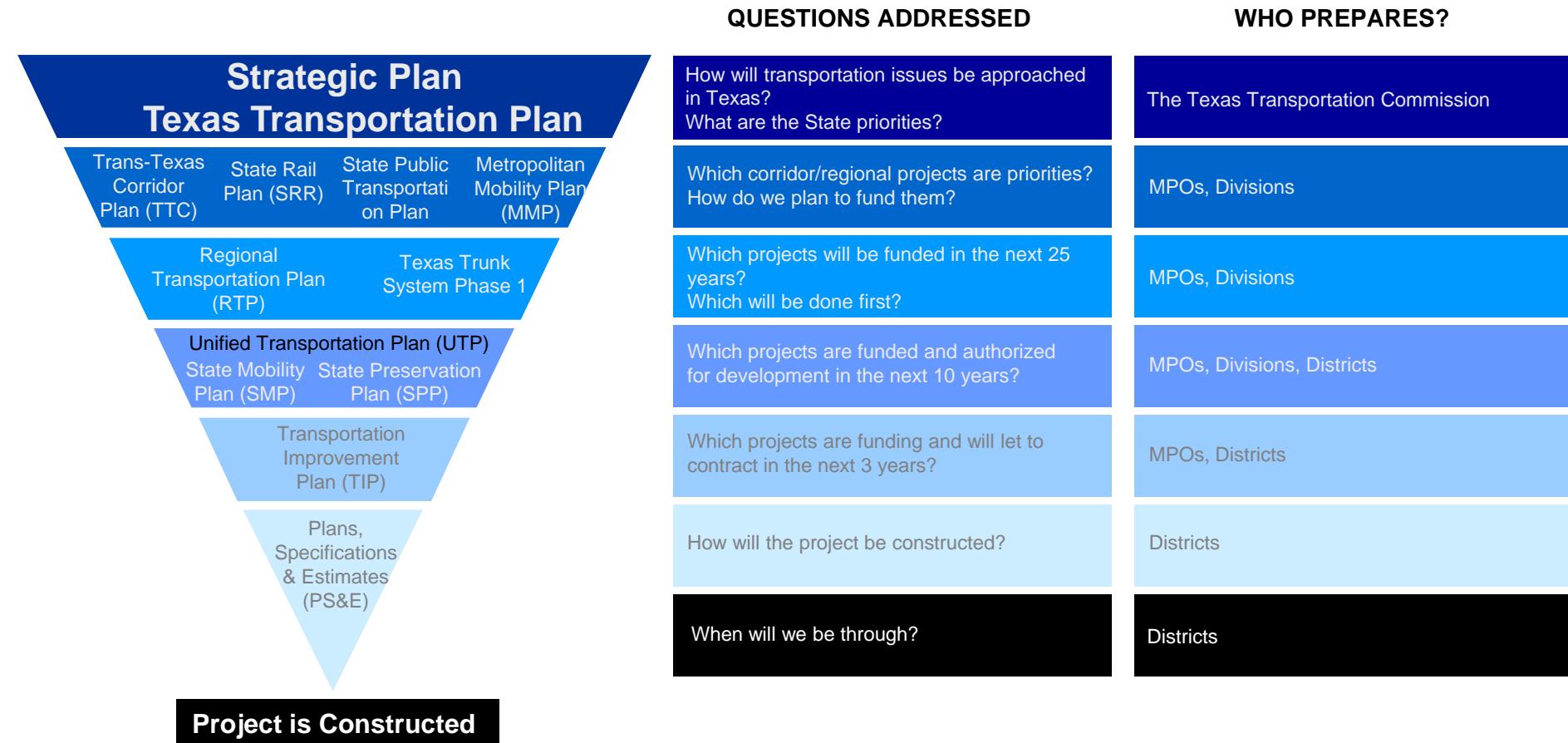
Funding

Contract
Awarded

TxDOT's Planning & Programming Toolbox

Location	Description	Purpose	Horizon
Statewide	Statewide Multimodal Transportation Plan: The TTP 2030	Formulates policies; provides investment strategies and forecasts of 26-year statewide multimodal needs.	20+ years 2005-2030
Statewide	Unified Transportation Program Statewide Mobility and Preservation Programs (SMP and SPP)	Lists financially constrained project development and construction projects; adopted annually.	10 years
Statewide	Statewide Transportation Improvement Program – STIP (combines rural and metro)	Financially constrained short-term program that lists projects to be constructed statewide.	3 years
District	District-wide TIP (rural TIP)	Financially constrained short-term program that lists projects to be constructed by district.	3 years
MPO	Metropolitan Transportation Plan	Formulates long-range policies and investment strategies for a specific metropolitan region.	20+ years
MPO	Metropolitan TIP	Financially constrained short-term program that lists projects to be constructed by metropolitan region.	3 years
Corridor	Feasibility/cost-effectiveness studies for Long-Range Projects; Major Investment Studies	Documents the major regional corridor studies and/or improvements.	Project Specific

The Planning Funnel



October 2008
Cash Forecast



**Texas Department of Transportation
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October 2008 Forecast**

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ATTACHMENT D

Texas Department of Transportation Executive Summary October 2008 Forecast

Executive Summary

Forecasting of revenues, expenditures, and fund balances is a critical function of the Texas Department of Transportation (TxDOT). The cash balance of the State Highway Fund (SHF) changes daily. Likewise, the needs of the traveling public and subsequent responsibilities of TxDOT continue to change. TxDOT maintains a primary obligation to the citizens of Texas to efficiently construct and maintain the best possible highway system with the resources available. Therefore, it is important for TxDOT to maintain a method by which revenue sources and expenditure needs can be tied together in an effort to project the future cash flows so that adjustments to project schedules or other expenditures may be made to maintain positive cash balances.

TxDOT monitors cash flows through the cash management system, which is strategically connected with the administrative, accounting, payment management, revenue collection, budgeting, letting, and planning and programming activities of the department. The cash forecasting system is a vital and integral part of the cash management system. The Finance Division is responsible for creating and distributing the monthly cash forecast. The forecast is used by TxDOT executive staff, Finance Division, the Legislature, Legislative Budget Board, and other state agencies to plan and implement highway construction and maintenance projects.

In addition to the groups mentioned above, the Financial Planning Group (FPG) meets quarterly to review TxDOT's financial status. The FPG consists of the Executive Director, Deputy Executive Director, Chief Financial Officer, Assistant Executive Directors, various division and office directors, and other relevant staff. These meetings provide for group discussion and action on issues affecting the Department's operations and finances, such as contract letting.

The content of the cash forecast includes revenue and expenditure projections, historical revenue and expenditures, and monthly ending and lowest daily balances for the various funding sources appropriated to TxDOT. The forecast also includes revenue and expenditure activity from other agencies operating in the SHF. A chart of the actual and projected SHF balance is included on page 4 to provide a picture of the cash position at a glance.

Future revenue is projected based on financial analysis that includes historical trends, current statutes, the Comptroller's Biennial Revenue Estimate (BRE), current events, and other sources as appropriate. Federal highway reimbursement projections also take into account the current highway bill (SAFETEA-LU), rescissions on obligation authority and apportionment, and other requirements made by the Federal Highway Administration (FHWA) and the Federal government for the use of those funds.

Future expenditures are projected based on budgets established within the framework of the General Appropriations Act (GAA), contract letting amounts in TxDOT's ten year Unified Transportation Program (UTP), remaining obligations on previously let projects, and other relevant data. To account for the effects of inflation, additional programs, legislative changes, etc., the forecast adds a percentage of total expenditures less contractor payments to a growth expenditure line item.

Historical revenue and expenditure data is balanced monthly to the Comptroller's Uniform Statewide Accounting System (USAS) before inclusion in the cash forecast. The total USAS balance in the SHF includes dedicated and obligated funds, so ending balances in the cash forecast taking those into account may differ from that total. For example, the Dallas area SH121 Toll Project led to an initial deposit of \$3.197 billion into a dedicated subaccount in the SHF for future use by that region. That balance is legally unavailable for general use and must be subtracted from the SHF balance when determining the operating balance of the fund.

Monthly Ending Balances and Lowest Daily Balances are projected so that TxDOT can manage SHF cash flow through the budget and letting process and through the use of short-term borrowing. Historically, TxDOT could not borrow funds. The 78th Legislature provided that capability, and TxDOT now manages \$13-\$14 billion in yearly SHF transactions while maintaining an average daily operating balance below \$100 million. This permits TxDOT to maximize the use of available cash in the SHF while allowing for daily balance swings caused by the timing of revenue and expenditures.

The cash forecast spans multiple funding sources, including the SHF, Texas Mobility Fund (TMF) Bond Proceeds, Proposition 14 Bond Proceeds, SH 121 Toll Project Revenue, SH 130 Concession Funds, and General Revenue. Proposition 12 General Revenue Bond Proceeds are included as a scenario in the event that those funds are appropriated to TxDOT.

As mentioned previously, the cash forecast must take into account multiple funding sources, restrictions on the use of those funds, timing issues related to cash flow from revenue and expenditures, Federal and state regulations, economic uncertainty, other agency operations in the SHF, and many other variables. The cash forecast must therefore make some assumptions when projecting future revenue and expenditures. Notable assumptions, changes from previous forecasts, and brief discussions of the scenarios and cash balance effects are summarized below.

Assumptions

- Revenue growth per year: Vehicle Registration Fees 4.7%, State Gas Tax 1.5%, Lubricants Tax 5.0%, miscellaneous revenue 1%.
- Proposition 14 debt service is based on issuing a total of \$3.1B in state highway fund bonds.
- Texas Emissions Reduction Program (TERP) ends after FY2015.
- Other Expansion and Growth increases at 5% annually to account for future increases to TxDOT and other agencies, inflation, new legislation, etc.
- Short-term borrowing is completely repaid during FY2009.

Changes from September 2008 Cash Forecast

- Updated with actual revenue and expenditures for the month of September 2008.
- Updated Proposition 14 and Texas Mobility Fund forecast expenditures with current obligation amounts.

Significant variances from September 2008 Cash Forecast

- Misc. revenue increased by \$270M from the issuance of short-term debt in FY2009.
- Short-term borrowing debt service increased in FY2009 to repay the additional debt.

Impact of the projected letting schedule on cash balances

The current letting schedule, when combined with previous obligations, Proposition 14 debt service, and the repayment of short-term borrowing, results in a projected SHF ending balance of (\$44,273,594) in FY2009, indicating the need to borrow funds to meet obligations. Projected ending balances in future years are positive thru FY2018. See pgs 4-5.

Scenarios

Proposition 14: \$2.9B of additional Prop 14 bonds would be issued during FY2009 and FY2010. \$1.735B would go to letting in FY2009, with payments stretching from FY2009 - FY2013. \$600M would go to engineering and right-of-way expenditures related to the projects. \$200M would go to project conversions from the SHF to make SHF dollars available to pay the debt service on the additional bonds. The remainder would be used for projects that have not yet been identified. This scenario assumes no net impact to the SHF to retire the debt on the additional bonds. See pg 8.

Proposition 12: \$5.0B of general revenue bonds would be obligated in FY2010-FY2011. \$2.0B would go to letting projects in FY2010, followed by \$2.3B of letting in FY2011. The remaining \$700M would go towards engineering and right-of-way costs associated with those lettings. This scenario assumes that all debt service is paid by general revenue and not by the highway fund. See page 9.

Impact of scenarios on the projected letting schedule and cash balances

If both scenarios occurred, statewide letting would increase by \$1.735B in FY2009, \$2.000B in FY2010 and \$2.300B in FY2011. The SHF cash balance would be unaffected, assuming that diversions eliminations are at least the amount of the debt service for the additional Prop 14 bonds, and that GR pays for the debt service on the Prop 12 bonds.

ATTACHMENT D

Texas Department of Transportation
Total Letting Amounts
October 2008 Forecast

BASE CASE

Funding Source	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
State Highway Fund	2,839,498,005	2,564,310,573	2,452,377,184	2,530,833,247	2,369,193,033	2,366,171,114	2,397,168,114	2,450,168,114	2,496,168,114	2,541,268,114	2,587,668,114	2,628,168,114	2,688,168,114	2,724,168,114
Texas Mobility Fund	1,614,141,997	223,088,348	272,742,323	-	-	-	-	-	-	-	-	-	-	-
Proposition 14	834,810,051	1,029,515,137	35,794,829	-	-	-	-	-	-	-	-	-	-	-
SH 121	-	-	15,194,675	587,873,798	531,729,438	1,021,041,520	235,737,280	-	29,742,435	127,218,958	15,930,000	-	-	-
SH 130 (Seg. 5 & 6)	-	-	8,279,334	-	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
Proposition 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Letting	5,288,450,053	3,816,914,058	2,784,388,345	3,118,707,045	2,902,922,471	3,389,212,634	2,634,905,394	2,454,468,114	2,525,910,549	2,668,487,072	2,603,598,114	2,628,168,114	2,688,168,114	2,724,168,114

SCENARIO

Funding Source	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
State Highway Fund	2,839,498,005	2,564,310,573	2,452,377,184	2,530,833,247	2,369,193,033	2,366,171,114	2,397,168,114	2,450,168,114	2,496,168,114	2,541,268,114	2,587,668,114	2,628,168,114	2,688,168,114	2,724,168,114
Texas Mobility Fund	1,614,141,997	223,088,348	272,742,323	-	-	-	-	-	-	-	-	-	-	-
Proposition 14	834,810,051	1,029,515,137	35,794,829	1,735,000,000	-	-	-	-	-	-	-	-	-	-
Proposition 12	-	-	-	-	2,000,000,000	2,300,000,000	-	-	-	-	-	-	-	-
SH 121	-	-	15,194,675	587,873,798	531,729,438	1,021,041,520	235,737,280	-	29,742,435	127,218,958	15,930,000	-	-	-
SH 130 (Seg. 5 & 6)	-	-	8,279,334	-	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
Total Letting	5,288,450,053	3,816,914,058	2,784,388,345	4,853,707,045	4,902,922,471	5,689,212,634	2,634,905,394	2,454,468,114	2,525,910,549	2,668,487,072	2,603,598,114	2,628,168,114	2,688,168,114	2,724,168,114

Letting is a contract award amount. The letting figures above will have cash expenditures during the year of letting and during future years until the projects are completed. Subsequent pages of this forecast depict the actual and projected cash expenditures resulting from these letting amounts.

ATTACHMENT D

**Texas Department of Transportation
Total Expenses
October 2008 Forecast**

BASE CASE

	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Expenses														
Research	22,261,119	21,288,439	22,532,201	21,518,057	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037
Engineering	732,103,372	720,417,987	663,193,338	959,497,270	593,662,781	514,830,730	467,688,116	440,959,390	435,299,217	432,878,975	443,749,346	445,322,639	453,276,888	461,390,232
Right-of-Way	544,266,455	563,715,379	538,775,989	512,667,591	228,743,515	215,739,623	161,165,773	148,747,574	147,227,067	148,293,001	147,916,452	148,440,876	151,092,301	153,796,741
Plan It	1,298,630,946	1,305,421,805	1,224,501,528	1,493,682,918	844,165,333	752,329,389	650,612,927	611,466,001	604,285,321	602,931,013	613,424,835	615,522,552	626,128,226	636,946,010
Build It	3,133,214,684	2,419,982,767	3,296,176,534	3,220,249,334	2,519,177,398	2,549,525,931	2,043,728,383	1,821,124,721	1,652,092,711	1,590,904,383	1,644,205,976	1,680,829,643	1,643,739,808	1,625,146,973
Maintain It	2,555,850,155	3,493,060,400	2,730,050,787	2,874,981,935	2,582,730,014	2,610,557,608	2,438,467,245	2,340,041,728	2,204,148,794	2,187,753,116	2,227,439,866	2,252,031,967	2,234,975,406	2,239,928,588
Use It	265,488,769	337,002,289	318,287,901	264,108,818	218,655,140	218,655,140	218,655,140	218,655,140	214,031,074	214,031,074	214,031,074	214,031,074	214,031,074	214,031,074
Manage It	183,339,039	221,890,981	203,428,759	182,437,244	184,917,579	184,917,579	184,917,579	184,917,579	175,871,699	175,871,699	175,871,699	175,871,699	175,871,699	175,871,699
*Short-Term Borrowing D/S	203,626,818	104,103,377	244,524,472	412,537,418	-	-	-	-	-	-	-	-	-	-
*Proposition 14 Debt Service	75,000	66,179,822	150,641,278	232,303,342	240,807,800	240,798,604	240,810,496	240,803,525	240,800,100	240,796,666	240,805,459	240,804,163	240,802,163	240,802,163
Texas Mobility Fund Debt Service	64,099,104	137,098,787	208,846,299	280,290,400	343,750,492	347,204,166	352,836,293	359,405,624	365,309,939	370,900,831	376,250,097	382,761,945	389,255,018	394,973,864
Inflation / Additional Programs	-	-	-	-	164,361,888	322,269,048	481,768,704	641,129,268	800,527,944	956,967,384	1,113,829,524	1,271,616,348	1,429,508,064	1,587,930,072
Total Expenses	7,704,324,515	8,084,740,228	8,376,457,558	8,960,591,409	7,098,565,644	7,226,265,661	6,611,784,876	6,417,550,556	6,257,071,007	6,340,159,599	6,605,849,736	6,833,470,687	6,954,313,458	7,115,630,443
Funding Source														
State Highway Fund ¹	6,190,876,893	5,098,864,215	5,733,721,767	6,183,336,611	5,694,395,210	5,673,088,152	5,558,385,105	5,650,975,393	5,717,531,707	5,888,820,218	6,177,842,162	6,406,928,499	6,549,061,887	6,719,183,500
Texas Mobility Fund - Bond Proceeds ²	1,115,475,793	1,839,899,606	1,277,328,340	1,307,846,042	405,447,962	170,934,280	104,615,170	44,986,533	28,599,971	-	-	-	-	-
Texas Mobility Fund - Taxes & Fees ³	64,099,104	137,098,787	208,846,299	280,290,400	343,750,492	347,204,166	352,836,293	359,405,624	365,309,939	370,900,831	376,250,097	382,761,945	389,255,018	394,973,864
Proposition 14 ⁴	333,872,725	1,008,877,620	698,154,997	395,378,797	188,393,366	129,363,221	75,981,785	56,619,477	13,468,219	-	-	-	-	-
Proposition 12 ⁵	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SH 121 ⁶	-	-	158,406,156	779,460,225	464,578,614	903,675,842	517,966,523	301,263,530	132,161,172	80,438,551	51,757,478	43,780,243	15,996,553	1,473,079
SH 130 (Seg. 5 & 6) ⁷	-	-	-	14,279,334	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
GR - Debt Service ⁸	-	-	300,000,000	-	-	-	-	-	-	-	-	-	-	-
Total Funds	7,704,324,515	8,084,740,228	8,376,457,558	8,960,591,409	7,098,565,644	7,226,265,661	6,611,784,876	6,417,550,556	6,257,071,007	6,340,159,599	6,605,849,736	6,833,470,687	6,954,313,458	7,115,630,443

*** Includes \$300M of debt service paid from GR**

Figures do not include TxDOT employee benefits (insurance premiums, Social Security, etc.) paid by other agencies.

¹ See page 5 of 11 of this forecast for details.

² See page 6 of 11 of this forecast for details.

³ See page 7 of 11 of this forecast for details.

⁴ See page 8 of 11 of this forecast for details.

⁵ See page 9 of 11 of this forecast for details. Amount and timing of funds for Proposition 12 to be determined.

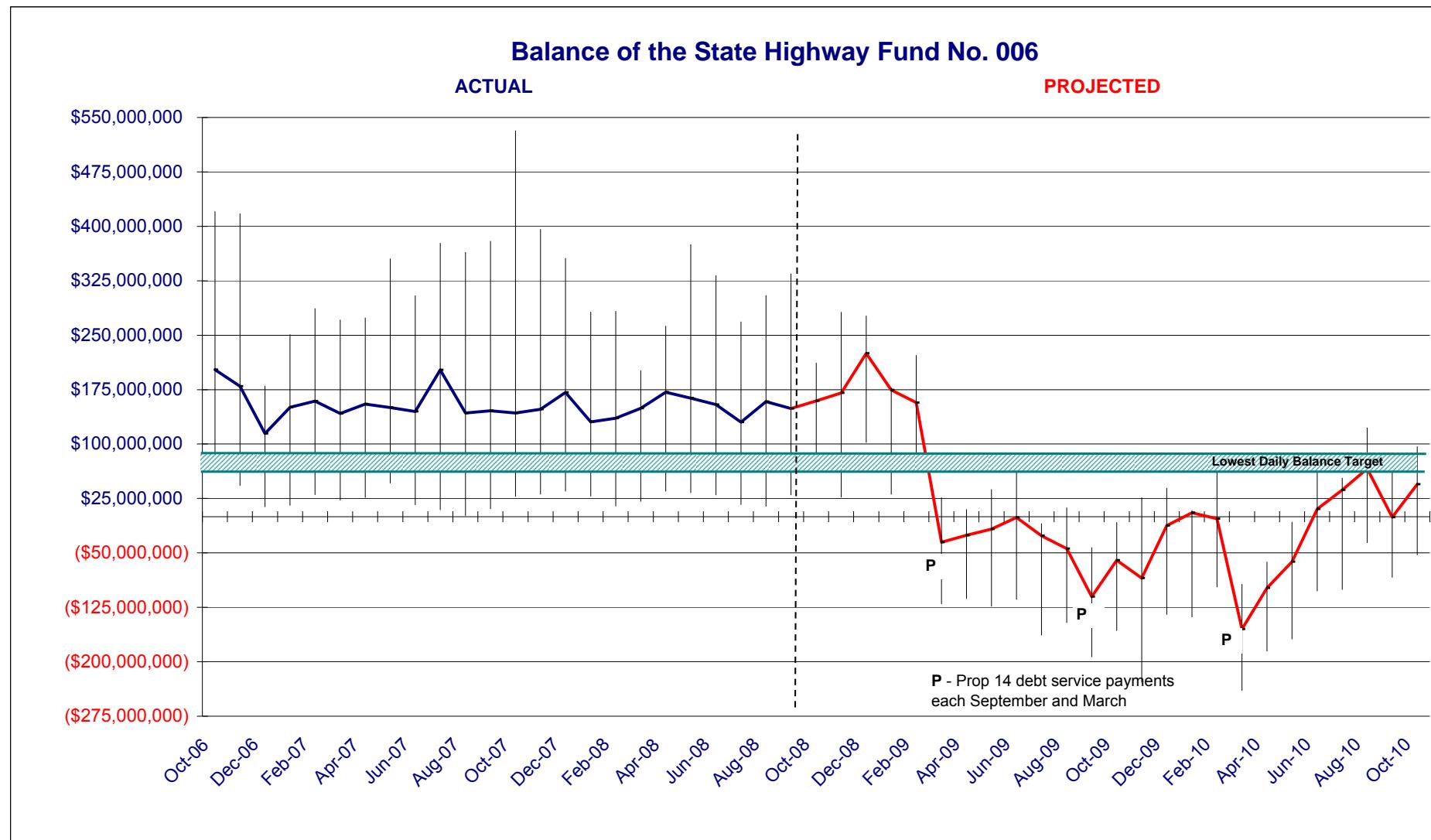
⁶ See page 10 of 11 of this forecast for details.

⁷ See page 11 of 12 of this forecast for details.

⁸ Appropriation of \$300M of General Revenue (GR) for debt service provided through Article IX Sec 19.80 of 2008-09 General Appropriations Act (GAA).

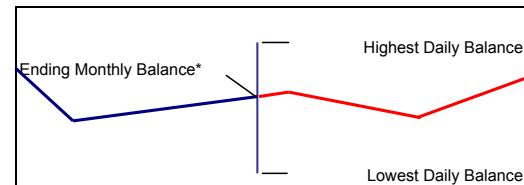
ATTACHMENT D
State Highway Fund
Operating Balance
as of October 30, 2008

USAS Ending Balance	4,301,822,045.02
Less dedicated/obligated funds:	
SH 121	(3,062,725,726.04)
Prop 14 / SHF Bonds	(985,954,003.39)
SH 130 (Segments 5 & 6)	(26,633,703.62)
State Infrastructure Bank	(64,603,139.09)
CTTS Holding	<u>(9,082,000.00)</u>
Ending Balance	152,823,472.88
Cash Reserved for Payroll	(99,816,757.89)
Remaining Balance for Operations	53,006,714.99



- * For the ending monthly balances, the actual months are shown by the blue line and the projected months are shown by the red line.

** Balances below \$0 project the need to issue additional short-term borrowing



ATTACHMENT D

**Texas Department of Transportation
State Highway Fund Operating Account - Cash Forecast
October 2008 Forecast**

<u>BASE CASE</u>														
	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	225,873,689	260,041,668	142,823,371	158,500,284	(44,273,594)	66,064,522	117,486,078	182,449,726	197,241,581	211,116,458	173,264,694	170,797,048	112,517,167	8,498,878
Revenue														
State Gas Tax	2,194,180,196	2,238,201,981	2,275,936,528	2,310,075,577	2,344,726,710	2,379,897,610	2,415,596,075	2,451,830,014	2,488,607,467	2,525,936,577	2,563,825,625	2,602,283,010	2,641,317,256	2,680,937,014
Registration Fees	932,713,282	984,246,908	1,024,078,782	1,063,177,836	1,129,421,520	1,177,586,234	1,232,810,169	1,290,644,441	1,351,212,804	1,414,644,898	1,481,000,881	1,550,469,386	1,623,196,416	1,699,334,813
FHWA Reimbursements	2,965,659,268	1,843,659,068	2,524,247,469	2,883,908,063	2,925,887,866	2,754,791,663	2,556,903,042	2,502,611,342	2,468,823,203	2,485,826,512	2,590,839,675	2,652,283,061	2,632,424,980	2,653,623,645
Other Fed Reimbursements	169,215,339	192,401,493	209,187,608	159,428,402	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123	123,118,123
Short-Term Borrowing	300,000,000	170,000,000	270,000,000											
Other	532,092,891	447,203,698	458,068,454	692,652,131	435,033,507	445,855,477	454,840,741	459,147,727	463,229,384	467,026,742	470,174,609	474,079,433	478,571,218	483,101,843
Total Revenue	7,093,860,976	5,875,713,148	6,761,518,841	7,109,242,009	6,958,187,726	6,881,249,107	6,783,268,150	6,827,351,647	6,894,990,981	7,016,552,852	7,228,958,913	7,402,233,013	7,498,627,993	7,640,115,438
Available Funds	7,319,734,665	6,135,754,816	6,904,342,212	7,267,742,293	6,913,914,132	6,947,313,629	6,900,754,228	7,009,801,373	7,092,232,562	7,227,669,310	7,402,223,607	7,573,030,061	7,611,145,160	7,648,614,316
Expenses														
Research	22,261,119	21,288,439	22,532,201	21,518,057	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037	21,759,037
Engineering	732,053,372	549,885,389	525,842,142	338,567,425	395,332,427	419,219,770	417,133,500	417,704,999	423,538,500	429,878,975	443,749,346	445,322,639	453,276,888	461,390,232
Right-of-Way	346,832,938	277,510,495	206,167,369	141,649,193	131,777,473	139,739,929	139,044,504	139,235,003	141,179,496	143,292,997	147,916,452	148,440,876	151,092,301	153,796,741
Plan It	1,101,147,429	848,684,323	754,541,712	501,734,675	548,868,937	580,718,736	577,937,041	578,699,039	586,477,033	594,931,009	613,424,835	615,522,552	626,128,226	636,946,010
Build It	2,034,931,137	474,900,649	1,941,297,254	2,056,006,650	1,955,505,267	1,820,202,061	1,600,306,891	1,559,650,950	1,540,683,955	1,540,197,400	1,607,975,741	1,650,183,473	1,632,542,221	1,624,115,818
Maintain It	2,402,268,701	3,046,102,774	2,421,000,391	2,534,208,464	2,381,278,599	2,305,518,788	2,254,001,145	2,227,112,921	2,159,136,476	2,166,021,552	2,211,912,623	2,238,897,894	2,230,176,440	2,239,486,664
Use It	265,488,769	337,002,289	318,287,901	264,108,818	218,655,140	218,655,140	218,655,140	214,031,074	214,031,074	214,031,074	214,031,074	214,031,074	214,031,074	214,031,074
Manage It	183,339,039	221,890,981	203,428,759	182,437,244	184,917,579	184,917,579	184,917,579	175,871,699	175,871,699	175,871,699	175,871,699	175,871,699	175,871,699	175,871,699
*Short-Term Borrowing D/S	203,626,818	104,103,377	57,064,439	412,537,418	-	-	-	-	-	-	-	-	-	-
*Prop 14 Debt Service	75,000	66,179,822	38,101,312	232,303,342	240,807,800	240,806,800	240,798,604	240,810,496	240,803,525	240,800,100	240,796,666	240,805,459	240,804,163	240,802,163
Inflation / Additional Programs	-	-	-	-	164,361,888	322,269,048	481,768,704	641,129,268	800,527,944	956,967,384	1,113,829,524	1,271,616,348	1,429,508,064	1,587,930,072
TxDOT State Highway Fund Total¹	6,190,876,893	5,098,864,215	5,733,721,767	6,183,336,611	5,694,395,210	5,673,088,152	5,558,385,105	5,650,975,393	5,717,531,707	5,888,820,218	6,177,842,162	6,406,928,499	6,549,061,887	6,719,183,500
Other Agencies	659,824,537	675,823,688	782,236,901	888,216,014	906,338,096	909,623,096	912,803,096	914,468,096	916,468,096	918,468,096	806,468,094	806,468,094	806,468,094	806,468,094
Other Agencies for TxDOT	208,991,567	218,243,542	229,883,261	240,463,261	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299	247,116,299
Total Expenses	7,059,692,997	5,992,931,445	6,745,841,929	7,312,015,886	6,847,849,605	6,829,827,547	6,718,304,500	6,812,559,788	6,881,116,102	7,054,404,613	7,231,426,555	7,460,512,892	7,602,646,280	7,772,767,893
Ending Balance	260,041,668	142,823,371	158,500,284	(44,273,594)	66,064,522	117,486,078	182,449,726	197,241,581	211,116,458	173,264,694	170,797,048	112,517,167	8,498,878	(124,153,579)
Lowest Daily Balance	60,048,767	1,708,645	10,901,536	(163,111,782)	(239,674,567)	(185,353,796)	(119,576,125)	(86,424,953)	(79,176,908)	(102,916,528)	(141,263,730)	(187,697,556)	(281,397,908)	(411,278,290)
Letting	2,839,498,005	2,564,310,573	2,452,377,184	2,530,833,247	2,369,193,033	2,366,171,114	2,397,168,114	2,450,168,114	2,496,168,114	2,541,268,114	2,587,668,114	2,628,168,114	2,688,168,114	2,724,168,114
Project Conversions	(935,892,882)	-	785,794,578	-	-	-	-	-	-	-	-	-	-	-

* Excludes \$300M of debt service paid from GR

¹ TxDOT State Highway Fund total is also reflected on page 3 of 11 under "Funding Source"

ATTACHMENT D

Texas Department of Transportation
Texas Mobility Fund
Bond Proceeds¹
October 2008 Forecast

<u>BASE CASE</u>															
	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast	
Beginning Balance	711,231,145	366,818,394	772,136,452	651,836,612	529,360,056	123,912,094	(47,022,186)	(151,637,356)	(196,623,890)	(225,223,860)	(225,223,860)	(225,223,860)	(225,223,860)	(225,223,860)	
Revenue															
Bond Proceeds	771,063,042	2,245,217,664	1,157,028,501	1,185,369,485	-	-	-	-	-	-	-	-	-	-	-
Available	1,482,294,186	2,612,036,058	1,929,164,953	1,837,206,098	529,360,056	123,912,094	(47,022,186)	(151,637,356)	(196,623,890)	(225,223,860)	(225,223,860)	(225,223,860)	(225,223,860)	(225,223,860)	(225,223,860)
Expenses															
Engineering	50,000	133,301,992	103,392,773	485,107,070	141,103,035	59,488,142	36,407,923	15,656,106	9,953,294	-	-	-	-	-	-
Right-of-Way	197,433,517	286,204,884	252,473,620	286,860,787	85,733,490	36,144,694	22,121,269	9,512,571	6,047,571	-	-	-	-	-	-
Plan It	197,483,517	419,506,875	355,866,393	771,967,857	226,836,525	95,632,835	58,529,192	25,168,677	16,000,865	-	-	-	-	-	-
Build It	917,992,276	1,420,392,731	921,461,947	535,878,185	178,611,437	75,301,445	46,085,978	19,817,856	12,599,106	-	-	-	-	-	-
Maintain It	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Use It	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manage It	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	1,115,475,793	1,839,899,606	1,277,328,340	1,307,846,042	405,447,962	170,934,280	104,615,170	44,986,533	28,599,971	-	-	-	-	-	-
Ending Balance	366,818,394	772,136,452	651,836,612	529,360,056	123,912,094	(47,022,186)	(151,637,356)	(196,623,890)	(225,223,860)						
Letting	1,614,141,997	223,088,348	272,742,323												
Project Conversions	935,892,882	-	(695,794,578)												

¹Texas Mobility Fund (TMF) Bond Proceeds are forecast separately from TMF Taxes & Fees as the proceeds fund project expenditures, not debt service. See page 7 of 11 for details.

ATTACHMENT D

Texas Department of Transportation
Texas Mobility Fund
Taxes and Fees¹
October 2008 Forecast

BASE CASE

	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	121,519,074	168,976,727	353,408,051	304,071,959	382,018,013	418,104,521	459,567,355	503,201,062	546,437,438	590,515,500	635,829,669	682,702,572	730,055,627	778,992,608
Revenue²														
Statewide Traffic Fine	-	64,379,462	(64,379,462)	-	-	-	-	-	-	-	-	-	-	-
Driver Resp Act	(17,391)	79,969,107	(79,969,107)	-	-	-	-	-	-	-	-	-	-	-
Driver's License Fees	-	312,303	117,903,971	119,862,007	125,188,000	127,066,000	128,972,000	130,907,000	132,871,000	134,864,000	136,887,000	138,940,000	141,024,000	143,139,000
Driver Record Info Fees	-	53,508,230	61,763,642	54,753,834	55,953,000	56,792,000	57,644,000	58,509,000	59,387,000	60,278,000	61,182,000	62,100,000	63,032,000	63,977,000
Vehicle Inspection Fees	82,470,874	84,555,948	86,166,829	86,678,155	89,731,000	91,526,000	93,357,000	95,224,000	97,128,000	99,071,000	101,052,000	103,073,000	105,134,000	107,237,000
United We Stand	1,572	2,330	2,777	2,165	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TERP Fees	-	-	-	86,791,500	99,870,000	103,155,000	106,335,000	108,000,000	110,000,000	112,000,000	114,000,000	116,000,000	118,000,000	120,000,000
Motor Safety Violations	1,833,079	2,102,244	2,074,821	1,145,985	1,093,000	1,126,000	1,160,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest	27,268,798	36,700,487	35,460,407	9,486,168	8,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	10,000,000
Miscellaneous	(175)	-	486,328	(483,359)	-	-	-	-	-	-	-	-	-	-
Total Revenue	111,556,757	321,530,111	159,510,207	358,236,454	379,837,000	388,667,000	396,470,000	402,642,000	409,388,000	416,215,000	423,123,000	430,115,000	438,192,000	445,355,000
Available	233,075,831	490,506,837	512,918,258	662,308,413	761,855,013	806,771,521	856,037,355	905,843,062	955,825,438	1,006,730,500	1,058,952,669	1,112,817,572	1,168,247,627	1,224,347,608
Expenses														
Debt Service	63,465,854	134,211,216	208,357,834	280,265,486	343,750,492	347,204,166	352,836,293	359,405,624	365,309,939	370,900,831	376,250,097	382,761,945	389,255,018	394,973,864
Other	633,251	2,887,571	488,465	24,914	-	-	-	-	-	-	-	-	-	-
Total Expense	64,099,104	137,098,787	208,846,299	280,290,400	343,750,492	347,204,166	352,836,293	359,405,624	365,309,939	370,900,831	376,250,097	382,761,945	389,255,018	394,973,864
Ending Balance	168,976,727	353,408,051	304,071,959	382,018,013	418,104,521	459,567,355	503,201,062	546,437,438	590,515,500	635,829,669	682,702,572	730,055,627	778,992,608	829,373,744
Lowest Daily Balance³	111,517,985	138,896,691	160,629,699	212,543,210	259,839,105	297,622,773	338,005,229	378,669,939	419,937,167	462,406,753	506,401,323	550,841,044	596,412,609	643,809,162

¹Texas Mobility Fund (TMF) Taxes & Fees are forecast separately from TMF Bond Proceeds as the primary use of taxes & fees is for the payment of debt services.

²Future revenue projections are from the Comptroller's Revenue Certification as of December 20, 2007.

³TMF RESERVE REQUIREMENTS:

Prior to the issuance of bonds by TxDOT, a certified revenue estimate must be received from the Comptroller that projects the revenue to be received and the balance in the Mobility Fund will be equal to at least 110% of the principal and interest requirements on the obligations, both proposed and outstanding, during each year the obligations will be outstanding. The forecasted additional 10% would be available for any purpose of the TMF. As authorized by law, the Commission has elected to pledge the state's full faith and credit as a backstop on the TMF bonds issued to date. With the full faith credit as a backstop, General Revenue would be used to pay debt service if the revenues of the TMF prove to be insufficient. Debt service payments on fixed rate bonds are made twice a year, April 1 and October 1. Variable rate bonds pay debt service monthly.

While the forecast produces a projected lowest daily balance, that projected balance serves as an internal balance reserve:

- so that if the funds projected to be in the TMF for future debt service are not available, the TMF would have funds in a reserve to assist in the debt service payment before looking to GR to fund the shortfall;
- to pay for potential future ongoing or termination payments on swap agreements;
- for cost escalations due to change orders on funded projects; and,
- to act as a hedge on interest rates for the variable rate bonds. While the interest paid on variable rate bonds has historically been less than that paid on fixed rate bonds, the variable rate bonds are subject to volatility in the rates as they are reset weekly. With balances available and invested the TMF is protected against a possible rise in variable interest rates because the rates earned on investments would also rise and the investment earning would offset any increase in debt service payments.

Due to the many reasons listed above, the projected balances have not yet been committed to additional projects.

ATTACHMENT D

**Texas Department of Transportation
Proposition 14 - State Highway Fund Bonds
Bond Proceeds
October 2008 Forecast**

BASE CASE

	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	-	294,277,620	285,963,138	1,060,744,065	665,365,268	476,971,903	347,608,682	271,626,897	215,007,420	201,539,201	201,539,201	201,539,201	201,539,201	201,539,201
Revenue														
Bond Proceeds	628,150,345	1,000,563,138	1,472,935,924	-	-	-	-	-	-	-	-	-	-	-
Available	628,150,345	1,294,840,759	1,758,899,062	1,060,744,065	665,365,268	476,971,903	347,608,682	271,626,897	215,007,420	201,539,201	201,539,201	201,539,201	201,539,201	201,539,201
Expenses														
Engineering Right-of-Way	-	37,230,607	26,306,310	55,904,547	25,282,227	17,360,432	10,196,690	7,598,285	1,807,423	-	-	-	-	-
Plan It	-	37,230,607	26,306,310	55,904,547	25,282,227	17,360,432	10,196,690	7,598,285	1,807,423	-	-	-	-	-
Build It	180,291,271	524,689,388	362,798,291	183,316,095	88,080,015	60,481,506	35,523,951	26,471,444	6,296,830	-	-	-	-	-
Maintain It	153,581,453	446,957,626	309,050,396	156,158,155	75,031,124	51,521,283	30,261,144	22,549,748	5,363,966	-	-	-	-	-
Use It	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manage It	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	333,872,725	1,008,877,620	698,154,997	395,378,797	188,393,366	129,363,221	75,981,785	56,619,477	13,468,219	-	-	-	-	-
Ending Balance	294,277,620	285,963,138	1,060,744,065	665,365,268	476,971,903	347,608,682	271,626,897	215,007,420	201,539,201	201,539,201	201,539,201	201,539,201	201,539,201	201,539,201
Letting	834,810,051	1,029,515,137	35,794,829	-	-	-	-	-	-	-	-	-	-	-
Project Conversions	-	-	(90,000,000)	-	-	-	-	-	-	-	-	-	-	-

SCENARIO

	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	-	294,277,620	285,963,138	1,060,744,065	1,089,892,089	1,618,750,953	1,066,932,469	654,461,258	580,007,416	566,539,197	566,539,197	566,539,197	566,539,197	566,539,197
Revenue														
Bond Proceeds	628,150,345	1,000,563,138	1,472,935,924	1,500,000,000	1,400,000,000	-	-	-	-	-	-	-	-	-
Available	628,150,345	1,294,840,759	1,758,899,062	2,560,744,065	2,489,892,089	1,618,750,953	1,066,932,469	654,461,258	580,007,416	566,539,197	566,539,197	566,539,197	566,539,197	566,539,197
Engineering Right-of-Way	-	37,230,607	26,306,310	55,904,547	25,282,227	17,360,432	10,196,690	7,598,285	1,807,423	-	-	-	-	-
Plan It	-	37,230,607	26,306,310	55,904,547	25,282,227	17,360,432	10,196,690	7,598,285	1,807,423	-	-	-	-	-
Engineering Right-of-Way	-	-	-	300,000,000	-	-	-	-	-	-	-	-	-	-
Plan It	-	-	-	300,000,000	-	-	-	-	-	-	-	-	-	-
600,000,000	-	-	-	600,000,000	-	-	-	-	-	-	-	-	-	-
Build It	180,291,271	971,647,014	671,848,687	183,316,095	88,080,015	60,481,506	35,523,951	26,471,444	6,296,830	-	-	-	-	-
Manage It	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Build It	-	-	-	256,755,517	368,683,796	228,125,842	181,704,290	9,630,557	-	-	-	-	-	-
Manage It	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense	333,872,725	1,008,877,620	698,154,997	1,470,851,976	871,141,137	551,818,484	412,471,211	74,453,842	13,468,219	-	-	-	-	-
Ending Balance	294,277,620	285,963,138	1,060,744,065	1,089,892,089	1,618,750,953	1,066,932,469	654,461,258	580,007,416	566,539,197	566,539,197	566,539,197	566,539,197	566,539,197	566,539,197
Letting	834,810,051	1,029,515,137	35,794,829	1,735,000,000	-	-	-	-	-	-	-	-	-	-
Project Conversions	-	-	(90,000,000)	200,000,000	-	-	-	-	-	-	-	-	-	-

Scenario assumes no net impact to State Highway Fund to retire debt on additional \$2.9B Prop 14 proceeds.

Specific projects that will fully utilize this funding have not been identified. As projects are identified, the timing of letting amounts and resulting expenditures may change.

ATTACHMENT D

**Texas Department of Transportation
Proposition 12 - General Revenue Bonds
October 2008 Forecast**

<u>SCENARIO</u>														
	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	-	-	-	-	-	178,885,807	224,521,100	389,300,257	524,040,040	22,164,460	-	-	-	-
Revenue														
Proceeds	-	-	-	-	1,000,000,000	1,250,000,000	1,500,000,000	1,250,000,000	-	-	-	-	-	-
Available	-	-	-	-	1,000,000,000	1,428,885,807	1,724,521,100	1,639,300,257	524,040,040	22,164,460	-	-	-	-
Expenses														
Engineering	-	-	-	-	250,000,000	100,000,000	-	-	-	-	-	-	-	-
Right-of-Way	-	-	-	-	250,000,000	100,000,000	-	-	-	-	-	-	-	-
Plan It	-	-	-	-	500,000,000	200,000,000	-	-	-	-	-	-	-	-
Build It	-	-	-	-	173,401,664	542,356,942	721,019,255	602,240,517	271,012,813	11,968,808	-	-	-	-
Maintain It	-	-	-	-	147,712,529	462,007,765	614,201,588	513,019,700	230,862,767	10,195,652	-	-	-	-
Total Expense	-	-	-	-	821,114,193	1,204,364,707	1,335,220,843	1,115,260,217	501,875,580	22,164,460	-	-	-	-
Ending Balance	-	-	-	-	178,885,807	224,521,100	389,300,257	524,040,040	22,164,460	-	-	-	-	-
Letting	-	-	-	-	2,000,000,000	2,300,000,000								

Scenario assumes that debt service is paid by GR.

Specific projects that will utilize this funding have not been identified. As projects are identified, the timing of letting amounts and resulting expenditures may change.

ATTACHMENT D

Texas Department of Transportation
SH 121 Proceeds
October 2008 Forecast

<u>BASE CASE</u>														
	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	-	-	-	3,124,066,763	2,426,947,813	2,026,157,223	1,171,671,066	679,756,661	393,941,376	270,965,965	197,187,188	150,476,750	110,481,746	97,365,165
Revenue														
Proceeds	-	-	3,197,104,248	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	85,368,670	82,341,276	63,788,025	49,189,684	26,052,118	15,448,244	9,185,761	6,659,774	5,047,040	3,785,239	2,879,972	2,785,629
Available	-	-	3,282,472,918	3,206,408,038	2,490,735,837	2,075,346,908	1,197,723,184	695,204,906	403,127,137	277,625,739	202,234,228	154,261,989	113,361,718	100,150,795
Expenses														
Reimbursements to SHF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering	-	-	7,652,113	79,918,228	31,945,092	18,762,386	3,950,004	-	-	3,000,000	-	-	-	-
Right-of-Way	-	-	80,135,000	84,157,611	11,232,552	39,855,000	-	-	-	5,000,004	-	-	-	-
Plan It	-	-	87,787,113	164,075,839	43,177,644	58,617,386	3,950,004	-	-	8,000,004	-	-	-	-
Build It	-	-	70,619,043	430,769,070	294,980,679	591,540,919	359,811,563	210,884,471	92,512,820	50,706,983	36,230,235	30,646,170	11,197,587	1,031,155
Maintain It	-	-	-	184,615,316	126,420,291	253,517,537	154,204,956	90,379,059	39,648,352	21,731,564	15,527,243	13,134,073	4,798,966	441,924
Total Expense	-	-	158,406,156	779,460,225	464,578,614	903,675,842	517,966,523	301,263,530	132,161,172	80,438,551	51,757,478	43,780,243	15,996,553	1,473,079
Ending Balance	-	-	3,124,066,763	2,426,947,813	2,026,157,223	1,171,671,066	679,756,661	393,941,376	270,965,965	197,187,188	150,476,750	110,481,746	97,365,165	98,677,716
Letting	-	-	15,194,675	587,873,798	531,729,438	1,021,041,520	235,737,280	-	29,742,435	127,218,958	15,930,000	-	-	-

All projects that will utilize this funding have not been identified by the Metropolitan Planning Organization (MPO) for the Dallas district. As additional projects are identified they will be added to this forecast thereby reducing the ending balances and the projected revenue from interest earnings. The current plan of the MPO is to leave a balance of \$737,173,248 in principal in order to use the interest earnings off of this amount to fund future projects.

ATTACHMENT D

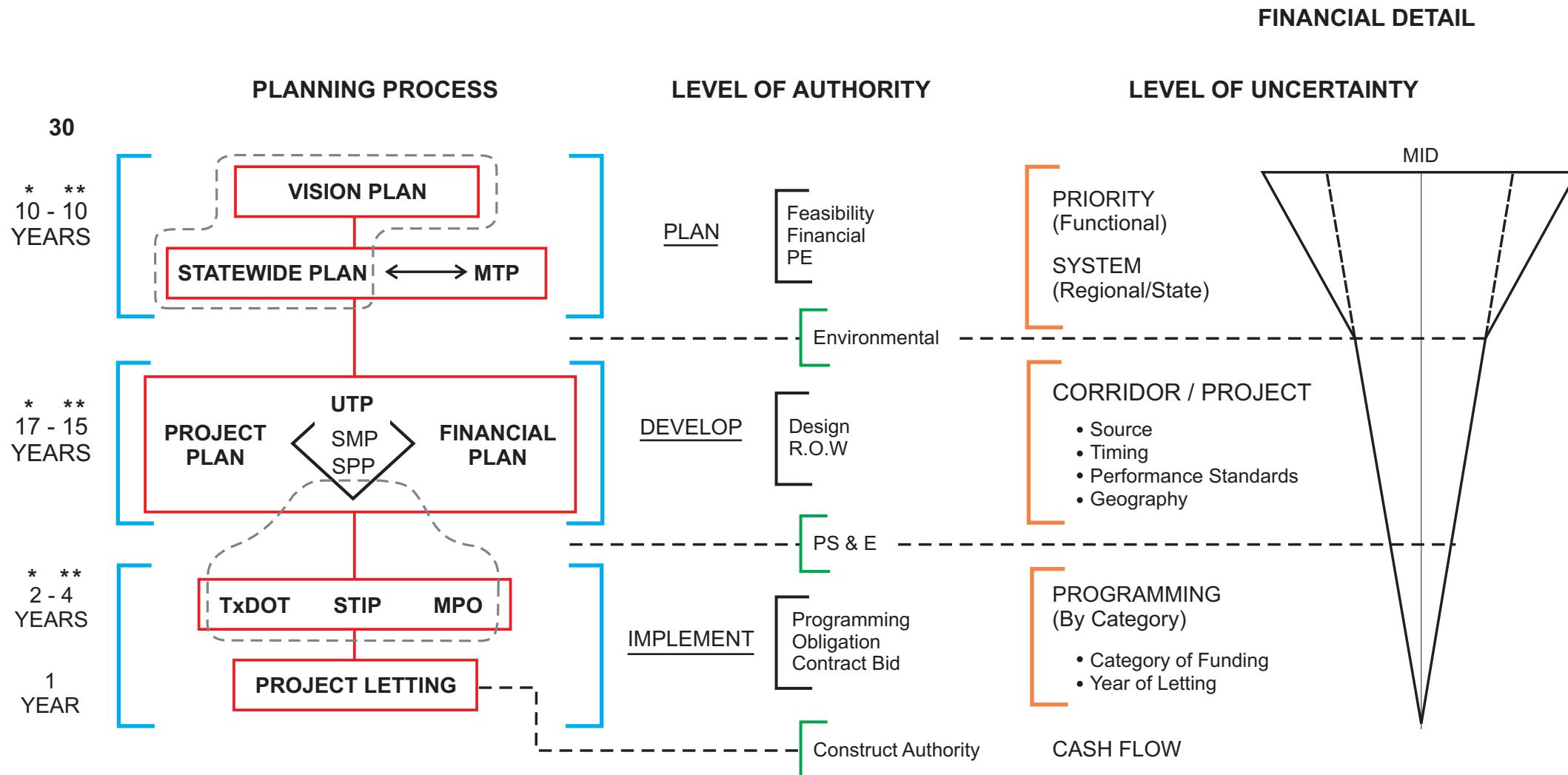
**Texas Department of Transportation
SH 130 (Segments 5 &6) Proceeds
October 2008 Forecast**

BASE CASE

	FY 2006 Actual	FY 2007 Actual	FY 2008 Forecast	FY 2009 Forecast	FY 2010 Forecast	FY 2011 Forecast	FY 2012 Forecast	FY 2013 Forecast	FY 2014 Forecast	FY 2015 Forecast	FY 2016 Forecast	FY 2017 Forecast	FY 2018 Forecast	FY 2019 Forecast
Beginning Balance	-	-	-	26,499,570	12,696,953	11,035,976	9,327,218	7,569,302	3,430,646	3,529,337	3,630,867	3,735,318	3,842,773	3,953,320
Revenue														
Proceeds	-	-	25,750,778	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	748,792	476,716	339,023	291,241	242,085	161,344	98,691	101,530	104,451	107,455	110,547	113,727
Available	-	-	26,499,570	26,976,287	13,035,976	11,327,218	9,569,302	7,730,646	3,529,337	3,630,867	3,735,318	3,842,773	3,953,320	4,067,047
Expenses														
Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right-of-Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plan It	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Build It	-	-	-	14,279,334	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
Total Expense	-	-	-	14,279,334	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
Ending Balance	-	-	26,499,570	12,696,953	11,035,976	9,327,218	7,569,302	3,430,646	3,529,337	3,630,867	3,735,318	3,842,773	3,953,320	4,067,047
Letting	-	-	8,279,334	-	2,000,000	2,000,000	2,000,000	4,300,000	-	-	-	-	-	-
Project Conversions	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Specific projects that will fully utilize this funding have not been identified. As projects are identified, the timing of letting amounts and resulting expenditures may change.

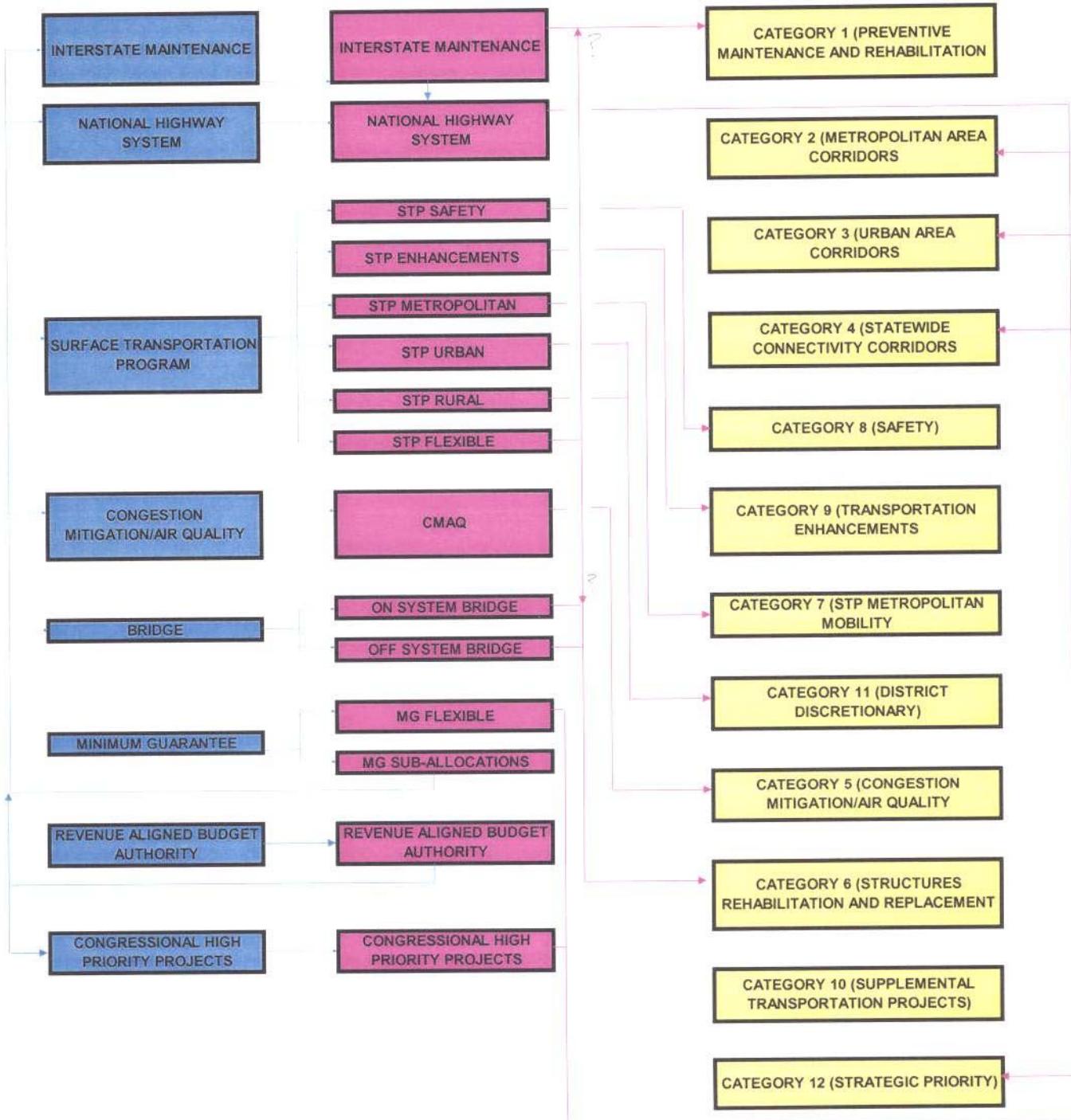
PROJECT DEVELOPMENT PROCESS

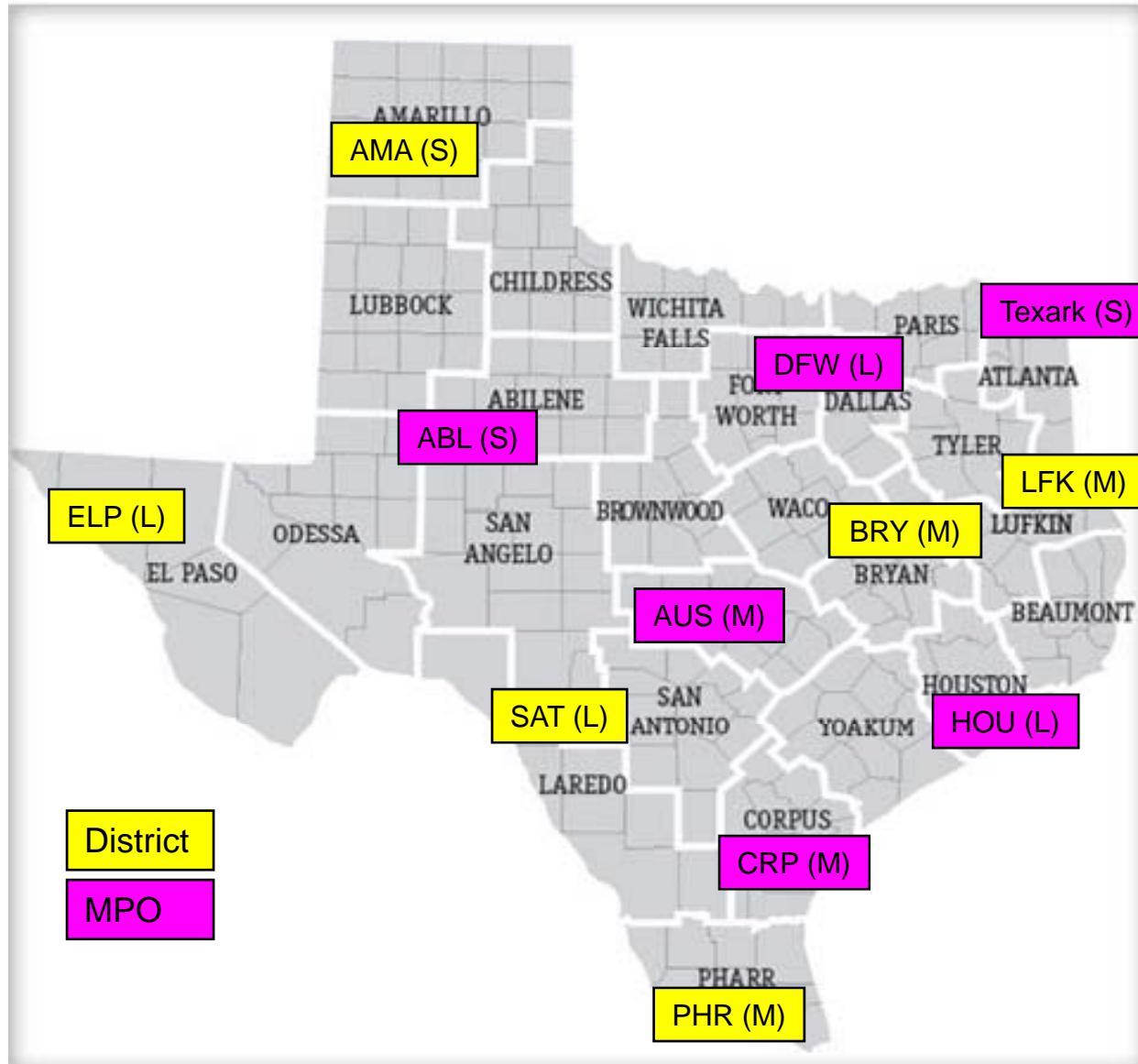


* Non-Attainment

** Attainment

CATEGORIES AND FUNDING SOURCES





Work Group Membership Locations

ATTACHMENT H

UTP Work Group Members Addresses MPOs and Districts

Fn=C:/UTP/UTP work group addresses 2.03.09

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ATTACHMENT H

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Project Selection Process

David Plutowski, P.E.
TxDOT – FIN Division
February 17, 2009

1

12 State Funding Categories

- Category 1 - Preventive Maintenance & Rehabilitation
- Category 2 – Metropolitan Area (TMA) Corridor Projects
- Category 3 – Urban Area (Non-TMA) Corridor Projects
- Category 4 – Statewide Connectivity Corridor Projects
- Category 5 – Congestion Mitigation & Air Quality Improvement
- Category 6 - Structures Replacement & Rehabilitation
- Category 7 – Metropolitan Mobility & Rehabilitation
- Category 8 – Safety
- Category 9 – Transportation Enhancements
- Category 10 – Supplemental Transportation Projects
- Category 11 – District Discretionary
- Category 12 – Strategic Priority

2

12 State Funding Categories

FUNDING CATEGORIES AND PROJECT SELECTION METHODS			
FUNDING CATEGORY	STARTING POINT	PROJECT SELECTION	USUAL FUNDING PARTICIPATION
PRESERVATION AND SAFETY PROGRAM	1 - Preventive Maintenance and Rehabilitation	TxDOT District	Projects selected by Districts. Commission allocates funds through Allocation Program.
	6 - Bridges	TxDOT District	Projects selected by the Bridge Division as a statewide program based on HBP and RGS program eligibility. Commission allocates funds through Allocation Program.
	8 - Safety	TxDOT District	Projects selected statewide by federally mandated safety indices and prioritized listing. Commission allocates funds through Statewide Allocation Program. Projects selected and approved by commission on a priority basis for General Safe Routes to School Program and Safety Bond Program.
	2 - Metropolitan Area Corridor Projects	TxDOT District	Projects selected by MPOs in consultation with TxDOT. Commission allocates funds through Allocation Program.
	3 - Urban Area Corridor Projects	TxDOT District	Projects selected by MPOs in consultation with TxDOT. Commission allocates funds through Allocation Program.
	4 - Statewide Connectivity Corridor Projects	TxDOT District	Projects selected by commission based on corridor ranking. Project total costs cannot exceed \$100 million. Commission approves statewide allocation.
	5 - Climate Mitigation and Air Quality Improvement	TxDOT District	Projects selected by commission in coordination with TxDOT and funded by District's Allocation Program. Commission allocates money based on population percentage within areas failing to meet air quality standards.
	7 - Metropolitan Mobility/Rehabilitation	TxDOT District	Projects selected by MPOs in consultation with TxDOT and funded by District's Allocation Program. Commission allocates money based on population.
	8 - Transportation Enhancements	TxDOT District	Local entities make recommendations and a TxDOT committee reviews them. Projects selected and approved by commission on a priority basis. Projects in the Safety Rest Area Program are selected by the Maintenance Division.
	10 - Supplemental Transportation Programs	TxDOT District, Texas Parks, Texas Parks and Wildlife Department, Office of General Allocation	Projects selected statewide by Traffic Operations Division or Texas Parks and Wildlife Department, local projects selected by district. Commission allocated funds to districts or approves participation in federal programs with allocation formulas. Coordinated Border Infrastructure Program funds are allocated to districts according to the federal formula.
	11 - District Discretionary	TxDOT District	Projects selected by districts. Commission allocates funds through Allocation Program.
	12 - Strategic Priority	Commission	Commission selects projects which generally promote economic opportunity, increase efficiency on military deployment routes or to retain military assets in response to the federal military base realignment and closure report, or maintain the ability to respond to both man-made and natural emergencies. Also, the Commission approves pass-through financing projects in order to help local communities address their transportation needs.

Selected projects shall support the department's goals and are subject to commission approval.

Preservation Programs

Safety Program

Mobility Programs

Supplemental Programs

3

Category 1 - Preventive Maintenance and Rehabilitation

Allocations are approved by the commission. Districts receive PM & Rehab allocations based on the following formulas:

Preventive Maintenance:

3 basic criteria are weighted by %. A total allocation % is calculated by district: 98% directed toward roadway maintenance & 2% directed toward bridge maintenance.

- 65% PM needs
- 33% Pace Factor
- 2% Square footage of on system bridge deck

Rehabilitation:

- 32.5% 3-Year Average Lane - Miles of pavement distress scores < 70
- 20% Vehicle miles traveled per lane mile (On system)
- 32.5% Equivalent Single Axle Load Miles (On & Off system & Interstate)
- 15% Pace Factor

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ATTACHMENT I

Category 2 - Metropolitan Area (TMA) Corridor Projects	
	<p>Mobility & added capacity projects within a Transportation Management Area (TMA) must have concurrence & support of Metropolitan Planning Organization (MPO).</p> <ul style="list-style-type: none">– 2004-2007 UTP Funding Formula<ul style="list-style-type: none">■ 32.50 % Total vehicle miles traveled (on & off system)■ 22.19 % Population■ 16.88 % Lane miles (on system)■ 14.06 % Vehicle miles traveled (trucks only)■ 6.88 % Percentage of population below the federal poverty level■ 6.56 % Fatal and incapacitating crashes■ 0.94% Centerline Miles– Future/Additional Funding Formula<ul style="list-style-type: none">■ 30.00 % Total vehicle miles traveled (on & off system)■ 17.00 % Population■ 10.00 % Lane miles (on system)■ 14.00 % Vehicle miles traveled (trucks only)■ 7.00 % Percentage of population below the federal poverty level■ 7.00 % Fatal and incapacitating crashes■ 15.00% Congestion

5

Category 3 - Urban Area (Non-TMA) Corridor Projects	
	<p>Mobility & added capacity projects must have the concurrence and support of the Urban Area (Non-TMA) MPOs.</p> <ul style="list-style-type: none">– 2004-2007 UTP Funding Formula<ul style="list-style-type: none">■ 21.90% Total vehicle miles traveled (on and off the state highway system)■ 26.40% Population■ 11.10% Lane miles (on system)■ 6.60% Centerline miles (on system)■ 14.70% Vehicle miles traveled (trucks only)■ 8.60% Percentage of population below the federal poverty level■ 10.70% Fatal and incapacitating crashes– Future/Additional Funding Formula<ul style="list-style-type: none">■ 20.00% Total vehicle miles traveled (on and off the state highway system)■ 25.00% Population■ 8.00% Lane miles (on system)■ 8.00% Centerline miles (on system)■ 15.00% Vehicle miles traveled (trucks only)■ 4.00% Percentage of population below the federal poverty level■ 10.00% Fatal and incapacitating crashes

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Category 4 - Statewide Connectivity Corridor Projects	
	<p>Mobility & added capacity projects on major state highway system corridors which provide statewide connectivity between urban areas and corridors.</p> <ul style="list-style-type: none">- Composed of a highway connectivity network which includes:<ul style="list-style-type: none">■ Texas Trunk System■ NHS■ connections from Texas Trunk System or NHS to major ports on international borders or Texas water ports- Selections based on engineering analysis of projects on three corridor types:<ul style="list-style-type: none">■ Mobility Corridors: based on congestion.■ Connectivity Corridors: 2-lane roadways requiring upgrade to 4-lane divided.■ Strategic Corridors: strategic corridor additions to the state highway network. (ex. Ports-to-Plains)

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Category 5 - CMAQ Projects	
	<ul style="list-style-type: none">- Non-attainment area population weighted by air quality severity<ul style="list-style-type: none">■ South East Texas Regional Planning Commission (Beaumont-Port Arthur)■ North Central Texas Council of Governments MPO (Dallas – Ft. Worth)■ El Paso MPO■ Houston-Galveston Area Council MPO

8

	<p style="text-align: center;">Category 6 - Structures</p>
	<ul style="list-style-type: none">– Federal Highway Bridge Program (HBP)<ul style="list-style-type: none">■ Projects selected by the Bridge Division as a statewide program based on Federal Highway Bridge Program eligibility. Commission allocates funds through Allocation Program.– Federal Railroad Grade Separation Program (RGS)<ul style="list-style-type: none">■ Cost-benefit Index for selecting at-grade railroad crossing elimination projects.■ Prioritization Ranking that utilizes vertical clearance and roadway characteristics for selecting replacement or rehabilitation of railroad underpass projects

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	<p style="text-align: center;">Category 7 - Metropolitan Mobility/Rehabilitation Projects</p>
	<ul style="list-style-type: none">– Selections based on Population (2000 Census)– Transportation needs within the 8 TMAs.– Projects selected by the MPOs.

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	Category 8 – Safety
	<ul style="list-style-type: none">– Federal Highway Safety Improvement Program<ul style="list-style-type: none">■ Safety Improvement Index(SII)– Federal Railway - Highway Crossing Program<ul style="list-style-type: none">■ Railroad Crossing Index– Federal Safe Routes to School Program<ul style="list-style-type: none">■ TxDOT staff evaluates for eligibility. The TxDOT Safe Routes to School Committee and/or an advisory committee appointed by the TTC make recommendations.– Federal High Risk Rural Roads<ul style="list-style-type: none">■ Safety Improvement Index (SII)– Safety Bond Program<ul style="list-style-type: none">■ Safety Improvement Index(SII) and roadway safety characteristics

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	Category 9 – Transportation Enhancements
	<ul style="list-style-type: none">– Projects recommended by local government entities– TxDOT staff and FHWA evaluate for eligibility, TEPEC (Transportation Enhancement Program Evaluation Committee) make recommendations to TTC.– Also includes Safety Rest Area Program

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ATTACHMENT I

	Category 10 – Supplemental Transportation Projects
	<ul style="list-style-type: none">– Construction Landscape Programs– State Park Roads– Railroad Grade Crossing Replanking Program– Railroad Signal Maintenance Program– Landscape Cost Sharing Program– Landscape Incentive Awards Program– Curb Ramp Program– Green Ribbon Landscape Improvement Program– Coordinated Border Infrastructure Program– Federal programs such as Forest Highways, Indian Reservation Highways, Federal Lands Highways, Ferry Boat Discretionary and Congressional High Priority Projects.

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	Category 11 – District Discretionary Projects
	<ul style="list-style-type: none">– Allocation Formula<ul style="list-style-type: none">■ 70% On-system vehicle miles traveled■ 20% On-system lane miles■ 10% Annual truck vehicle miles traveled– Projects selected at the district's discretion

14

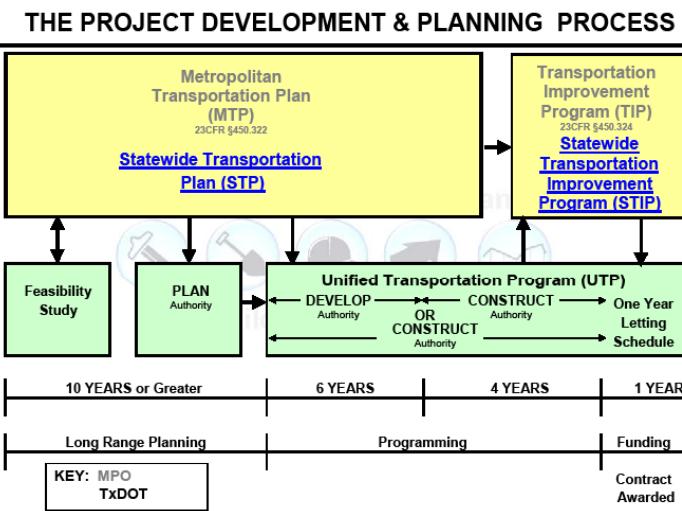
	Category 12 – Strategic Priority Projects
	<ul style="list-style-type: none">– Commission selects projects which generally:<ul style="list-style-type: none">■ promote economic opportunity■ increase efficiency on military deployment routes■ to retain military assets in response to the federal military base realignment and closure report■ maintain the ability to respond to both man-made and natural emergencies.■ Pass-through financing projects in order to help local communities address their transportation needs.

15

	Program Types
	<ul style="list-style-type: none">■ Allocation Program – Cat. 1, 5, 7-11■ Allocation Program with Listing of projects<ul style="list-style-type: none">– Cat. 2, 3 & 6■ Project Specific / Discretionary Program<ul style="list-style-type: none">– Cat. 4 & 12 (some Cat. 10, Congressional High Priority Projects)

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Programming Authority



Summary

- 12 State categories of funding
- Allocation vs. project specific
- Programming Authority

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Where to Get More Information

- http://www.txdot.gov/project_information/unified_transportation.htm
 - Includes UTP and Project Selection Process brochure and video
- FIN - Programming & Scheduling Section

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Questions?

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Attachment C
to the Final Report:

Meeting #2 Notes, March 9-10, 2009

UTP Work Group Meeting Notes

Tuesday, March 10, 2009

**Jody Ellington
Dan Lamers
Dale Booth
Bob Appleton
Clay Smith
Tom Niskala**

**Robert Allen
Alan Clark
Brad McCaleb
Joe Cantalupo
Eduardo Calvo
Jack Foster**

**Todd Carlson
Carol Court
Montie Wade
Wayne Wells
Lanny Wadle
Phil Russell**

List of Attachments referenced during the meetings:

A – Meeting Agenda for 3/10/09

B - Wade PPT Presentation (2/17/09)

C - PDP Flowchart (white board)

D - Wadle Finance Cash Flow Handout

E - Planning Funnel

F - TxDOT Planning Charts

G - UTP Category Chart

H - Workgroup Membership Map

I - Work Group List

J - David Plutowski PPT Presentation

(to be presented at future meeting date)

With the exception of item A, no attachments are included here. The rest were included with the notes from 2/17-18/2009.

M.Wade - Opened meeting, introduced the Agenda, and began a review of the main topics from the 2/17-18/09 meeting.

Copies of the Agenda and the PDP Flowchart (produced by Tom Niskala from white board drawing developed during 2/17-18/09 work group meeting) were handed out.

M.Wade - Eduardo Calvo will be here after 9:30 this morning, and will present the research he has done on performance measures (PMs). If we are going to meet all the challenges we have covered, we will probably have to divide into sub-work groups set up to do research outside the group meetings. Would anyone be willing to work with Ed on the PMs?

B.McCaleb - There may not be a lot out there on PMs. I think there are more PMs on construction, maintenance and facilities than on the planning process. It will require a long-term commitment from the Commission if they want to go in this direction. Do they want a package to present to legislature?

M.Wade – The Department tried to do this in the area of ride-ability and maintenance. It was a good goal until we didn't have the money; then the level of performance dropped off too. They

tried to move their efforts to mobility and that didn't work either. Having the Stimulus money has brought the issue back up.

Unknown - PMs are not planning?

T.Niskala - Amadeo presented an idea [on PMs] before he became director, but did that ever go anywhere?

J.Ellington - There is only one existing well-defined PM, and that is on maintenance and bridge classifications.

J.Cantalupo - What are we measuring the performance of?

M.Wade - Planning and programming.

J.Cantalupo - We should know what our goal is before we take action. Are we going to measure the outcome; or are we going to measure the outputs? I have no clear idea what we're measuring.

M.Wade - That is what we're trying to determine. We want all these things tied together, top to bottom and bottom to top. We need to work on things in parallel to be able to address everything we need to focus on. Work will have to be done outside the group meetings.

Lanny Wadle is here to talk about the lack of understanding of the legislative budget approval process that occurs every two years. How does that tie to federal appropriations and the amount of money available for letting?

L.Wadle - LAR beginning: Session started in January by 10 and 11. The LAR was submitted in August 2008 and we have to start building the budget 1-1/2 years before the biennium starts. The LAR is based on projections at the time (Jan-Mar of last year). They ask the district and division how much money they need. We have to be fiscally constrained on this. We put together the amount of money we thought we had in revenue including all the diversions.

T.Niskala – What about federal reimbursements?

L.Wadle – Yes, we came up with a baseline of the revenue we think we have. Over and above that we put in added capacity that industry could handle. It shows the gap between needs and what industry will tolerate--between Prop 14 and what industry can handle--based on what our expected federal funds would be and on all our strategies. Between the start in March, and the due date in August, several forecasts are made during the process.

A.Clark - You talked to industry?

L.Wadle – **John Barton** went to them and discussed it to see how much construction they could handle in the next three years.

A.Clark - Is that because we have never had a situation where we had more work than the industry could handle?

L.Wadle – This is the first time we've done this. We've always requested funds as we thought available to be fiscally responsible. But we were chastised for not asking for what we needed. *Sen. Ogden* said, "We gave you what you asked for, why are you short?"

M.Wade – I am supposing that, if you exceed the letting capacity of the locals, you will get higher bids from outside. What does that do to inflation?

A.Clark - I understand, I just didn't understand if there was a legislative origin.

L.Wadle – There was legislative origin, but we also want to be responsible.

T.Niskala – How will this be dealt with for 2013?

L.Wadle – It's tough, we'll do our best cash forecast right thru 2019. We typically use forecasts to drive the legislative authority request (LAR). We look at what motor fuel tax (MFT) is and adjust that to a dollar figure. We reduce that by federal take-offs and guarantees. Guaranteed at 95.2 percent, we take off research, SPR, etc. and this is what we have available for construction. Nobody knows how to project MFT right now, but we have dropped ours quite a bit. Growth dropped also. We have a better figure for 2009, maybe 2010, but who knows for 2019? That's the "cone of confidence." You use what you have.

J.Cantalupo - You talked about diversions and you assumed they were going to end?

L.Wadle - But it hasn't happened yet.

J.Cantalupo - What makes you think that, and what does it mean?

L.Wadle – There have been indications from legislative bodies that it will be done to cover Prop 14. We took that "tea leaf" [indication] and ran. That was a "feeling" that we got from the feds. What we got was almost just the opposite. We're backtracking on that right now. They were saying we'd have an 8 billion dollar shortfall, so we were not expecting to have a surplus because of the stimulus.

Prop 12 general revenue (GR) is going to pay debt service. The legislature only looks at two years. They don't look at costs in 10 years for what they do now. If we issue bonds in 2010 it may not cost anything in 2011-2012. That may come back and bite us.

L.Wadle – If you were 1 percent off who cares? But what would they do with diversions that are more important?

L.Wadle – You base your dialogue with legislature on what you can do in terms of your level of investment, etc. But your budget may come out of a model that doesn't work. A lot of what

happens has to do with what the legislature does. Actions external to the state have revenues added.

L.Wadle – Are there mechanisms that allow you to accommodate all those things?

L.Wadle – We do have a forecast, with a starting and ending point that look nothing alike. Is there any room for adjustments? Yes. In the past we could make adjustments without approval. This year we had to ask for approval to make any adjustments. They are federal funds, so we just have to notify them. We have the ability to adjust but sometimes it's a little restricted. Sometimes we don't get approval or even a response if it's really small. Yes, we have to get approval.

B.McCaleb - Have you made projections to the point that the Department has no money except to pay their debts? Say the funding was cut in half?

L.Wadle - Right now we can match federal funds. We can pay debt service. There is not a gap, and there is no state funding that can be converted to match.

B.McCaleb - So the analysis that was done on paying off these notes, was there assumption on that?

L.Wadle - There is a slight growth in what we get.

D.Lamers - TEA-21 and SAFETEA-LU drew down the trust fund.

L.Wadle - We're in sync now with what we're putting in and what we're getting out (MFT and growth)

B.McCaleb - If we've drawn down the trust fund, what do we do now? How do we know there will be cash flow to pay bonds in the future?

L.Wadle - The only thing we have to pay the bonds is state money, and it's earmarked in the budget.

B.McCaleb - We're drawing money right now and putting off payment?

L.Wadle - Prop 12 isn't coming out of Highway funds. Prop 14 is, but it's budgeted.

J.Cantalupo - What if Brad is wrong? Our assumption is that if the new Federal Surface Transportation (FST) Act doesn't match the money, we may not be able to fill the gap with state money or match requirements. What if there are fewer programs aimed at the larger part of the system and matching is more than 20 percent? Unless something gets done with general revenue, getting rid of diversions doesn't make sense. Then we have a 500 million dollar hole.

L.Wadle - We've created our own problem because we sold 6 million dollars in Prop 14 funds.

J.Cantalupo – It's not just the pay-off, we've taken away flexibility.

B.McCaleb - We use bond money for maintenance, using up all future funds.

A.Clark - we won't turn away money, but will have to use it differently. It just makes the management a problem. We'll have to find other sources of revenue, like tolls, but they will be in urban areas. Does the State have any interest in scenario development? It could play out consequences in a policy context. If we don't, what are the other outcomes? We have to find a way to explain what those consequences are.

L.Wadle - The chairman was saying we wouldn't go out with money we didn't have. They ended diversions, but it will cost more in the long run, or broke even because what they take away washed what we got.

B.McCaleb - We know we lose 25 percent to education.

A.Clark - the problem is that legislature finds ways to spend on other budget items. How much tax revenue is needed to pay for needs? If legislature doesn't do that, then locals must. Some states are going there, not because they want to but because they have no choice. Otherwise they can't maintain what they have.

B.McCaleb - Alaska is another example of strategies-constrained needs. Privatizing roads transfers the cost, but doesn't solve the issue.

L.Wadle - That just shifts the burden.

A.Clark - How could this process be better and different? Should there be a longer window? Should they be required to think beyond two years?

L.Wadle - Yes, we've told them that. We explained that what they appropriate in 2010 and 2011 is for projects we've already committed and let.

B.McCaleb - Problem is with elected officials. It's hard to get them to look at long term issues.

A.Clark - No one makes adequate allowances for long-range responsibilities Even short-term borrowing was rare until recently. We need to think of a fiscal planning program that goes beyond the biennium. We have to acknowledge the need for other revenue.

L.Wadle - We say all this through the cash forecast. We try to use the verbiage to do this.

A.Clark - Does anyone besides TxDOT deal with this?

L.Wadle - I'm not familiar with a lot of agencies that have their own fund.

D.Lamers - How long is our cash forecast (CF), and does the legislature look at that? It would be nice if the legislature looked at 10 years. That would be great, but they're not going to.

B.Appleton - If we used scenarios, like Alan said, that might help. Say we had three scenarios in CF and the UTP, and the project list was looked at through that lens.

D.Lamers - We could take our flowchart funnel idea to them as a UTP, with broader scenarios (cone of uncertainty). The Department has done its job letting the public know likely scenarios.

J.Cantalupo - We should not wait until we are asked for this. Unless the public understands, we are not going to get any support for this and proposing it to the federal government.

T.Niskala - the Sunset Commission has asked for this.

C.Smith - Doesn't the JACK model look at a lot of this, such as the various scenarios for revenue outcome?

L.Wadle - I'm sort of familiar with it, but two things are unrealistic: first, whatever is let is paid for that year; and revenue is considerably higher than what is in the forecast.

D.Lamers - But getting back to our flowchart, our cone is very narrow.

L.Wadle - The further out you get, the more uncertain the forecast.

D.Lamers – The JACK model doesn't start at a narrow point, it allows for a broader scope of scenarios, but it is for planning not budgeting. Budgeting needs to start at a narrower point. With budgeting, we can't have list of projects because that leads to over-programming. We have to come up with a structure that includes policy decisions, etc. We have to make clear the purpose of forecasts.

M.Wade - Steve Simmons asked us to tie all this into one forecasting system. But the variability of the range ...

D.Lamers - What are we trying to measure? This is getting at it, that are we narrowing the gap in the ranges.

T.Niskala – I want to discuss how you develop a finance forecast and still have a letting schedule.

L.Wadle - We do a forecast of that.

T.Niskala - What is the time frame? Is it annual?

L.Wadle - We were modifying every ninth ____ for letting. In the last year, we're not changing the letting, we're allowing the balance to change. We had no way of smoothing the balance in

the past. Recently, with commercial paper borrowing capability, we can adjust our borrowing so we can keep our letting schedule the same. At most we will revise quarterly, preferably at six months. From 2010 on out has not changed at all. 2009 changed at 6 months. Typically we're under, and doing well in 2009. We allow some flexibility, keeping in mind that any adjustments over or under are accounted for.

J.Cantalupo - Why are we doing better?

W.Wells - Because there are lower bids.

B.McCaleb - Using commercial paper, what is the impact of inflation?

L.Wadle - Its all short term-90 days typically. We had some tightening when the financial problems started. It's usually around 5-6 percent interest. We pay it off in chunks and pay off as much as possible every week.

B.McCaleb - Do those interest costs for payroll get added to payroll or letting? At the end of year, where does it go?

L.Wadle - It has to be borrowed for capital expenditures. It cannot be used to pay salaries. It's a timing thing. We try to not borrow until we need the money in the account.

B.McCaleb - At the national level, I have read that we have trouble selling treasuries. But with the stimulus we have the potential for higher inflation. If we get caught in a down cycle, how does that affect the overall department operations?

L.Wadle - We have a cap at 5 million dollars. We have a goal of being commercial paper debt-free this year. We're having a hard time finding funding to do that because it has all dried up. It may take us 2-3 years longer than anticipated.

A.Clark - The letting process makes things difficult for MPOs. We like to think the money is sitting somewhere waiting when we have programming schedules, based on what the Department tells us. But the projects don't get let and are then only available for letting through funds for future years. The programming and letting schedules are out of sync, so we have to eliminate or push back projects. It has seemed like a moratorium for the past few years.

The other problem is that our local officials are completely befuddled. They don't understand how money hasn't changed but the money isn't there to let, even though funds are sub-allocated. If it is a cash flow issue, why can't we take funds from somewhere else? We are told there is not money to move, so the funds we are told we have are not there.

One consequence is that we've lost our federal funding for the last 3 years. It's hard to explain that the State didn't have the money allocated. I'm at the stage where I want the Policy Committee to adopt a process to program money for projects. The districts don't understand themselves how this is happening and, if they do, they don't have the time or staff to explain to

all the people involved. I know you probably don't understand the consequences that occur downstream. We have to have specialization for people to deal with various phases.

L.Wadle - This is all new to me. This is a first opportunity for me to meet with you and learn about these processes (STIPs and TIPs).

A.Clark - I appreciate what you are trying to do. We've been accustomed to a lot of stability and a steady growth.

L.Wadle - As long as people get what they need, they are happy and don't question.

A.Clark - We have a long front-end to get projects ready to go. It's hard to move that back to the end of the line. But this painful realization may be necessary for this situation to become a reality for some people. How can we get beyond the biennium, so that we can make better forecasting decisions? I'm no longer optimistic that this legislative session is going to solve the financial problems.

J.Cantalupo Alan raised an important point. We plan and program at MPOs based on "theory." You guys are dealing more with reality (cash shortfalls, etc). For instance, the letting schedules, I understand the State's decisions, but we cannot explain this to local officials. This process helps us understand the unique problems of each other.

A.Clark - These two jobs are critical, and how they work together is vital. How can we ever afford large projects?

J.Cantalupo - We keep talking about having a financial projection tool, but we have not discussed in detail what we need to get out of this process. Part of it is an understanding of what goes into the financial decisions. But it's still a shot in the dark, and impossible to explain. What do each of us need to get from this process?

A.Clark - Do we need to hear what we all need, or hear what JACK can tell us?

E.Calvo - We need to look at the entire thing, which is very complicated. I agree that when we talk about letting and explaining what didn't get let, it's because TxDOT's process is complicated. These complicated processes to manage cash flow are necessary but difficult if not impossible to explain. We all have to do a better job of explaining and understanding the process.

M.Wade - Let's try to summarize and identify legislative issues. What about more than just a 2-year outlook? Can this be mandated?

L.Wadle - I don't know if you can mandate this.

T.Niskala - Do they [legislature] look at and comment on or react to your forecasts? Maybe that indicates the language needed.

L.Wadle - You all have to explain to people, and legislature has the same problem.

T.Niskala - Were there no fiscal notes on the proposition funds?

L.Wadle - I'm sure there were.

M.Wade - We were trying to indentify how the state budget affects our TxDOT programs. Is there a restriction to accomplish what you need to do in the 1-year letting or the STIPs and TIPS?

L.Wadle - Cash flow can tell us if there will be funds to pay for projects, so we will put them in the plan and ask for funds to construct.

T.Niskala – The LAR would be interesting to look at.

L.Wadle - It's on our website, email me if you cannot find it. It is 500 pages long, and starts with the Administrative Statement.

B.McCaleb – The problem with legislature and the Department is reminding them of mistakes made in the past. Is there a report or anything given to legislature that explains that there are good reasons to have built earlier vs. later, and the financial benefits as well as usage?

L.Wadle – No, it's not being done, but I think it would be good to do. Do you sort of do that in your projections: mobility, congestion, revenue (commercial, residential etc.) AQ, etc? [Basically, view the cost as an Investment.]
I can tell you that, if you want someone to read your plan, make it about two pages long.

D.Booth - Boiling down and distilling planning documents is a good direction for this group.

BREAK

M.Wade - Quick review of Wade presentation,

- Slide 4: Goal 1 is to tie all these documents together.
- Identify the gap between “vision” level and programming.

T.Niskala, D.Booth, and B.McCaleb all agree that [the current] UTP was not helpful and could be done away with and replaced with a more useful process and documents.

M.Wade - Would it have been beneficial if it had accurate forecasting?

T.Niskala – Maybe if it were part of the MTP.

A.Clark - It identifies levels of performance using short term tools, for which they are not suited. A vision document is the broadest view, and cannot utilize forecasting.

M.Wade – Some of you have stated that the TUMP and TMMP are not useful as written. But I will probably ask one or two people here to try looking at things that could be improved.

R.Allen - The problems weren't with mobility, but with long-term maintenance. We looked at it and realized it was significantly more money than we would ever realistically receive, even if we didn't put another dollar on mobility. This was useful to us to know.

- Goal 1
- Goal 2-flowchart
- Strategies
- Charge

Possible Action Steps

- One document will not fill all needs everywhere
- You can make recommendations

Timeline Recommendations

- 8 months is not realistic for the current process

What have we concluded so far? (Agenda Item 6)

M.Wade – I suggest a possible interim or progress report by June in order for the Department to respond to the Sunset Report.

T.Niskala – The idea of legislature looking at 2-year budget is limiting. Inter-department has a Financial Planning Group (FPG) and we could make recommendations/presentations to them.

M.Wade – Don't be surprised if we wind up meeting more often in order to meet the request of the Department.

A.Clark - Given the legislative requirements of TxDOT, it would be helpful to get some direction or timeline from someone like Steve Simmons. Define some intermediate points for us to aim for.

E.Calvo - We were told we have a clean slate and there were no rules or preconceived notions.

M.Wade - I thought you had agreed that we could get by with three funding categories instead of 12. You had agreed that too many buckets of funds complicate the process. Previously mentioned were three categories: Preservation, Mobility and Other.

A.Clark - I try hard not to make decisions if not on a level playing field. This means expanding the planning field so the process isn't so divided up. We need to focus on the decision making process, not defining where authorities lie. Take down the idea that only certain decisions can be made by certain people. For instance, the idea that local money can't be used on state projects (tolls). If we reinvent the process, stop thinking about decision making associated with the

category of dollars. We don't tell our districts what roads to maintain, that's their expertise. Funding categories going away is good.

E.Calvo - In terms of transparency, it would help to get rid of so many categories.

T.Niskala - Going back to the Highway Bill, we have to make sure we don't have problems.

W.Wells - You could have three funding categories on the State side, but behind the scenes, we're going to still have to track the funds by category.

A.Clark - We need to be able to just focus on projects. On the other hand, if we understand what you are up against in cash management, maybe we can do things to make your job easier.

D.Booth - I suggest we think of reducing the categories as just a means of simplifying the process and making it easier to understand and more transparent.

M.Wade - I think it would give you more flexibility.

W.Wells - But the number of categories is just a symptom.

C.Smith - With policy board members, we have had a shift in how projects are defined. Sometimes we think TxDOT selected these projects, especially when there are problems. We have to remind ourselves that is not the case. The Policy Board identified them, and they are our projects. If we are using local funds, should the Commission have to approve what the Policy Board already did?

A.Clark – It's foot-shooting. For instance, under safety and enhancement projects, we rejected 70 million dollars in safety projects because they didn't have local support yet. There is no way to re-scope and make it pleasing to everyone. Enhancements are just the opposite. We shouldn't have a decision making process based on funding level, but rather on the definition of goals, needs, PMs, etc.

B.Appleton - Because of the lead time on mobility projects (urban or rural), I'd like to see documentation justifying that a project is the right thing to do at that moment, and that it has support-public, department, etc. The PDP and etc. approved projects that never should have been approved (a lot of the list is a wish list).

W.Wells – That is gold to my ears to hear a district say they need to be more careful in what they ask for.

B.Appleton - We'll go beg for 11PA and it won't go anywhere. Is that real money? When I first got into planning, TxDOT did not spend funds on anything but construction. But that isn't the case anymore.

W.Wells – I don't understand how districts ask for PA [?] funds.

C.Smith - Sometimes the 48 thousand dollars is used to keep from spending millions-it is used to determine the feasibility of a project.

J.Cantalupo - The 48 thousand is not in any document. It is in FIMS.

B.McCaleb - All the money in our MPO is to keep federal money available.

M.Wade - Back on the timeline, do you think we will be in a position after the next meeting, to pick individuals to draft elements of a preliminary report?

W.Wells - Do you feel the need to have Administration come back and answer questions?

T.Niskala - As Alan said we need to narrow our focus and we need direction from Administration.

A.Clark - I don't think we have a refined enough idea yet. The puzzle is just beginning to make sense to us, but we can't explain it yet. It isn't transparent or understandable. We want a process consistent with the best financial estimates. It needs to be good in the short term, with variation based on scenarios. We don't want to drop too much detail on them just yet. We can tell them that we do think processes need to be linked together.

M.Wade reviewed slide 12

D.Lamers - I think we can give TxDOT a progress report, in words, so they know we are headed in the right direction.

J.Cantalupo - I agree with Alan, it would help for them to give us some markers to focus on.

B.McCaleb – I agree, as long as they don't give us an unrealistic expectation.

E.Calvo - Performance measures (PMs)(based on research project by Joe Zietsman, TTI - 5541 Dev Sust Perf Measure for TxDOT Strategic...)

- Initial comments (esp *J.Barton*) from TxDOT
- They came up with PMs, and ways to quantify the benefits.
- Evaluate projects before and after according to their benefits as far as AQ, congestion relief, etc.

M.Wade read John Barton's quote (Agenda item 4)

B.Appleton - One school of thought is that some PMs are used to prioritize projects and others are used to evaluate the process. I don't know how far that has gotten in other states. In Virginia, is it measuring the shame of the areas that don't have projects? Or, are they looking at the areas that are producing and giving them more funds as a reward, taking it away from areas that haven't produced?

B.McCaleb - Is there an actual reward here to strive for?

T.Carlson – Do I suffer or am I punished because I’m waiting for TxDOT or someone to come up with money to build my projects?

M.Wade - You almost have to think of PMs as a rating system. Did you pass or fail to reach the goal which you set for yourself?

J.Cantalupo - What test are you taking?

C.Smith - You don’t want to reward those who are ineffective, giving more money to areas that don’t actually meet their goals of improvement.

J.Cantalupo - What are we measuring? Are we measuring the planning process as an ideal or are we measuring the outcomes? Are we going to use PMs as a weapon or a tool? We shouldn’t be using it to allocate funds, but to make the most effective use of funds. Develop a tool as a process to be more effective or a weapon to move funds from place to place. PMs can be mis-scaled. If we want to improve effectiveness, we need to decide what to measure

M.Wade - Todd can see what other states are doing (Joe suggests New Jersey and Delaware)(Wade-Virginia & North Carolina)(Other possible states to check out are Michigan, Colorado, Minnesota, Pennsylvania and Massachusetts).

LUNCH

Looking at flowchart

A.Clark - How does the UTP relate to the process? Along the time line, we need a month-to-month point estimate. It’s hard to tie the process to a financial forecast.

Unknown - The timeframe of two plus ten. A 10-year period has greater uncertainty. In the mid-range, things need to be more informative and articulated to promote better decision making. We don’t want to study all at once, that is not productive. The state process has largely focused on toll financing, etc. I’m not sure the state model incorporates metro focus. The state forecast is a good start but doesn’t look at the kinds of things metro forecasts need to look at. For example, if doors open to Dallas to have revenue-raising processes...

W.Wells - The forecast (internal) has historical local funding contributions included. (That Lanny handed out).

A.Clark - But what we have just calls those funds “local.” Are they bonds, etc? We need more detail, not a place holder term. We need to be able to share information (“local” means local roads too).

E.Calvo - Local contributions are local. TxDOT needs to take that into consideration. But looking at state forecasting, I'll be happy if it's done at a consistent level. Part of the issue with coming up with realistic expectations, is the temptation to blow up traditional funds. As long as they come from the same place, it is helpful. Local funds are local and you would know what they are.

A.Clark - I don't know that a TxDOT person would be able to look at it and know where those are coming from and how to calculate them [in our best interest]. If it's further out, it is even more conceptual. We need to be more specific so everyone is on the same page. If it is a forecast beyond five years, I don't know what "local funds" refers to.

M.Wade - When we worked with Finance on the forecasting system, the goal was to improve on Fund 6 and bring in two more parallel areas of tolls and bonds. I don't remember local funding ever getting included

W.Wells - I don't remember either, but historically there have been local dollar amounts included.

A.Clark - The idea of having the appropriate amount of funding forecasted is one of the things we need to focus on. We were thinking maybe that window is too wide and we have way too many projects than can be implemented.

Unknown - With respect to phasing and getting projects into the process...

T.Niskala - Reinforces the issue of cash forecasting driving the letting schedule. If we could, we should separate them so that they run parallel. As the cone points out, the dashed lines show the MPO responsibility runs parallel to forecasting which comes from TxDOT.

Unknown - The State looks at primary funding sources.

D.Lamers – Additions to the flow chart

- Baseline that goes up (to right)
- State goes out to dashed lines for scenario planning
- The State does a forecast at cash flow level from bottom up.
- We're looking at doing planning from top down
- Both should meet in the middle
- Hard line between state and local scenarios.
- That line may be pretty fuzzy/flexible because local and TxDOT funding are both accessible.

M.Wade - Can you write this [changes to the flow chart] up so that it can be included in a status report?

A.Clark - Right now it is not a status item, it is just a concept, a starting point for discussion.

Unknown - We also need to talk about the cycle and when things get done. The State may have to develop a baseline every two years. That may not be true, we don't know. We would have to revise estimates of funds for implementation on a regular basis to look at what projects actually cost. First, look into the TIP cycle itself. If it is deviating enough from the baseline, it will have to be incorporated into mid-range plans, etc. If all of sudden the State has less money, it may have to look at downsizing etc.

C.Smith – Graphically/visually looking at the planning cone, it is not linear, projecting out 30 years. Opens up the further out we get, to allow for more planning possibilities. More detail, definition and restriction as it gets closer. It should be more amorphous further out. There shouldn't be a letting date, not even a year, at the far out range. That way people don't grab onto it with concrete expectations

A.Clark – People unfamiliar with transportation don't understand that we cannot have the amount of detail at 30 years that we do at three.

C.Smith - A corridor can be X miles long, and you're looking at a comprehensive picture. As it gets closer, you can start pulling elements out as you can apply some funding to it.

T.Niskala - That does not solve the problem, but you can ban projects out there.

Unknown - At what year does planning level of authority enter?

Unknown – The last ten years

A.Clark - Need to give that some definition. What can I pay for with my planning dollars? It comes in the post-environmental decision. What is the difference between feasibility and PE?

J.Cantalupo – Some MPOs do all their planning through the environmental stage.

C.Smith – Different people have a different idea of “planning.” This can be a communication problem.

M.Wade - What do you want to do the rest of the afternoon and schedule for next meeting? Did you intend to break this chart up into elements and write up something about them? One time we talked about letting schedules as an example. What about communication between districts and MPOs? Separate or individual work groups or stay in this major group?

T.Niskala - We can look at preparation and comments through emails.

T.Carlson – I will do research on what other states are doing in the PM area.

E.Calvo and B.McCaleb may also research to see what other states are doing.

D.Lamers and B.Appleton will help with PMs – specifically, planning and programming.

Chart-identify issues

T.Niskala - TUMP and/or TMMP – I will write up what they are, the pros and cons, stand alone, do we need them?—**B.Appleton, A.Clark** (will draft Ashby Johnson to help) **and C.Smith will help.**

M.Wade - reads excerpts from notes - UTP not multimodal

A.Clark will comment-also not multi-jurisdictional. We're here talking about the State. They have people who work on transit etc. but we have our local side, and it is a different focus. If it isn't, does it need to be from TxDOT's standpoint?

C.Smith - What is its purpose? It needs to be part of our MPO's identification of projects, which is multi-modal. The public doesn't know what the UTP is.

T.Niskala - Multimodal is localized and a lot is identified with freight issues.

M.Wade – It is not financially constrained, and not coordinated with TxDOT and MPOs and audience.

A.Clark – It is not financially constrained from the older paradigm to newer one? Developing planning authority is not a concept we've always had (bank balances, etc.). Don't think there have not been efforts to be coordinated.

B.McCaleb - Did we answer the question, "Do we need a UTP?" What we are looking at now doesn't fit the old definition. The strategic goals are plan it, build it, maintain it, use it and manage it. There is a big disconnect between how the UTP is defined in its own document and how it is referred to in this strategic document. Now there's a lot of overlap and different terminology out there for people to look at. There should be some consistency among all the documents making reference to the UTP and what it actually is. This isn't taking us where we need to be.

T.Niskala - I think it is. We need one document that provides every 2 years and one that doesn't, possibly a list of possible documents/projects.

Unknown – There is not “A UTP,” there are multiple documents that work together and support each other.

M.Wade – **Brad and Tom**, can you write up what the issue is? Try to come up with a statement as to putting everything together. (see Montie's notes)

A.Clark - We did say we did not want the UTP to be a super TIP, and become a straight jacket that restricts us too much. However, we don't need to try to develop every project. We have to be realistic, but not too constrained.

R.Allen - We don't know what we're going to do in years three and four because costs were greater than we expected and we have a backlog. The next time we inspect, other projects may get moved ahead.

M.Wade – That is what state officials said.

D.Lamers - That's not what elected officials heard.

M.Wade - We have not done a good job of keeping the UTP up to date and explaining what it is and how it works to the public. Those projects are funded and will be built, but it may not be in the next four years. We didn't do a good job of keeping that information out there.

C.Smith - When you begin to define the areas of effort on those issues-ROW acquisition, identification, designs, etc., agencies are expending large amounts in these areas.

T.Niskala – It's that level of authority situation.

M.Wade – the financial plan and work projects are not integrated. Regarding projects to be let, bond funds, etc. Dione Albert was focusing on a 1-year letting schedule

T.Niskala – I will cover levels of authority and over-programming

W.Wells will pursue simplifying the process by not having so many categories of funding, and he will discuss Scenario C approved by Commission at the next meeting. **J.Barton** wants a process that is less complicated and more understandable.

Unknown - What is the UTP's current value? We did not do a good job of reevaluating the process (UTP) and we had a severe increase in inflation, overestimation of funding, etc. That is why the UTP was "overly optimistic and unrealistic." These were factors outside the control of the UTP. The only way to address this is with more frequent updates and better forecasting.

A.Clark - We had the UTP before we had constraints defined in the system. We failed to really evaluate the projects we had approved, even when there was no funding. They were untouchable.

J.Cantalupo – The problem with the process is that we have unexpected action by the Commission and there was no way to prepare for or react to it.

A.Clark - We did not do the update on the schedule, and we had crash in economy, then the Commission's decisions.

Unknown - There are still huge uncertainties possible. The Commission could not have seen this coming, but they had been saying we were going to have to face some issues eventually.

M.Wade - I will work on this with Jack

T.Carlson - We're hearing "it's over-programmed," but we're also hearing Dione say a little bit is good (even necessary).

M.Wade - But she's talking about a one-year letting schedule

A.Clark - One thing that is a failure in communication/understanding is costs that we were not taking into account. We were not keeping all the categories of funding in mind. Without all the circumstances that occurred, we would have a much more optimistic outlook on the UTP right now.

J.Ellington – We need an adaptable plan--something that can adapt to changing circumstances without having to go through a lot of time-consuming approval processes.

T.Niskala - Some MPOs have a better process in those terms than others.

J.Ellington and **J.Cantalupo** can work on this. (Research MPOs with a better, more adaptable project selection process.)

Unknown - Stay with established priorities (project selection process required of all MPOs).

B.McCaleb - and **J.Cantalupo** - Is this **local or statewide priorities**? A project knocked out because of environmental issues gets kicked into "Hades" and is no longer related to the rest of the stream. Local and state authorities don't always agree on priorities. How do we reconcile priorities between the various MPOs?

M.Wade and **D.Lamers** - The comment had to do with establishing local priorities and keeping those in the letting stream.

R.Allen – The State has to accept our TIP and all projects.

J.Cantalupo - But that's where we have the issue of the State reordering the projects according to available funds. How much can we do this? What is our area of rights? This needs to be discussed as an issue.

D.Lamers - If I have the option, I may have a project in my region that I want to move ahead, rather than the one that is the most obvious. Give us a chance to at least comment on it.

J.Cantalupo will write something up on this issue (coordination/communication)

B.Appleton - Categories 2 & 3 get moved around at the end of the year.

B.McCaleb - We may have a project not in the STIP, so we have a process to follow to get it included.

J.Cantalupo - The worst thing we can do is not have a change made. We need to be working together, so that we are doing the best job possible to serve the people we work for.

R.Allen - It will help us to be able to at least explain what is happening to our local public and officials.

A.Clark - There is a disconnect between the priorities of locally approved projects and the State's priorities. The process is also not predictable. If I cannot understand why things work the way they do, how can I explain it?

M.Wade – Lets make sure we address how projects are pulled out of the stream when they don't fit the available funding. That is the disconnect you are asking to consider as an issue.

B.McCaleb - That's when we need to understand what the Administration's priorities are so we know what to build up and don't lose any available funding.

J.Cantalupo - The problem is not that projects get pulled out, the problem is that we are not informed and we cannot explain why or how. This puts all of us in a bad situation.

B.McCaleb - Part of what happens in this scenario: A project can't be let and we don't want to lose the funding. They go out and find another project.

M.Wade - They have to pull something else forward that is currently in the STIP and has full authority to replace a project that cannot go.

R.Allen - They can pull anything, even something that is "sitting on the shelf" (as Brad said), even if they took funding from elsewhere. We aren't made aware we have to "pay it back." That was just another example of miscommunication.

A.Clark - It is helpful to know what is going on, and that the Department is not telling the district, "Don't tell your MPOs this." I think people are acting on the information they have and not passing it around. That said, we have too much on the books, and this will likely be the worst TIP we face, because we have to do a lot of housekeeping.

J.Cantalupo - We will be throwing out about 50 percent of our TIP and our MTP. It will take us longer to do an update than to write the plan.

A.Clark - We need to stay more focused on getting back to the real world so our TIPs are more realistic.

M.Wade - Once that is done, do you feel like you will have 90 percent confidence that those projects will get done-even if not in 3 years?

J.Cantalupo - The thing that is killing us is not having the current UTP.

M.Wade – John Barton brought up the issue of corridor preservation, suggesting it as an issue for this group to address. Jack, what are your thoughts about corridor preservation?

J.Foster - We always come back to the argument do we use dollars to preserve corridors and ROW? That's a difficult thought process on how to allocate our resources.

M.Wade – John also said that, if the current law is the problem, you may have to make suggestions for changes.

D.Lamers - That will have to be an outcome when we decide what we're doing.

B.Appleton - A “how we can do this?” document.

T.Niskala - It must be concise: short and sweet and to the point.

B.Appleton - I don't know how the Commission will handle that.

A.Clark - In our regional transportation plan, we color coded it to give people an idea of what we were trying to do. We tried to explain what the colors represented. Red was a placeholder for “problems” that needed to be considered for future attention. I foresee the UTP having to do the same type of thing. Maybe there is some way we can indicate to the public, using the UTP as a communication tool.

M.Wade - Use total project cost as E.Calvo suggested.

E.Calvo - Once we come up with total project cost (TPC), it defines...

W.Wells - It is being tracked by TxDOT

A.Clark - It is difficult for the State to manage so many things and still have accountability.

E.Calvo - TPC could help because it reflects how costs are accounted for.

W.Wells - It gives us the inflation amount for construction (7 categories) it's an information tool established for the Commission and Administration. We don't have to go to several different areas to get this data.

W.Wells - We had TPC and then we had Lump Sum Distribution (LSD) going on at the same time. All related to mobility dollars.

D.Lamers – Where is Lump Sum at this time?

M.Wade – The work group developed recommendations and prepared a report. The report was furnished to TxDOT Administration. We have not heard of what consideration is being given or whether it is going to the Commission. Lump Sum is somewhere with the Administration.

W.Wells - Amadeo thought there should not be percentages for ROW, etc. so we may not ever hear anything else of LSD. There was some good research that was done on this. Overall percentages were good, but not on individual projects. But I have to agree with Amadeo.

Unknown - There's no binding recommendation that came out of that.

Several comments on importance of priority based projects...in M.Wade's notes

A.Clark - They are all PDPs in the beginning. If you don't get it done, it competes against what funding is left in your TIP. It should force us to take things out of the TIP that aren't likely to get funded.

M.Wade - On the accountability side, TxDOT is establishing some type of tracking system. Wayne is that imminent?

W.Wells - As far as finished costs, they've always been able to go in and see the progress. DCIS would show a SQL version, which is prettier and easier to decipher. But we're working on it. We were talking with Michael Morris a few years ago, but that never went anywhere.

M.Wade - Do you have somebody assigned to do that?

W.Wells - It might be in an heir to TSD.

A.Clark - We can have any number of apportionments, but unless we can direct things to that funding, it won't help us. We have never had any coordination on that. Tracking the apportionment would be helpful but may not change decisions.

M.Wade - It was a big issue in Category 2 and 3 work groups.

A.Clark - You either own the projects you have or you don't.

J.Cantalupo - From the state point of view, the MPO letting schedule still has to be approved and adjustments made.

A.Clark - Right now we don't see what is sent to the districts.

J.Cantalupo - We need to think through whatever applications are available to ... the letting schedule.

A.Clark - The district could meet with the MPOs quarterly or something.

W.Wells - Would it be helpful for the districts to include you, Alan, on the correspondence with Austin?

A.Clark - Yes, our only issue is that we have so many projects and so little funding.

M.Wade - Pulling projects from 1-year letting, do we move them back in the letting schedule?

W.Wells - We in Finance Division (FIN) don't do the TIP, we do the 1-year letting schedule.

Unknown - If something is more of a priority for the region, then they will have to take a like dollar amount out of their letting schedule to keep that money.

Unknown - If a project can't be delivered, the district initiates coordination with FIN to shift to another project. There should be enough time to coordinate with the MPO. This would allow them to communicate to the local officials what is happening.

A.Clark - This last year we had the letting list published, which was helpful.

P.Russell - Did you mention May 1st?

M.Wade – Yes, we discussed the need for delivery of something preliminary at that time. The group agreed to prepare a progress report by that time.

T.Niskala - Is there anything particular you want?

P.Russell - Nothing specific really, just maybe a general framework at least, by June, to give it to the Feds. The other thing is we may have to meet with the Sunset Commission.

M.Wade – The greatest weakness is getting something down on paper. We have given assignments on various details, and they will come back with research and issue documentation at the next meeting.

W.Wells – The biggest issue is communication between TxDOT and the MPOs.

P.Russell - We have been doing things the way we always have. We need to be able to explain the process, why we do it, what is required by law, etc.

M.Wade – The group has identified the need for a more useful process, and more understandable. Better communication will promote more cooperation and increased transparency.

P.Russell - Why do we have the UTP and what is it doing for us? That is the question to answer.

M.Wade - We came up with many reasons it became over-programmed, including the gas tax, forecasting error, and inflation. I think they can have something to you by May 1st.

P.Russell - That would be good to sit down with Steve and Amadeo and look over that.

M.Wade - Any questions for Phil?

R.Allen - In general, what exactly did Brad bring up to work on? I want to volunteer to help while he is on vacation.

B.McCaleb - I was referring to the current project selection process put out by TxDOT. What we call things within the document as well as how it is referred to in other documents are not the same.

ATTACHMENT A

AGENDA AND ISSUES – UTP Work Group Meeting

Tuesday March 10, 2009

Fn=c:/fin/agenda 3.10.09

- 1. Review Overall Goals and Charge to the Work Group**

- 2. Review of past meeting and accomplishments**

- 3. Review of Flow Chart and where to go with it – Tom, Alan, Dan**

- 4. Review of Planning Performance Measure Research – Ed**

John Barton: “*On the issue of performance measures, I think it will be very important for this group to not only identify a new and better way of doing our planning, programming and scheduling work, but also key performance measures that we can use to monitor and evaluate our effectiveness and to identify areas that need improvement.*”

- 5. Timeline for Work Group Performance and Delivery**

- 6. What have we concluded so far?**

I believe that the past two day meeting helped identify some of the major directions that the group wants to go.

You seem to have concluded that a twenty-year minimum Project Development Process (PDP) document is essential.

You concluded that the TIPS/STIPS/Letting Plan are the key to the programming process, but know that proper authorization of stages of work for projects to recognize the 12-year headstart for major mobility type project development is a must.

You emphasized that accuracy of income forecasting is most important in the first four years, but that a level of uncertainty is acceptable as you journey to the outer years (especially since the MTPs will be updated every five years).

Attachment D
to the Final Report:

Meeting #3 Notes, March 31-April 1, 2009

UTP Work Group Meeting Notes

Tuesday, March 31, 2009

**Jody Ellington
Eduardo Calvo
Dan Lamers
Dale Booth
Bob Appleton
Clay Smith**

**Tom Niskala
Robert Allen
Alan Clark
Joe Cantalupo
Brad McCaleb
Kenneth Petr**

**Todd Carlson
Carol Court
Montie Wade
Wayne Wells
Dione Albert**

List of Attachments referenced during the meetings:

- | | |
|---|--|
| A – Agenda for 3/31-4/1 meeting | E – TxDOT Planning Flow Chart (in draft) |
| B – List of Assignments from last meeting | F – Revised TxDOT Planning Flow Chart (in draft) |
| C – “Straw Man” Draft Progress Report | G – TRENDS Presentation (Castiglione) |
| D – PDP Process Flowchart (in draft report) | |

M.Wade - opened meeting and introduced the agenda handout. (See Attachment A)

Everyone sent their assignments (See Attachment B), and we made copies of all of them for everyone.

Since the deadline for a May 1st Progress Report was coming quickly and we didn't have some of your reports yet, I have been compiling a Draft Progress Report (See attachment C) from the notes from the last two meetings. Except for Tom's revised PDP Process Flowchart (See attachment C) and explanation, your individual reports are not included since we didn't have them in time. We will hand out copies of the Draft Progress Report document as a sort of “straw man” to review, take apart and determine what needs to be included. I took the liberty of re-drafting the flow chart of the planning processes and have included it immediately following Tom's Flow Chart. Re-drafting the existing will allow the reader to review something familiar. Look at the last page at the TxDOT Planning Flowchart (See Attachment C) and see where I tried to show the changes we have made. The vision plan needs to be about 40 years. We talked about 30+ years, and Arizona has 50 year vision plan, so I compromised and put 40.

I tried to imply that the existing statewide plan is inadequate. The plan should give at least a 20-year vision of what the Department would likely be able to accomplish. You've expanded the UTP into what I call “P4”— Project Planning and Programming Process. It covers 20 years instead of 11 years (UTP). We can start off with what you developed individually for this meeting and let you explain how it fits into the report or chart. Or we can review the draft “Straw Man” report and see what works and what doesn't. I also included a recommendation for three

instead or 12 categories of work as you suggested, and divided the old categories up according to what seemed logical. That needs to be reviewed.

T.Niskala - What about other write ups?

M.Wade - We have them all and we can pass them out whenever you are ready. Do you want to pass out all the documents? Robert, Wayne and Joe have to leave to attend teleconference at 10:30.

A.Clark – Montie, since you put the straw man document together, why don't you walk us through it without the benefit of all the other pieces. Then we can go to each document and figure out what and if each one goes, and how and where it should be incorporated. This can accommodate all the schedules.

There was general agreement among the Work Group to proceed with review of the draft progress report (straw man) document.

BACKGROUND

M.Wade - Briefly reviewed the background, noting that it included some key Sunset Report recommendations, the Work Group's Charge, Timeline for Reporting, and Strategy.

A.Clark – On the first page – legislature is focusing on a devolving the process to local level decision making. Did the Sunset Commission not pick up on that or is that a difference with the legislature? I think the report may be less relevant if we don't address that, even if the Sunset Commission didn't mention it. In the future there may be more involvement and I think we need to talk about that. We can't ignore this issue, or we may be beating our head against a rock. I will write up something. We can also ask David Casteel how to address this.

M.Wade - Any comment on the Charge or Timeline?

J.Cantalupo - On pages 4 and 5, the Charge and Strategy: the strategy reads like a charge in the first part of the second sentence. It is better and more focused as a charge than what is on page 4. What are we doing? Is it decided that we will have a broader focus on all documents, or are we focusing on the UTP?

M.Wade - We end up focusing on the UTP, but in the process we decided to look at all documents.

D.Lamers - We started out talking about the UTP. Then we looked at how it coordinates with all other documents, then we thought about how the whole planning process fits together. Is the charge that broad or did we just decide to do this?

M.Wade – James Bass' comment was to make everything tie together.

B.McCaleb - The first time we met, one of the Administration said the only limitation was if something is actually a law or code.

D.Lamers - Should we be looking at how our charge has evolved? It is broader now than what we started with.

R.Allen - We decided we didn't want to keep the UTP as it exists, but have a broader document.

A.Clark - Legislature wants us to go back to what we had before the UTP.

B.McCaleb - They want it to be what people thought it was, but at that time it wasn't.

A.Clark - That's right.

W.Wells - I'm seeing things at every end of the spectrum, so which ones are you looking at?

A.Clark - What I'm concerned about is that more people understand the Picket Bill than the Sunset Bill, because the Picket Bill seems so simple. They have no idea what it means. It is not better, but a lot is unsaid.

Unknown - Maybe it's because for the Picket Bill we had an all day work group trying to figure out how to respond since it leaves a lot of questions and room for interpretation. We didn't have a meeting like that on the Sunset Bill.

T.Niskala - If this draft we are reviewing today is a progress report for May 1st, why can't we just work on this as if we do know what is in place?

J.Cantalupo - Was the charge to figure out the best way to do something? Now we're talking about taking into the charge, consideration of things happening that won't matter. We should figure out what we need here.

A.Clark - I think we can write a report that will work in a couple of ways to show how the process works according to the decision Legislature makes. In one way, you get away with more. We need to have reasonable decision-making. Regardless of who does it, you still have to have a process. We tried to write this in the style so that all the same names are not necessary on all the same boxes.

M.Wade - I don't think with our chart over here, that we said we want to rewrite all these documents. I think you have come up with a new thing not on this chart - a vision plan. We don't have that but other states do. You can make revisions to the state multimodal plan. What I heard is that it should include every planning process and document for the State. You haven't made suggestions on how that is going to happen, but just recommending that we need it. What do you want in a statewide plan? At this point all we have identified is that we need a vision plan. The only thing we have identified is that the UTP needs to be abandoned for a better document. I don't think you've exceeded what the Administration was asking you to do. Anything you

provide that explains what documents we need and their purpose would help, even if it is just that something needs to fill the gap between them.

A.Clark - We need these pieces to support and be connected to each other, focusing in the mid-range area but flexible enough to comment on other areas of the process - policy stops short of laying the groundwork needed.

J.Cantalupo – I know we've talked about a lot of things, but we haven't made recommendations so far.

M.Wade - We have talked about making them though, and I have tried to include them in the straw man for your review.

D.Lamers/B.McCaleb – What if we call them observations instead of recommendations?

J.Cantalupo - I've heard the word recommendations, but we have never said we are recommending a vision plan to the State.

A.Clark - I realize that it is critical that we understand the other documents to be able to fix the UTP. But I think it sounds like we're leaping to a much larger charge; and that's okay as long as we're all on same page.

D.Lamers - I agree with Alan that we are focused on the mid-range, but in order to do that we need to change things up- and down-stream. We are making suggestions for adjustments, not making big change recommendations.

A.Clark - We've identified a lot of problems and had ideas, but we are looking at a draft so we can hear our thoughts and comments and decide if that's what we really mean. At some point we need to formally recognize when we have made a recommendation. Otherwise it's just discussion.

M.Wade - I think we made it clear that we will have no definite conclusions by May 1st.

A.Clark - Can we strike a balance?

J.Cantalupo - We need to state that clearly.

J.Ellington – My understanding is that we are to look at the whole process. We need a vision plan, financial constraint, etc. That's the process and we need to make it simple, accountable, understandable and transparent. I see this as a process... Is it really needed? We should have just one plan, you may have parts that drive the plan, others that identify needs, then one that develops financial constraint. You can roll in the UTP aspect. That could all be part of an STP updated on a 4-year cycle. MTP, TMMP, and rural etc. are part of the plan. STIP is where the Legislature gets involved for authorization. Maybe the STIP could be the 4-year letting plan. We

need to define more, and then look for ways to simplify all the way down to letting. I think the charge is broad and not focused on the UTP.

M.Wade - Wayne and I were in the executive meeting. Wayne, do you have the same understanding as I do from James' comment that it all has to flow together?

W.Wells - Maybe James thought the documents needed to be looked at to see if the timing could be streamlined and made less confusing. A lot of updates and different timelines make it all very confusing. Having a list of projects or something developed helped. The charge is to make all documents flow through a system that is linked to the financial forecast system.

Goals

M.Wade - The next part is on Goals – tying all the planning documents together, reviewing them all and building a strategy for the phases of work and how they all coordinate – I don't know how far you want to go on this.

A.Clark - When we get down into this we could have a flowchart that shows a parallel document for all MPOs, to one that would be for all the State.

M.Wade – Does anyone have a flowchart we could adapt?

T.Niskala – Goal 1 - Do you need to add statewide vision at the top?

A.Clark - I think that was saying it might be a recommendation.

B.McCaleb - looking at the flowchart, the vision plan is in the title, but most if not all MPOs have a vision plan of sorts. Are we looking at a vision plan for a statewide plan? Not all the MPOs will have vision plans that will work side by side. Will they all go through the UTP process?

M.Wade – I think the flow chart prepared by this group indicates a statewide vision plan. I don't think it is a UTP process or the vision plan wouldn't have projects.

B.McCaleb - But there will be a plan for particular types of planning.

J.Cantalupo - Is it a vision plan? If we want to reach this vision, then this is what we need to put in place. How much money will they need to do that? My views will address what comes from the statewide plan as well as what comes from the regional issues too. There needs to be that back and forth, so that the plans fit into the regional schemes.

A.Clark - Without looking at how a vision plan works, which we will discuss and answer questions, I don't know that we can do that today. It's more complex than what we're talking about. All I want to do at this point is to say the current statewide process is incomplete in respect to putting the pieces together. We don't need to add more pieces. We don't need to talk

about what all the pieces are and how they fit together. We have differences. The vision plan can support a more intelligent process with back and forth. The vision plan would not be project specific.

D.Lamers - Back to the board, we were trying to identify the pieces in the process and thought there could be a vision plan and “what if” we do this, etc. we are not ready to say we should do anything. The model is a STIP/TIP, but we’re not saying the statewide plan should look like an MTP. We were looking at what aspects the different plans have in common and what is different and why.

T.Niskala - Defining those differences and why they exist for other audiences.

D.Lamers - By today, I’d say we have made observations on the differences between planning and programming processes. We can come back by August and say what they are and what should be done. We can just identify...

B.McCaleb - under Goal 1, should we include rural transportation plans in brackets?

T.Niskala - But these are existing documents.

M.Wade – Would that fall under recommendations?

R.Allen – I don’t see why we wouldn’t include rural planning documents as future potential.

J.Ellington – An observation could be that there is no planning at that stage.

A.Clark - You have to be really clear about what you’re going to do and what you’re going to do it with. These pieces don’t fit together very well. Or maybe we need to add or subtract pieces to make it simpler. We will determine this as part of our process.

Strategy

M.Wade - Go to page 6 – Phases, you may want to add bullets...

A.Clark - I don’t know that we need to review in bullets 1-4.

M.Wade - We would take this out if later on we weren’t going to.

A.Clark - We are reviewing categories and making observations on consolidating categories.

R.Allen – Could we say “review” not “re-develop?”

M.Wade - Why don’t we take out redistribution of funding formulae? That’s a Commission decision and they’re not asking us to do that.

C.Smith - I also think local MPOs should have authority to program those without going back for approval. This should be local process, not just numbers of categories.

M.Wade - How about deleting that bullet?

K.Petr - Last time we said go from 34 to 12 categories. Even if we go to three, isn't someone still dealing with 12?

W.Wells – The core federal programs can be incorporated into state-defined programs and we're still going to have all those federal apportionment codes to track them. This is an accounting process and would not determine the number of categories to be used.

K.Petr - Some funding categories can be used off system. Is that decided by us?

W.Wells – The feds decide that according to Surface Transportation Acts like SAFETEA-LU.

M.Wade – STP funds can be used off State System on facilities functionally classed “collector” or above.

A.Clark - Are you asking about federal eligibility? What can you spend federal money on?

K.Petr – Yes, what can be spent off-system?

A.Clark - There is less recognition in the system. It comes down to functional classification (FC). Some states they own all the roads, so they have no off-system. We made that designation. FC has funds for federal highways. State ownership is not the issue for funds. From the federal perspective, whether it is a state route doesn't matter, from a state funding perspective, ownership makes all the difference.

C.Smith - We don't always choose to use federal funds where they are functionally classified even if we can.

J.Cantalupo - The point is, state funds are governed by ownership, and federal funds are generally by FC.

D.Lamers - Someone like Wayne will have to keep track of this.

J.Cantalupo - If we reduce the number of categories, it only makes it easier to us.

T.Carlson - If you go from 12 to three, note that there will still be some sort of formulae. You don't have to come up with the formula and we recommend that another group do that.

J.Cantalupo - If we recommend that to make our job easier, have we really accomplished anything?

M.Wade - There is discussion in this report on that. We commented that we thought it brought everyone more flexibility.

J.Cantalupo - If we recommend four categories, does Wayne still have to deal with thirty something?

M.Wade - It does simplify the process, we have seen that. Even for Finance Division.

C.Smith - Today we have to explain to Policy Board members about the categories. Really, they could just have one pot of money to pull from, even though statewide, it comes from several sources.

B.McCaleb - The real benefit is explaining this to the public.

J.Cantalupo - That's my question, if you reduce categories, it helps us deal with local people. But can they manage to get back up from one to 30 categories?

D.Lamers - It can be a problem, depending on where you want to put the money.

D.Albert – There would be a possibility that if San Antonio has money that they have met different apportionment for, but they have all their funds in one pot, the Commission would supplement until the funds come in, etc., but otherwise their project would not go.

W.Wells - There's a method for dealing with this, and making decisions. I think you would have more flexibility; you could choose a project and give it priority without having to worry about what pot it came from.

Unknown - We have a question about Scenario C. The Commission sets funds in a certain category. If there is that boundary, there are still limitations because of working days.

C.Smith - The less we have, we are crossing boundaries trying to make more dollars. To the locals it looks like smoke and mirrors. The more we can do to not make it look like that, is better. It isn't like that, but there's no way to explain it all.

M.Wade – It's not all historical, because we're bound to differences between preservation and mobility. I don't see them changing so that we have one pot to spend where we want to spend it. That's mostly where we come up with needing 2-3 cats of work.

A.Clark - We're not trying to remove policy-making on whatever is running TxDOT (Legislature or Commission), but understand how they implement the policy. How do they measure our performance? It's still going to be about accountability. Our ability to exercise decision-making locally will help accountability to some degree. That has to be factored in. The way the process works is that you have to have a clear idea of outcomes. We have to determine what to focus on. This has to fit into our regional goals. We are trying to get people to think about things.

M.Wade – Let's put an X on the category of work process knowing that we will come back to it.

SIGNIFICANT RECOGNITIONS

M.Wade – Working off the chart, any comments?

D.Lamers – TMA MTPs are updated every four years. This needs to be reworded. It is important to recognize that all MTPs are not updated at the same frequency. This may be an observation.

E.Calvo – Would the UTP go on same cycle?

B.McCaleb - TEMPO could decide that we are all going to do this every four years

M.Wade - I don't think TEMPO could do that.

B.McCaleb - I meant as a group, TEMPO members could agree that we would do this in order to make the process work.

M.Wade - I think we should take out the implication that federal law requires an update to the Statewide Plan every five years because I think it is not required.

B.McCaleb - I think it is a federal law that it has to be updated every five years.

M.Wade - I will research whether or not it is. (*Note: Review of the Federal Register indicates that the Statewide Plan should be updated "periodically as appropriate."*)

B.Appleton – Are we recommending that updates of statewide plan be coordinated with MTPs?

A.Clark - I don't care when it is, all we can do is the best we can do.

D.Lamers - We can't force this cycle because that's all any of us can do is our best effort.

A.Clark - I would separate out the last sentence of that paragraph. We'll never be able to sync up everyone's schedule

M.Wade – In the next paragraph, “on the issue of performance measures (PMs)” is a place marker.

B.McCaleb - This paragraph could be, “...are all the entities programming on this schedule, and are they all meeting the requirements?” We want to be really careful about what we say here.

A.Clark - The reason for doing that is to provoke the questions, “why?”

B.McCaleb - The goal is to improve the delivery of projects and improve communication to the public. This is not punitive, or to make a profit.

A.Clark - We want to monitor performance...

B.McCaleb - We might want another term besides "performance measure...it is its own science.

A.Clark - We are never going to reach all the goals. But, if we don't have goals to reach for, we will never get any money. The locals have to understand the PMs.

D.Lamers - The PM in itself is not bad.

D.Albert – We have PMs that determine a lot of these things, and they are already in place. They came from Legislature three years ago. Different divisions have these in place.

A.Clark - We're not talking about TxDOT's PMs. If locals want more authority, there may be PMs at that level, and they may not have anything to do with the ones already in place.

E.Calvo – I think the PMs we're talking about are related to project development. Other things we're looking at are like air quality (AQ), etc. The problem is, say safety is a PM, then AQ, and they have different ways of measuring performance, but if you only have 3 categories...

A.Clark - We need to be able to put money where we have needs. Just throwing money into a bond program probably didn't help the poor performance in that category. We want to indicate funding needs appropriate to the decision level.

M.Wade – Let's make this a place marker and we'll come back to it.

MAJOR PRELIMINARY OBSERVATIONS (DISCUSSIONS)

Strategic Planning

M.Wade - Call it a vision/strategic plan. Clay made a comment about corridor identification. Brad commented that there had been a work group on this topic.

D.Lamers – The statewide plan would be 20 years, and the vision plan would be 40. Take out specific timeframes and indicate general (i.e., long-term).

A.Clark – A long-range vision plan, does that have any national interest?

M.Wade - I-69, Ports to Plains, etc.

A.Clark - Maybe this needs to be said in there.

B.McCaleb - I think it would be good to put a sentence or short paragraph in there.

A.Clark - I agree I don't hear much of that from TxDOT.

B.McCaleb - What are corridor value determinations?

M.Wade – They are related to statewide importance.

B.McCaleb - I would reword that sentence.

C.Smith - Take out TxDOT.

D.Lamers - Do you really need to include examples in parenthesis? Let's take them out.

B.McCaleb – We could leave this open to outside the state.

General agreement to take them out

Coordination and Simplification

B.McCaleb - Back to second paragraph above, the second sentence, what level or what extent of public involvement?

A.Clark - This is in the context of a long-range vision plan, so I would reword...

M.Wade – Clay, were you looking at the vision plan or statewide plan?

C.Smith – I didn't think about that.

T.Niskala – In the vision plan we don't have corridor prioritization.

A.Clark - In strategic pieces, we need strategic thinkers. I liked this statement because it suggested a purpose for the plan. I suggest rewriting the last sentence, placing more focus on future needs and resources needed to develop. This is a visioning document.

J.Ellington - Could you not delete the last two lines?

A.Clark – It makes it sound like this one is more beat up than the last one...not a bootstrapping document. I'm not sure this group should do this job, it's too specific.

Unknown - What is our purpose—where do we go from here?

B.McCaleb - I agree, if we are visioning I don't like the use of corridors.

T.Niskala - We are talking about two different things and comingling them.

A.Clark - It is visionary but we have no resources.

M.Wade – It should be two observations – visionary and strategic.

A.Clark – We need to talk more about what a vision plan does and is.

B.McCaleb - I'm not comfortable with observations about having a work group.

A.Clark - A vision plan is determining the most desirable outcome and how to get there. It uses scenarios and may incorporate new ideas. The key is to identify outcomes that are desirable. The means to reach these outcomes may involve means other than transportation. A vision plan establishes a high level of consensus about what we want to accomplish.

C.Smith/T.Niskala – We will work to replace that paragraph.

D.Lamers - there are two parts to vision plan, strategic and statewide. The missing part is the definition of vision plan. Second is ...

BREAK

A.Clark - Level of Authority (LOA) in an MPO is consistent with priorities. Plan LOA should be consistent with time frame to show fiscal constraint.

D.Lamers – We can identify the planning process by steps with overlap then try to fit documents into that process using milestones.

LUNCH

Revisit PDP Process flowchart

D.Lamers - Instead of trying to figure out all the documents, let's look at the planning process function then figure LOAs.

- Let's focus not of years but on function.
- What are the milestones that can be identified in each process?

PLAN: feasibility, financial and PE

- Does PE really belong there?
- Bigger financial plans
- At end of planning phase

J.Cantalupo - If environmental clearance is a switch between planning and development should we call it preliminary?

D.Lamers - We don't want to focus on that.

T.Niskala - Say that it can be initiated.

A.Clark - I have feasibility and financial plans. In PLAN are we referring to the transportation plan? Are we stepping down ... ?

Discussion of chart revisions

A.Clark:

Visioning – Identify desired outcomes

- Use scenario planning to develop
 - (new) modes or corridors
 - preservation

Statewide and MTP Plan – Identify desired outcomes

- Give priority to different transportation investments
- Regional modeling tools
 - identify purpose need & scope for transportation investments

D.Lamers - Use the MTP, etc. to guide the visioning process. Based on what the state puts into the categories, then we identify our plans.

A.Clark - I see it more as a side by side process, concurrent, back and forth.

D.Lamers - Instead of a companion plan with the RPO (rural)...

T.Niskala – The statewide plan deals with corridor concepts (example: reliever to I-35), not with specific projects or corridors.

A.Clark – It should provide a framework for decision-making at all levels.

D.Lamers - It involves how much money the state is going to put into different areas of transportation, what are the priorities for funding?

A.Clark - Like with TTS, here are all the pieces that need to be connected.

D.Lamers - In the MTPs it would talk about the individual facilities to make that happen.

T.Niskala - At the MTP level, you would have some other documents equal in level (companion documents) like rural plans.

R.Allen - It comes down to legislature.

A.Clark - The state has the answer to that.

C.Smith - The key is to have rural planning at the same horizon as the MTP.

A.Clark - I would hope at some time, the MPO and RPO could work together.

D.Lamers - Back to planning functions, if we call something a plan, does the vision plan fall outside LOAs?

A.Clark - It's the non-financially constrained part of our transportation plan. It's beyond the top of the financial bracket. We are not doing project planning at the vision level. Money discussions are very general.

D.Lamers – I agree, it lays out the concepts of where money might come from or be available.

A.Clark – If the statewide plan sets priorities, it has to be financially constrained.

T.Niskala - But it has to respond to the vision, and has to work together with the RPO plan.

R.Allen – The vision plan is where you want to be; the statewide plan is how you are going to get there.

J.Cantalupo – The vision should be a brief few pages at a very high level.

D.Lamers - Then the statewide plan would have a broad network of concepts and a companion financial piece with a rough concept of where those resources would be located/available and what limited revenues exist and have to be planned around.

A.Clark - At least that is a financial scenario that establishes goals for financial planning. No agreement that it will be done, just a statement that if we do this we will do certain things to qualify for funds. It has to be realistic as to the revenue available.

D.Lamers - If the result is that you have to raise gas tax \$2 a gallon to build this, then that is not realistic. You have to have a more realistic plan. Without committing future funds sources, it is at least acknowledging that a certain level of funding will be available.

B.Appleton – The 2030 report says we need this amount just to maintain...

A.Clark - As long as activities are part of the core process, we have to be constrained. Or it can be a statement saying this would be nice to have.

B.Appleton - We can't have things in the plan just because it would be nice to do.

A.Clark - Our MTPs are going to have to live with the fact that, if we don't have funds available, we aren't going to be able to do them.

D.Lamers - Thinking this through, wouldn't it be nice if out of this, the MPOs could begin their planning process expecting with some reasonable certainty a certain amount of category funds?

To financially constrain your MTP, you have to know what is available. I look at our last few TIPs and see what was available and use that to allocate future revenue.

C.Smith - You want all the MPOs working at the same level of planning, and the same ideas of available funds.

D.Lamers - I'm not sure we're talking about getting to that level of detail. If my Policy Board says they want to use gas taxes, I don't want an artificial cap set.

A.Clark - I think we need an outcome – the baseline revenue forecast by category.

D.Albert - How long is this forecast?

D.Lamers - 20-30 years?

D.Albert – You can base it on the level of federal revenue, but that is really only good for six years.

A.Clark - Nobody knows what is going to be right. We have to make clear these are reasonable estimates for funding. It doesn't represent certainties, it is a best guess. You can't spend against this estimate. There has to be some debt instrument. No one has this future money unless they've borrowed it. This just gives reasonableness to our plans. We want to have the ability to advance work through planning. Fiscal constraint will be significant. Last time I spoke to the feds they said we could not use funding instruments if we didn't have authority to use them. I didn't have local gas taxes because we don't have authority to do that.

D.Lamers - I can do that. We have an approved legislative agenda going about securing the funds. It adds in the plan and, if we are unsuccessful, then we will have to remove this project from the plan.

B.McCaleb - If the baseline comes out of here then there is nothing that says I can't enhance that.

A.Clark - I don't know what the feds will say about enhancements if you don't have authority to include them.

See Dan's chart...

D.Lamers - NEPA Process, etc. is where we start talking about details, ROW acquisition, etc.

A.Clark - We have to be careful about designating the difference between...

C.Smith - Is there a defined limit of time here? In terms of how much volume you can bring in?

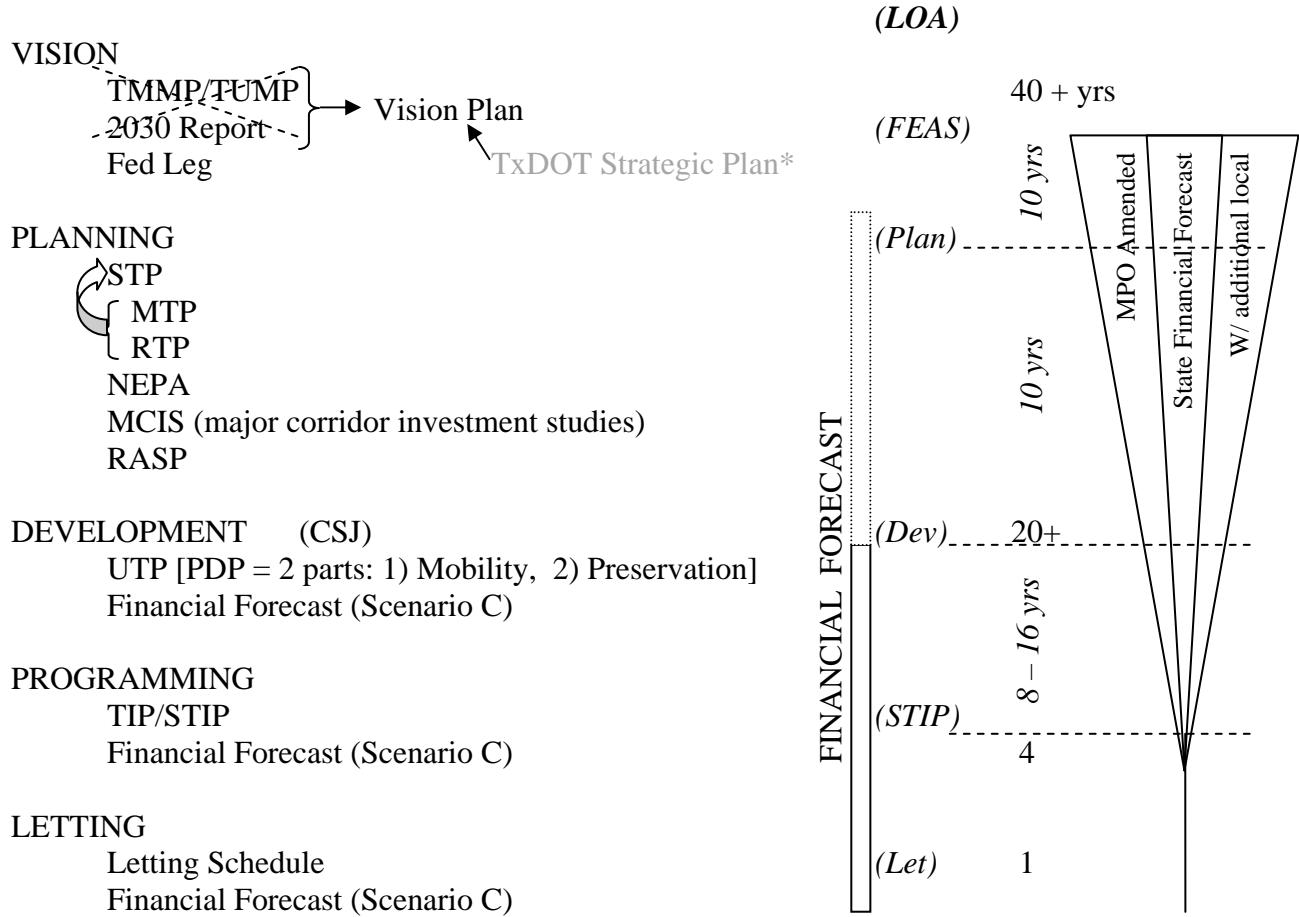
D.Lamers – We're going from 30 years down to 4. We'd have to start development at year 15 on average, but has to end by 4 years out.

C.Smith - Later on, as we step out of the MTP into an RTP, are their horizons as long? Today you could work on a 20-30 yr horizon, and then it goes out to the state.

D.Lamers - Steps still have to occur, even though this may fluctuate. We are just identifying the process milestones.

BREAK

Put documents into proper places in the process:



Observations:

VISION:

- TMMP/TUMP and 2030 Report, and parts of Strategic Plan should be replaced by the Vision Plan, which incorporates parts of them in a new process that meets Federal Legislature requirements for a long range plan.

- Vision plan is a statewide plan.

PLANNING:

- Under planning, all these documents are still needed. However, the MTP and RTP may be combined as part of the STP. The NEPA and MCIS will still be their own document.

DEVELOPMENT:

- Under development phase, take the design document, and incorporate the financial forecast (FF) into the UTP.

D.Albert - When a 12-month letting schedule is made, the caps made that forecast. It has a draft which goes to districts. They verify their flexibility, break down, and divide it out into the district. This year equals Scenario C. We go to districts and say they are over the spending cap, and go back and run all against the forecast. If you look at letting for March, you look at current cash flow, state and federal dollars. If we have X amount, that is all we let.

B.McCaleb - That is a rolling 12-month cycle, with projects being let every month. We cannot let more than what is in the FF for 2009, which equals what is in Scenario C. Everything has to come back and match that before it is let.

D.Lamers - What we're saying is that we recommend TxDOT do another FF, which will drive the Letting Schedule, the TIP/STIP, and the new process we are replacing the UTP with. The one year (or whatever) letting forecast will be very, very precise. It is a cone that is broader at the planning phase, and has a baseline for revenue forecast that runs down the center and, at the bottom, (letting forecast) it comes to a precise point. Whatever purpose TxDOT comes up with a forecast for, we will look to see if it's in the parameters of this planning forecast, then we don't have to redo our plan.

B.McCaleb - If I swap out a project in my TIP, are you going to look to see if we're still within our funding caps?

D.Albert - If it is already in the TIP, we would not just add a new project in. It is not obligated for federal funds if it isn't in the TIP.

Unknown - If we have a project that had already been approved, but wasn't in the TIP because there wasn't enough money for it, but we got local funds donated, could we swap it out and put it back in the letting schedule if it is within the spending caps?

D.Albert/W.Wells - As long as it is within the caps.

W.Wells - Dan, tell me more about the parameters of the forecast.

D.Lamers - At each year of the total forecast, you give us a baseline forecast for each year, but we would also request a forecast range, which would be broader each year out. It would fan out to the most favorable possible at year 19.

A.Clark - The cone depicts the number of assumptions that show desired consequences, negative or positive. The state's forecast may not vary by a big percentage. We will have to enhance forecasts from the state with our local revenue possibilities and impacts. We don't want to create an uncertain future, but there are uncertainties.

D.Lamers - The "cone" may increase/decrease by steps or stages, rather than in a smooth progression.

W.Wells - Revised cone to show a more "stepped" progression.

A.Clark - This gives us a wide scenario range to plan for.

D.Lamers - In order for us to use the same forecast at multiple levels in the process means that TxDOT will have to provide us with a long-range forecast with a broad perspective.

D.Albert – we forecast based on the highway forecast system (?). It is forecasted out, but just for 6 years.

T.Niskala - We realize the probability is scary, but we would rather plan from your forecast and resources, instead of what we can come up with.

A.Clark - We have to make the best assumption possible based on the information we have available to us. Within each time period we can look at the range of numbers and see that some projects won't have a chance, versus others that have a chance, however slim. This will help guide our agencies in the planning. For the TIP period I want my projects to be as close to the forecast as possible. I don't want them to go over. We're with you in terms of being right on track for the programming period. We recognize that many projects won't make it to or across the finish line.

C.Smith - One thing that might help is if, aside from planning, everything above the TIP is still priorities. People look at dates, but above that, we are so far out it just doesn't matter what is included. We don't need dates until we get into the TIP.

A.Clark - We'll probably continue to put dates, but I agree that they won't have accuracy until we reach the TIP level. But they may be needed to float bonds, etc.

C.Smith - But couldn't we keep it more vague, and not have precise dates?

A.Clark - We just have to make sure people know what is really going on. They have to understand that nothing is certain at any level above the TIP.

Unknown - We get new milestones years every time we go through the STIP process.

W.Wells - We're going to allow districts to use the year 13 for projects they can't nail down.

M.Wade – Let's go back to Dale's question, "In the Texas Statewide Financial Process does it necessarily say that programming and scheduling dollars are gone once they are obligated?"

D.Albert - This year all is new. Several of the caps were derived from districts, but not all. ... gave a list of where the caps came from. This year the districts were only held for a few caps set by outside?

M.Wade - If you go to fewer categories, then you would increase your flexibility.

D.Albert - The apportionment is given and you have to take into account obligation limitation for that year. The audit is looked at and there is a possibility of lapsing funds, so we have to move projects up which changes the direction of the fed pots of money

D.Booth - What's the farthest out you've ever projected?

D.Albert - Three years.

D.Booth - Can the letting cap conversion go much beyond those 3-6 years?

D.Lamers - We're trying to figure out what the required documents are in this process. The FF will be done separately but will span the entire document. The planning document or development process needs to be a stand-alone document. Could be called a PDP. We're talking about a Vision Plan, A "PDP, and a Letting Schedule.

C.Smith - Under UTP it does have two components-preservation and mobility, that can be taken back into the process.

D.Lamers - Let's talk about levels of authority (LOAs). To go from one level to another, some milestone has to be met.

Planning:

Feasibility/Environmental Studies
Plan authority

Develop

Develop Authority

Programming

Construct Authority (STIP Authority)

Letting

Let Authority

A.Clark - Just because projects have NEPA approval and are undergoing environmental determination, does not mean they are being included in the 4-year STIP.

D.Lamers - They do not count against your financial constraint.

J.Ellington - Why be so concerned with LOA if they are included in the TIP (have develop authority). Anything in Develop can be pulled forward at any time as long as it's in the STIP.

B.McCaleb - In some areas, projects were put in the TIP/STIP and didn't have environmental (ENV) clearance. Then, they got down to letting and there was a scramble to get that clearance to get it done. LOA was to make sure this didn't happen. It made sure that all projects in STIP/TIP would be ready to go to Letting.

D.Lamers - You need to have a financial commitment if it goes into the TIP. If it's in the MTP, level, is there a reason to have any kind of authority to get it to the TIP level?

B.McCaleb - Maybe not until it reaches Develop level, because of ENV and ROW requirements.

M.Wade - And PS&E dollars.

D.Lamers - We are saying that is the Develop Authority.

B.Appleton - Everything was based on the construction cost. What if we go to total project cost (TPC)?

D.Lamers - We're saying before you can get Develop Authority you have to know all these things. I think the timeframe is only for informational purposes. Once you have NEPA approval, you are eligible for Develop Authority. If there is enough funding, the Commission can then authorize.

A.Clark - If a project is in the Plan, should that automatically give it approval for a feasibility study (FS)?

D.Lamers - In the MTP we have a number of private activities that could be carried into the TIP process depending how much they will cost.

Unknown - If you are in the Plan, can you ask for Feasibility Authority?

Unknown - No, if a FS is done before it goes in a Plan, then it is paid for with PL funds and does not need authority.

A.Clark - It still has to have authority for a FS. Does it need to come before planning (Pre-planning?)

D.Lamers - Yes.

Unknown - To initiate the NEPA process, do you have to have authority? Not if you have Plan Authority

A.Clark - It has to be in the RTP.

D.Lamers - You don't have to be in the Plan to start the process, but you have to be in it at least one day before getting approval. We run into this on the arterials. If you get Plan Authority you can go all the way thru NEPA.

Day 2 – Wednesday, April 1

Jody Ellington	Robert Allen	Carol Court
Eduardo Calvo	Alan Clark	Montie Wade
Dan Lamers	Joe Cantalupo	David Plutowski
Dale Booth	Brad McCaleb	Tim Lomax
Bob Appleton	Kenneth Petr	Jessica Castiglione
Clay Smith	Todd Carlson	David Casteel
Tom Niskala		Wayne Wells

M.Wade - *Began with having Dan summarize what we did with the flow process after lunch yesterday.*

D.Lamers – *Reviewed flow chart and process with milestones—financial and project-level.* We then looked at the documents in the process and tried to fit them into the chart. We decided some fit, some didn't and some were not needed or could be partly incorporated. On the planning side, there is work to do concerning STP, MTP and RTP and their relationship, as well as the need for MCIS and NEPA.

Under Development, we looked at the UTP vs. a PDP and what we need. It has two parts, mobility and preservation. All parts of the multimodal process need to fit into it, but may they not follow the exact same process and documentation. Then we discussed the criteria for moving from Develop into Programming. The Letting Process is the last phase.

The Funnel reveals the broad (at planning level) to narrow (at letting) forecast range. Then LOAs were added. An FS might be done before plan level. But, if the project is already in the plan, it needs to fit milestones to reach develop authority. Then it goes into the STIP, then letting authority.

We have deliberately not talked about specifics or put this process into a timeframe. Letting authority will be very short, 12 months at most.

D.Plutowski – We have a 3-year letting schedule, then a 1-year, then a 3-month.

T.Niskala - Is this new document just a financial forecast document without a list of projects like the UTP has?

M.Wade - I think you're talking about two different things.

Unknown – The STIP includes a 1-year letting schedule. This will always be programmed for letting, and won't change until we change the STIP.

D.Lamers – This process has both a financial and project part. It will identify projects at some point. The projects will have costs associated with them. The forecast will be the baseline for the PDP, and will give us a range for projects which we can then fit into that forecast (of total cost).

M.Wade - You showed that you wanted the PDP to be 15 years. Beyond that is the Vision Plan. The PDP is financially constrained. At the TPC level it is going to be fundable. How many forecasts will we have?

T.Niskala – One.

M.Wade - One for letting, one for the 4-years (STIP), one for 15 and one for 20 yrs. We're asking for four forecasts?

T.Niskala – No, one forecast with four phases.

B.Appleton – Or four scenarios.

D.Lamers - We're going to get a forecast for letting, and they will run a forecast based on same assumptions, for the other three phases. It may not have been constrained at the 20-year phase.

C.Smith - We haven't talked about the timeframe other than the four years. We were looking closer to 30 years overall. That's the next thing...

D.Lamers - We have to give them a timeframe to get a forecast.

J.Cantalupo – Didn't we talk about the assumption the forecast would be based on?

D.Lamers - Yes, that's the funnel forecast with the baseline in the middle. For each horizon we would ask for a forecast range, a new forecast based on the same assumptions with a different (wider) range.

E.Calvo - How about the TIP 4-year timeframes? Will the feds allow us wiggle room?

Unknown - Financial constraint is whatever you give them.

D.Lamers - I'm not the TIP/STIP person in my Program, so financial constraint doesn't mean anything to me.

T.Niskala - You don't know what the gas tax is going to be in four years, so you have to have some wiggle room.

J.Cantalupo - You have to take advantage of the most optimistic view. But at the TIP level you cannot afford to be too optimistic. The other thing to be careful about are cost estimates. Be fiscally constrained. If the difference is too great between actual costs and estimates, it is problematic.

D.Lamers - We haven't come up with rules each forecast will ask for, optimistic, pessimistic or in the middle.

J.Cantalupo - Similar to population estimates?

D.Lamers - Yes, each region decides which one they want to use. We haven't talked about the rules yet, just the concept.

Unknown - I don't necessarily disagree that TxDOT should choose and we all use same one.

Unknown - The further out we forecast, if TxDOT gives us 3 scenarios, each area can choose according to their political climate (local funds available). You can use this as a way to make a statement to local officials about the need for funding.

M.Wade – It sounds like having a range would be an advantage to throw in extra projects in case something doesn't move forward.

Unknown - That's what you can program on, and the wiggle room starts above that range. You have to decide where you want it to start.

E.Calvo – You have different scenarios, but at the TIP/STIP range where you have to show financial constraint, that wouldn't help you.

D.Lamers - I have to ask our TIP/STIP folks. I don't know, but you are probably right.

M.Wade - Joe said he's not concerned about the 1-year letting and what we're doing there. Instead of looking at the letting stage, they're interested when they do a UTP. But when the letting moves, you still have funds available.

J.Cantalupo - What I was saying is that if we are looking at an optimistic or conservative forecast, we have no wiggle room at the bottom, but we have to be careful about what we choose as we look further out. I wasn't talking about the letting schedule.

M.Wade - Most of the projects you set up have to be moved back for one reason or another. You have to wait for a bigger letting or move things around. So that's not our problem.

Jessica Castiglione and Tim Lomax, introduced by Wayne, are here to give a presentation on TRENDS/JACK (See Attachment G)

Jessica gave background on the JACK/TRENDS Model as a more efficient revenue forecasting system, with additional input from David Casteel. It uses a correlation between population, the motor fuel tax (MFT) and vehicle registration fees (VRF). The MFT produced a stable trend line. VRF trended even better. We tried to do that with the federal rate of return to Texas and that failed. This reflected the spending down of federal trust fund.

On the expenditure side, we looked at money flowing out of Fund 6. We looked at where it was going, and accounted for all of that. The revenue/expenditure ratio became the JACK model. The TxDOT/TEMPO work group (TTWG) was put together to come up with reasonable assumptions for MPO forecasts. They differed between the large and small. Some were assuming a 5% rise in the MFT every five years and they built for revenue and didn't coordinate with others.

JACK evolved into TRENDS. The work group came to consensus. TTI and others helped. We came up with the model that gives various revenue scenarios. On the letting side we had the 2030 committee to come up with the state's need through 2030. TTI helped with infrastructure and mobility needs, focusing on urban and rural mobility. Other TxDOT expenditures were also considered. TTWG came up with common assumptions for the model, forecasting available funding out to 2035. CTR helped too.

There are three key model parameters: 1) population growth, 2) fuel efficiency of fleet, and 3) revenue back from feds. State Data Center (SDC) was the source.

1) Population

A High-medium-low growth scenario based on population growth (people moving into Texas) was used. The green line is no growth by people moving into state. The population estimate ranged from 32 million to over 40 million (SDC). The 2007 population scenario is a little above that.

2) Fuel Efficiency of Fleet

Cambridge Systematic compared fuel efficiency scenarios to implementation of new technology. With hybrids, fleet could average 42-44 mpg. TTWG picked medium fuel efficiency scenario. Gas prices and volatility is going to affect how we rate on fuel efficiency.

3) Federal Rate of Return to Texas.

Texas is the biggest donor to the federal government. TTWG Looked at the history of MFT returned to Texas. They came up with an average over 16 years of 74 percent. The first six years it was about 50 percent. In the last five years it's been in the 90-95 percent range (sometimes over 100 percent). It's so volatile; they took an average of about 85 percent.

W.Wells - Did you include earmarks and core federal funds?

J.Castiglione - It was gross funds back.

A.Clark - How did you figure transit tax?

D.Casteel - Yes, it was a washout.

J.Castiglione - We looked at high, medium and low growth. The average fuel efficiency was 24.4 to 44.4 percent. Gross revenue generated by 2030 was 181 to 138 billion. These scenarios would generate our range of forecast. TTWG is right in the middle with their baseline revenue.

C.Smith - At 20 years, that's a range of 2 billion dollars a year.

A.Clark - If it were me, I'd want a fourth set of bars because I think there will be a sustained federal investment to subsidize more fuel efficient vehicles/transportation. I think we will see a change by 2015, when a larger portion of vehicles have been replaced.

D.Casteel - This is taken into account based on Cambridge Systematic's assumptions. Alan is correct, but this is factored in.

J.Castiglione - We separated out light-duty vehicles from trucks using diesel, for example. This assumes VMT will continue to track with population growth because of federal investment. Concerning the amount of revenue...

A.Clark - If we only spent what we get, we would spend less, but would create less long-term debt. The risk increases with the cost of borrowing.

J.Castiglione – the middle bar is what TTWG selected as their baseline assumption. We put a lot of variables in for enhancements to account for details such as raising the State MFT. We can build various scenarios to forecast funds for the future.

The 2030 Committee looked at preservation, maintenance, mobility and safety. They put their needs in 2008 dollars as the constant, adjusted for inflation, and figured State share. The rest is made up by local governments. This is based on pavements needed to be at good, better or best.

A.Clark - Are we only looking at state system?

T.Lomax - Some of this is not a state responsibility in the beginning. It is non-state: local, toll, etc.

T.Niskala – That eliminates level F.

D.Casteel - Needs assessment for TMMP was higher, but within 5-10 percent.

J.Castiglione – Other costs not included in 2030 were TxDOT needs, debt service, GIWW, etc. If we used the 2030 numbers in TRENDS, the ROW goes to 0 because they are already included in the estimates.

Concluding remarks

The key factors are population growth, and fuel efficiency of fleets and the rate of return to Texas.

J.Cantalupo - You could use the model to adjust for a huge increase in plug-in hybrids, etc. Are they taxed? They will still be using the road, but not using fuel. How do we account for the negative effect, and can you factor in a special tax for them?

D.Casteel - Only in VMT, and we have looked at what it could mean to revenue change over time. It is thought that taxing the green people isn't fair but it is actually not a big savings to not pay fuel tax.

J.Castiglione – In trying to get people on the same page, we have a draft version of the user interface. We are still working with logistics. We have a basic model and an advanced model. Basic allows changes in MFT, etc. advanced gets into VMT and much more detailed adjustments.

Reviewed Basic model and MFT adjustment options

A.Clark -What geography is used, statewide?

J.Castiglione – Yes.

T.Niskala - Could you modify this to use to factor in a local tax?

J.Castiglione – Yes, we are working on a sub-model for MPOs to use within the model.

J.Cantalupo - Are you anticipating use by county?

J.Castiglione – Right now yes, but we are trying to figure in using half-counties also.

Federal taxes and reimbursements.

J.Castiglione – We are indexing the State MFT to State highway cost index or other, and the timeframe. Right now it is 74 percent (24 percent goes to schools). We are increasing enhancements such as VRFs, using a flat dollar fee.

J.Cantalupo - Can you use percentages?

J.Castiglione – CTR has broken down the fees by vehicle type, and we could probably add to the user manual what those rates are.

D.Lamers - You could include them in the model as a drop down menu.

J.Castiglione – VMT tax scenarios are by amount, phasing in and out in conjunction with MFT and increases in fuel efficiency by vehicle type to reach composite fleet average.

Fund 6 elimination is by percentage. It links to the model once information is all input. The model shows 90 percent good or better pavement.

A.Clark - What do you do with short-term information?

J.Castiglione – On the spreadsheet there are demo's using the 2003-04 scenario. There is also a Pavement Catch-up column.

A.Clark - How do we show paying back advanced construction we borrowed from the feds?

D.Casteel – The three year average was 94 percent, which allows for advanced construction.

D.Lamers - I don't think the letting group would use this model to determine if they need short-term borrowing. This model would not reflect it unless you put it in. James Bass' group would use their own model, but you could put in assumptions for years two, three and four.

A.Clark - For programming we don't want to forecast against these numbers at least for short-term.

D.Lamers - TxDOT FIN provides our forecast for the short-term (straight line), but we can use this model to develop the forecast for the long-term, broader ranged forecast. This would be a reasonable set of assumptions that we have to justify to the feds.

E.Calvo - This would help MPOs to have a pretty consistent set of assumptions.

J.Cantalupo - I agree, this is great, and we would just have to make adjustments as MPOs and be able to justify that.

M.Wade - The effort to determine MABs was done and it seems you could use those to help develop the breakdowns for the MPOs to use this model.

J.Castiglione – We plan to have TTI host this website so people can use it and save their results. It would take probably a couple of months to get this updated for use by MPOs.

Discussion about MPO boundaries and how that would be factored in.

T.Lomax - There would be another model for MPOs to enter their data after this model is run, and MPOs need to write the rules for that.

D.Lamers - What we need to get from this is how much money will be available for mobility.

A.Clark - If we go to a geographic step, then we will need to address revenue and expenditures.

E.Calvo - Pavement condition is an input. When you run the model, it breaks it down by category. We have more flexibility in categories 2, 3 & 4.

Discussion about 90% good or better pavement condition.

J.Cantalupo - If that is dropped to 80-85 percent, it allows you to have billions more for other work.

A.Clark - If it doesn't make a difference to the people; but there are other projects that do. You have to consider that.

M.Wade - We had the pavement study, but it didn't look at what making these improvements (and cost) would do to the rest of the mobility programs.

T.Lomax - This should be available for use within about a month.

E.Calvo - How far are we on coming up with a scenario that we can use at the state level? Can I use it to update my MTP? Will TxDOT certify this scenario?

T.Lomax - Ask TEMPO.

J.Castiglione – Ask David Casteel.

D.Lamers - We also don't know how soon TxDOT is going to implement what we're doing.

M.Wade - TxDOT wants us to implement the financial forecast into the entire planning process. It is logical to assume that we can use this program to come up with the baseline number, depending on whether this is congruent with what FIN gives us as a baseline.

J.Castiglione – We got a lot of good information from the TEMPO group about what is needed for them all to level the playing field as to state funding.

M.Wade – The Commission policy has been 65-10-25 percent distribution for Categories 2, 3 and 4.

J.Castiglione – It looks like it's all in Category 2 because that's what I'm getting right now from FIN. They show all the mobility funds in Category 2.

BACK TO FLOWCHART

D.Lamers - Now we can talk about timeframes. We can see how important this will be. Up till now we have talked about very generic steps.

Unknown – the plan has to be at least 24 years out in Non-attainment areas.

B.McCaleb - The key word is compliance.

A.Clark - If you're working on a fast moving project, it may leap over the development phase.

T.Niskala - Would your PDP actually include the financial document, or would that be a separate piece?

B.McCaleb - My perspective is that it's developed out of statewide vision goals and objectives. Prioritized operational categories (long range estimates) set funding limits.

B.McCaleb - The district can do the project list and get the authorities.

T.Niskala - Maybe that's where we have 2 documents.

B.McCaleb – The public assumes that projects listed in UTP are going to be built. You can develop a better way of explaining to the public, but you will have to keep repeating it because they will forget.

C.Smith - We can say all we want, but it's what they can pull up and what they see.

A.Clark - We continue to separate the process from the funding, we want to avoid confusion.

B.McCaleb - Can the first five years of MTP be the TIP? That's what is used to develop the MTP with financial information.

D.Lamers - I don't like dragging the MTP down to the level so that it looks like the TIP. I don't do it and I get in trouble for it. I repeat that it has to be consistent, not identical.

B.McCaleb - We can't get away with that.

T.Niskala - The UTP is not required by the federal government.

B.McCaleb - Can we issue develop authority without listing the projects?

M.Wade - Actually develop authority isn't a document. It would be one form of authority which is issued under the PDP part of the overall document.

B.Appleton - It is in the UTP.

C.Smith - The MPO agrees and it is adopted by the Commission annually. The UTP gave authority to acquire ROW, etc.

B.Appleton – The Sunset Report wants us to integrate milestones and priorities.

M.Wade – If the Commission approves the PDP, there is no separate document. It is going to have the STIP. You need to think of it as one document with several authorities.

C.Smith - Other documents will become part of the plan and ultimately part of the planning document.

Unknown - One pressure you have is to relieve TxDOT from the Sunset Commission. Saying they have to outline what they are going to do. There is not transparency otherwise.

T.Niskala - I think we need to communicate. Doing an MTP every five years in a very public process. Something updated every two years that I don't have a copy of isn't going to help.

D.Lamers - I understand what Brad is saying. We're financially constraining the process. A gatekeeper is saying when you get authority, and they will decide how ready a project is. If I have a 15 billion dollar project that I'm going to phase out over time, that will count against my develop budget. Unless we can figure a way that only a portion is accounted for... (change the funnel).

The other thing is the project definition itself. TxDOT says it must have a CSJ. I don't want to worry about a CSJ at 20-30 years out. Somewhere we go from no CSJ to a very detailed CSJ. We have to define the project somewhere.

M.Wade – Any project can have a CSJ if it has develop authority.

D.Lamers - I guess we're saying it has to have a CSJ by the time you are out of the planning process and into the develop phase. Within the planning process, you have to develop all the detail of a project. We have the planning authority down, and the time line and milestones, we just need to figure out what the documents are going to look like. Are there fatal flaws in the concept we can't get around?

M.Wade - Lets think about the goals:

Goal 1: Recommend a process that will integrate all planning and programming documents and processes: example documents under review

Goal 2: Assure an issuance of level of authority that is supported by a well defined short and long-range cash forecasting system.

A.Clark – The STP should be more than the sum of the MTPs and RTPs. It is a state plan and has to show state goals are being met. Those individual documents have particular focus. We just can't stop there. We have to fill in the gaps.

M.Wade - You could have both aspects in the STP, vision and planning.

A.Clark - If we don't do a decent job of forecasting accurately for the short-term, no one will believe what we forecast for the long-term.

M.Wade - One suggestion before lunch. We have done a lot of good work, but let's think about the most effective use of the next four hours.

A.Clark - we haven't reviewed the reports we turned in.

LUNCH

M.Wade – I talked to Jack Foster about feasibility authority. Jack has not issued a feasibility authority for several years. The option is with Commission. It is done with a Commission Minute Order if it exceeds \$25,000 in funding requirements. For all practicality, there is no such thing as feasibility authority. The ones done before the plan are paid for out of PL dollars (MCIS).

C.Smith - We did one out of leftover PL funds.

A.Clark - --FEAS if done by MPOs, and does not require action by the Commission.

M.Wade – Jack Foster said he hasn't done one for years.

M.Wade - If TxDOT doesn't have anything to do with it, you can place it on your chart at any location that you recommend it. It also is not being done.

W.Wells - Before I left TPP, we talked about increasing that funding which was too low. I can't remember going to the Commission for one over 25 thousand.

M.Wade - The main thing I wanted to show was that I said something wrong. I said feasibility authority was easier to get than planning authority. That was wrong because you have to go to the Commission, which isn't easy.

C.Smith - It's not 20 or 30 years out on our horizon, it's shorter. You only have a narrow vision. Plan authority will help in terms of working with other communities.

M.Wade - I echo Alan, you can put FEAS anywhere you want. We decided before lunch to strategize how to use our remaining time.

B.McCaleb - Let's set date for next meeting first.

Discussion about possibility of a teleconference or webinar to revise the straw man document.

- **Reevaluate documents and back to Montie by Friday, April 10th**
- **Teleconference on Friday, April 17th, 10:30 through lunch (bring with you).**
- **Meet back here at 1:00 pm on Wednesday, April 29th and all day on Thursday the 30th.**

Distributed hand-outs for review, and comments are due by Fri., Apr. 10th, in sentence structure.

M.Wade - What does everyone want to do with the remaining time?

It was agreed to continue review of Draft Progress Report document.

Discussion about Category redistribution

Category 10 may need to be broken up and divided into different groups (M O or P). How can they be re-categorized so that the categories are useful and easy to explain and be understood by the public and elected official? This will improve our flexibility, if not in the use of funds, then in the tracking of the funds.

J.Ellington – We have to be able to measure accountability and measure our goals. Could you have five categories tied to the five goals? Then you could report on how well you are doing in achieving the goals.

A.Clark – I didn't think we could make the categories fit the goals.

J.Cantalupo - The categories put into each of the three categories are all treated the same to increase flexibility.

W.Wells – FIN will make sure that the strings match up at our level. If we can't, we will come back to you.

D.Lamers - What about federal apportionment codes?

W.Wells - We don't even look at categories and neither does FHWA. We use apportionment codes.

M.Wade - It would be my thought that this group may want to make some recommendations on the rules for using these categories.

A.Clark - We need to know to what extent we will have flexibility before we try to determine if we can go to three Categories and how they will receive allocation of funds.

W.Wells - I will try to put something together for the Work Group color coding apportionment codes and what they pertain to. Then add them up by color and have them pertain to federal programs, then tie them to a category.

T.Niskala - This would help because there are restrictions about how we can actually use the federal money.

W.Wells - The categories come between federal land and public perception.

Clarification of LOAs

D.Booth - FEAS- use them for small town projects not on TTS; can be done for less than 25 thousand.

A.Clark - Do we want to recommend that some funds be set aside for this? Do we sub-allocate it?

W.Wells – I'm afraid Administration would say that the 3 million dollars set aside would not be available for letting.

A.Clark - Then maybe we just say we are satisfied with where we are. Recommend districts fund FEAS if cost is under 25 thousand, or go to the Commission for a Minute Order.

W.Wells – Clay, do you or Bob know if FEAS type activities can be charged to 11PA?

C.Smith - You have to have something to charge to just for your staff. Or I can go out and hire someone if I can get authority. If we put it on 11PA, they ask how much it costs, and they want to charge it against the program. To hire someone to do a study it will cost at least 100 thousand dollars.

W.Wells - For 11 PA you should be able to do it for the lesser amount, or the exact cost of the work program. When that came about, we couldn't have all these projects in 11PA all for \$5,000 and it gave the impression that they were all paid for under construct authority, but there were not enough funds.

C.Smith – I will write up all the types of studies coming off the feasibility authority.

T.Niskala - It is a problem for large projects.

Discussion about Lump Sum – don't know what status is currently or if it will resurface.

Challenges: No comments

Recommendations

First and second recommendations need to be reworded and strike the fourth.

D.Lamers and T.Niskala – We will rewrite Work Group Philosophy to reflect amendments as discussed.

Items to be added to Draft Progress report:

- An Executive Summary or Summarized observations to date – “Summary.”

- “Reliable financial information to lead to better decisions, coordination and avoiding over programming.”
- A revised project development process chart
- Introduced how concept of fiscal constraint works in the project development process
- Toot our horn how these things meet the requirements
- Transition of or next steps to implement this process

AGENDA AND ISSUES – UTP Work Group Meeting

Tuesday March 31-April 1, 2009

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Day one – Tuesday March 31

- 1. Review of past meeting and accomplishments**
- 2. Review of March 10 meeting review notes**
- 3. Review of homework assignments and accomplishments**
- 4. Review individual issue documents prepared by work group**

Day two – Wednesday April 1

9:00 am Presentation by David Casteel and David Ellis on TRENDS (JACK)

- 5. Continue review of prepared issue elements and work on others as necessary**
- 6. Discuss strategy for a May 1 Progress Report (What have we concluded so far)**

ASSIGNMENTS

PERFORMANCE MEASURES

Eduardo Calvo – Will write up a statement on his PM research

Todd Carlson – Will research what other states are doing in the PM area. (Suggestions: NJ, DE, VA, NC, MI, CO, MN, PA and MA).

Eduardo Calvo and Brad McCaleb may also research to see what other states are doing.

Dan Lamers and **Bob Appleton** will help with PMs – specifically, planning and programming.

FLOW CHART

Dan Lamers, Tom Niskala and Alan Clark – Additions and updates to the flow chart and “putting the pieces together” in a write up on the flow chart process so it can be included in a progress report.

WRITTEN STATEMENTS

Tom Niskala - TUMP and/or TMMP – What they are, the pros and cons, stand alone, do we need them?
Bob Appleton, Clay Smith and Alan Clark (Ashby Johnson) will help.

Alan Clark - UTP is not multimodal or multi-jurisdictional. What is its purpose? It needs to be part of our MPOs' identification of projects. The public doesn't know what the UTP is.

Brad McCaleb - Within the current project selection process put out by TxDOT, what we call things within the UTP document as well as how it is referred to in other documents are not the same. Need consistency among all the documents making reference to the UTP and what it actually is.

Robert Allen will help with this.

Tom Niskala – Will write up a statement putting everything together, including levels of authority and over-programming.

Wayne Wells and Montie Wade will pursue simplifying the process by not having so many categories of funding, and Wayne will discuss Scenario C approved by Commission at the next meeting. Wells and Wade will also develop a statement on total project costs.

Jody Ellington – Statement on the need for a plan that can adapt to changing circumstances while avoiding a lot of time-consuming approval processes.

Joe Cantalupo can help work on this. (Research MPOs with a better, more adaptable project selection process.) Stay with established priorities (project selection process required of all MPOs).

Joe Cantalupo will also write something up on this issue of coordination/communication. Local and state authorities don't always agree on priorities. How do we reconcile priorities between the various MPOs and keep projects in the letting stream? We have the issue

of the State reordering the projects according to available funds. What is our area of rights?

Dan Lamers - A PDP needs to have different assumptions and alternatives. The MTP and UTP most likely have different assumptions.

Note: We may have missed some assignments in our notes.

A Report on

**Restructuring the Texas
Transportation Planning and
Programming Process**

Progress Report

May 2009

Need to Insert TEMPO Logo



A Report on Restructuring the Texas Transportation Planning and Programming Process

Background

Charge to Work Group

Timeline for Work Group Reports

Wide Angle View of Overall Goals

Strategy and Recommendations

Coordination and Simplification

Clarification of Levels of Authority

Advantages and Challenges

Training and Information Dissemination

Issue Consideration.....

**Project Development
Project Concurrence
Financial Planning
Planning Process
Long Range Plan**

Work Group Philosophy on the Project Development Process.....

Planning Continuum

Financial Continuum

Significance

Conclusions

Summary and Conclusions

PROGRESS REPORT ON RESTRUCTURING THE TEXAS TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

May 2009

m wade tti fn=c:/foster iac/restructuring draft 3.27.09 B

BACKGROUND:

The Sunset Advisor Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities.

After review of TxDOT policies and programs, the SAC issued a staff report in June of 2008. Some key recommendations of the report included:

- Require TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward these goals.
- Establish a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.
- Require TxDOT districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Require TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

In its November 2008 response, TxDOT reacted positively to recommendations of the SAC report and detailed its strategies and status of addressing SAC recommendations. In continuing response to the issues addressed, TxDOT has selected a Work Group which in two phases will include staff from TxDOT Administration, Finance Division, Office of General Counsel, Transportation Planning and Programming Division, Design, Government and Public Affairs Division, Commissioner's Aides, and a geographic distribution of TxDOT District and MPO staff. The Department is assessing proper additional input from local elected official, the legislature, and the public in general for phase two of this effort. Facilitation, technical assistance, and reporting for the Work Group have been assigned to the Texas Transportation Institute.

CHARGE TO WORK GROUP: The Work Group was asked to identify best practices for the planning and programming process, evaluate TxDOT existing practices, and suggest recommendations for developing a new process that is transparent to all, easily understood, streamlined and predictable. The Work Group was authorized to review and comment on any

area of planning and programming that they thought warranted. The process should result in re-development and documentation of clear and understandable guidelines for best practices.

TIMELINE FOR WORK GROUP REPORTS: The original estimate by the TxDOT Administration anticipated the time requirement to accomplish the evaluation and report to be eight months. The first Work Group meeting was in mid-February. In order to have some preliminary recommendations completed by the end of the legislative session (June 1), the Work Group elected to prepare a series of interim progress report to outline accomplishments as they occur. The interim reports would not be in full detail and a Final Report will be published in full detail. The Interim Reports, however, will be focused enough to let the TxDOT Administration and the Texas Legislature know that changes are eminent and an overall direction is being established for consideration of implementation. Some recommendations can begin implementation prior to completing details of a final report

WIDE ANGLE VIEW OF OVERALL GOAL: The overall goal of this evaluation is to establish a transparent, well defined and understandable, project specific, performance-based system of project planning and programming that integrates milestones, forecasts, and priorities. A system for “granting of authority” to various types of project development will be recommended.

Goal 1: Recommend a process that will integrate all planning and programming documents and processes: *example documents under review*

Statewide Multimodal Transportation Plan
Texas Metropolitan Mobility Plans (TMMP) (8)
Texas Urban Mobility Plans (TUMP) (17)
Metropolitan Transportation Plans (25)
Unified Transportation Program (UTP)
Transportation Improvement Programs (TIPs) (25 Urban)
Transportation Improvement Programs (TIPs) (24 Rural)
Statewide Transportation Improvement Program (STIP)

Goal 2: Assure an issuance of level of authority that is supported by a well defined short and long- range cash forecasting system.

STRATEGY: A Work Group including members from FIN, TPP, Districts, MPOs, Counties, Legislature, GPA, Commission aids, and TTI was established to evaluate the effectiveness of TxDOT practices in developing a Unified Transportation Program (UTP) and the role it plays in the overall planning process that leads to development of transportation projects. The Work Group will review the current process, outline goals, re-develop a recommended process and an implementation timeline, and determine staff needs to implement and report status.

The Work Group adopted the following strategy for organization and involvement of planning partners and the public in general:

- Phase 1 – Selected MPOs, FHWA, and TxDOT District, Division, Offices, constitute the original Work Group. The Work Group is shown as Attachment 1 of this document. A figure which shows geographic distribution of the work group members is shown as Attachment 2.
- Phase 2 – Once the initial phase is completed, other outside organizations and Commission staff may be engaged to evaluate the effectiveness of the Work Group's efforts.
- Stakeholder Participation: If desirable, information can be presented to and solicited from stakeholders through individual interviews, focus group meetings, public meetings or other means of communication.

As an organizational approach, the Work Group identified the following desirable initial action steps:

- Review planning process documents
- Review program funding categories of the UTP and re-develop if necessary
- Re-develop programs and processes if necessary
- Review category of work distribution funding formulas
- Document the planning and programming process including strategy for coordination with MPO planning process and its products
- Document how the TxDOT Visions and Strategic Plans are integrated into planning and programming documents
- Set implementation timelines
- Formalize the project selection process through rulemaking
- Development of publicly available summary documents and necessary manuals
- Assure consistent application to the planning and programming processes.
- Establish a system that manages, monitors, and reports the Department's quantifiable outputs, outcomes, and performance in the planning, programming, and scheduling area. Creation of appropriate benchmarks and performance measures will be considered.

SIGNIFICANT RECOGNITIONS

A twenty-year minimum Project Development Process (PDP) document is essential. An eleven-year Unified Transportation Program (UTP) is currently used by TxDOT for some of the elements of the proposed TPP.

TIPS, STIPS, and Letting Plans are the keys to the programming process, but proper authorization of stages of work for projects is a must to recognize the 12-year head start for major mobility type project development.

Accuracy of income forecasting is most important in the first four years, but level of uncertainty is acceptable as you journey to the outer years (especially since the MTPs will be updated every five years). It is recommended that the Statewide Transportation Plan be updated on the same frequency (5 years).

On the issue of performance measures, the Work Group believes that it will be important to not only identify a new and better way of doing our planning, programming and scheduling work, but also key performance measures that can be used to monitor and evaluate effectiveness and to identify areas that need improvement.

Recommendations in this report revolve around the principles of making the process simple but well defined, understandable and transparent, integrating creditable forecasts, priorities, milestones, and performance measures and evaluations.

MAJOR PRELIMINARY CONCLUSIONS

Strategic Planning

Recommendation: The TxDOT Commission should chart the future of mobility through corridor value determinations and define long term TxDOT mobility objectives through a forty-year Strategic Plan. The process should incorporate local area interests into corridor priority determinations. This will require the identification of statewide corridors in the Statewide Plan and the development of statewide consensus on corridor priorities. Scheduling of all corridor projects should include participation by all planning partners (Example: Rural Planning Organizations and MPOs).

Recommendation: TxDOT should assemble a working group from districts, MPOs and divisions to finalize procedures and propose guidelines for corridor identification and prioritization. The group should identify and prioritize corridors through a process which includes public involvement. This will enhance TxDOT ability to identify projects that will be accomplished with any potential new revenue.

Coordination and Simplification

Recommendation: Providing better service by simplifying the planning and programming processes is essential. The existing Unified Transportation Program should be replaced by “The Texas Project Planning and Programming Process (TP4)” which will be recommended by this Work Group. The time span of this document will be a minimum of 21 years. TP4 will integrate all current planning documents with essential cash forecasting systems as necessary. TP4 will consist of two elements, a Project Development Plan (PDP) consisting of at least 13 years of

proposed projects and a Project Program (PP) consisting of four years of projects. Authorized project level of authority for the PDP will include “Feasibility Study Authority”, “Plan Authority”, and “Develop Authority”. Authorized project level of authority for the PP will include “Contract Authority” and “Letting Schedule”. **Graphics showing the proposed process are included as Attachments 3 and 4.**

Recommendation: The planning process should reduce the number of categories from 12 to 3 using the following categories of work. The recommendation is to convert as follows all existing programs to the new categories with new category rules:

- “Category P” - Preservation Projects
 - Category 1 (Preventive Maintenance and Rehabilitation)
 - Category 6 (Structures Rehabilitation and Replacement)
- “Category M” - Mobility Projects
 - Category 2 (Metropolitan Area Corridors)
 - Category 3 (Urban Area Corridors)
 - Category 4 (Statewide Connectivity Corridors)
 - Category 7 (STIP Metropolitan Mobility)
 - Category 10 (Supplemental Transportation Projects) ?????
 - Category 12 (Strategic Priority)
- “Category O” – Other Projects
 - Category 5 (Congestion Mitigation and Air Quality)
 - Category 8 (Safety)
 - Category 9 (Transportation Enhancements)
 - Category 11 (District Discretionary) ?????

Recommendation: TxDOT should develop clear understandable rules about the categories.

Clarification of Levels of Authority

- Feasibility Study Authority
- Plan Authority- Environmental work and ROW determination plus maps
- Develop Authority- All development work including PS&E, ROW acquisition, utilities relocation .

- Contract Authority – all of Develop Authority plus completion of ROW clearance and programmed for letting in a scheduled year.
- Letting Authority – project letting through a dynamic one-year letting schedule (continuously updated)

Note: Time of issuance of a project's level of authority may depend on the type of project being developed.

Advantages and Challenges

Advantages

- Net reduction of nine categories results in simplified process
- Flexibility due to project development no longer controlled by numerous categories
- Allows Districts and MPOs to utilize funds in accordance with need instead of program
- Authorizations to Districts in lump sums without restrictions on where the funds can be used.
- Allows districts to work with MPOs on “off Texas highway system” projects

Challenges

- Recordkeeping to assure use of Federal funds by available appropriation and obligation authorities
- Finance Division Letting Management Section responsible to use most restrictive federal dollars first
- Shifting and coordination of responsibilities between FIN, TPP, DES and Districts
- Districts responsible to ensure each highway classification receives proper attention
- Problem related to “determine the distribution formula” of Federal categories of work.

Recommendation: Use of recent Category 2 and 3 Work Group Distribution Equations for these mobility funds.

Recommendation: Projects in the current categories of the UTP and Letting Schedule should be moved into the new categories of work. Projects currently authorized to “Construct” authority which cannot be accommodated due to fiscal constraint should be moved to “Develop” authority.

Recommendation: All revenue (and letting capability) for the next ten years should be identified to a project level. Innovative Finance, Tapered Match, Advance Construction with Partial Obligation and Soft Match should be used in cash forecasting to a maximum extent to allow inclusion of all possible projects possible in the “Develop” authority of the planning process.

Recommendation: A Work Group should determine an equitable distribution formula for the proposed categories of work.

Recommendation: The new process should provide the ability to identify specific projects that will be accomplished with any potential new revenue (Example: bonding and tolling).

Training and Information Dissemination

TxDOT should provide education and training through courses, manual, pamphlets and instructional videos which are appropriate for different individual audiences. Separate courses may be required for TxDOT personnel, MPO personnel, and the public at large. Regularly schedule courses should be provided so as many people can attend as desire.

TxDOT should develop and publish on-line a Project Selection and Funds Distribution Manual as well as a simplified brochure/pamphlet. These should be available to all interested parties free of charge.

Issue Consideration: Issues currently identified and under evaluation by the Work Group are listed by area of consideration:

1.0 Project Development

- Recommends simplifying the UTP by not having so many categories of work.
Reducing the categories could help by simplifying?
- UTP not fully multimodal
- UTP doesn't reflect range of funding / uncertainty of funding (particular the out years)
- UTP was not financially constrained
- What is the UTPs current value---over programmed and overly optimistic
- A PDP needs to have different assumptions and alternatives. The MTP and UTP most likely have different assumptions.

2.0 Project Concurrence

- Need coordination between TxDOT Admin., Districts & MPOs (for funding concurrence)
- Over programming allows availability of projects to let if others are hung up somehow
- Stay with established priorities

3.0 Financial Planning

- Financial planning & project development were not integrated.
- Projects to be let were over-programmed and bond funds not available
- Recommends UTP match the 1 year letting schedule with no over programming
- What is the Scenario C approved by the Commission?
- A UTP type process can work if we come up with better funds forecasting system.

- UTP type document is necessary for providing financial constraint for the MTOPs.

4.0 Planning Process

- Process that is less complicated and more understandable
- Break the mold on a new and better process
- Need an adaptable plan and easily done so.
- Understandable to the public
- Hope you will look at performance measures
- You will need changes to allow corridor preservation if this group wants to look at that.
- Use total project cost to manage limitations and incorporate deadlines
- What I see is that our planning system is not a priority-based system
- How can we put all of the pieces together to get a document that works. They must deliver on a priority based system.
- How can we achieve delivery of priority projects year to year.
- We need to develop a total project cost process and address cash budgets for ROW and construction.

5.0 Long Range Plan

- Long range planning document that sets priorities and issues authority to do designated work
- If current law is a limitation, you may have to recommend removing constraints.
- We need to determine who the customer is for the document we propose.
Different documents for different customers.

WORK GROUP PHILOSOPHY ON THE PROJECT DEVELOPMENT PROCESS

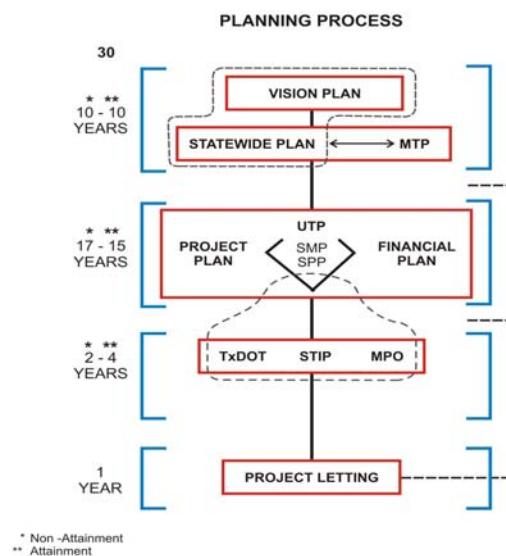
The development of transportation projects in Texas is a process defined by federal, state and local guidelines and regulations. The current federal highway legislation Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (**SAFETEA-LU**) authorizes the federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.

The Texas Department of Transportation (TxDOT) uses the term “program” to describe the process by which Metropolitan Planning Organizations (MPO’s) and local TxDOT District Offices evaluate and approve the projects along with other regional priorities and decide if the project should be advanced to the next step of development.

The objective of this document is to distinguish between the two functions necessary to implement programs and projects: planning authority and financial planning. It is also intended to demonstrate the need to balance the detail needed at the various levels of the project development process. The following explains how these two processes proceed concurrently as two continuums that can be merged.

Planning Continuum

The Planning Continuum is an ongoing process that begins with a long-range vision developed as part of the statewide and regional planning process. This establishes the transportation network horizon for the long-range 30-year period.



The process starts with the statewide vision however; does not set the direction for plan development but provides a focus for the type of agency TxDOT will be:

- A progressive state transportation agency recognized and respected by the citizens of Texas providing comfortable, safe, durable, cost-effective, environmentally sensitive and aesthetically appealing transportation systems that work together.
- Will ensure a safe and desirable workplace which creates a diverse team of all kinds of people and professions.
- Will use efficient and cost-effective work methods that encourage innovation and creativity.
- Will promote a higher quality of life through partnerships with the citizens of Texas and all branches of government by being receptive, responsible and cooperative.

Based upon this vision, TxDOT as an agency has developed a long-range Statewide Multimodal Transportation Plan (The TPP 2030) that is a policy level plan. The Statewide Plan meets the needs of the statewide planning document for requirements of the Federal Highway

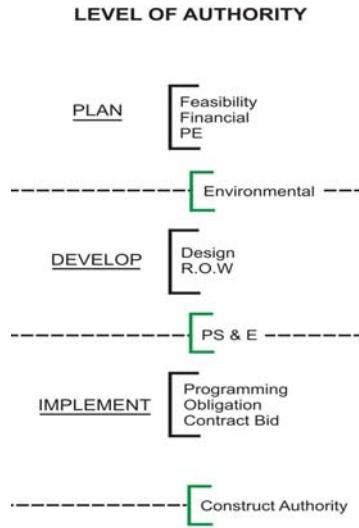
Administration and the Sunset Commission. The Statewide Plan formulates policies, provides investment strategies, and forecasts for the 20-30 year statewide multimodal needs. The last plan for the 2005 – 2030 year period is intended to be updated using the regional Transportation Metropolitan Mobility Plans and the Transportation Urban Mobility Plans, which are not fiscally constrained, as local input and be, linked to the work of the 2030 Committee and other TxDOT planning efforts. Policy direction from the Vision Plan and the Statewide Plan are used to develop the metropolitan transportation plans. At the local level the MPO's through community collaboration develop the Metropolitan Transportation Plans (MTP) which provide a minimum 20-year (up to 30-year) project development plan. Projects in the MTP can be at various levels of detail. Many are simply corridor level recommendations and are not defined fully enough to go straight to TIP/STIP programming, but require additional planning and development. There is a need for TxDOT to have a document that recognizes this intermediate level for planning purposes, but without the detail necessary to indicate financial commitment.

Currently there is a mid-range plan or 11-year strategy developed to identify the financially constrained program for project development and construction. The Texas Transportation Commission and TxDOT use the Unified Transportation Program (UTP) as a plan to guide transportation project development and construction. The UTP is divided into two documents 1) the 2007 Statewide Mobility Program (SMP) and 2) the 2007 Statewide Preservation Program (SPP). The UTP lays out the projects that will help to meet the TxDOT goals to:

- reduce congestion,
- enhance safety,
- expand economic opportunity,
- improve air quality, and
- preserve the value of transportation assets.

From the mid-range plan a four year short-range Statewide Transportation Improvement Program (STIP) is developed as an aggregation of the 25 - MPO developed Transportation Improvement Programs and the District developed rural projects. The STIP identifies the fiscally constrained short-term program that lists the projects to be constructed statewide. Specific attention is placed on the first year of the STIP when the projects in the STIP are scheduled for “letting” or placed under contract by the project sponsor. The remaining three years in areas that are in attainment (or two years in non-attainment areas) identify projects and funding sources that have a high probability at going to contract.

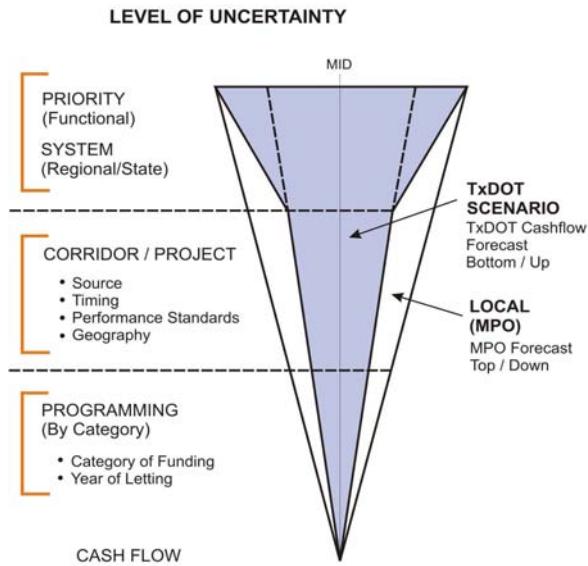
Directly associated with this Planning Process is the Level of Authority that is conveyed within each of the time periods. This includes:



The long-range portion of the planning process is the PLAN phase when project feasibility is determined, financial capacity identified and preliminary engineering initiated particularly to identify any environmental fatal flaws. The Mid-range or DEVELOP portion of the process is when project design and right-of-way acquisition are initiated so that plans, specifications and estimates can be solidified. The short-range or IMPLEMENT portion of the planning process is when projects are programmed, funds obligated and the contracting process is initiated so that in year1 the authority to construct the project can be provided.

Financial Continuum

The ability to turn plans into reality is contingent on the availability of funding. The planning process requires a forecast of funding however, the reality is that the further out the planning process looks the greater the “uncertainty” of our financial projections. This is represented by a “cone of uncertainty” that illustrates the increasing uncertainty over time.



From the local agency perspective the MPO's and the TxDOT Districts look at the financial forecast process from the bottom up with the first year of the TIP, and remaining three years, requiring the greatest confidence level to make projects a reality. The State Legislature and TxDOT look at the funding continuum from the top down with policy decisions driving the flow of funds down to year one of "project letting". Therefore, the confidence level must be greatest at the bottom with less confidence at the top.

The local or MPO forecast must also factor in other sources of revenue whether it is from local bond projects, Regional Mobility Authorities, Toll Authorities, etc. and therefore, there may be even less confidence in the financial forecast over time (hence the addition to the cone of the unshaded areas).

The long-range portion of the financial continuum has the greatest uncertainty and funding projections focus on project priorities and the impact on the transportation system. The mid-range portion begins to narrow projects down to identify sources of funding, the timing of funding, the impact of specific projects and the geographical benefits. The short-range portion has the highest level of confidence and is specific as to the category of funding and the year the project will go to contract.

Significance

When viewed as a parallel process (Attachment 1) the "planning continuum" and the "financial continuum" reflect the changing confidence level in the overall project development process. To improve this process the following is recommended:

- Update the Vision for TxDOT to better direct the intent of the planning process.
- The update of the Statewide Plan given the most recent legislative actions at the state and federal level.
- The development of regular financial forecasts, by TxDOT, that coincides with the end of each legislative session.
- The TxDOT financial forecast should include a forecast for the 1-4 year short-range, 5-20 year mid-range and 20-30 year long-range periods that clearly communicates the reduction in confidence level with each increased time period.
- A separate but corresponding project list will be developed using the corresponding documentation developed at the local level through the TIP and MTP process.

Conclusion

The TxDOT planning and programming toolbox has served TxDOT and the local agencies well. Given the new fiscal realities – several adjustments to this process will provide an even more responsive and useful planning product.

SUMMARY AND CONCLUSIONS

Insert 1 – Work Group Membership and Participants

Insert 2 – Geographical Location of Work Group Members

Insert 3 – Graphic of Project Development Process (*Preliminary and Subject to Change*)

Insert 4 – Graphic of Flow Chart of the Project Planning and Programming Process

ATTACHMENT 1

UTP Work Group Members Addresses MPOs and Districts

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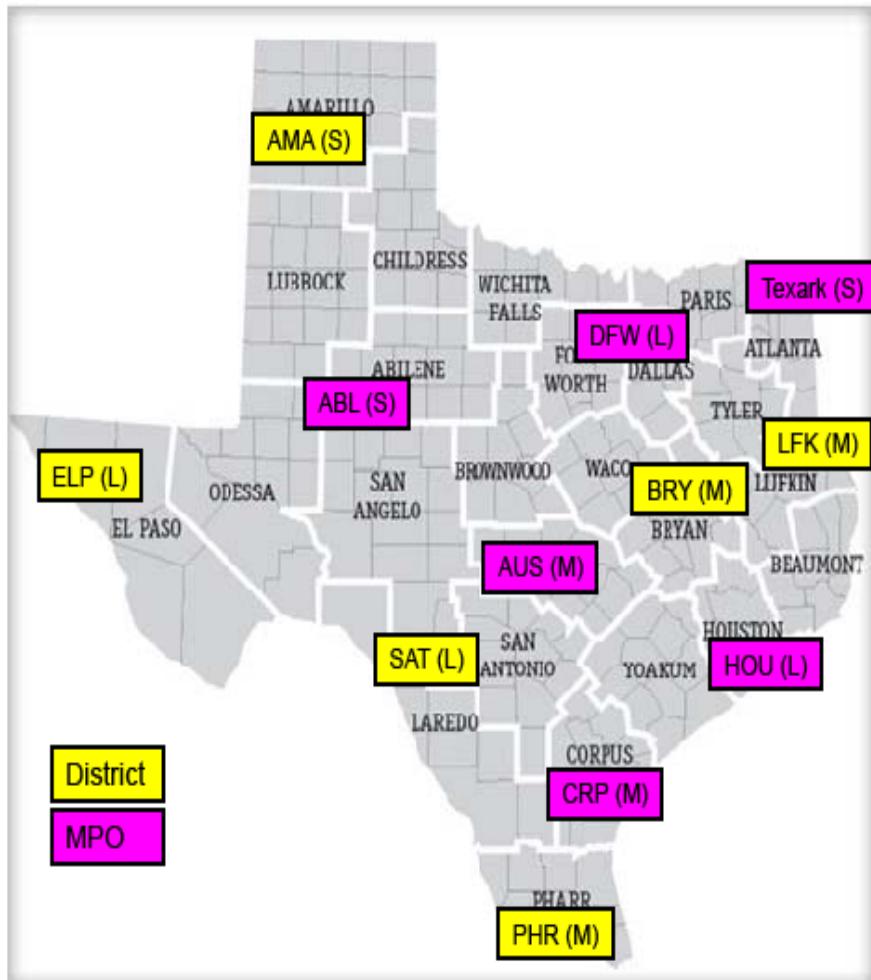
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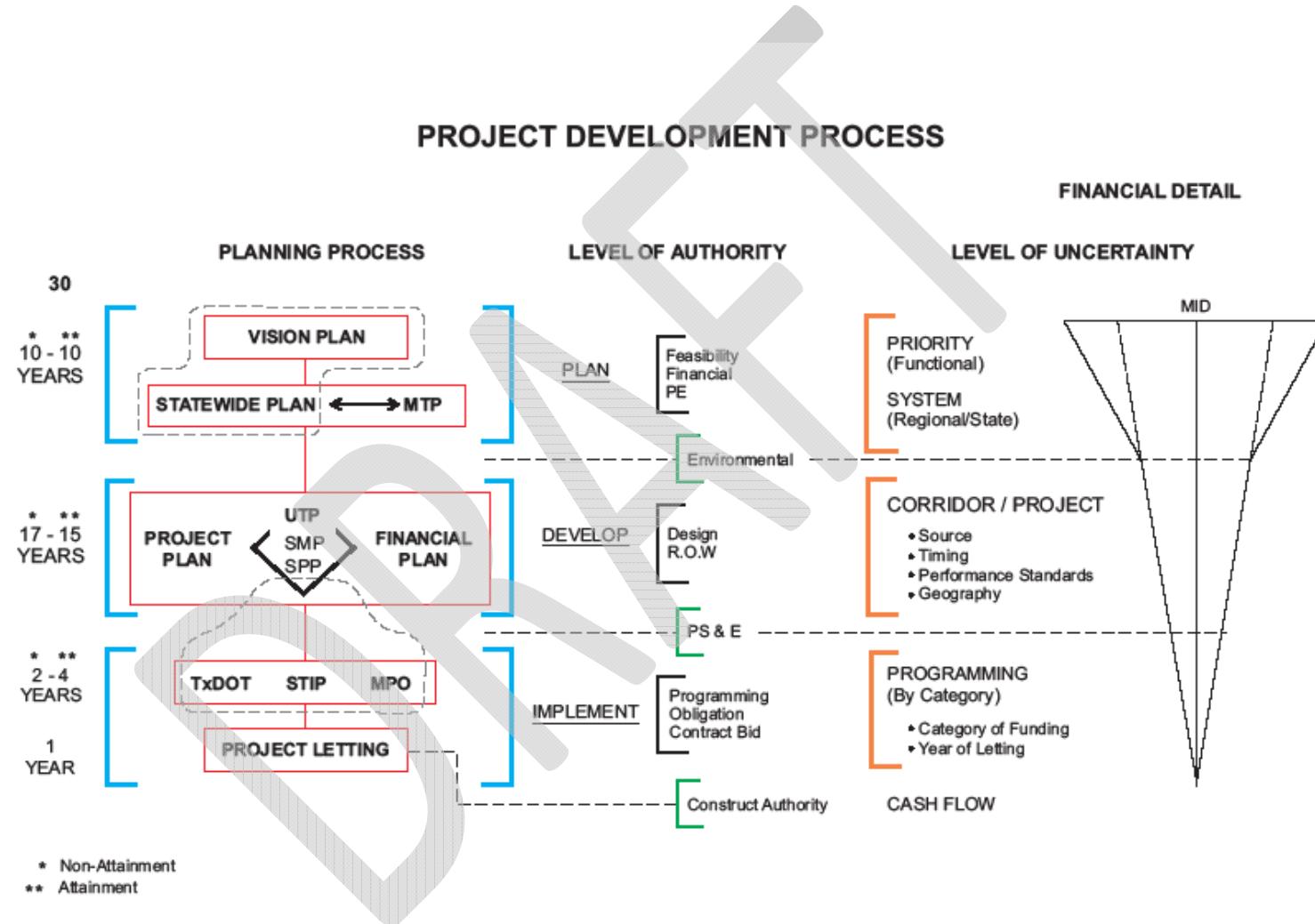
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ATTACHMENT 2



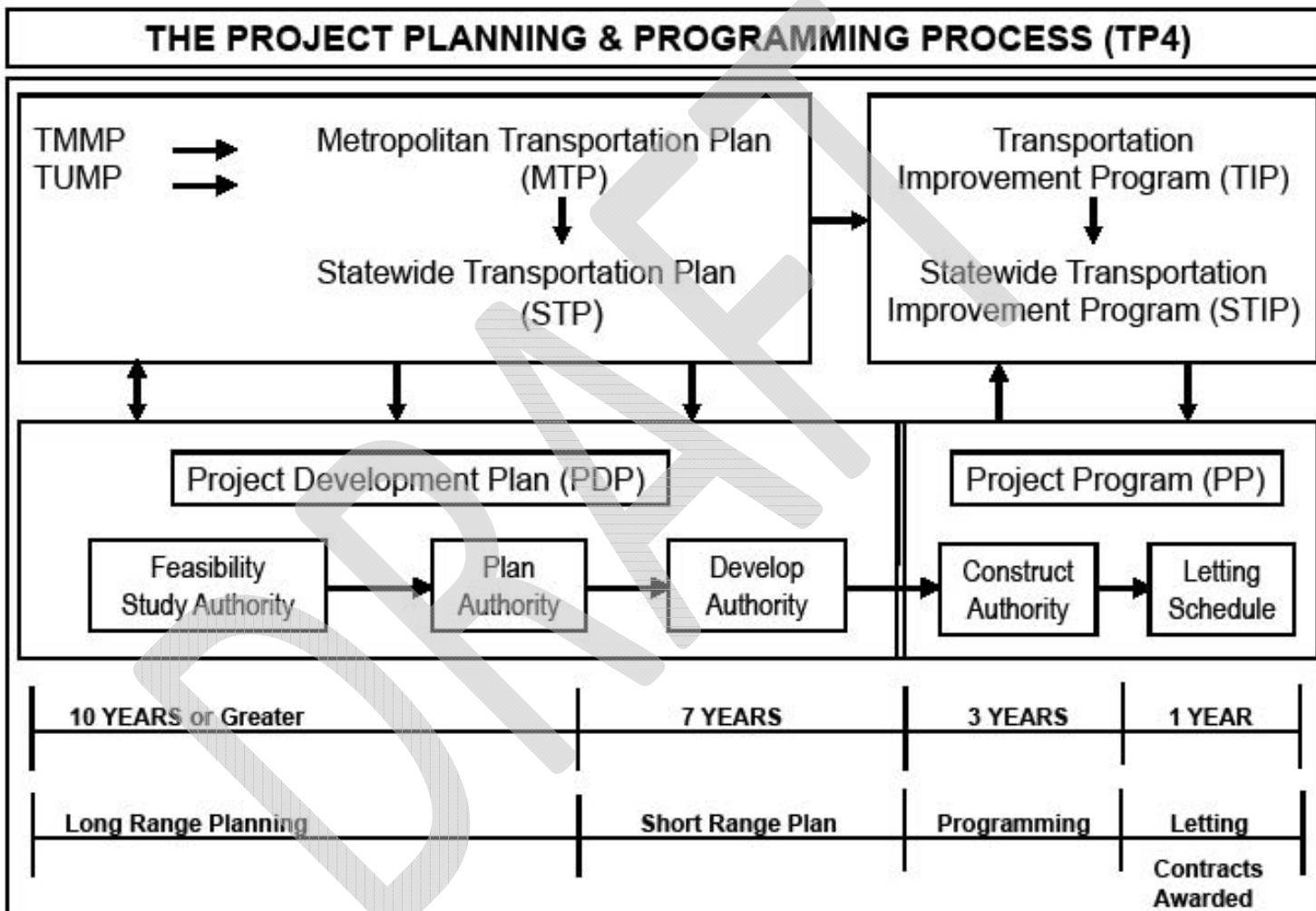
Work Group Membership Locations

ATTACHMENT 3



FEB 2009

ATTACHMENT 4



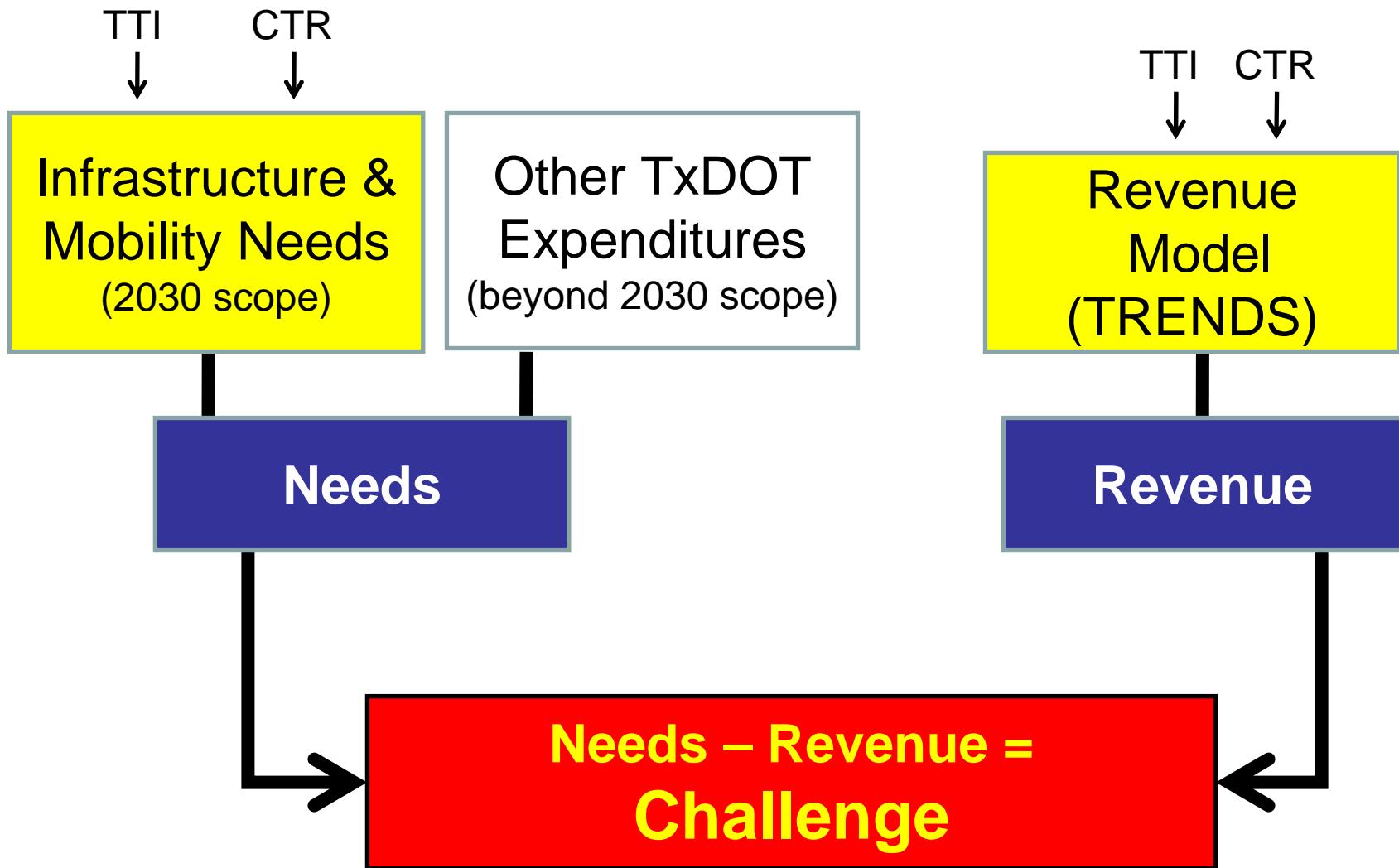
Funding the Future

A Discussion of Transportation Finance

UTP Workgroup
April 1, 2009

2030 COMMITTEE

TEMPO/TxDOT WORKING GROUP



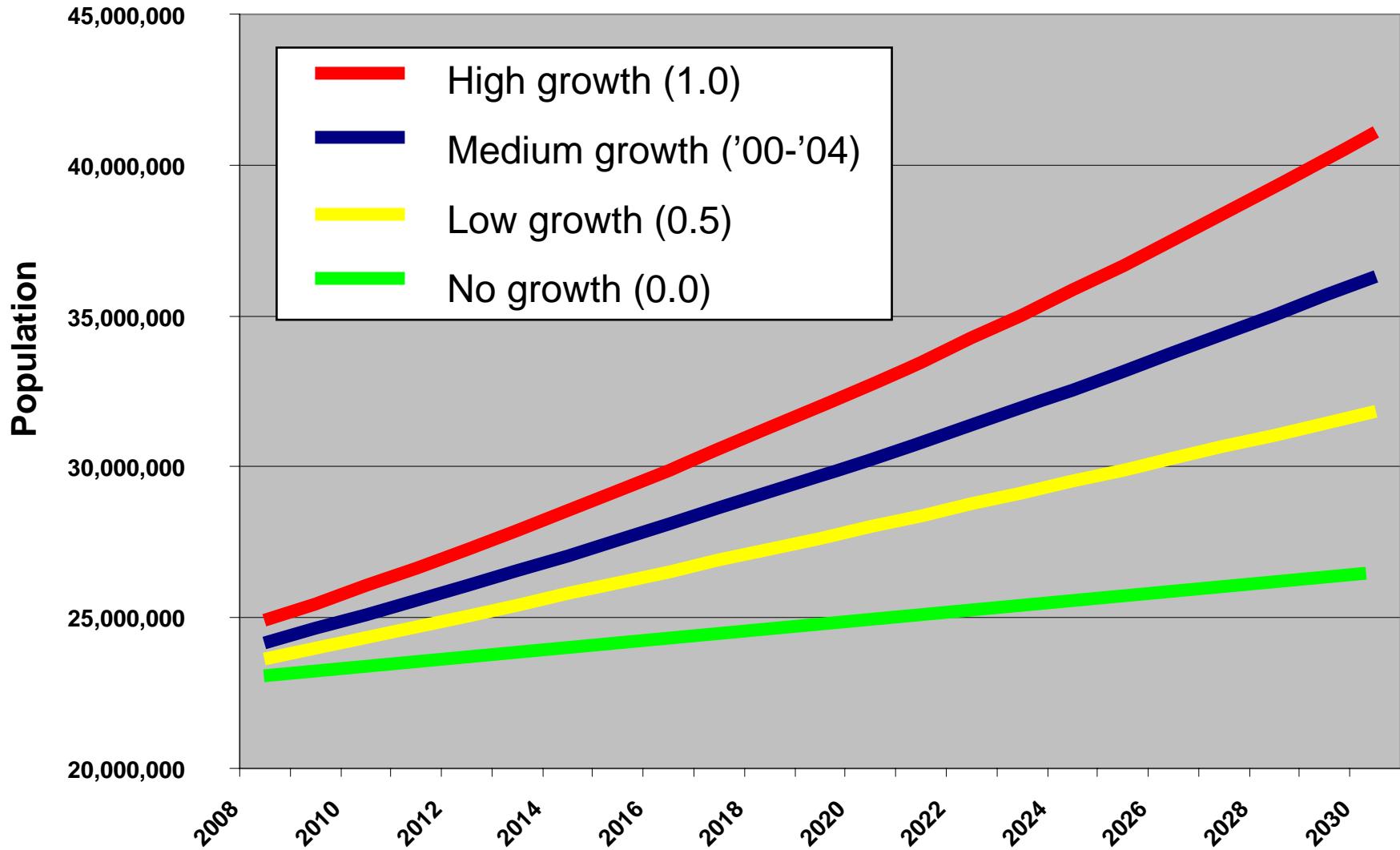
TEMPO/TxDOT Workgroup Charge

- Jointly develop a model for forecasting revenue.
- Develop common assumptions for input into the model as the basis for determining future state and federal funding.
- Forecast the amount of future funding available based on these assumptions.
- Engaged both TTI and CTR to assist in refining and validating the model.

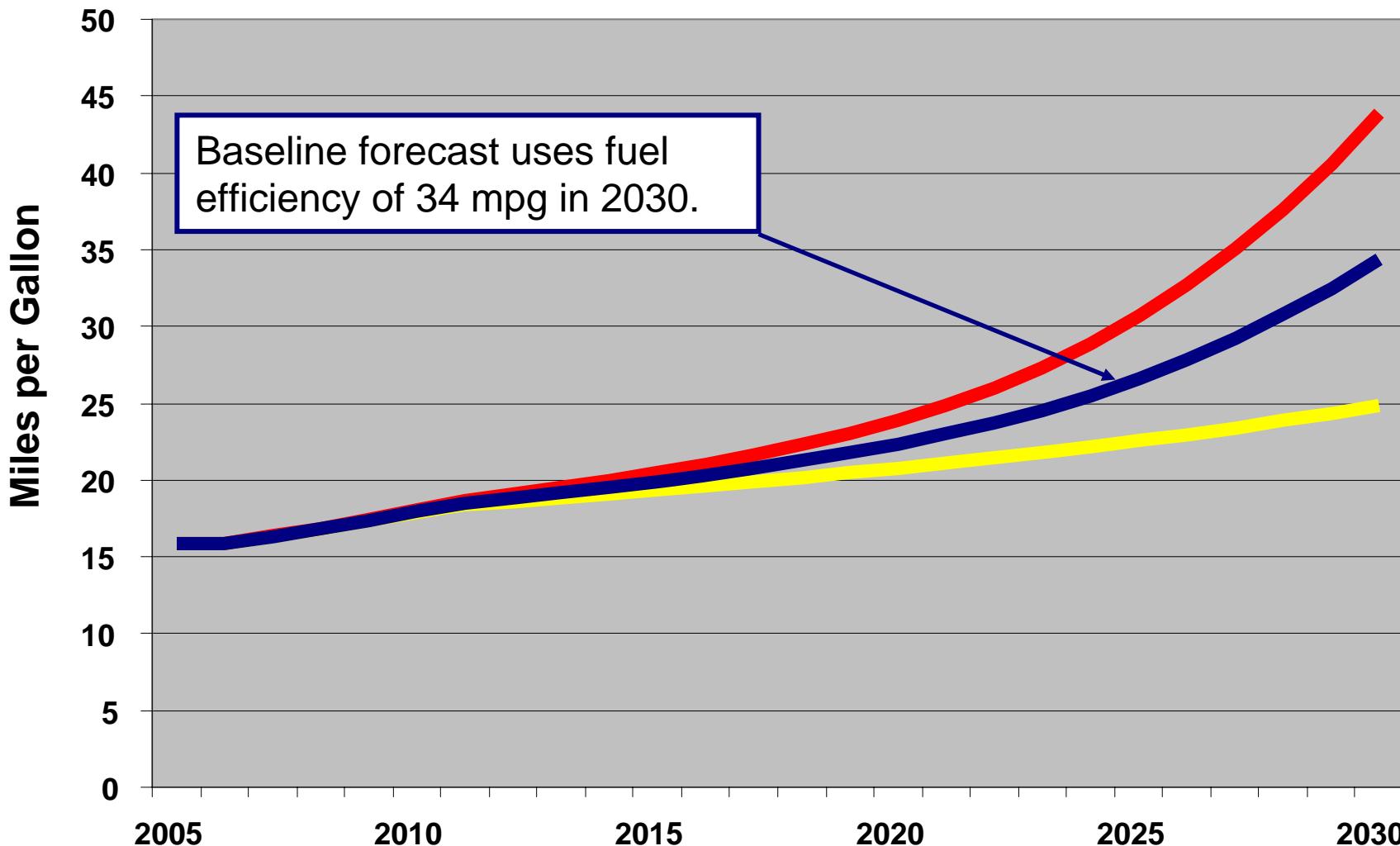
Workgroup Approach

- Developed a “Baseline” revenue forecast
- Key model parameters:
 - Population growth
 - Fuel efficiency
 - Rate of federal funding returned to Texas
- High, medium and low scenarios were developed to better understand parameter sensitivity.
- Developed final TRENDS model (Transportation Revenue Estimation and Needs Determination System)

Texas Population Growth Scenarios



Fuel Efficiency Scenarios



Fuel efficiency will increase as new technology becomes available to the consumer increasing from 17 mpg in 2008, to 34 mpg in 2030.

Source: Cambridge Systematics/TTI

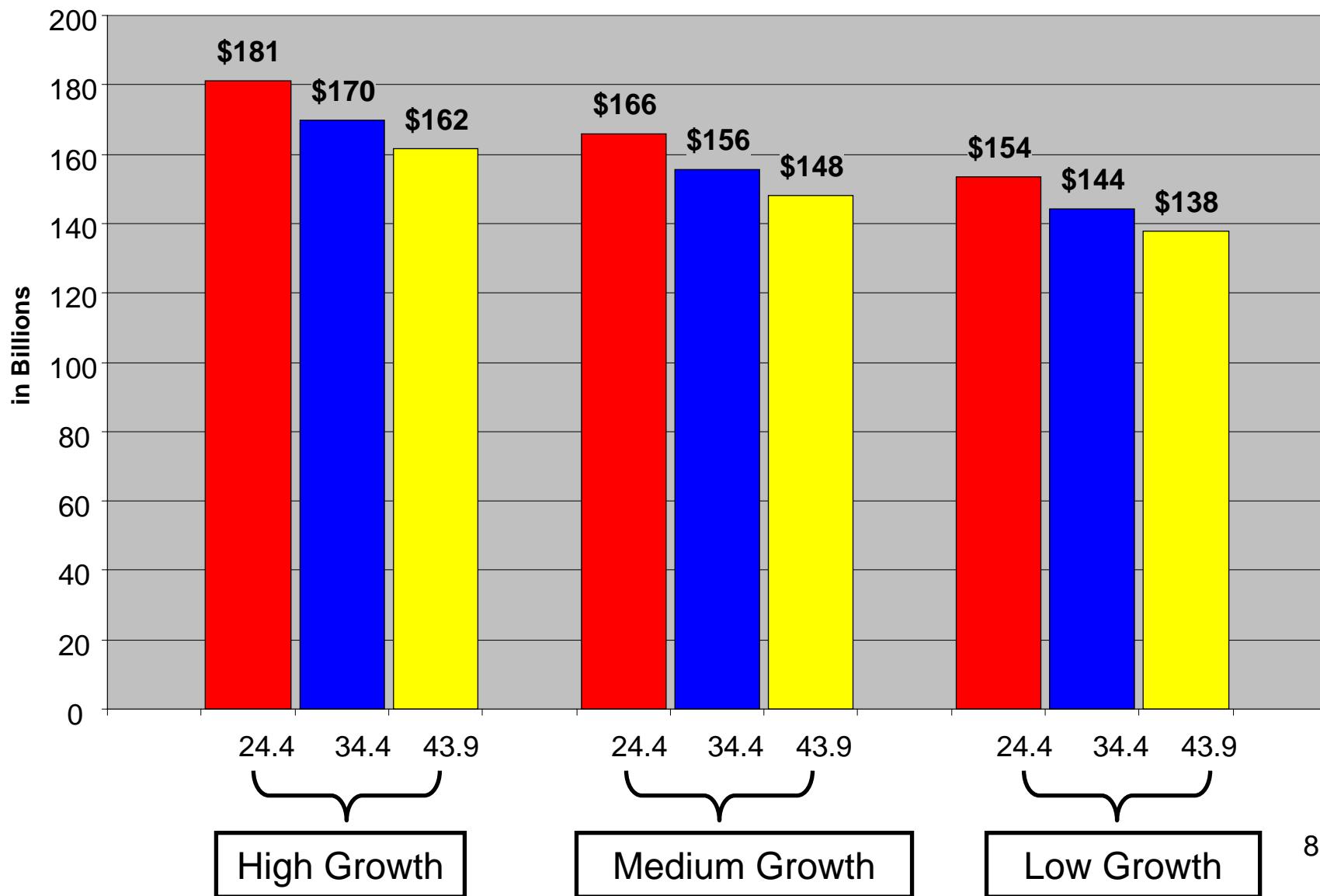
Rate of Federal Funding Return to Texas

- Money from federal reimbursements does not relate to population.
- We had to figure out how to estimate what we would get back from the Federal Government.
- We had to look at history....

Percent of Federal Fuel Tax Revenue Returned to Texas	
16-Year Average	74.2%
Average for Last 10 Years	85.4%
Average for Last 5 Years	94.5%

- An average of the last ten year is fair.
- Unless the feds raise gas taxes, the federal highway account will be like my checkbook...what comes in, goes out as soon as it's there.

Range of Revenue Possibilities ('09-'30)



TRENDS revenue enhancements

- The model can analyze possible revenue enhancements including:
 - Increased State Vehicle Registration Fee
 - Reducing transfers from Fund 006
 - Indexing the State Motor Fuel Tax
 - Increasing the State Motor Fuel Tax multiple times
 - Increasing the Federal Motor Fuel Tax multiple times
 - Additional bond financing authority (Prop. 12 & 14)
 - Implementing a VMT tax

All of these would add additional revenue to the future forecast!

Translating 2030 Needs Report

Adjusting for Inflation & State Share of Needs

2030 Total Investment Needs (2009-2030)	Constant 2008 (billions)	Inflation Adjusted (billions)	State Share (billions)
Pavements	\$ 89	\$138	\$138
Bridges	\$ 36	\$ 55	\$55
Urban Mobility *	\$171	\$266	\$165
Rural Mobility & Safety	\$ 19	\$ 29	\$ 29
Total	\$315	\$488	\$387

* Historically, 2/3 of mobility is State investment

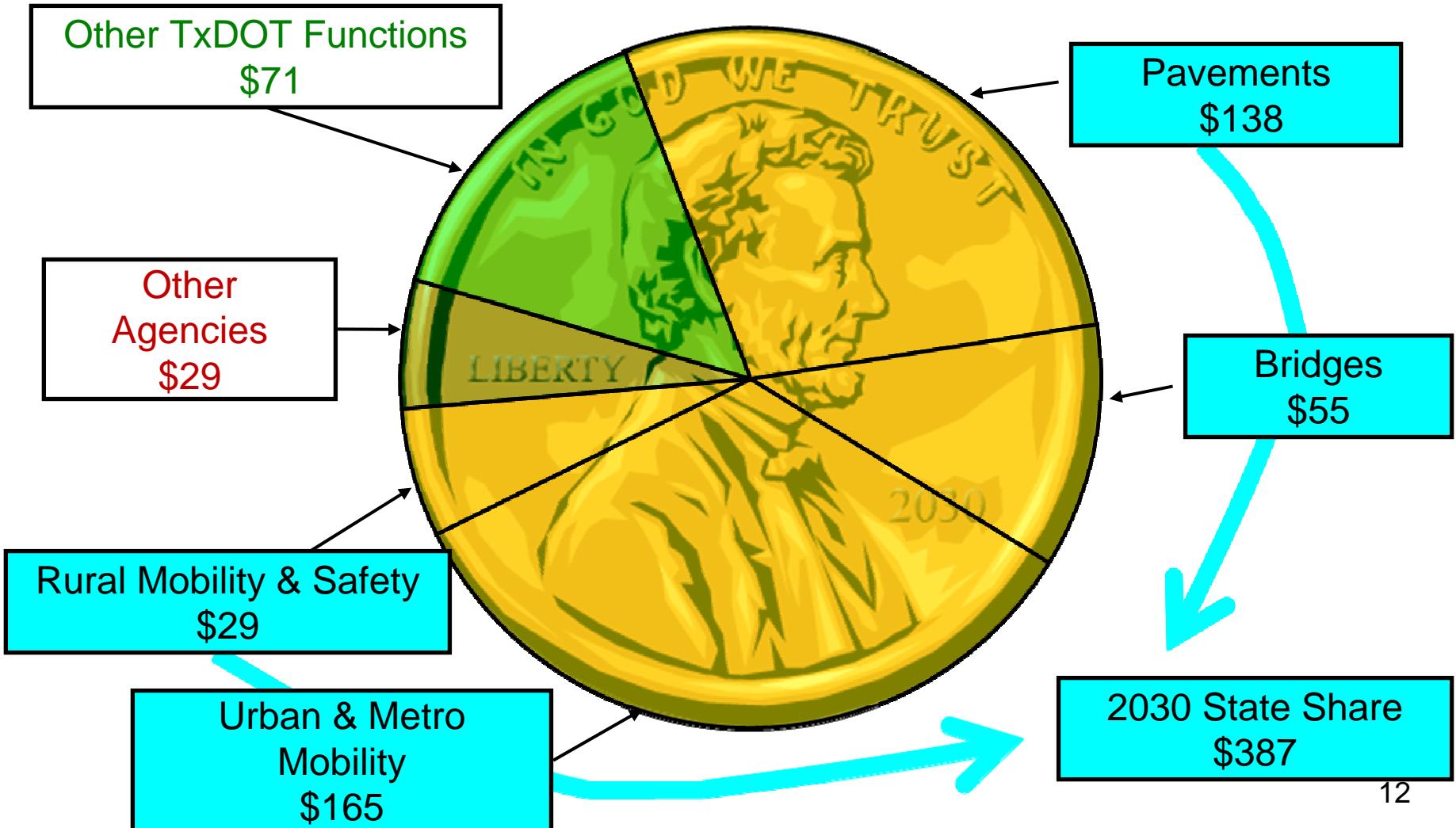
Other Costs not included in 2030 Committee Needs

- Other agency costs from Fund 006
 - DPS
 - Attorney General
 - MHMR/TDC, etc.
- TERP (Texas Emissions Reduction Program)
- Other agency costs for TxDOT
 - Employees Retirement System
 - Comptroller
- Automobile Theft Prevention
- Vehicle Registration Operations
- Motor Vehicle
- Travel Services/ Traffic Safety Grants
- Aviation Maintenance & Capital Grants
- Proposition 14 Debt Service
- SWCAP
- Short Term Borrowing
- Public Transportation Grants
- Gulf Intercoastal Waterways
- Ferry Operations
- Administration & Support Operations
- Contract Routine Maintenance (Non-Pavement)
- In-house Maintenance work (Non-Pavement)
- Existing Pass Through Toll & Toll Equity Payments
- Engineering
- ROW Costs* - **(Assumed to be in 2030 Needs)**
- Research

Needs Forecast:

2030 State Share + Other Expenses

\$ 487 Billion (Inflation Adjusted)



Concluding Remarks

- Population growth and future fuel efficiency assumptions are the key parameters for estimating revenue.
- The likelihood of additional revenue as a result of population growth will be negated by fuel efficiency gains.
- Potential revenue enhancements will change “baseline” revenue forecast.
- The model is a **tool**. It has the flexibility to analyze both growth scenarios and revenue enhancements.
- This effort to model future revenue has formed the foundation for a collaborative and on-going process between TxDOT and the MPOs.

TRENDS

- User Interface
- TRENDS model

Attachment E
to the Final Report:

Meeting #4 Notes, April 29-30, 2009

UTP Work Group Meeting Notes

Wednesday, April 29, 2009

Eduardo Calvo

Dan Lamers

Dale Booth

Jody Ellington

Bob Appleton

Robert Allen

Tom Niskala

Brad McCaleb

Joe Cantalupo

Alan Clark

Montie Wade

Mary Meyland

David Plutowski

Jack Foster

Todd Carlson

Carol Court

Wayne Wells

Dione Albert

List of Attachments referenced during the meetings:

A – Draft Progress Report 4/27/09

E – PDP Process Flowchart (in draft report-A)

B – Meyland Pyramid Handout

F – Revised TxDOT Planning Flowchart (in draft report-A)

C – Meyland Flowchart Handout

D – Meyland Project Financial Plan
Handout

M.Wade - *Opened meeting and introduced the current Draft Progress Report.*

We have no agenda, since we are here primarily to review the Draft Progress Report so it can be edited and submitted next week. Alan is attending a legislative meeting, Joe has to leave at 2:30 today for another meeting, Kenneth isn't able to be here at all, and Clay is coming tomorrow or later today. We do have Clay's comments on the screen to review as we go. I will be asking for other comments from the rest of you, but first I would like to introduce Mary Meyland.

TxDOT brought Mary to Austin from her previous position in Tyler. What she is doing for TxDOT now is central to what this Work Group is also doing. For instance, one thing she has been doing is looking at best practices around the State.

M.Meyland – Thank you Montie. My work does seem to be running along the same path as what you are doing in the Work Group, and Administration has finally decided to let me be a part of this. Your major observations are similar to what I am presenting to the Commission tomorrow. My approach is a pyramid approach.

M.Wade- Mary can share more with us later...and she will be present at our meetings as often as possible.

Wade gave background on work group and the Draft Progress Report.

Phil Russell asked for a progress report by the first week in May. We agreed to put together observations, and have been working to refine them into something we can submit for review. These are not recommendations or even suggestions at this stage. There may be elements which you (Meyland) will want to look at in detail.

I have asked Jack Foster to update us on the STP and how it ties into the other documents and into vision plan. But first, we need to finalize this report to show that this group of professionals is doing the work they have been asked to do.

R.Allen – It can be a report, with observations.

M.Wade - I want to know if we are in consensus. Tom and Dan's reports are overlapping, and they need to be combined or separated.

D.Lamers – In my text, I was trying to reflect ideas, they were not meant to replace what Dan wrote.

T.Niskala – Dan and I can work on that tomorrow, merging the two pieces to create one clear document.

M.Wade - We need to reach consensus on the changes. How would you like to proceed? I have received comments from several people, but they are not all in the same format or order.

Montie read off the following comments from Clay Smith:

I am still reviewing, but here are a couple observations that I believe should be in the report:

1. *At a minimum of every 5 years, the TxDOT Chief Financial Officer (CFO) will certify to the financial budgets for each level of authority in the Metro, Urban and statewide areas to adequately plan, develop and implement transportation efforts:*
 - * 1 year construct authority
 - * 4 year TIP-implement
 - * 20 year time period-develop
 - * 20-30 year time period-plan
2. *The Metro, Urban, Rural Statewide plan would be updated every 5 years to maintain a minimum 30 year moving planning horizon.*

D.Lamers – I agree with Clay about the frequency of updating the planning document.

B.McCaleb - I think we can include these comments as observations in this report, and if they are recommendations, then we say that in the next report.

D.Lamers - If we update our plan within four years, I am wondering if we have to include a new forecast.

J.Cantalupo - If a new forecast gives us more funds, we might want to include it.

B.McCaleb - I thought the problem was programming.

D.Lamers – Yes, that's right. A new forecast would cause problems with programming if I had to take projects out.

T.Niskala - This is affecting us already because of the lack of funds.

D.Lamers - It would change our fiscal constraint if we include a new forecast. Federal Highways respects the ground rules defined by TxDOT as long as we live by them.

B.McCaleb - All MPOs will use the State forecast, but if it changes, that doesn't mean my MTP must change.

D.Lamers - As long as the forecast falls inside the “funnel” in the long range forecast, it doesn't change the forecast for planning purposes.

J.Cantalupo - The forecast is to help us get ahead.

T.Niskala - We only need that official forecast for the 4-year TIP.

B.McCaleb - As far as the understanding between MPOs and TxDOT goes, I agree with Dan's “Financial Forecast Philosophy” in his write-up (text inserted below).

Financial Forecast Philosophy

It is the desire that one set of Federal and State financial forecasts should be developed for all MPOs, TxDOT districts, and RPOs to use. A baseline forecast should be developed using the best knowledge of financial parameters available to TxDOT, such as gas tax and vehicle registration fee rates, borrowing rates, etc. A series of alternatives should also be developed with both low and high side levels of these rates. These scenarios should not be overly optimistic or pessimistic but should be within the realm of reasonableness. It is within this forecast range that each MPO or RPO would choose the level they are comfortable with when financially constraining their MTPs. It is also within this range in which the State should set revenue availability used in constraining the number of projects that can be placed into the UTP, or Develop level of Authority. For TIP/STIP use, the baseline forecast should be used by all.

M.Wade – I thought the recent stuff **Kirk** sent out said that, if the MTP is updated, the forecast would have to be adjusted too.

J.Foster - Amending the MTP doesn't have to mean a complete redo of the forecast and plan.

B.McCaleb - An MPO could present an amendment with an update in the forecast.

J.Cantalupo - Having the forecast change by TxDOT should not trigger changes to MTPs until the local MPO updates their plan.

D.Lamers - When we amend our MTP, we walk a fine line. We always reflect a new design concept or scope to retain amendment status vs. update.

E.Calvo – Does that trigger conformity?

D.Lamers – Yes it does.

R.Allen – On the last round of TIP approvals, Federal Highways was getting picky about changes in actual costs vs. plan estimations for four years ahead. At what point does something that doesn't exactly match the plan constitute an amendment? Projections and predictions cannot be exact.

M.Wade – We will put this in as an observation, but signify that these are possibilities.

T.Niskala - I like having two levels of details.

B.McCaleb - Why can't we specify that TxDOT should do annual forecast updates, so when you address your TIP/STIP process, the state will provide the forecast base annually.

M.Wade – What about Clay's comment?

T.Niskala – For the near-term call it a financial plan.

B.McCaleb - Constrain it at the 4-year TIP level.

R.Allen – It needs to be flexible in observations to make them fit a 5-10 year plan, so the plan can be adaptable down to the five-year level.

M.Wade - Short of certification for other levels than the 4 yr TIP process.

Second comment from Clay's email: Is it logical that the state plan should be done every five years?

J.Foster – It sounds like it is currently being proposed in the legislature. The Sunset Committee looked at this and said it needs to be on a cycle.

B.McCaleb - Is everyone going to be put on the same cycle?

T.Niskala – We can't put every planning document on the same cycle, and we can't put all the MTPs on the same cycle.

B.McCaleb - Then in the 5th year of the STP, the State will use whatever is out there.

J.Foster - Every year we'll look at the plans (MTPs) and we'll change the STP according to what is out there.

D.Lamers - STP amendments will not constitute changes to MTPs. MTPs will not have to follow the same cycle as the State.

E.Calvo – The STP is a compilation of the MTPs and RPOs, etc. Is there a centralized state plan or is it just putting these together?

J.Foster - We will want to integrate common goals as articulated in the Statewide Goals. I don't see a centralized state top-down delegation to the MPOs. It's more of an accumulation or aggregation; a compilation of what is going on across the state. We don't want to override individual MTP and RPO plans; we just want to capture what is going on in the state.

E.Calvo - What is the legislature asking for in the STP?

J.Foster - More corridor issues, etc; at the current time the STP is more policy. The question is, "How do you get permission to work on corridors?" A statewide connectivity plan is one thing called for in proposed legislation.

D.Lamers – As an example, might the STP contain the need for more capacity on the I-35 corridor or something similar to the TTC, or broadening of corridors in general?

B.McCaleb - Would it include prioritization between modes? There's been a lot of talk about alternative transportation, especially in metro areas.

J.Foster - I think you'll see some of that. There's been talk of organizing documents by region, by mode, by year and also by prioritization. It's hard to do because we won't have jurisdiction over all these areas.

B.McCaleb – On page 7, is that sentence incomplete under the second bullet point? We could just delete the second sentence

D.Booth - Replace UTP with PDP in the first sentence also.

R.Allen - Take out "recommends."

B.McCaleb - "Simplify the PDP by redefining the number of work categories."

M.Wade: Let's look over Alan Clark's comments:

Page 2 comment:

If the Sunset Review did not address the issue of devolving decision making to local levels, then it should be addressed anyway because the legislature was bringing it up.

M.Wade - We need to reach consensus if this is going to be an observation. *It was decided by the group to table this discussion for now, until Alan is here to give more explanation.*

T.Niskala and D.Lamers will put heads together to provide one write up.

M.Wade - Are there any other comments, or would you like to go through page by page and comment on the draft?

E.Calvo – The essence of what we want to submit is here. We are making this report and waiting for feedback from TxDOT Administration.

M.Meyland - I can give you that right now. I will hand out the genesis of a flowchart for planning documents to determine where to use performance measurement and management. It is very similar to this group's TP4 planning flowchart.

Group Reviewed the Meyland chart, while she explained it. (See attachment B)

Goals need to be measureable; we need two to four goals that all projects will fit into (preservation/mobility?)

Group reviewed a second handout. (See attachment C)

This one is a pyramid similar to your funnel flowchart. I agree that the funnel better depicts the idea of a variable, broad to specific forecast.

The third handout is the Project Financial Plan – a total cost analogy. *(See attachment D)*

D.Booth - I like that it has total cost and expenditures are included, this is much better.

T.Niskala – I agree.

B.McCaleb - Are we going to continue to handle overruns as we have historically?

M.Meyland - There will be change orders after letting.

B.McCaleb - We need a mechanism to track that and to keep everyone accountable.

J.Cantalupo left for another meeting.

B.McCaleb - Right now there is a lot of concern about change orders at the local level.

M.Meyland - We are trying to eliminate preference and go with best practice.

B.McCaleb - Is this a small initial step to true life cycle (TLC) project cost?

M.Meyland – Yes, on time, and on budget.

B.McCaleb - But the TLC cost actually includes maintenance. That needs to be included.

B.Appleton joined group

D.Lamers - I think what Mary is doing fits nicely into what we're doing.

M.Meyland - Our deadline is December. We want to start getting this out there by June/July and have a draft by December. We need your detail on how things all fit together.

M.Wade – I see a difference in time elements, but they are not big differences. This group has more detail because they are looking at a longer “develop” period from idea to construct. We are looking at a long term basis. Both our groups are trying to accomplish the same objectives and the processes support each other very well. Once Mary has made her presentation to Administration, and they have seen our progress report, then we could get them to come back and give us their feedback.

Mary, can you tell them what is going on the area of PMs? They are interested in what is going on in the areas of Planning and Programming.

M.Meyland – We are doing the same thing--synthesis of best practices. Other than targeting, there isn't much being done. Washington State has the most going on. Once a project is in a plan, they put expectation dates down. If the deadline isn't met they look at the reasons why, so people understand why this is happening. From planning and programming, it's how you do this, with targets but not hardcore deadlines. The legislature is mostly receptive because there are no other, better ideas.

B.McCaleb - I agree there's not a lot out there in the area of planning and programming performance measures. The little bit of research I have been able to do takes a high level of commitment to get any results from a program. The process has to be adaptable. We have to be very careful about the terminology we use. This can confuse the goals.

M.Meyland - We will use this in project TRACKER (answer to Tom).

M.Wade – The Work Group has suggested that they would not like to see performance measures be punitive. Should that be an observation?

M.Meyland - I will take that under advisement. For the purpose of performance measurement and management we (TxDOT) need to provide support to get your projects done on time.

B.McCaleb - How are we going to transition from where we are concerning projects in the pipeline now (4 years)? If we are going to identify statewide goals...

M.Meyland – You'll just have to fit the projects into them.
(grandfathered in?)

Unknown - Will there be a definite time frame (5 years?)

J.Foster – The money available will probably determine what winds up on the cutting floor.

B.McCaleb - Some will be taken care of at the regional level?

Unknown - Right now the STIP is based on projections of SAFETELU. If we go to a cash flow system...

B.McCaleb – I asked because we don't want to repeat past mistakes and have projects approved when there is no funding.

R.Allen - There just isn't enough money for everyone's pet projects.

E.Calvo – This is a hard thing to enforce when we are giving more decision-making responsibility to the local level.

M.Meyland - We would hope you agree the goals are the same, and to be able to work this out.

M.Wade – Wayne, do you have any comments?

W.Wells - Having a good cash forecast would eliminate the things Brad was talking about.

D.Plutowski showed how Project TRACKER works.

Tracker was intended to include everything under “development” as of September 08.

BREAK

M.Wade – Jody furnished me a comment that, “*you need to go back and look at the Commission goals for use of simplicity and see if the authority names we are using are consistent with the simple and understandable names decided upon by the Commission in that clarity setting.*”

Dan and I discussed the work group proposal to use “STIP” authority instead of “construct” authority on your flow chart. I cannot really say that use of the “STIP Authority” to replace “Construct Authority” really meets the goal set by the Commission to have understandability of

the process. In my opinion, 99 percent of the public of Texas will not know what STIP Authority is, and probably 90 percent of the elected officials of the state will not know what STIP Authority is. I believe that they can relate to what “Construct Authority” means. I believe that Dan agrees with me in that you might want to reconsider that wording.

D.Lamers - Plan, Develop and Let are all active terms; but saying something is in the STIP doesn't imply the same level of activity. Construct does. It is authorized to go to construction. We can use this term as long as we can come to agreement that if a project is in the STIP it is going to construction.

M.Wade - We are just saying that the project is authorized to go to construction; it doesn't give a specific timeframe.

J.Ellington - What about implement?

B.Appleton - The STIP should be our 4-year letting schedule.

T.Niskala - If the word is that critical and what does the public see when they see the word “Construct?”

Discussion about using Construct instead of Let

A.Clark - I agree we should keep an active tense, but I don't know what else we would use besides Construct. It would be good to define a new word because this is a new process.

Discussion about using the term Fund instead of Let

M.Wade - You fund some works before the construct stage. Examples are ROW and utility relocation, which are funded in the “develop” level of authority.

A.Clark - I think we could use “Construction Fund Authority.”

D.Lamers - We don't have to decide right now, as long as we are in agreement on what the levels are.

B.McCaleb - We could just say Levels of Authority 1, 2, 3 & 4 (1 being Let).

M.Wade – Alan, we talked about your recommendation that I review the Sunset Report that spoke to devolving decision making to the local level and consider that for a Work Group observation. After reviewing, I do not find anything in the Sunset Report which proposes the delegation or dissolution of decision-making to the local level. Items of note in the Sunset Report of June 2008 that I did find include:

- Require TxDOT districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects
- Require TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.
- Require TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward those goals.

A.Clark – I have yesterday’s version of the Sunset Report, which is a fusion with the Picket Bill. It talks about funding in very simple terms. That doesn’t mean we can’t still use a cash flow process or even support TxDOT’s use of some kind of short term debt or book keeping strategies. It does not say how much money can be spent on what areas. But how does this affect what we are talking about here, where the development of state programs occur and are affected by the state plan?

It doesn’t say anything about federal projects. There was a lot of discussion of PI (electronic media, etc.) Planning Organization Funding, all with a cap—rural, urban or large urban, or 10 percent of your allocation, whichever is smaller. It uses the term “operating cost” instead of “overhead costs,” which could be a concern. It doesn’t talk about transition from where we are now to where we would be with this program.

There is a list of amendments:

- Cap on op cost
- Policy board 75 percent elected officials (primary bill) and only they can vote (non-elected members cannot vote)
- TxDOT or members of transit, etc. authority members can also vote (amendment)
- Redesignation for MPOs
- Border region high speed rail authority (can charge sales tax and condemn property)
- Whatever funds that can be sub allocated out to MPOs will be (first bullet?)

Not acted on by full house yet, but could be very soon.

The question is, “Would the Governor veto this bill if it passes?” There are a lot of performance reviews. The part of the Government Enterprise Department would be working for the legislature. There would also be mandatory TxDOT staff cuts.

R.Allen - Why would anyone serve on a board if they can’t vote?

M.Wade - Who certifies that there is actually money to let a project? Will it still be the State?

A.Clark - The assumption is that the Commission will have to go about figuring out how to implement all these changes.

M.Wade - Mary's handouts speak to this issue. Who helped the Legislative Committee come up with these recommendations?

A.Clark - Individual legislators came up with some of this, and Pickett is the chair of his Policy Board.

E.Calvo - Pickett's focus is to take decision-making power away from the Commission and spread it to the MPOs and local officials. This takes it away for certain types of projects and spreads it whether the areas want it or not.

A.Clark - I would hope we do not end up with a debate over every project.

E.Calvo - That's been a complaint on Category 1 projects. They don't always go to the local people and we don't always know what the funds are going toward. I don't think Pickett is saying the local people should be ranking the projects, but letting them prioritize them and see what they are.

B.Appleton - Can MPOs sub allocate funds to different precincts?

A.Clark - There was nothing in the amendments or report about that specifically.

M.Wade - is there anything going on in the Senate? You're supposing the House will pass this?

A.Clark - I don't know.

M.Wade – The Senate wouldn't necessarily have to adopt it if the House passed it.

J.Foster - There is some version of the Sunset Bill on the Senate side.

M.Wade - We can only watch what is going on in legislature, but your vision in this group is good. Our first meeting in June will have to address changes required by the legislature. Mary's work closely parallels what we have come up with, so I think we are going in the right direction.

A.Clark - Do you think what we have here is a good start?

M.Wade - I think it is, yes.

A.Clark - We will have to figure out how to take this back to our areas and explain to the Policy Boards. This may provide a framework for getting everyone to talk about the same thing and work within the same framework.

End for the day. Start tomorrow at 8:45.

Thursday, April 30, 2009

Eduardo Calvo
Dan Lamers
Dale Booth
Jody Ellington
Bob Appleton
Robert Allen
Tom Niskala

Alan Clark
Clay Smith
Brad McCaleb
Joe Cantalupo
Montie Wade
David Plutowski

Jack Foster
Todd Carlson
Carol Court
Wayne Wells
Dione Albert

M.Wade - Are there any carryover thoughts from yesterday that we need to discuss first?

No comments

M.Wade - We left off with the idea that we would get this draft ready for presentation to TxDOT Administration next week.

A.Clark - Do we want to incorporate anything from Mary Meyland's handout material?

M.Wade – Probably not, since we're not looking at the same time frames. Her bottom line comment was that we could do these two systems together. Their timeline was to be in existence by December and that's their game plan. We may still be here in December and be able to mesh our processes together.

D.Lamers – Since Mary sees what we're doing as parallel, I hope she will focus on performance measures and let us focus on the process.

A.Clark - If we agree with Dan's comment as a group, let's communicate an observation that there is symmetry and similar thinking. That way, if she wants to focus on performance measures, we can look at other things and get that from her eventually. I thank her for continuing to collaborate with us on this.

E.Calvo - Yesterday she said she would be part of this work group.

M.Wade – We said we were looking forward to getting comments back once we send in our report. She said she thought that could happen. Each Administrative person has said they would come back and visit with us after they have reviewed our report. Mary thought that was a good game plan and she is willing to help us. She may not be present at every meeting, but she is on this work group.

J.Foster - Mary is our conduit to a higher level, and is part of the Work Group.

A.Clark - We'll see. Some of this may become more specific in the next few months.

M.Wade - I didn't have an agenda for this meeting because we were really only going to do two or three things: Go over the comments, introduce Mary to the group and review the Draft Progress Report one last time. Going over the document is on our critical path right now. This discussion should provide a lot of benefit. Mary thought these were really good ideas.

A.Clark - If we start at the top of the funnel we have more potential to include work not turned on its head by state legislature. Since we don't have a vision plan, we might want to start at the other end to see where we are.

M.Wade - I think we can turn our observations into recommendations eventually. I told Mary that I didn't send the drafts to Administrative work group members because we felt strongly about not wanting this to be misinterpreted. But from now on, they will get all of the correspondence the rest of the group gets. There is not anything in here that might not be changed. If Mary incorporates anything, it may not be in ours by December.

No comments...

David Plutowski brought up Project Tracker on the screen for everyone to view.

M.Wade - Tracker is a good start but it still has a long way to go to be as helpful as intended. Bob will research instructions received by the districts as to what Tracker should include.

A.Clark - We did something like that a long time ago and it's been on our website for awhile. What we want is called "tell us." It was a big database and provided a two-way flow of information. We could put data in and get data out. We could put scanned drawing on it, etc., so it was actually useful to people and to local governments. You can revise, etc. The public usually gets the kind of stuff Tracker shows. All of it is available. Who is intended to be Tracker's audience?

M.Wade –the group talked about who Tracker is supposed to serve, but Mary did say that it would be for anyone to access. I think it is a fantastic start.

A.Clark – I do too, and there is a lot of opportunity. It is much better than DCIS. Dan, are you doing something like that; something with member-only access?

D.Lamers – It's hard to keep data updated.

M.Wade – It's like an animal, and you have to feed it.

A.Clark - One thing I have noticed about the plan is that it all looks the same for the TIP. Something for the 2030 Plan that would help is a tool that tells if it is an idea or if it is a concrete plan with drawings and definite locations etc. The long life of projects requires ability to inform new people all the time.

M.Wade - We impressed on them that all levels of authority (LOAs) should be in the Tracker. Local information could be on there too.

D.Lamers - When you pull up Tracker in the future, it should designate what stage the project is in (what LOA).

T.Niskala - When Bob brought this up, didn't it have a chronological history?

B.Appleton - That one did, yes.

M.Wade - We talked about using different colors to designate different levels.

A.Clark - Some people don't want a lot of detail, but if red means, "to be done next year," they might change their mind.

M.Wade - TxDOT has greatly increased their technology and this will be a wonderful thing eventually. But it still has some way to go, so we need to give our recommendations to the administration.

R.Allen – David, could you open up a project location in Tracker; one that actually shows the beginning and end?

D.Plutowski - There's no legend to tell you what the colors mean.

M.Wade – Let's get started reviewing the report and see if we can get consensus.

Title Page

C.Smith – The title seems like we're into a statewide plan as a process. We have an MTP and this is an overwriting statewide plan. I suggest, instead of planning or programming, it's becoming a statewide plan. It's not a 10-year UTP we're talking about, it's the whole thing.

M.Wade - Can we leave it as is for now? (*Group agreed*)

T.Niskala - we may have to mold this onto what comes out of Mary's discussion with the Commission on her presentation.

M.Wade - A lot of thought needs to go into this, I agree.

TOC - no comments

Page 4

A.Clark – A vision plan doesn't need fiscal constraint, but we do have to talk about how we can achieve things. It needs to acknowledge that we need resources. In the planning phase, we need

to know how much we will need in resources to achieve our goals. Therefore, financial matters are involved in all levels, but not necessarily at the same level of constraint.

J.Cantalupo - If we want to let TxDOT Administration know how we're doing, wouldn't it be enough to tell them we acknowledge these things? It seems to me we could hammer out these wording details as we go.

M.Wade - We need to give them as much as possible at this stage. Why do we have these bullets? These were what Alan came up with and we agreed to them. They are summaries of what we have looked at all along. Word editing isn't necessary, unless you feel like we need it.

A.Clark - We would hope the Commission doesn't think this is the end of our work.

J.Cantalupo - This has a certain work and scope, and I'm afraid someone will pick this up and think this is what the final shape and scope is going to be. I would imagine a progress report should be 3-5 pages as opposed to 30 pages. We could say it without risking misunderstanding the scope.

M.Wade - The statement at the beginning clarifies that.

J.Cantalupo - Yes, but it's in the report because we agreed, and I think it should say this is a summary of discussion.

B.McCaleb - I agree with Joe, if we submit a progress report with this much detail, they will think we could finish this up by August. I don't want to get pressure to finish up sooner than we are capable of.

A.Clark - I think we should just postpone a discussion of shortening a progress report, given what is going on in the legislature. There will be no transition time expressed in the Sunset Bill. I don't think we will get six months to fill out the details, so we need to tell the deliberation we have had.

T.Niskala – I assume the primary audience is the Administration, not the Commission.

A.Clark - They would not read it anyway.

E.Calvo - We got confirmation from Mary yesterday that we are on the right path. It is clearly not a report, and we are worrying too much. I just have problems with consistency (horizons for the different documents, for example).

R.Allen - I think the fact that we don't have consistency, etc. would keep anyone from coming to the conclusion that this is a recommendation.

D.Lamers - This does look like lot of work has been put into this. Alan wanted the summary so you don't have to have an entire document to understand what we're doing. I agree with Joe and Brad, but we can let it go as is.

B.McCaleb - I guess if you use the language that these are not findings but just observations, this is okay with me.

D.Lamers - Should we state that we need to work with Mary? I don't know what her initiative is called...

A.Clark - We could say one useful tool (bullet 4) being developed by TxDOT is TRACKER and we want to coordinate with Mary's Office.

D.Lamers - Just put this in the report.

B.McCaleb - I suggest a bold, underlined opening statement. Change findings to observations...

Page 5

C.Smith - I have a problem with the word "transparency." It seems to imply guilt, hiding and deceptive actions. Maybe we could change this. I don't think we need to change it right now, but I just want to put this thought out there.

D.Lamers - I agree, but the Sunset Report gave us that word and I think we are stuck with it.

B.McCaleb - Mary said things need to be measureable, how do you measure if you're being transparent enough?

M.Wade - The definition has to be broader. The Department is making an effort to bring people into the decision-making process and keep them informed. I believe another group will work on that.

B.McCaleb - We have been willing to get it out there, but people just don't show up to meetings.

C.Smith - Maybe we need to define transparency at the beginning, but this can be tabled for the time being.

Page 6

M.Wade - We will do a find and replace on "recommends," etc. in context and as appropriate.

Page 7

Jody's comments

B.McCaleb - Maybe we should not use “UTP” at all.

D.Lamers - State that the current UTP is “over programmed and overly optimistic and the following are issues which need to be addressed by the process:

J.Cantalupo - Make statements under Work Group Strategy read consistently as far as action:

Consider having the TxDOT CFO provide regular financial forecasts to support the planning and programming process. The FF should address each LOA in the metro, urban and statewide areas to adequately plan develop and implement transportation improvements.

Other items noted for Page 7:

Tom's chart needs to have 30 +

PDP stands for Project Development Plan document. If we used PDP to represent Project Development Process, we need to change.

Change P4 chart to read “year one, year four,” etc., not “one year, four years,” etc.

A.Clark – The Vision Plan should be 40+ years...

M.Wade – There is nothing magical about the number of years of the Vision Plan. We split the difference from other states' plans (30-50 years) to come up with 40 years.

Page 9

Jody's comments

D.Plutowski - The TIP is actually 5 years and not 4 years now (under the 08-09 UTP)

Discussion regarding the Commission interpreting the flowchart as not agreeing with this

Page 10 - No comment

Page 11- No comment

Unknown - Feasibility is a function, not a level of authority.

Group agreed to eliminate Feasibility Authority

T.Niskala – I will make changes to chart and get them to Montie by Monday.

Page 12

Page 20

B.McCaleb – Add note about Value Engineering under Develop LOA

E.Calvo – Regarding the timeline flowchart, when would NEPA Start?

Discussion about timeline and LOAs: Timelines are a worst case scenario. Maybe add disclaimer on charts explaining that they are approximate and that not all projects (if any) will follow closely.

Page 21

Add a heading before all the individual documents, as a disclaimer, on page 12:

Subcommittee Research

Observations made by individual participants are included here as examples of discussion and research.

A.Clark – I would like to keep Tom and Dan's piece included with the main body of the document. Put heading disclaimer on page 21.

Agreement for this

Page 29-30.

T.Niskala - Move “Continuous Improvement thru PMs” paragraph on page 29 to page 21. Add comment about collaboration with Meylend’s department here.

Charts will be moved right behind Tom’s summary.

Unknown - Correct Eduardo’s name in list of addresses.

Unknown - Do we need to take off email addresses and phone numbers?

A.Clark - I agree, but we should wait until we reach the final report stage.

E.Calvo – Regarding TRENDS, under this work, are we assuming TxDOT will be providing a forecast for the long range?

Unknown - They are developing regional tools to be used by MPOs (12-18 mos out). They are also developing a baseline gas tax, etc. to project from, using your own local variables. Using TRENDS, TxDOT will develop a statewide forecast using the gas tax and other revenue. Then the regional forecasts will be developed and defined by regional agencies. Based on state forecast, this should help regional forecasts to be more uniform.

A.Clark – I would hope they would have a best estimate, then level beyond that.

Unknown - TxDOT has to decide if they want to look at any level other than the middle range.

E.Calvo – My concern is that this approach is good but it has to be consistent among all the MPOs.

TxDOT provides us with a range, gives me a middle of the road baseline. Each MPO has to choose what points they use within the range. That way the statewide forecast can show a low end/high end range that incorporates all the MPO's. Everyone will have to defend the assumptions they make for their region. We cannot say all the future is based on one number. But if you have a range, the right number might fall within it. This will give TxDOT a means to say, “don’t expect more than what is within this range.” (or even their mid-range baseline)

Next meeting

1 pm June 8th thru all day June 9th.

M.Wade - After the Progress Report, I will also send you a list of things we need to be working toward (assignments/agenda). I would also like each Work Group member to send me suggestions for agenda items. We may consider forming subcommittee type work groups. If we get feedback from the Administration, we can forward it to the Work Group to get help forming the agenda.

A Report on

Fn=c:/foster iac/restructuring 4.20.09

Restructuring the Texas Transportation Planning and Programming Process

Progress Report

May 2009



A Report on Restructuring the Texas Transportation Planning and Programming Process

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Adapting to Changing Circumstances: STP, PDP, and Letting Plan – Jody Ellington, TxDOT Pharr District

TxDOT Letting Schedule and Project Tracking – Joe Cantalupo, CAMPO

Texas Metropolitan Mobility Plan (TMMP), Texas Urban Mobility Plan (TUMP), 2030 Committee Texas Transportation Needs Report – Bob Appleton, TxDOT Bryan/College Station

The Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Mobility Plan (TUMP) – Tom Niskala, Corpus MPO

Terminology of State Documents: Project Selection Process, Statewide Transportation Plan, Strategic Plan, and the Unified Transportation Program – Robert Allen, Abilene MPO

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ATTACHMENTS

Attachment 1 – Work Group Membership and Participants

Attachment 2 – Geographical Location of Work Group Members

Attachment 3 – Graphic of Project Development Process (*Preliminary and Subject to Change*)

Attachment 4 – Graphic of Flow Chart of the Project Planning and Programming Process (*Preliminary and Subject to Change*)

PROGRESS REPORT ON RESTRUCTURING THE TEXAS TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

May 2009

INTRODUCTION:

This document is considered to be a progress report which indicates preliminary findings of the Work Group. This document should not be considered to be a draft of a Final Report.

SUMMARY:

Preliminary observations to date indicate the following general conclusions which are later explained in greater detail:

There is a critical need for reliable TxDOT financial forecasts which are coordinated into the statewide planning and programming documents on a continuing basis.

A revised project development process is essential (replace the UTP).

Implementation of fiscal constraint into the planning processes is needed.

Increased communication, transparency, and accountability are apparent needs.

The next steps are the transition required to implement new overall concepts.

BACKGROUND:

The Sunset Advisor Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities.

After review of TxDOT policies and programs, the SAC issued a staff report in June of 2008. Some key recommendations of the report included:

- Require TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward these goals.
- Establish a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.

- Require TxDOT districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Require TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

In its November 2008 response, TxDOT reacted positively to recommendations of the SAC report and detailed its strategies and status of addressing SAC recommendations. In continuing response to the issues addressed, TxDOT has selected a Work Group which in two phases will include staff from TxDOT Administration, Finance Division, Office of General Counsel, Transportation Planning and Programming Division, Design, Government and Public Affairs Division, Commissioner's Aides, and a geographic distribution of TxDOT District and MPO staff. The Department is assessing proper additional input from local elected official, the legislature, and the public in general for Phase 2 of this effort. Facilitation, technical assistance, and reporting for the Work Group have been assigned to the Texas Transportation Institute.

TxDOT STRATEGY

A Work Group including members from FIN, TPP, Districts, MPOs, Counties, Legislature, GPA, Commission aids, and TTI was established to evaluate the effectiveness of TxDOT practices in developing a Unified Transportation Program (UTP) and the role it plays in the overall planning process that leads to development of transportation projects. The Work Group will review the current process, outline goals, re-develop a recommended process and an implementation timeline, and determine staff needs to implement and report status.

The Work Group adopted the following strategy for organization and involvement of planning partners and the public in general:

- Phase 1 – Selected MPOs, FHWA, and TxDOT District, Division, Offices, constitute the original Work Group. The Work Group is shown as Attachment 1 of this document. Work Group membership is shown in Attachment 1. A figure which shows geographic distribution of the work group members is shown as Attachment 2.
- Phase 2 – Once the initial phase is completed, other outside organizations and Commission staff may be engaged to evaluate the effectiveness of the Work Group's efforts.
- Stakeholder Participation: If desirable, information can be presented to and solicited from stakeholders through individual interviews, focus group meetings, public meetings or other means of communication.

CHARGE TO WORK GROUP

The Work Group was asked to identify best practices for the planning and programming process, evaluate TxDOT existing practices, and suggest recommendations for developing a new process

that is transparent to all, easily understood, streamlined and predictable. The Work Group was authorized to review and comment on any area of planning and programming that they thought warranted. The process should result in re-development and documentation of clear and understandable guidelines for best practices.

TIMELINE FOR WORK GROUP REPORTS

The original estimate by the TxDOT Administration anticipated the time requirement to accomplish the evaluation and report to be eight months. The first Work Group meeting was in mid-February. In order to have some preliminary recommendations completed by the end of the legislative session (June 1), the Work Group elected to prepare a series of interim progress reports to outline accomplishments as they occur. The interim reports would not be in full detail and a Final Report will be published in full detail. The Interim Reports, however, will be focused enough to let the TxDOT Administration and the Texas Legislature know that changes are eminent and an overall direction is being established for consideration of implementation. Some recommendations can begin implementation prior to completing details of a final report

WIDE ANGLE VIEW OF OVERALL GOALS

The overall goal of this evaluation is to establish a transparent, well defined and understandable, project specific, performance-based system of project planning and programming that integrates milestones, forecasts, and priorities. A system for “granting of authority” to various types of project development will be recommended.

Goal 1: Recommend a process that will integrate all planning and programming documents and processes: *example documents under review*

One Statewide Multimodal Transportation Plan - TxDOT
Eight Texas Metropolitan Mobility Plans (TMMMP) - MPOs
17 Texas Urban Mobility Plans (TUMP) - MPOs
25 Metropolitan Transportation Plans - MPOs
One Unified Transportation Program (UTP) - TxDOT
25 Urban Transportation Improvement Programs (TIPs) - MPOs
24 Rural Transportation Improvement Programs (TIPs) - TxDOT
One Statewide Transportation Improvement Program (STIP) - TxDOT

Goal 2: Assure an issuance of level of authority that is supported by a well defined short and long- range cash forecasting system.

WORK GROUP STRATEGY

As an organizational approach, the Work Group identified the following desirable initial action steps:

- Review planning process documents
- Review program funding categories of the UTP and re-develop if necessary
- Re-develop programs and processes if necessary
- Document the planning and programming process including strategy for coordination with MPO planning process and its products
- Document how the TxDOT Visions and Strategic Plans are integrated into planning and programming documents
- Set implementation timelines
- Consider the need to formalize the project selection process through rulemaking as suggested in the Sunset Review
- Assure a process of public involvement in the transportation planning process
- Development of publicly available summary documents and necessary manuals
- Assure consistent application to the planning and programming processes.
- Establish a system that manages, monitors, and reports the Department's quantifiable outputs, outcomes, and performance in the planning, programming, and scheduling area. Creation of appropriate benchmarks and performance measures will be considered.

WORK GROUP ISSUES UNDER CONSIDERATION

Issue Consideration: Issues currently identified and under evaluation by the Work Group are listed by area of consideration:

Project Development

- Recommends simplifying the UTP by not having so many categories of work. Reducing the categories could help by simplifying?
- UTP not fully multimodal
- UTP doesn't reflect range of funding / uncertainty of funding (particular the out years)
- UTP was not financially constrained
- What is the UTPs current value---over programmed and overly optimistic
- A PDP needs to have different assumptions and alternatives. The MTP and UTP most likely have different assumptions.

Project Concurrence

- Need coordination between TxDOT Admin., Districts & MPOs (for funding concurrence)
- Over programming allows availability of projects to let if others are hung up somehow
- Stay with established priorities

Financial Planning

- Financial planning & project development were not integrated.
- Projects to be let were over-programmed and bond funds not available
- Recommends UTP match the 1 year letting schedule with no over programming
- What is the Scenario C approved by the Commission?
- A UTP type process can work if we come up with better funds forecasting system.
- UTP type document is necessary for providing financial constraint for the MTOPs.

Planning Process

- Process that is less complicated and more understandable
- Break the mold on a new and better process
- Need an adaptable plan and easily done so.
- Understandable to the public
- Hope you will look at performance measures
- You will need changes to allow corridor preservation if this group wants to look at that.
- Use total project cost to manage limitations and incorporate deadlines
- What I see is that our planning system is not a priority-based system
- How can we put all of the pieces together to get a document that works. They must deliver on a priority based system.
- How can we achieve delivery of priority projects year to year.
- We need to develop a total project cost process and address cash budgets for ROW and construction.

Long Range Plan

- Long range planning document that sets priorities and issues authority to do designated work
- If current law is a limitation, you may have to recommend removing constraints.
- We need to determine who the customer is for the document we propose. Different documents for different customers.

SIGNIFICANT RECOGNITIONS

A twenty-year minimum Project Development Plan (PDP) document is essential. An eleven-year Unified Transportation Program (UTP) is currently used by TxDOT for some of the elements of the proposed PDP.

TIPS, STIPS, and Letting Plans are the keys to the programming process, but proper authorization of stages of work for projects is a must to recognize the 12-year head start for major mobility type project development.

Accuracy of income forecasting is most important in the first four years, but level of uncertainty is acceptable as you journey to the outer years (especially since the MTPs will be updated every four years for TMAs or five years for non-TMAs).

It is suggested that the Statewide Transportation Plan be updated on a frequency of 5 years and coordinated with the Financial Forecast System.

On the issue of performance measures, the Work Group believes that it will be important to not only identify a new and better way of doing our planning, programming and scheduling work, but also key performance measures that can be used to monitor and evaluate effectiveness and to identify areas that need improvement. An example is “are all the planning entities programming on the approved schedule, and are they meeting all of the planning requirements.” The goal is to improve the delivery of projects and improve communication to the public. Performance measures should not be punitive.

Observations in this report revolve around the principles of making the process simple to understand but well defined, understandable and transparent, integrating credible forecasts, priorities, milestones, and performance measures and evaluations.

MAJOR PRELIMINARY OBSERVATIONS

Coordination and Simplification

Observation: Providing better service by simplifying the planning and programming processes is essential. The existing Unified Transportation Program should be replaced by “The Texas Project Planning and Programming Process (TP4)” which will be recommended by this Work Group. The time span of this document will be a minimum of 40 years. TP4 will integrate all current planning documents with essential cash forecasting systems as necessary. TP4 will consist of three elements:

- A Vision Plan (40 years) – The TMMP/TUMP and the 2030 Report are parts of this strategic plan. The Vision Plan is a statewide plan.
- A Project Development Plan (PDP) consisting of 26 years of proposed projects consisting of ten years of long-range projects with Plan Authority and 16 years of short-range projects having Develop Authority and
- A Project Program (PP) consisting of four years of projects.

Authorized project level of authority for the Vision Plan should include “Feasibility Study Authority.” Authority for the PDP should include “Plan Authority” and “Develop Authority.” Authorized project level of authority for the PP should include “Contract Authority” and “Letting Schedule.” Preliminary graphics showing the proposed process are included as Attachments 3 and 4.

Observation: The planning process should reduce the number of categories from 12 to 3 using the following categories of work. Existing categories could be converted to the three new categories with new category rules to be developed:

- “Category P” - Preservation Projects
 - Category 1 (Preventive Maintenance and Rehabilitation)
 - Category 6 (Structures Rehabilitation and Replacement)
 - Category 10 (Supplemental Transportation Projects) PART
- “Category M” - Mobility Projects
 - Category 2 (Metropolitan Area Corridors)
 - Category 3 (Urban Area Corridors)
 - Category 4 (Statewide Connectivity Corridors)
 - Category 7 (STIP Metropolitan Mobility)
 - Category 10 (Supplemental Transportation Projects) PART
 - Category 11 (District Discretionary)
 - Category 12 (Strategic Priority)
- “Category O” – Other Projects
 - Category 5 (Congestion Mitigation and Air Quality)
 - Category 8 (Safety)
 - Category 9 (Transportation Enhancements)
 - Category 10 (Supplemental Transportation Projects) PART

Strategic Planning

Observation: The TxDOT Commission should chart the future of mobility through corridor value determinations and define long-term corridors of significance through a forty-year Vision Plan. The process should incorporate local area interests into corridor priority determinations. This will require the identification of statewide corridors in the Statewide Plan (30 year plan) and the development of statewide consensus on corridor priorities. Scheduling of all corridor projects should include participation by all planning partners including multi-state corridor studies when necessary (I-69 and I-49).

Observation: TxDOT should assemble a working group from districts, MPOs and divisions to finalize procedures and propose guidelines for corridor identification and prioritization for the Statewide Plan or the Vision Plan. The group should identify and prioritize corridors through a process which includes public involvement. This will enhance TxDOT ability to focus on future needs and resources to develop the needs.

Advantages and Challenges

Advantages:

- Net reduction of nine categories results in simplified process
- Flexibility due to project development no longer controlled by numerous categories
- Allows Districts and MPOs to utilize funds in accordance with need instead of program
- Authorizations to Districts in lump sums without restrictions on where the funds can be used.
- Allows districts to work with MPOs on “off Texas highway system” projects
- Increase of effectiveness of communication, transparency, and ability to show relationships between project priorities.

Challenges:

- Recordkeeping to assure use of Federal funds by available appropriation and obligation authorities
- Finance Division Letting Management Section responsible to use most restrictive federal dollars first
- Shifting and coordination of responsibilities between FIN, TPP, DES and Districts
- Problem related to “determine the distribution formula” of Federal categories of work.

Observation: TxDOT should develop clear understandable rules about the categories.

Clarification of Levels of Authority

- Feasibility Study Authority – Primarily authorized during the Vision Plan development to permit determination of feasibility of corridors or projects moving into the Statewide Plan or into individual MPO plans.
- Plan Authority- Environmental work and ROW determination plus maps
- Develop Authority- All development work including PS&E, ROW acquisition, and utilities relocation .
- STIP Authority – all of Develop Authority plus completion of ROW clearance and programming for letting to construction in a scheduled year.
- Letting Authority – project letting through a dynamic one-year letting schedule (continuously updated)

Note: Time of issuance of a project’s level of authority may depend on the type of project being developed.

Observation: When 12 categories are collapsed into three, geographic distribution of funds to MPOs should be made on the basis of recently developed Category 2 and 3 Work Group Distribution Equations for these mobility funds. Considerable effort has been expended in reaching consensus in this regard.

Observation: Projects in the current categories of the UTP and Letting Schedule should be moved into the new categories of work. Projects currently authorized to “Construct” authority which cannot be accommodated due to fiscal constraint should be moved to “Develop” authority.

Observation: All revenue (and letting capability) for the next ten years should be identified to a project level. Innovative Finance, Tapered Match, Advance Construction with Partial Obligation and Soft Match should be used in cash forecasting to a maximum extent to allow inclusion of all possible projects possible in the “Develop” authority of the planning process.

Observation: The new process should provide the ability to identify specific projects that will be accomplished with any potential new revenue (Example: bonding and tolling).

Training and Information Dissemination

TxDOT should provide education and training through courses, manual, pamphlets and instructional videos which are appropriate for different individual audiences. Separate instructional materials may be required for TxDOT personnel, MPO personnel, elected officials, staff, and the public at large. Regularly schedule courses should be provided so as many people can attend as desire.

TxDOT should develop and publish on-line a Project Selection and Funds Distribution Manual as well as a simplified brochure/pamphlet. These should be available to all interested parties free of charge.

WORK GROUP PHILOSOPHY ON THE PROJECT DEVELOPMENT PROCESS

Planning and Financial Continuum, Significance, and Conclusions – Tom Niskala, Corpus Christi MPO

The development of transportation projects in Texas is a process defined by federal, state and local guidelines and regulations. The current federal highway legislation Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (**SAFETEA-LU**) authorizes the federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.

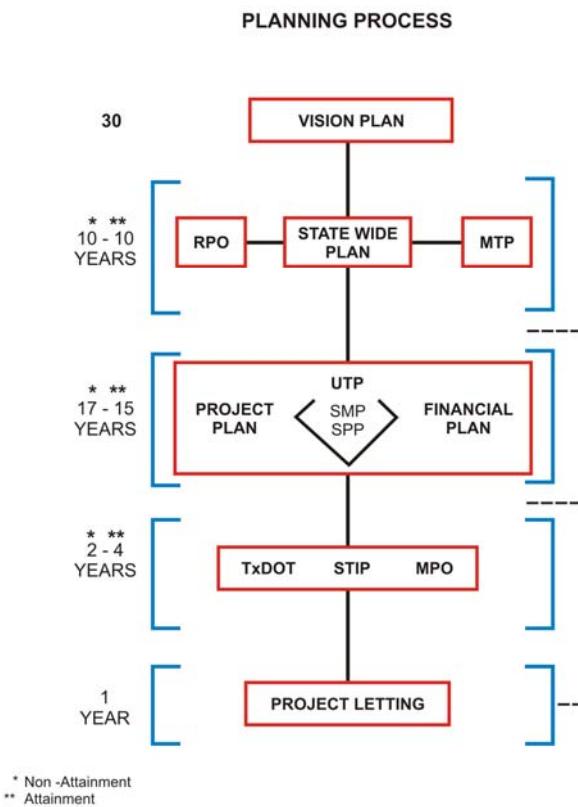
The Texas Department of Transportation (TxDOT) uses the term “program” to describe the process by which Metropolitan Planning Organizations (MPO’s) and local TxDOT District Offices evaluate and approve the projects along with other regional priorities and decide if the project should be advanced to the next step of development.

The objective of this document is to distinguish between the two functions necessary to implement programs and projects: planning authority and financial planning. It is also intended to demonstrate the need to balance the detail needed at the various levels of the project

development process. The following explains how these two processes proceed concurrently as two continuums that can be merged.

Planning Continuum

The Planning Continuum is an ongoing process that begins with a long-range vision developed as part of the statewide and regional planning process. It is recommended that the Vision replace the TMMP/TUMP process and be developed with a process comparable to the 2030 Committee work. This Vision establishes the transportation network horizon for the long-range 30-year period.



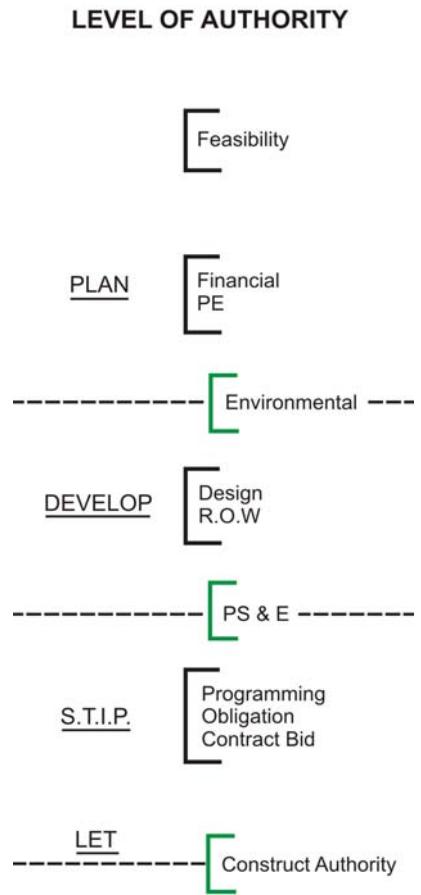
Based upon this Vision, TxDOT must develop a long-range Statewide Multimodal Transportation Plan that is a policy level plan utilizing the plans developed in the MPO Metropolitan Transportation Plan and any Rural Planning Organization's planning products. . The Statewide Plan would meet the needs of the statewide planning document for the Federal Highway Administration and the Sunset Commission. The Statewide Plan formulates policies, provides investment strategies, and forecasts for the 20-30year statewide multimodal needs.

Policy direction from the Vision Plan and the Statewide Plan are used to develop subsequent Metropolitan Transportation Plan's (MTP). Projects in the MTP can be at various levels of detail. Many are simply corridor level recommendations and are not defined fully enough to go straight to TIP/STIP programming, but require additional planning and development. There is a need for TxDOT to have a document that recognizes this intermediate level for planning purposes, but without the detail necessary to indicate financial commitment.

Currently there is a mid-range plan or 11-year strategy developed to identify the financially constrained program for project development and construction. The Texas Transportation Commission and TxDOT use the Unified Transportation Program (UTP) as a plan to guide transportation project development and construction. The UTP is divided into two documents 1) the 2007 Statewide Mobility Program (SMP) and 2) the 2007 Statewide Preservation Program (SPP).

From the mid-range plan a four year short-range Statewide Transportation Improvement Program (STIP) is developed as an aggregation of the 25 - MPO developed Transportation Improvement Programs and the District developed rural projects. The STIP identifies the fiscally constrained short-term program that lists the projects to be constructed statewide. Specific attention is placed on the first year of the STIP when the projects in the STIP are scheduled for "letting" or placed under contract by the project sponsor. The remaining three years in areas that are in attainment (or two years in non-attainment areas) identify projects and funding sources that have a high probability at going to contract.

Directly associated with this Planning Process is the Level of Authority that is conveyed within each of the time periods. This includes:



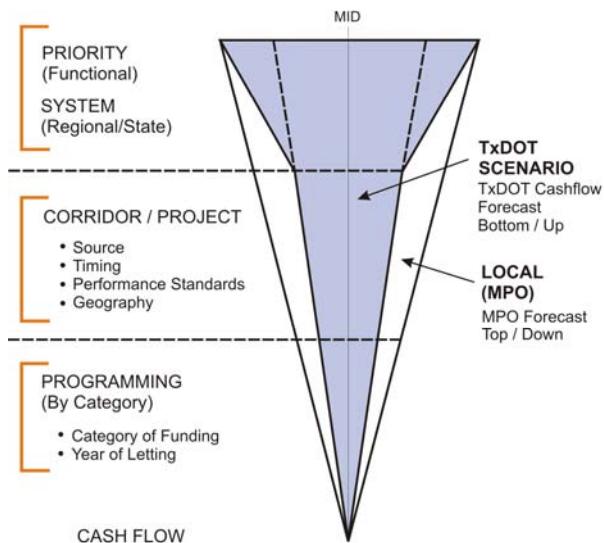
After the development of the Vision which focuses on corridor development and project feasibility the PLAN phase will determine, financial capacity identified and initiate preliminary engineering particularly to identify any environmental fatal flaws. The Mid-range or DEVELOP portion of the process is when project design and right-of-way acquisition are initiated so that plans, specifications and estimates can be solidified. The short-range or IMPLEMENT portion of the planning process is when projects are programmed, funds obligated and the contracting process is initiated so that in year1 the authority to construct the project can be provided.

Financial Continuum

The ability to turn plans into reality is contingent on the availability of funding. The planning process requires a forecast of funding however, the reality is that the further out the planning process looks the greater the “uncertainty” of our financial projections. This is represented by a “cone of uncertainty” that illustrates the increasing uncertainty over time.

FINANCIAL DETAIL

LEVEL OF UNCERTAINTY



From the local agency perspective the MPO's and the TxDOT Districts look at the financial forecast process from the bottom up with the first year of the TIP, and remaining three years, requiring the greatest confidence level to make projects a reality. The State Legislature and TxDOT look at the funding continuum from the top down with policy decisions driving the flow of funds down to year one of "project letting". Therefore, the confidence level must be greatest at the bottom with less confidence at the top.

The local or MPO forecast must also factor in other sources of revenue whether it is from local bond projects, Regional Mobility Authorities, Toll Authorities, etc. and therefore, there may be even less confidence in the financial forecast over time (hence the addition to the cone of the unshaded areas).

The long-range portion of the financial continuum has the greatest uncertainty and funding projections focus on project priorities and the impact on the transportation system. The mid-range portion begins to narrow projects down to identify sources of funding, the timing of funding, the impact of specific projects and the geographical benefits. The short-range portion has the highest level of confidence and is specific as to the category of funding and the year the project will go to contract.

Significance

When viewed as a parallel process (Attachment 1) the “planning continuum” and the “financial continuum” reflect the changing confidence level in the overall project development process. To improve this process the following is recommended:

- Update the Vision for TxDOT to better direct the intent of the planning process.
- The update of the Statewide Plan given the most recent legislative actions at the state and federal level.
- The development of regular financial forecasts, by TxDOT, that coincides with the end of each legislative session.
- The TxDOT financial forecast should include a forecast for the 1-4 year short-range, 5-20 year mid-range and 20-30 year long-range periods that clearly communicates the reduction in confidence level with each increased time period.
- A separate but corresponding project list will be developed using the corresponding documentation developed at the local level through the TIP and MTP process.

Conclusion

The TxDOT planning and programming toolbox has served TxDOT and the local agencies well. Given the new fiscal realities – several adjustments to this process will provide an even more responsive and useful planning product.

Integrating Planning and Programming Processes from Vision to Construction – Dan Lamers, NCTCOG MPO

One of the goals of the UTP Work Group is to propose an integrated planning and programming process that allows for open public review of priorities in the project selection process across the State. The current system relies on a combination of data from several sources. To this end, the Work Group is attempting to combine two principal processes into one; the planning/project development process and the financial planning process.

The planning/project development process includes everything from Statewide and system level goals all the way down to specific project level detail ready for construction. Currently this is performed at multiple levels by TxDOT, MPOs, transit authorities, and/or local governments. TxDOT has developed a Statewide Strategic Plan which identifies [.....]. TxDOT also has the federal responsibility to develop a Statewide Transportation Plan, the most current of which was adopted on _____. This plan contains [.....]. MPOs have the federal responsibility to develop and maintain a metropolitan transportation plan for their respective urban areas. These plans are more project specific and contain detail for all proposed

projects, even though each project may be at a different level in the planning/project development process. Before any project can actually be constructed, it must proceed through various approval steps such as the NEPA process. When projects are finally ready for construction, project selection is performed in the programming process and documented in each metropolitan area's TIP and the statewide STIP.

Theoretically, every project would proceed through the process from vision to construction in a sequential manner with information and detail developed in each step used in a subsequent step. However, not every project can proceed in such a straightforward sequential manner due to a variety of reasons. Because of this, the Work Group has attempted to identify certain activities that must occur in certain stages of project development and certain milestones that must be met before proceeding to a subsequent stage. This process has led to defining certain "levels of authority" in the planning/development process. This is similar to the levels of authority currently in place within TxDOT but with more well-defined milestones, both at the project detail level and the financial level. It is the merging of these two processes that will provide for a priority-based, transparent project selection and programming process. It is the current thinking of the Work Group to develop a common financial forecasting process that can feed each level of planning/project development at the appropriate level of detail, allowing for statewide consistency but local flexibility.

This can be represented graphically as shown below.

Put documents into proper places in the process:

**PROJECT
DETAIL***

- *Conceptual*
- *Broad Need*
- *System Mode*

- *Benefit/cost*
- *Corridor*
- *System Connectivity*
- *Scope*
- *“Ownership”*
- *Social/ENV Impacts (NEPA)*
- *Priority*

- *Design (PS&E)*
- *Permitting*

- *ROW*
- *Utility Relocation*
- *Scheduling*

VISION

TMMMP/TUMP
2030 Report
Fed Leg
(TxDOT Strategic Plan)

PLANNING



STP
MTP
RTP
NEPA
MCIS (major corridor investment studies)
RASP

DEVELOPMENT (CSJ)

UTP (PDP /parts 1: Mobility & 2: Preservation)
Financial Forecast (Scenario C)

PROGRAMMING

TIP/STIP
Financial Forecast (Scenario C)

LETTING

Letting Schedule
Financial Forecast (Scenario C)

(LOA)

40 + yrs

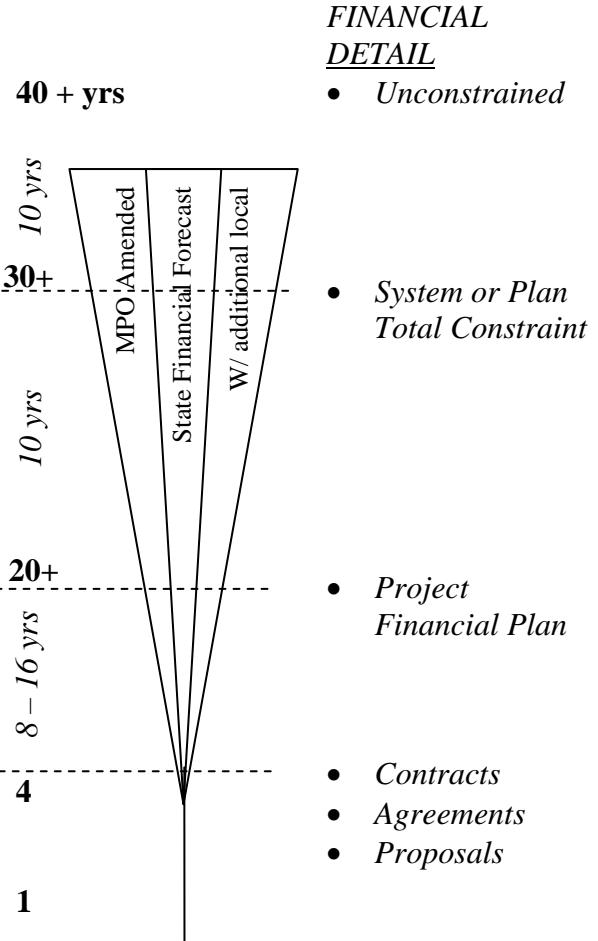
FINANCIAL FORECAST
(Plan) 30+
(Dev) 20+
(STIP) 8 - 16 yrs
(Let) 4

(Plan)

(Dev)

(STIP)

(Let)



* This level of detail should be satisfied before moving to the next level of authority.

Vision Plan

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas as mobility, safety, security, intermodalism, environment, and funding strategies. This should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal Level of Authority is part of this stage in the process since there are no real "projects" identified. A 40+ year financial estimate can be established and broad financial policies can be discussed.

Observation: The TMMP/TUMP and 2030 Report and parts of the TxDOT Strategic Plan should be incorporated into the Vision Plan.

"Plan" Level of Authority

This stage is where the needs and goals identified in the Vision Plan are used to develop metropolitan and rural transportation plans. Each MPO and TxDOT (or perhaps RPO) identify specific corridor and system level project recommendations. These recommendations should be financially constrained to the system level only. A 20, 25, or 30 year financial estimate should be generated by TxDOT and refined by each MPO to reflect their individual policy recommendations, and should also include additional local revenue estimates. It is at this level that the NEPA process should be undertaken culminating with a ROD/FONSI.

"Develop" Level of Authority

Once the project is known in sufficient detail, it can proceed to the Develop Level of Authority. At this level additional project details are defined and the design process is finalized (PSE). It is also at this level that the necessary permitting processes should be undertaken. Also at this level, a detailed financial plan should be developed identifying specific funding sources and amounts.

"Program" Level of Authority

At this level, pre-construction activities should begin. Activities such as ROW acquisition, utility relocation, and detailed project scheduling and management plans should be developed. If needed, interagency or interlocal contracts and agreements should be established and a request for proposals should be issued (if necessary).

"Let" Level of Authority

Project proceeds to construction.

Financial Forecast Philosophy

It is the desire that one set of Federal and State financial forecasts should be developed for all MPOs, TxDOT districts, and RPOs to use. A baseline forecast should be developed using the

best knowledge of financial parameters available to TxDOT, such as gas tax and vehicle registration fee rates, borrowing rates, etc. A series of alternatives should also be developed with both low and high side levels of these rates. These scenarios should not be overly optimistic or pessimistic but should be within the realm of reasonableness. It is within this forecast range that each MPO or RPO would choose the level they are comfortable with when financially constraining their MTPs. It is also within this range in which the State should set revenue availability used in constraining the number of projects that can be placed into the UTP, or Develop level of Authority. For TIP/STIP use, the baseline forecast should be used by all.

REVIEW OF EXISTING PLANNING PROCESS DOCUMENTS

Adapting to Changing Circumstances: Statewide Transportation Plan, Project Development Plan and Letting Plan – Jody Ellington, TxDOT Pharr District

As we look at ways to improve the current planning and programming process by simplifying it and making it more transparent, efficient, accountable and understandable, we also need to ensure that the process is flexible enough to adapt to changing circumstances. Given the significant amount of variables involved in project development from an initial planning needs assessment to letting a contract to construction, changes are inevitable. These changes can involve and affect individual projects as well as entire statewide plans and programs. Some potential issues and possible ways to address them for the three basic processes/plans – Statewide Transportation Plan, Project Development Plan, and Letting Plan - are outlined below:

Statewide Transportation Plan

Overall needs assessments to address identified strategic goals are performed without financial constraint based on assumptions and projections involving items such as demographics, travel demand etc.. Once overall needs have been identified and evaluated, financial projections are used to prioritize and select programs and projects for further development. To date, statewide needs have been identified through TMMP's, TUMP's & the 2030 Commissions, and federally required MTP's have served as financially constrained long range plans.

Some potential issues in continuing as is include:

- Inconsistent coverage and update cycles, and changing assumptions/projections – the TMMP's and TUMP are not currently set up for regular updates, and rural areas and state/regional connectivity are not addressed. In addition, MTP's are typically 25 year plans updated every 5 years which does not coincide with the 2 year state budget, typical 6 year federal highway bill or 2 year STIP cycle. This can lead to significant discrepancies between documents, and limit flexibility to change noting that changes in assumptions/projections could lead to revised priorities and plans.

- Inconsistent and changing financial forecasts – forecasts are currently inconsistent between Districts/MPO's, and changes/revisions are probably being handled differently as well. Keeping to a conservative forecast could result in not having enough projects in the long range plan to be worked on to address additional funding that could become available or projects that fall out.
- Changing project information – as projects are developed, limits, descriptions and costs are refined and change, requiring MTP changes. Could become more of an issue as we go to total project cost.

Possible ways to address:

- *Address rural area and state/regional connectivity needs assessments with TRMP's, and rural area and state/regional connectivity long range plans with RTP's. Integrate and combine these with the TMMP's, TUMP's and MTP's to establish the overall State Transportation Plan. In addition, establish better coordinated document update cycles by setting the Statewide Transportation Plan (TMMP/TUMP/TRMP & MTP/RTP) update to a 4 year cycle.*
- *Use different & more liberal assumptions for mid and long range financial constraint. TxDOT would prepare in collaboration with MPO's, and would be used for preparation of all MTP's & RTP's*
- *Move to a program and corridor based needs assessment and prioritization/selection plan.*

Project Development Plan

Per working group consensus to date, there is a need for a document/process, such as a PDP to address project programming and development authorization. This is currently being handled through the UTP (SMP/SPP) which has been a 10 year financially constrained document, typically updated annually. Programming was addressed using 12 different categories of funding, and authorization was given as plan, develop or construct. In general, projects were individually listed/approved by the Commission for Cat 2 (Metro Corridor), Cat 3 (Urban Corridor), Cat 4 (Statewide Corridor), Cat 6 (Structures Rehab/Replacement), Cat 9 (Enhancement) and Cat 12 (Strategic Priority), annual allocations provided to the Districts for Cat 1 (Preventive Maintenance & Rehab), Cat 5 (Congestion Mitigation & Air Quality), Cat 7 (Metro Mobility/Rehab) and Cat 11 (District Discretionary), and annual allocations provided to the Divisions for Cat 8 (Safety) and Cat 10 (Supplemental Transportation Projects).

Some potential issues in continuing as is include:

- Limited planning flexibility - tying project authorization to financial constraint based on construction funding doesn't allow adequate planning to determine which projects need to move forward.

- Limited project development flexibility – project specific selections/funding for mobility projects doesn't allow for changes as project development refines the scope, limits and cost and as priorities may change based on funding, project development issues, etc.. Changes also require Commission approval or waiting until the next update. In addition, although PM & Rehab is not project specific, Districts are limited on mixing the two allocations.
- Limited total project cost/funding flexibility – currently only construction funding is addressed, but as total project cost is implemented for project specific selections/funding this could become a major issue noting that other than construction costs (engineering, right of way, utility, etc.) change and evolve with projects as they are further developed. For example, could be difficult to address not having enough ROW funds for a specific project that does have adequate construction funding.
- Changing financial forecasts – keeping to conservative forecasts based on current cash flow could result in not having enough projects in the pipeline to address additional funding that could become available or projects that fall out for one reason or another.

Possible ways to address:

- *Authorize separate planning funds to address corridor/regional/state planning based on needs assessment. This could be a redefined “Plan It” strategy cover feasibility studies, schematics and environmental work and could be included in the PDP.*
- *Do away with specific project selections/approvals for mobility projects and go to an allocation program. Focus has been on moving to local decisions and local control which this would accommodate for Cat 2 & 3 (in combination with Cat 7). State in collaboration with MPO’s would need to handle Cat 4. Could also combine Cat 2,3,4 & 7 into just one Cat for Mobility. As for PM & Rehab, combine into just one allocation and let the decision be made locally on how to spend.*
- *With the move to local decisions and local control, and following the above move to an allocation program for mobility projects, allocate and distribute all other non-construction project funding (PE, ROW, etc.) to Districts/MPO’s in the same manner so they can manage total project costs and prioritize and develop projects under changing circumstance.*
- *Understanding the PDP will cover about 12 years of development, use different & more liberal assumptions for this mid range financial constraint. Would need to sync with what was used for the STP. TxDOT would prepare in collaboration with MPO’s.*

Letting Plan

Annual letting plans are developed for each District which authorizes projects for construction within that fiscal year based on cash flow projections and established category and district letting caps. Projects are typically not let only if there is an issue with project development or cash flow. These projects are pulled from the STIP, which is a federally required 4 year financially constrained plan.

Some potential issues in continuing as is include:

- Flexibility vs. Accountability – we already have the flexibility in moving projects forward to letting from any year within the STIP, but when done becomes an issue with accountability. Questions arise as to what the priorities really were, and if money is being spent where it is really needed.

Possible ways to address:

- *STIP could be prioritized and treated more as a 4 year letting plan, and Commission could adopt. Or, assuming PDP is not project specific, and if STIP is not adopted as a 4 year letting plan, project specific annual letting plans could be approved by the Commission, giving real “Construct” authority.*
-

> Could STP incorporate planning & development authority so no PDP is needed? Could STIP be construct authorized letting plan that is updated/approved annually.

> Need an easy way (single process) to simultaneously update all plans when needed - Statewide Plan (MTP/RTP), Project Development Plan (if needed), and Letting Plan (STIP).

TxDOT Letting Schedule and Project Tracking –Joe Cantalupo, CAMPO

One of the issues raised by the Unified Transportation Program (UTP) Work Group is that Metropolitan Planning Organizations (MPOs) do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This partially because project letting schedules developed and maintained by the Texas Department of Transportation (TxDOT) are not regularly developed or otherwise shared with the MPOs and partially because MPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

As the importance of using letting schedules as a tool to manage cash flow becomes more important, there is some concern that MPOs priorities are not being implemented as they should because of how letting schedules are developed and maintained. While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of the how these schedules are developed and managed is creating several issues for the MPOs and TxDOT:

- It makes the tracking of projects in any organized or efficient way very difficult, if not nearly impossible. This creates difficulty when it comes to managing projects in the TIP, which in turn makes it difficult to demonstrate fiscal constraint when TIPs are amended or developed. This can lead to possible issues with the development and approval of the Statewide TIP and ultimately affect project delivery, and complicate the development of updated projects lists for amended or new long range transportation plans.
- It makes communications with local governments much more difficult, especially with regard to how implementation expectations are communicated. While local governments can easily check on the status of a project, delays become much more an issue because of a lack of familiarity with how the letting schedule was developed, how it is managed, and why.
- It makes the management of transportation networks used for mapping and travel demand modeling more difficult.

One possible way to address and improve this would be for TxDOT and the MPOs to agree that letting schedules be provided to the MPOs for review prior to their approval by TxDOT, and to agree that TxDOT will provide the MPOs with monthly (or quarterly updates) that highlight what schedules were changed and why.

Texas Metropolitan Mobility Plan (TMMP), Texas Urban Mobility Plan (TUMP), 2030 Committee Texas Transportation Needs Report – Bob Appleton, TxDOT Bryan/College Station

The work group has asked how the UTP, an intermediate document or process connecting long range plans with the TIP/STIP and letting schedules, might interact with the previously prepared TMMP, TUMP, and 2030 Report. The described purpose of the Texas Urban Mobility Plan and Texas Metropolitan Mobility Plan was a focus on the mobility needs of each area in order to address the funding shortfalls that exist between the total resources available to the region through traditional funding sources, and the amount needed to reduce congestion to a locally acceptable level. By strict definition none of these three documents are plans, but are more forecast reports. However, they provide information that is a strong foundation upon which to develop the UTP whatever form it ends up taking. The plan for developing a UTP should include the steps necessary to update a support document modeled on these reports.

The group discussed scenario building similar to the probability cone that the National Weather Service uses to predict tropical storm landfalls. The TMMP, TUMP, and 2030 reports provide groundwork for developing the fiscal component of possible scenarios for developing the UTP cone. The 2030 report incorporated much of the work prepared for the TMMP and TUMP. It contains four mobility scenarios: *Current Funding Trend, Maintain Economic Competitiveness, Prevent Worsening Congestion, Reduce Congestion*. These provide a set of “undesirable, good, better, and best” forecasts of funding versus needs that could establish an envelope for levels of project selection. Rather than simply over-programming funding levels as is the current habit,

the New UTP might contain programming levels that matched these sorts of scenarios and gave the observers and users of this document or process an estimate of probability of a project's or corridor's future development. The information in these three reports also considered the increased maintenance and operations costs of increasing facilities for mobility. The costs developed under the scenarios mentioned above in combination with scenarios for allowing deterioration of, maintaining, or improving the condition of transportation facilities could provide the programming levels for maintenance funds and projects.

If the formula for development of the 2030 report has been successful in developing public confidence in the results, then it should serve as a model for updating the results as part of the new UTP development process. This could be the basis for presenting the decision making process for integrating local priorities into regional and statewide plans and could give guidance to local and regional offices regarding their project development work priorities. This is especially important given the amount of time necessary to develop mobility projects. The 2030 report addresses needs and costs for multiple travel and freight modes.

The usefulness of these reports and similar future reports is fairly obvious. However, we must pay particular attention to the participation of the end user and other customers in the development of the report and the subsequent inclusion in the UTP. We must recall the heated debates over the level of current and future transportation need in Texas and ensure that acceptance of the envelope in which we develop our plan comes first, followed by development and acceptance of the plan. Some may recall the State Audit Office's critical analysis of the amount of need identified in the TMMP and TUMP.

The new UTP should include the methodologies and information produced in the 2030 Committee Texas Transportation Needs Report as a significant part of its development process. A plan that informs transportation users, legislators, project developers and others must begin with a widely accepted identification of future needs and this document appears to accomplish that.

The Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Urban Mobility Plan (TUMP) – Tom Niskala, Corpus MPO

A retrospective review of the process resulted in the recommendation that the eight large MPO's start meeting in July of 2005 to review methodologies and approaches for development of the next TMMP, due by September of 2006. It was also decided to expand the TMMP concept to the seventeen other urban areas and a corresponding Texas Urban Mobility Plan (TUMP) process was initiated. As part of this new process a number of new approaches were taken including:

- The inclusion of rehabilitation costs,

- Updates of construction cost estimates by categories of metro area size,
- An assessment of the value of time for the delays experienced by passenger vehicle and commercial trucks,
- The development of a consistent travel demand modeling approach

Reports for all 25- urban areas were prepared for the Texas Transportation Commission by September of 2006.

The TxDOT Commission took an alternate approach in 2008 and established the 2030 Committee. The purpose of the independent 12-member committee was to present an assessment of the state's transportation needs through the year 2030, in the context of today's economic reality. The committee, with the assistance of the Texas Transportation Institute and MPO input, identified the fiscal impact of maintaining mobility levels through 2030. The Committee issued a report estimating the resources necessary to meet those needs in December of 2008.

Positive and negative thoughts include:

- The 2004 TMMP's were developed in a relatively short-time frame and lacked consistency in approach or methodology.
- The 2006 TMMP's and TUMP's utilized travel demand model runs to illustrate the needs to eliminate "Level of Service - F" or the worst congestion level and was not intended to identify project specific actions needed to reduce that congestion.
- There were no additional resources provided to the 25 MPO's to provide the plans and no modification of the other federal or state planning activities that needed to proceed during the development of the TMMP's and TUMP's.
- The resources, experience level and capabilities of the 25 MPO's vary dramatically and the "one size fits all" methodology created products with differing confidence levels.
- The process took a "macro" look at transportation needs but was assailed by critics for micro differences in findings.
- The 2030 Committee process findings from TTI were useful and were received with less criticism and dissension than the previous TMMP / TUMP reports.

Observations include:

- The development of 25 reports by 25 very different MPO's will not provide a single product that can be viewed with a high level of confidence. Each of the MPO's should decide the value of incorporating the TMMP / TUMP thought and analysis process in the development of their individual Metropolitan Transportation Plans.
- The diverse 2030 Committee did provide TxDOT a meaningful product to communicate financial needs to the legislature with minimal burden on the 25 MPO's. A similar

Committee process in 2010 may benefit from including representation from the MPO community.

Terminology of State Documents: Project Selection Process, Statewide Transportation Plan, Strategic Plan, and the Unified Transportation Program – Robert Allen, Abilene MPO.

UTP Work Group Issue Identification - Terminology

Issue: Terms used in the State documents (Project Selection Process, Statewide Transportation Plan, TxDOT Strategic Plan, and Unified Transportation Program) concerning the transportation planning and programming process are used inconsistently among the documents and in ways that are not intuitively obvious to all in the profession let alone the general public.

Issue: In the goal of communicating ideas accurately and in a meaningful way, there is often tension between the use of simple terminology with which most readers are familiar and the use of precise language that diminishes the likelihood of multiple meanings attached to a single term.

Goal: Develop a consistent lexicon for use in all public documents relating to the transportation programs engaged in by TxDOT.

Example: The terms “plan,” “build,” “maintain,” and “safety” are used repeatedly but inconsistently in the above referenced documents.

“Plan” has the broadest range of general definitions and is also used most inconsistently. In the Project Selection Process, Strategic Plan, and draft Statewide Transportation Plan documents the term “plan it” as a strategy refers to everything that happens prior to construction of a project. In the Project Selection Process document, however, planning is described as one of the five typical steps in the project selection process that occurs after the identification of need and the financial plan and beginning prior to but continuing along with the development phase. The metropolitan transportation planning process typically entails needs identification, financial plans, public involvement, and varying degrees of environmental review. In the UTP, “plan authority” refers to a particular stage between feasibility study and develop authority. As a noun, plans may refer to general policy documents, needs studies, resource studies, or specific engineering design documents.

“Build it” refers to the implementation of all infrastructure projects that are not defined as “maintain it” projects. “Build it” projects include rail crossing replanking and rail crossing signal maintenance projects, however. “Build it” and “construct authority” do not mean the same phase in a project’s life. “Construct authority” refers to the final phases of project development but the project must be moved from construct authority to letting authority before it may be built.

“Maintain it” refers to the maintenance, rehabilitation, or replacement of existing infrastructure except for safety infrastructure projects that are built from specified safety project funds. Maintenance, however, is normally used within the profession in reference to a specific subset of “maintain it” projects.

In the five budget strategies referred to in the Project Selection Process and Strategic Plan, safety is referred to only as a part of the “use it” strategy that refers to providing grants to improve public safety. In the Strategic Plan, the “enhance safety” goal is described in terms of noninfrastructure programs. The Project Selection Process, however, also refers to the programs in the UTP in which safety projects funded through specific safety funding programs are a part of

the “maintain it” group of projects. A project may be developed primarily for safety purposes but if it is funded through a program such as district discretionary funds, it is a “build it” strategy project. The draft 2004 Statewide Transportation Plan used “maximize it” instead of “use it” and referred to safety as part of the “build it” strategy.

Example: Added “capacity” is primarily used within the profession to refer to adding additional primary travel lanes for environmental review purposes. Throughput capacity, however, may be improved through operational improvements such as turning lanes, weaving lanes, grade separations, or access management projects. Bridge capacity refers to structural load-bearing ability.

The Project Selection Process defines “build it” in the following terms

“This strategy oversees construction projects that add capacity to the state’s transportation system, either through new projects or those which supplement the existing infrastructure. Projects in this category could include widening an existing tax-supported highway or toll road, constructing a new bridge or lengthening a runway at an airport.”

“Build it” projects include not only capacity in the form of added lanes and operational improvements, however, but also transportation enhancements, landscaping projects, and the aforementioned rail crossing maintenance projects.

CONTINUOUS IMPROVEMENT THROUGH PERFORMANCE MEASURES

Transportation projects should be completed on a schedule promised to the public and affected communities. TxDOT is moving toward performance based management and should consider using quantitative measures of performance of the planning and programming processes and documents to continually evaluate its success and that of the MPOs.

The Work Group has not performed a detailed evaluation of performance measurement to permit recommendations at this time. However, example measures and targets which could be considered include:

- Percent of TxDOT projects in the first year of the STIP that are let for construction in that same year.
 - Each year TxDOT and the MPOs commit to a four-year published program of projects in the STIP. Planning partners, businesses and citizens rely on the information. TxDOT should consider establishment of an ongoing target for 90 percent of projects in the first year of the program to be let for construction in that

same planned year. TxDOT has established TRACKER to enhance accountability for delivering projects on schedule. A performance measurement system could improve this recent initiative. Performance measurement will permit documentation of factors which prevented accomplishment of the goal and reevaluation.

- Percent variation in major project's cost from estimates when projects first enter the STIP to actual cost when let for construction.

TxDOT should consider annually updating cost estimates for projects under development, using a uniform methodology and adjusting for inflation. The control of scope and cost increase in projects is important to the planning process. TRACKER should measure how much costs change when projects enter the four-year STIP. Performance measures should reflect changes in cost in engineering, right-of-way and engineering costs.

SUMMARY AND CONCLUSIONS

ATTACHMENT 1

UTP Work Group Members Addresses MPOs and Districts

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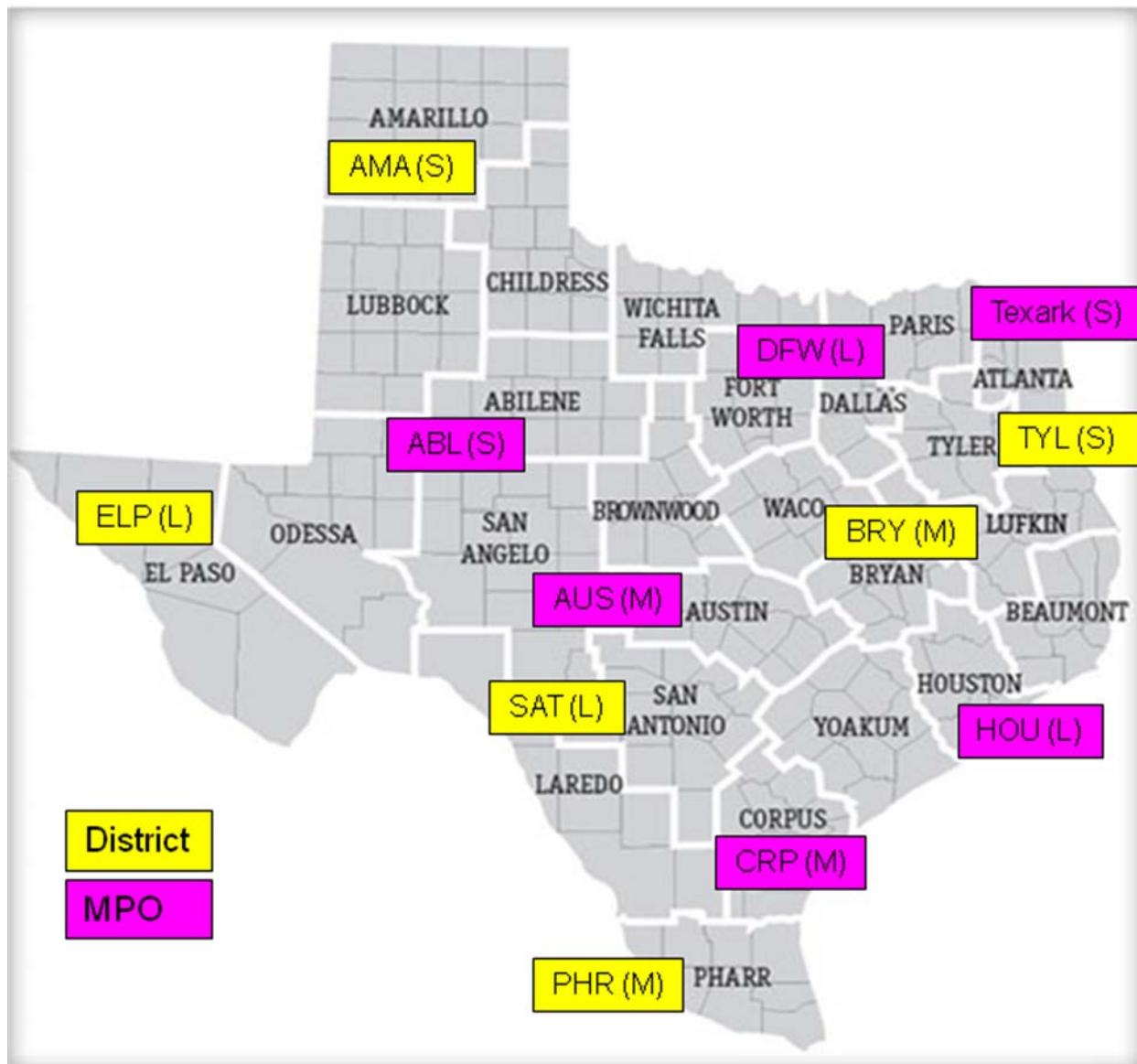
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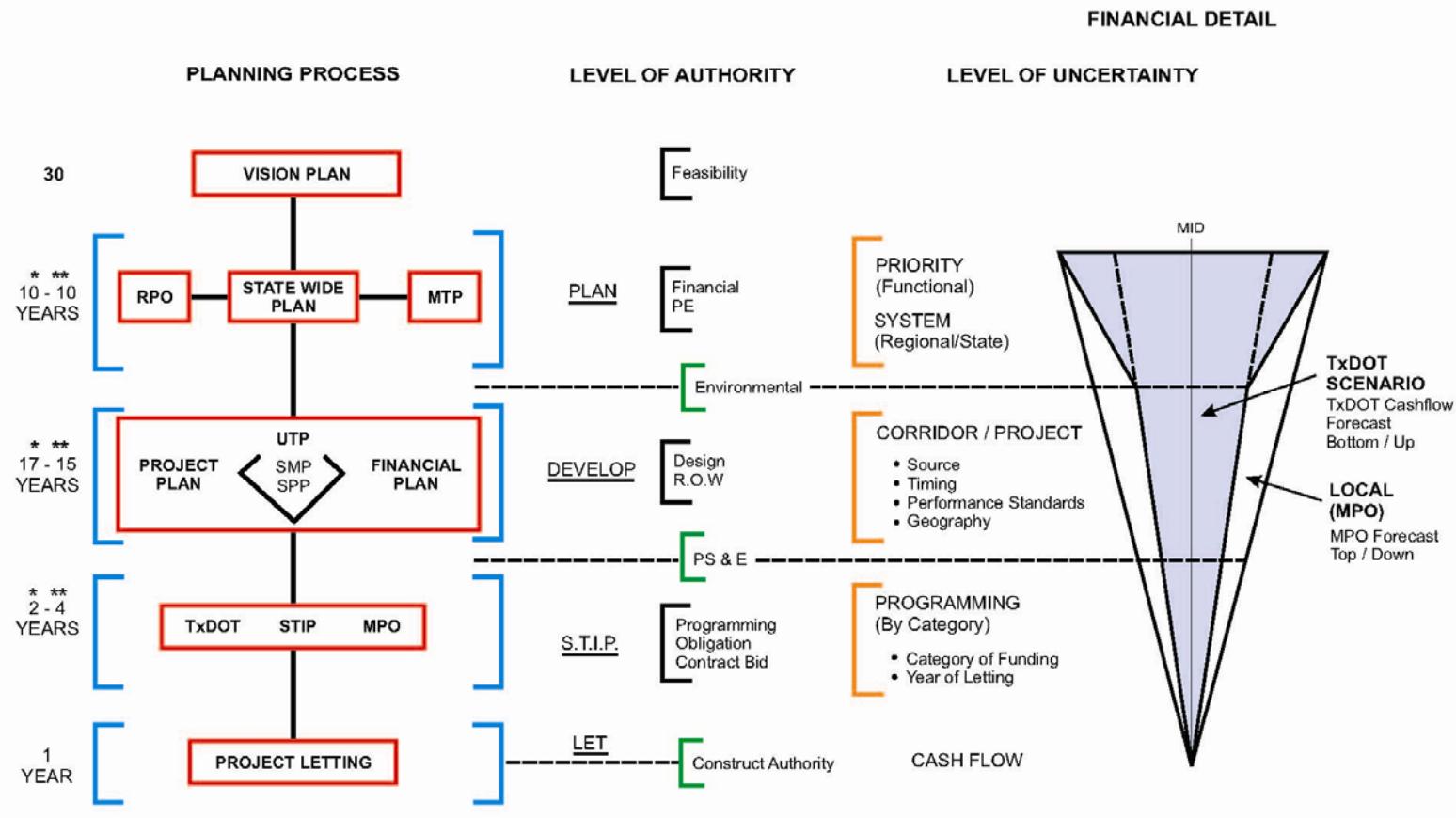
ATTACHMENT 2



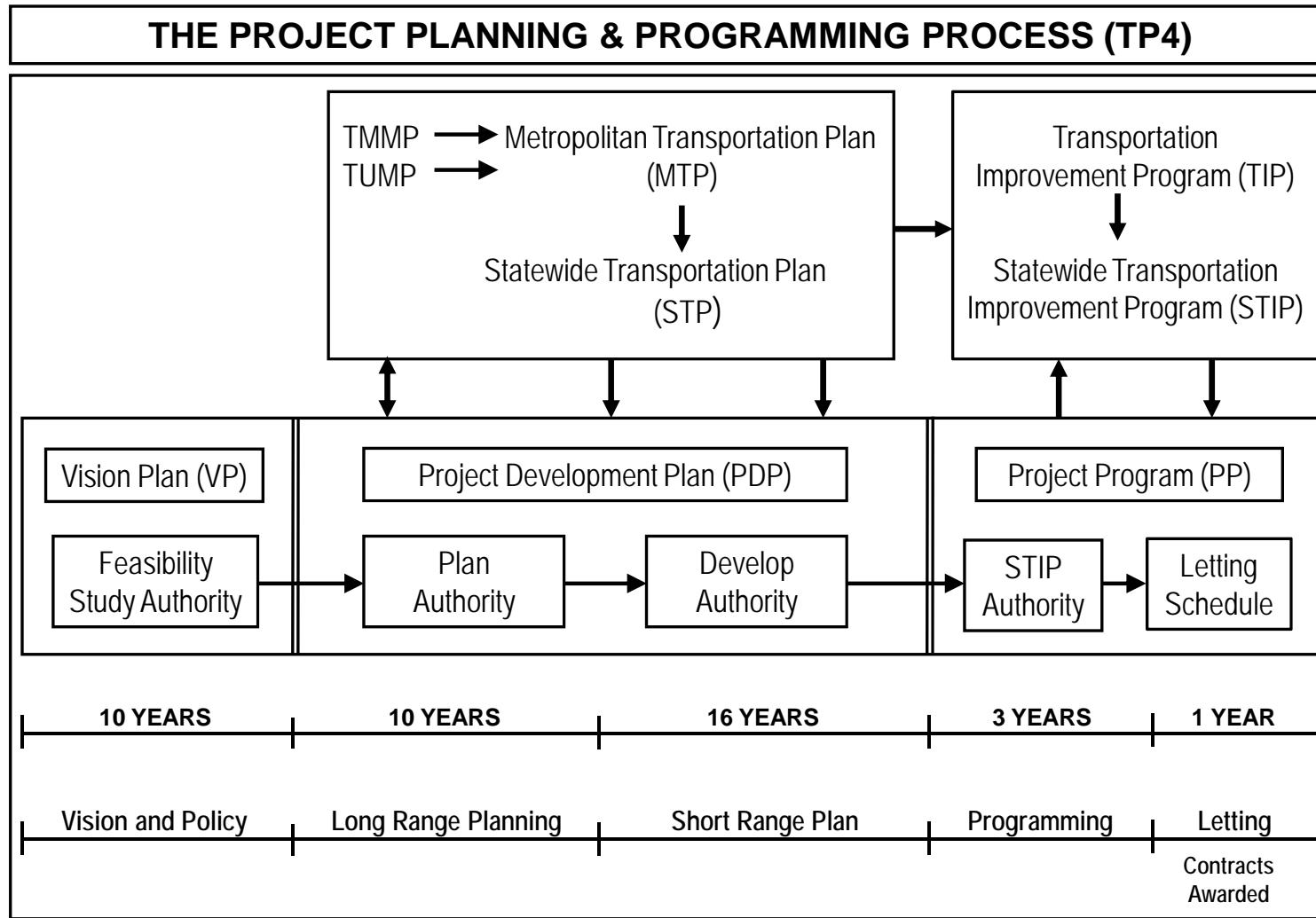
WORK GROUP MEMBERSHIP LOCATIONS

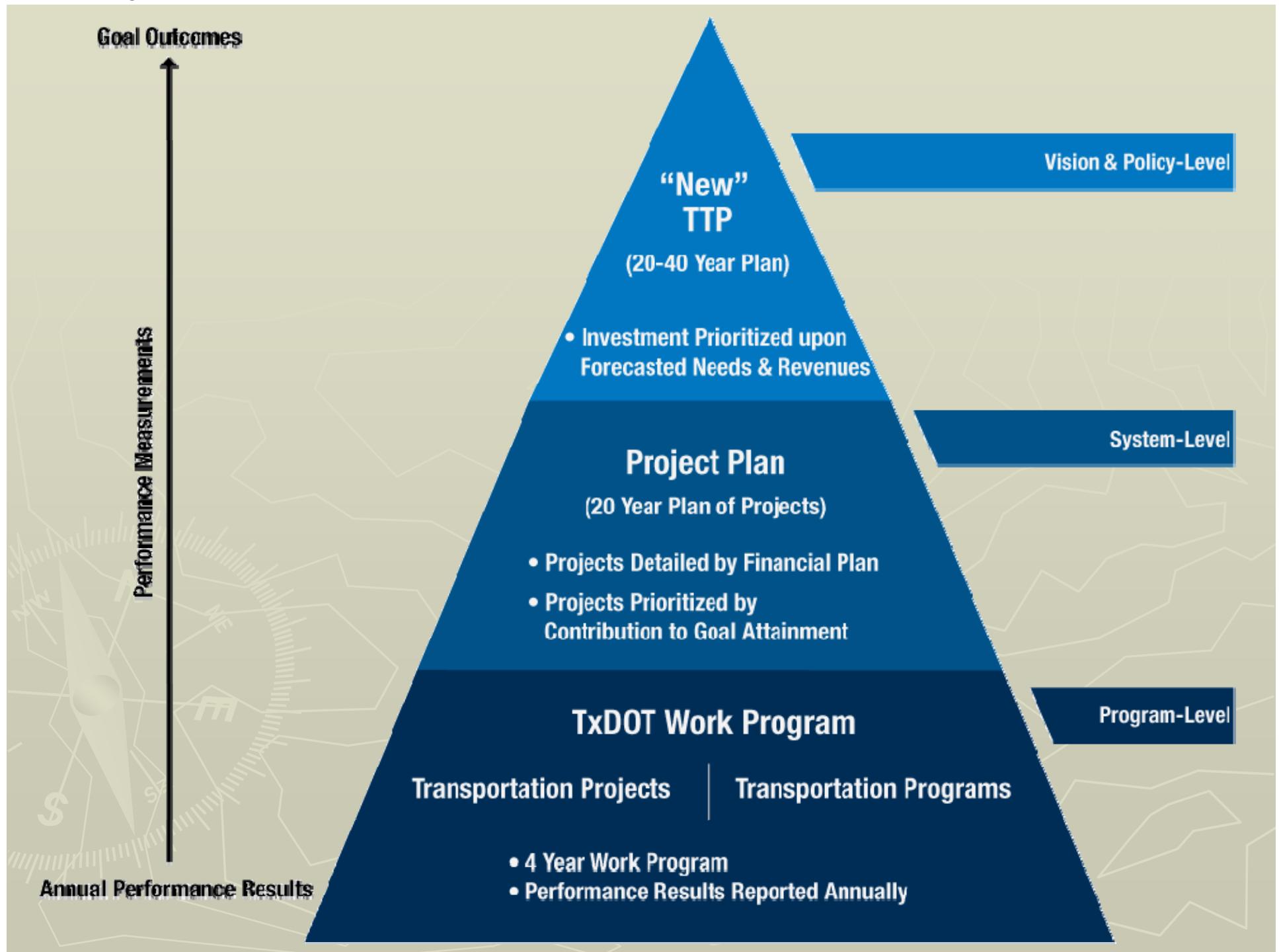
ATTACHMENT 3

PROJECT DEVELOPMENT PROCESS



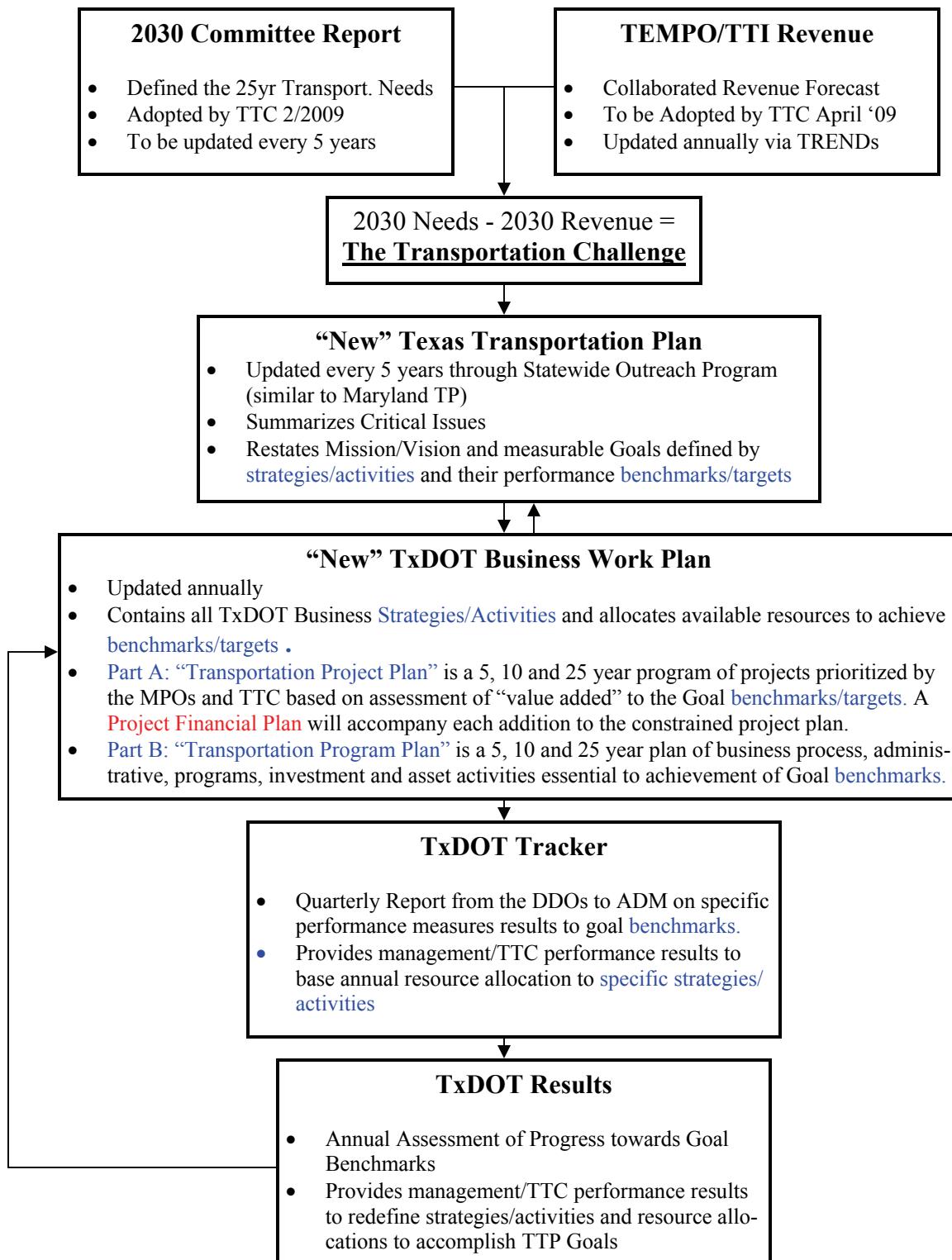
ATTACHMENT 4





ATTACHMENT C

2009 “New” Texas Transportation Plan/ Strategic Plan Development Flowchart



Project Financial Plan

CSJ 0048-04-059

CSJ	% of Total Project Cost	Number of Years - Duration of Activity	YEAR 1 AVG		YEAR 2 AVG		YEAR 3 AVG	
			ANNUAL EXPENDITURES		ANNUAL EXPENDITURES		ANNUAL EXPENDITURES	TOTAL EXPENDED
TOTAL PROJECT COST			\$20,000,000					
AP COST	1.00%	2	\$200,000		\$100,000		\$0	\$200,000
ENV COST	2.00%	2	\$400,000		\$200,000		\$0	\$400,000
PSE COST	7.00%	2.5	\$1,400,000		\$560,000		\$280,000	\$1,400,000
ROW COST	12.00%	2.5	\$2,400,000		\$960,000		\$800,000	\$2,720,000
UTILITY COST	3.00%	1.5	\$600,000		\$100,000		\$100,000	\$600,000
CONSTRUCTION COST	75.00%	3	\$15,000,000		\$5,000,000		\$5,000,000	\$15,000,000
ANNUAL TOTALS				\$6,920,000		\$7,220,000		\$6,180,000
								\$20,320,000

Fiscal Year of Funding Needed

	2010	2011	2012	2013	2014	2015
AP COST	\$100,000	\$100,000	\$0	\$0	\$0	\$0
ENV COST	\$0	\$200,000	\$200,000	\$0	\$0	\$0
PSE COST	\$0	\$0	\$560,000	\$560,000	\$280,000	\$0
ROW COST	\$0	\$0	\$960,000	\$960,000	\$800,000	\$0
UTILITY COST	\$0	\$0	\$0	\$100,000	\$400,000	\$100,000
CONSTRUCTION COST	\$0	\$0	\$0	\$5,000,000	\$5,000,000	\$5,000,000
Total Annual Costs:	\$100,000	\$300,000	\$1,720,000	\$6,620,000	\$6,480,000	\$5,100,000

Attachment F

to the Final Report:

Meeting #5 Notes, June 8-9, 2009

UTP Work Group Meeting Notes

Monday, June 8, 2009

**Dan Lamers
Dale Booth
Jody Ellington
Bob Appleton
Clay Smith
Robert Allen**

**Tom Niskala
Brad McCaleb
Alan Clark
Kenneth Petr
Montie Wade**

**David Plutowski
Jack Foster
Todd Carlson
Carol Court**

List of Attachments referenced during the meetings:

- | | |
|---|---|
| A – Wade's June 4 Admin meeting notes | E – TxDOT Planning Flow Chart (in draft report - C) |
| B – HB 300 Document | F – Revised TxDOT Planning Flow Chart (in draft report - C) |
| C – May Progress Report | |
| D – PDP Process Flowchart (in draft report-C) | |

M.Wade – Referenced HB 300 file emailed out as an attachment to the group.

A.Clark - We had problems because our State Senators didn't support the local tax option.

D.Lamers - last we heard, they were telling us they will try to bring it back in special session. It was a last minute campaign to leverage support.

B.McCaleb - not for or against, but I don't understand legislator opposing unless it's from view that it is legislative decision

A.Clark - if they voted for it they are seen as supporting tax increase. They are very conservative and with strong grip on legislature.

R.Allen - counties can call the vote...

B.McCaleb - I think its spillover with those who don't want to increase transportation at all.

A.Clark - that is correct, they're afraid they'll be blamed for the recession. Not surprising that some states were given pause over stimulus numbers. even in good economics we'd have seen these issues.

Unknown - They finally agreed to 2 bonds and diversions.

Discussion about house/senate version and whether the 15 member ... still exists or are we past that? (McCaleb, Clark, and Wade)

A.Clark - levels of mobility congestion still aren't bad enough yet...until it gets worse or we lose businesses coming here, legislature isn't going to deal with it.

B.McCaleb - we're not at crisis level yet

M.Wade - so what happens if we only have 15 days ...? Foster and I will try to summarize what went on last week. I didn't have confidence that they would have time to review progress report and get back to us, so I requested that Foster and I go over what was in the report. 2.5 hours last Thursday was what we were given. They are very serious about what you are doing.

Showed notes on the screen

J.Foster - Amadeo was there at beginning and at the end and rest were there pretty much the whole time.

M.Wade - tried to make notes from what I observed (*ideas from notes in bold/red text*).

Revise Figure showing Work Authorities to show 25 years of Projects total instead of 30

Flowchart – It is asking for projects to be scheduled over 30 yrs, but should be no more than a 20 yr period.

A.Clark - We plan all the way out to 2030.

M.Wade - as far as your plans are concerned, you're not required to plan longer

A.Clark - I will concede we're not required, but we do plan out that far b/c of fiscal constraint. The other issue is environmental (ENV) process. It has to cover the same time period, at a minimum.

D.Lamers - we are told ENV doc can't be written later than the year of the plan

A.Clark - FHWA won't give you ENV process for longer than the plan. If you redo conformity to downsize the project.

M.Wade - What about 25, not 20 years?

A.Clark - then they include TIP and that's not worth arguing over

Unknown - But even small mpos can't allow a plan that doesn't go out 25 yrs

D.Lamers - but tx division says they do

B.McCaleb - I thought the legislature wanted us to update our MTP every 2 years.

M.Wade - it did look that way, but it's not in there any more

A.Clark - you just have to be able to go out to your next planning horizon

M.Wade - those on the finance side were worried that things weren't being brought up earlier.

J.Foster - explained that...

A.Clark - What we do financially changes when we reach TIP cycle? In the modeling process, cash flow may have nothing to do with the money you get this year. In our plans, we're not really cash flowing yet. Brings questions about ...

M.Wade - brought up issues as to who make decisions about moving projects around to let ones that are ready. The process should be dynamic.

J.Foster - they seemed disappointment that we had brought back the same process we had.

M.Wade - partly due to our looking at maj. Mobility projects. they want to know about smaller proj. They are just learning what planning is all about. They're just finance guys

C.Smith - then they better catch up pretty quick.

M.Wade - that's what we said, b/c they have to tell us what we have available for the next 25 yrs James Bass loved our funnel and the idea that things don't have to be as accurate further out.

J.Foster - I agree, and Bass has trouble with the idea of "certifiable" forecast.

Comment 2

This comes from looking at the revised chart, not our funnel chart, which says the same thing.

Comment 3

Revise levels of auth to phases of authority. Looking at things from a finance or public view

J.Foster – it was counter-intuitive to count down.

D.Lamers - our view was that starting at phase 4, it tells the public that they are starting and where they have to get to. If we change numbering, I think we should just go to words.

M.Wade - it think we should stick with it. bookkeeping and # of categories – may have to keep 12

The group liked the idea but had concerns about record keeping. And how things could be accounted for. Use safety and Other, not just other.

D.Lamers - our reducing to 3 was for public and legislative understanding.

A.Clark - we might need a separate white paper that explains what and why we have done this reduction and how we redistributed them... future is going to be more interested in Transit. There's a world of technology and bureaucracy that we live in and work in. In Transit world there are diff issues and we need to figure out how to communicate and cooperate. (?) given what makes up your funding, are there any issues that need to be addressed? If that level of review is only necessary if you get above a certain amount of funding. We want to make sure we get the right info to policy folks. I think we've done that, but left off transit. If we receive discretionary funding, we may have to amend the whole thing

T.Niskala - energy...

A.Clark - railroads, etc.

D.Lamers - we're open to the structure of it, but simplification is needed

T.Niskala - I agree, and I think a white paper might be needed

D.Lamers - we do need to look at transit and be more multimodal. We're open to ideas at this point.

M.Wade – Wayne has assured us that record keeping would not be a problem. What concerned me is that we might have to go back to the old system if this reduction doesn't work.

A.Clark - right now, the bridge program, is there is a whole process to determine who gets what.

M.Wade – TxDOT is trying to have local involvement in decision making.

A.Clark – the more our tip looks like the funding available for letting, the more this will be difficult

B.McCaleb - can't we take what we have in our tips now and see how it would shake out with new system

D.Plutowski - you can do one or twenty, I still have to track all the fed programs

M.Wade - Foster's concern is that, if you don't have any control. It is a gamble that everyone in the state will put this together so that we meet federal mandates.

A.Clark - this has to be more collaborative than that. I'm not suggesting that TxDOT has to move these around.

D.Lamers - I guess we weren't clear. I have faith that TxDOT can do the math in the back office to reorganize. Bridges are more difficult but, like Alana said, we could just do bridges the way they're being done now.

B.McCaleb – sometimes we could simplify, or

C.Smith - leave it the way it is if it's off system and the local governments are happy with it the way it is.

A.Clark – instead of spending a little fed money on all of them, the locals pay for some and use fed dollars for some. Grouping cats could facilitate...who make the decisions? The locals may want to make decisions in some areas and not in others, so maybe they would communicate these preferences and work together.

M.Wade - it's not a matter of whether leg decides. TxDOT has already made up its mind that we'll have more local decision making, but it will be a cooperative process.

It is imperative that locals are involved in decision of moving from one level of authority from one level to another. If they tell the local govt. how much money they have to work with, and the local govt. must decide how to use those funds

R.Allen - every step in the process so far, a project has to be developed so it can be moved up.

M.Wade - there has to be a limit to what we can put in planning phase there has to be total costs taken into effect. They agreed that everything has to be based on total project cost.

J.Foster - David Casteel mentioned moving toward having work programs then into a budget process to have a direct link between planning and day to day operations. You go thru TDM, etc that update the plan and may have to amend it on almost a yearly basis based on what is changing.

D.Lamers - if you are in a non attainment area, you can't do that.

B.McCaleb - if we could constrain that to a certain number of years at the beginning years it's not such an issue.

D.Lamers - as far as I'm concerned things happening now don't affect what I have in my plans out 20 yrs.

J.Foster - what I heard them saying was that they expect to have some sort of reconciliation every year to avoid having plan authority for projects that we have no foreseeable way to construct

B.McCaleb - you're talking about 30-40% of their staff time to do this for small areas. They don't have the time to pay someone outside

M.Wade - James Bass was the one who had a problem with that. I told them I don't think you should expect a recommendation from the WG for MTPs to be updated and more frequently than is federally mandated. The TIP is updated regularly. I felt like that came to a stop there.

B.McCaleb - it ceases to be a plan if we update every year.

A.Clark - we need to look at what bills we have every year and what projects we have in our plan. Every other year we need to revise our financial forecast for our 4 yr TIP. We're not talking about obligating more money to consultants that we can afford to spend. Everything including funds involved to project development has to be taken into account. It may be necessary to drag everyone into a 4-yr cycle, but I would rather not. Not a cash flow analysis but a financial forecast. It must be based on something. We have them connected but we must make sure everyone understands the same thing. If someone wants to do more in project development than can be supported by the cash flow analysis, then they must understand that the funds will have to come from somewhere else. This is a concern, but I think we can work thru it. We want to keep our flexibility without ...

R.Allen – we've been asked to consider the conf bill- p 31-32 to have 10 year program to be updated every year.

M.Wade -11 years instead of 16 in project development might be acceptable.

D.Lamers – our projects are not all the same, there is a range and we started with the longer end of the range, dept want s us to use the shorter one.

A.Clark – near term maintenance project, etc. what it looks like at various stages of the process. We were not clear about when events in the process might take place. When does planning take place? What year? It can be different for every project. We were probably thinking of the typical larger projects...

B.McCaleb – TPC/ are we talking about using that for Fiscal constraint of our plans? Are going to be given some type of factor or multiplier to figure from? If you don't have TPC, you don't have anywhere to work from. Could make a big diff

D.Plutowski - we have 4% expenditure, ROW is within the project cost.

B.McCaleb - but if you project isn't built until 2012, what multiplier do you use?

D.Lamers/J.Foster - you make a Construction cost est. and bump it up 20%

M.Wade – even if they give you numbers that might work statewide, you will still have to figure your TPC

B.McCaleb - I have a problem making estimations if I don't have any decision making responsibility regarding project.

C.Smith - bottom line is, are these to be a forecast? They need to know what amount of money they have to develop their MTP, regardless of the timeframe.

B.Appleton - not only can that forecast be fuzzy in the outer years, it should be. That way it is not a huge effort to update the project if even necessary (if you are in the range (NISKALA).

D.Plutowski - I worked on 08 UTP and 09 UTP and neither even happened.

C.Smith - the Forecast has to go all the way out to planning process. Closest we ever came was Max...1st five years, 2nd ... 3rd ...

B.McCaleb – Legislature about reducing cat funds... We have a financial issue, and there never seems to be enough money. If we were under this legislation, we could not have done the I-35 project in our area. We don't have any “other” resources.

M.Wade - we had this discussion and I used Lubbock as an example, and nobody had any answers. This is already an existing problem. Why don't we maintain the system we have and deal with stimulus dollars if and when we get them?

T.Niskala - who knows what we may have in the future? Things will certainly get better.

M.Wade - they are thinking that the local decision makers will take care of that. Education needs to happen for TxDOT staff, MPOs, legislators, and the public, with different documentation, processes, and levels. You need to have a section in your report on recommending this.

A.Clark - whatever process we devise, we have to understand there isn't going to be any money in it, even though we are less broke than others. Everyone needs to be on the same cycle for updating their plans (?). Thought was that if we come up with twenty yrs of projects, and everyone agrees, that would work and be great!

B.McCaleb - why would you want everyone to do their updates on the same schedule, how would everything be reviewed? Why would anyone do this to themselves? There needs to be a jump off place where a decision is made to move forward

M.Wade - it's going to be your call.

A.Clark - you're going to get all your cards at one time and you'll have to decide when to play your cards.

BREAK

M.Wade - James Bass thought it might be a good idea that the TIP/STIP cycle might fall in line with leg cycle (2 yrs)

A.Clark - more on updates of TIP...

They could give us updates to the forecast that say this is what you might have next year?
Impacts on TIP all the way thru long range plan so we understand the continuity of this process.
How does this information revise our decision-making process? Would that help?

M.Wade - how specifically can we accomplish writing something like that?

D.Lamers - We can just put down in our form the kinds of decisions that are affected. The financial forecast, to me, is more than one project. Is there a quarterly letting schedule? We use whatever the shortest fastest fuse to illustrate this example. Forecast for expenditures in the current year have less and less of a ripple the further out you get. Conversely, changes in my long-range plan are not going to affect my current year's spending. The month to month long range cash flow. At least every other year we want a new short term forecast. The more frequent the information is, the more ways we can incorporate it into our planning process

M.Wade – Obviously we don't know what their ...system is, if we can get an idea from David or someone, then maybe we can write something about how a recommended system would work.

D.Lamers - the presentation Jessica gave is part of that system and I think that is the model that is used to give us a forecast for our plans and for this document.

M.Wade – I can tell you Casteel is in control of what Jessica's group are doing. They were instructed to put Cats 2& 3t together and whatever is left over is distributed? They are putting the Cat 2 & 3 into what we're getting.

T.Niskala – How does the allocation system work? It's driving the whole ship and it would help to know.

A.Clark - Whatever I'm doing is a piece of my projects total cost (ROW, etc). The cash flow piece is something we've never had. We need to see that piece, broken into its various pieces.

D.Booth – do you have a sense of how you would want to break from cash flow basis to planning forecasting model?

A.Clark - I don't know b/c I've never seen the CF tool. Its important b/c it tells me what's in my checkbook this week...

B.McCaleb - I would think you would do the TIP based on those projections and you may wind up into the last month of the letting schedule, making adjustments according to what projects are affected

D.Plutowski - We started with the SAFETEA-LU bill, that's the fed dollars. Then it goes to TPP and gets the finance statement to forecast. 2.5% increase per year increase. Look at fed dollars and make whatever state match we can then look at what is left and see what we can find with 100% state dollars. We used to skim ROW off the top, but now that we are going to TPC we won't be doing that any more.

M.Wade - do you have a sense of where Clark is headed?

D.Plutowski - are you talking about dist of funds and the funds forecast?

A.Clark - Right not the contract letting schedule how does that affect the long term forecast? If it does, we need to reconcile. As far as what funds are for plan and tip development, we have to be responsible. I sensed some nervousness about these 4-yearplans

M.Wade - but not about the LOAs and any problems with them? I like idea of writing up the system and how we can get to where we want to be. But I don't know how to start this

D.Lamers - Someone (LANNY0 brought the model of the cash flow based on assumptions (gas tax, interest rates, etc.) and that drives the forecast. If they see changes in those rates, then they change the cash flow model. The exact assumptions are in the long range model, as well as the ability to change the long range model. They are there; you just have to make sure they are the same.

A.Clark - you have to make sure that money is being paid back.

D.Lamers - there is a forecast to be done today based on certain assumptions. But whatever they decide to use today, doesn't affect the cash flow right now, so they are still consistent. You make an adjustment, two-ranges, estimate revenue coming in for that year (10 yrs out?). Next year you realize that assumption is incorrect based on changes since then, and they do another adjustment. But if is still within that range, that's still consistent with the forecast.

A.Clark - I don't know how the cash flow system works.

D.Plutowski – all those things are included....

A.Clark - How do we know we are within our limits if we don't know how the cash flow is calculated. We need to have a way that these thing match up. Have I put together a proposed set of projects for next year that will be supported by TxDOT' forecast?

D.Plutowski - there's a monthly, one year and a three year letting schedule. Originally the UTP, letting schedule and letting caps were all connected.

M.Wade - They is focusing on the one-year letting schedule. But I understand that it didn't flow out into the four year STIP. Are you saying that the 4-yr letting schedule is set?

D.Plutowski - they set the letting caps by year.

D.Lamers - if something is in year one of the letting schedule, it is set?

C.Smith - as the year goes on, the cash flow may not be there.

D.Lamers - did they not know about it at the beginning of the year?

C.Smith - I think they project the cash flow will flat line thru the year, or is there a recession...

B.McCaleb - or there are other extenuating situations like natural disasters, etc.

Multiple conversations...

M.Wade – *Referencing whiteboard drawing:* I think we are misunderstanding the one year letting schedule in the STIP. A contract adopted by the state, and it is changing all the time. Is this a dynamic document? Is it a rolling 12-month document? We just got thru saying we are updating this every 2 yrs.

D.Plutowski - right now we're struggling just getting thru the monthly to month letting schedule. They're not doing a one year or a 3 year letting schedule.

M.Wade - you're saying all they can worry about is how much money we have in this month's letting schedule? John Barton calls and asks if we're working on the 2010 UTP, No, we don't know our cash situation so we can't do that.

C.Smith – when there was ample money you would est. your tip for the year from the Fin forecast. You would move into the 3 yr. but in this case, it is going backward.

D.Plutowski - we just got a message from leg that we will not be moving any new projects into the one year letting schedule.

M.Wade - so unless we update our 2010 STIP, not projects will move into the one-yr letting schedule.

D.Plutowski - what he is saying is nothing will move into the Letting schedule until the after the end of the fiscal year. We can still do the projects that are in the letting schedule.

A.Clark - there is not revenue unspent in yr one that can be used in yr two. I have no idea of the concept of how the money is programmed. I can't explain it to anyone else either. I'm not blaming anyone; I'm just wondering how we can correct this situation in the future. One way is to get away from funding categories. Essentially all funding dollars are funding dollars. We need to get the cash flow system to look more like the forecasting system (?) All this is independent of the local sales tax issue. What I would say about the annual letting schedule is it will affect the #

of projects in your TIP. We'll have to take those out and we have to have a forecast to decide this. On the positive side, if we get stimulus dollars, we have plenty of projects ready.

T.Niskala - They have good detail, including the debt service.

B.McCaleb - one of the biggest concerns with the new fed transp bill are the assumptions we could use future fed trust fund dollars to pay back debt. Now there may be no trust fund and a dedicated source of rev to pay back bonds. We will be funded out of general funds.

D.Plutowski - within SAFETEA LU came out, we started draining the trust fund down to nothing, and we continued to get less money, etc. until we are where we are. There are earmarks out there, which mean the trust fund still exists, but it is not available.

B.McCaleb - is there going to be a recall on earmarked funds that will free up what's left?

M.Wade – I think I read that about the demo projects. Alan, can you draft up something about how the process should flow?

A.Clark – I can give it a stab tonight. I'm not sure I understand completely how things are being done... The more frequent the updates the better b/c it gives more chances to fit it into what we're doing.

M.Wade - We're looking at administrative decisions that should have some guidelines associated with them.

A.Clark - the administration supports the idea of having accountability. Why reward poor planning and penalize good planning?

D.Plutowski - Now I understand why, in the CAT 2 & 3 meetings, David Casteel wanted to reward MPOs that stepped back to let other areas let their projects.

B.McCaleb - we did not agree, b/c we operate on a cash flow basis. If one area cannot let their project, it is only logical and reasonable that they next one that fits moves down into the spot. And, if we are getting lower bids b/c of the economy, then any funds not used for letting that project should just go back into the pot for the next project in line.

D.Plutowski - Speaking for Wayne and the letting process. Previously the caps were a group of categories and Cat 2&3 were separate. Now, each District has a separate cap for each category.

B.McCaleb – We have over programmed to avoid losing any federal dollars.

A.Clark - The truth is there aren't any dollars. In the past we have built now and planned to pay later. I don't know how much debt there is, but there is no federal money going back.

M.Wade – Why don't we ask Wayne to revisit how projects move from the 4-year letting schedule into the one year?

A.Clark - It's not so much how the projects get moved into the one yr letting, it's how the funding is obtained and distributed. We need to be able to connect the dots so we understand what and how to plan for.

M.Wade - another point was: Is your process really legal if it is not federally mandated (in administrative code). I think we know from Sunset and what you have done. Someone is going to have a lot to do to put this in the TAC. It has to be put in understandable code.

Unknown - Maybe we should not call it the UTP or anything else and just say it is the first ten years of the MTP.

M.Wade - Admin will be here in the morning. We'll start at 8:30 a.m.

DAY 2

M.Wade opened and welcomed admin people, Phil Russell, JD Ewald, Steve Simmons, and James Bass

S.Simmons - we saw report. Great process for starting. We think we're in good shape right now. We don't need to worry right now. Let's start implementing some of the things Commission said, and want to start with your report. You captured what they want. Understandable and workable. JD came in to talk about it. To show we are listening and working to answer their comments.

JD.Ewald - the process the law has little to do with it few rules in cap 15 of TAC. Most of what we've been doing have to do with fed process. Frustration is areas understanding process. Sometimes we have problems too. Statutory process began w sunset advisory session. Result for P&P was HB 300 and SB ??. The bulk had to do more with reporting requirements than allocation and selection. Push for accountability, transparency understanding. When bills came to committees that was for picket bill HB 25 (subset of HB 300) require that AALL funds be allocated to the various planning orgs except for 10% held back in discrepancy. Other half was selection of projects and prioritization. Commission had no role in disagreeing with that. So 2589 is making its way thru the house. Incorporated into HB 300. Sunset modified by Picket bill with multitude of things attached. (most well known was restructuring?) also TxDOT had little input, almost excluded from discussion. We were looking at 2589 to see if we could modify parts to make it sense and usable. There must be a State DOT by law and must have authority over P&P. This tried to take it away. Later, Senate asked us to participate in the meeting with committee members and expressed concern. Senate's version of HB300 contained many of our suggestions. Since we have a HB diff from SB conference committee had to resolve. We sat with them and went thru. We went through each section or even sentence Hagar on Senate side ... on House. Compared docs by section. What you have seen is what came from the transcribers efforts to keep up with the process. There was no time to clean it up and make it conform. The good news was that Picket did compromise on allocation of funds, and the selection of projects-the two most important aspects. The final version is more like the Senate version than it is like 2589.

J.Bass - what I would add is that as leg went thru, we had this workgroup working on commentary, the end result that was in the report that the general concepts are similar to what this group is coming up with . the impact of this group is going to be better integrated as we go forward. in some form or fashion, Steve and ??? are going to ask this to be included. If the commission agrees to put this in rules, but they may not be as detailed and step by step some of same concepts as bill but not as detailed. Let's take the best from all over and put together. We wanted you all to see what the leg had been thinking to help guide us as we move forward

S.Simmons - this group is important as we move ahead and seek the input of those who actually work on this process.

T.Niskala - current wisdom on timing?

S.Simmons - I don't know for sure, but wisdom says sooner rather than later because nobody wants to stop projects from moving forward. Also election period coming up. June 21st it won't be any sooner. Several out of state leg meetings coming up. What will they take up? Nothing more than extending the Sunset date and trying to fix the funding. By not passing the bill they "wrecked" "the TxDOT budget. They may bring CEAs...but not sure.

Unknown - Fixing Prop 12 is what is meant by fixing the budget.

J.Cantalupo – I don't see how far passing prop 12 will go toward this.

S.Simmons - It allowed up to 5 million dollars in debt. 2 billion in proceeds was put into a transportation revolver that provides financial techniques for projects (1 billion and another billion for proceeds). The state budget is proceeds not project awards. It would help us if you could use a bill for projects. If you want us to spend a billion, appropriate 3 billion.

What they said was here's a bill for proceeds but don't spend more than 2 billion for projects. In the final budget, if they had given access to bond proceeds in 2010, you would have seen additional projects in February that would be awarded by this.

Prop 14 and mobility- Diversions were reduced. For the biennium, diversions went down by 365-370 billion. But, TxDOT only realized 285 billion b/c in January diversions went down to 285. The last week, they went down 80 million b/c fund 6 has been over appropriated. The focus is on general revenue. We did math on Hwy fund and balanced the discrepancy.

We think we can probably afford to continue...

Mobility fund started 6.4 billion in work. We issued bonds and spend over next 9-12 months to date we've issued and still have bonds we'll have to pay for. Rev to mobility fund was lowered, and we cannot support bond proceeds (300-500 million short right now depending on interest rates. But those projects have started and we have to continue and we have to find 300 million in proceeds. We may have to take out of Prop 14 just to get mobility projects to completion

Gas tax continues to be down. 2-3% lower than this time last year. Had been projecting 1.5% higher. That has affected out projections, which we have lowered and may still be too optimistic.

A.Clark - there may be changes coming with that

J.Bass - one thing we may see is that our analysis done 2 months after gas is taxed, we have been looking at traffic counts, which are down. We're hoping we'll see them go up and indicate tax will come up

P.Russell - generally our trends were up and the department could absorb fluctuations. You are in best position b/c you understand our funding process and we can develop a new procedure or mechanism to forecast and make estimates of funding.

J.Bass - the process needs to relay that info to MPOs and tell them when we need to cut letting and why. Here's what is happening and causing us to change our outlook.

T.Niskala - We understand different environments, but the difference between them is hard to understand.

P.Russell - we are going to have to do better job of getting this out so you can be diligent

J.Bass - in HB300 there's going to be a forecast done yearly but may need more often

S.Simmons - when looking at AQC, what does the cash flow problem do to that?

T.Niskala - if we had seen this we could have done better

J.Bass - their idea of financial constraint as apportionment is ludicrous. There is a difference between obligation authority and apportionment. Financial constraint is what I can use today. Obligation auth defines apportionment. Try to fit apportionment into cash flow and it does not fit.

J.Cantalupo - we're always seeking flexibility, so it's in our interest to take most liberal view. So we have done that to ourselves.

J.Bass - many don't understand this issue. The plan was never truly achievable.

J.Cantalupo - question is how can you have so much in TIP without money to do anything?

P.Russell – trends were generally positive, and it always worked out. We continued to move projects even though there didn't look like we could afford them. But the world has changed. The trend is down now.

J.Bass - the 28.2 bill was quote thru 2019. Now we don't have a number, but it will be less than that. The reason is the gas tax is lower. Some money goes to mobility fund, extended to 2019 320 million less. Popular program pass thru toll program in 2008 and 2009 – 10-11/09, 10, & 11 280 million in pass thru agreements have to be paid back over ten years. Another one each year some 72 million less money flowing thru normal funding process (UTP)

S.Simmons - Did you talk about 2.9 Prop 14 vs. 15? Hwy trust fund will die in about 6 month and need another infusion. We infused 8 million last month. Now we have to find the money, and they will have to cut programs just keep solvent. Latest projection is if they don't approve new money, hwy bill will approve 6 billion (used to get 320), of which we get 8%. If we lose cash flow, we have to have a way of moving projects backward thru the process.

D.Lamers - we have looked at that, and we realize the uncertainty and we are trying to design a process allowing TxDOT to balance books without causing us too many planning headaches. The problem is in the 4 yr TIP has to transition from the 20 yr UTP

S.Simmons - we need to know why our budget isn't looked at every two years.

J.Bass - I agree/disagree. With forecast hopefully we will get more accurate. But right now, there's no guarantee the first will be correct. We've never had fuel tax in decline.

P.Russell - problem we've always had is that we have to have the planning window out longer. We have to configure. The locals always look at the plan and say it's in and they expect it to go. People see it on a list and they assume funding.

J.Bass – citizens and locals have more flexibility in their taxing, and we don't have that. They don't understand that difference.

P.Russell - we have to make this system more finely tuned with more public involvement

J.Bass – we have a transparency of the sub-commission. In the 2011 budget we have funding to do that. We think a lot of our automation needs will fall outside of that umbrella. Like DCIS, if it falls outside, we'll have funding. We have a lot of procedures and databases that the public would have access to.

T.Niskala - the message has to change for audience and having this access would help

J.Bass - from a single database you could run many reports. In the past, we have not had the ability to coordinate areas of information and diff databases.

P.Russell - are there any other questions?

C.Smith - in terms of looking at the outer years, will we be able to see the horizon that is out there. I'm not sure they recognize, even while we are working this process. The public does not grasp that there are no mobility dollars.

J.Bass - If TxDOT were to bring on a advisory financial group. It would help us to get information out there, with more credibility. I know FL does a process-revenue meeting with State Comptroller, etc. in a formal process-we don't have anything like that, but I think it would be helpful to go thru that with TxDOT rep-s and MPOs, etc. Not necessarily a consensus, but just allow input and the process would provide benefits

A.Clark - I like that b/c we have to explain to policy leaders an public at large and we can do that by taking about eh cone. Using your general meeting we could construct financial scenarios to illustrate the possibilities. We can provide a clear defined set of assumptions by this process by showing them the options available. We need to start thinking about how we can get there. We don't want our transportation future going to where our policies can be beheaded by legislators or locals. Bringing an outside firm in would be particularly helpful in articulating these scenarios. We have to follow thru by saying if these are the likely possibilities we have to cross out the things that don't fit. We need to start talking to the business community about their

ideas for growth. There are things we can do to tie things back together again. We need to look at our projects right now, not dollars, to see where we are. What needs to be finished?

J.Bass - one real world change is change in the café standards. I could take a guess. What's the turnover rate going to be as consumer choices change for instance in gas saving vehicles

A.Clark -you don't know how much things are going to change and when.

J.Cantalupo - we still have a conflict between what is happening with these fuel efficient vehicles saving gas but still taking up room on the roads. They are using the roads but not paying for them.

P.Russell - we'll start transitioning to a VMT type tax

J.Cantalupo - their avg national large city per capita VMT is 18 miles per day. Austin is around 40.

J.Bass- these are broader policy issues than us. We have to have options, and they need to be well-funded. NYC has 60% of transit ridership and they provide 60% of funding. It's a policy decision that has to be made.

B.Appleton – there have always been projects that are considered important. They allow for people to work on it when there is never going to be money to build.

S.Simmons - we could stop designing projects today and just focus on building what we have on the books today for three years. We have a huge backlog of projects. We argue that we have to have a backlog so that when stimulus or other money does become available, we have projects ready. I don't think this is a normal situation; it has been created by the changing economy.

P.Russell - we have to look at the likelihood of projects, and this is going to be difficult to accept.

S.Simmons - we still need to know what our top ten projects are. But then we have something come up, and we stuff it in without taking anything out. We can't do that.

A.Clark - When local officials finally realize that this is all there is, they may understand.

S.Simmons - either they don't understand, or it is such an enormous issue they can't get their head around it

J.Cantalupo - I have similar feeling, our board just doesn't seem to understand. At some point, when do you stop referring to a cash problem, and just say we don't have the money.

S.Simmons - Draw a line in the sand, but the problem is you have winners and losers. And all the non-attainment areas are out of AQC.

J.Cantalupo - when we lose credibility, b/c they have those projects that have to be put on hold for five years, they say they don't have a project any more. Wouldn't we have more credibility if we just say that not all these things can stay? We've been telling our board that about 50% of our plan has to go.

J.Bass - without the framework of the process not being written anywhere. People saying their projects are "in the plan." Nobody knows what that means, but it removes conflict at the time. We need to have that fixed

S.Simmons - that is what this group is doing and why it is so important. Our credibility is either dooms-dayers or fudging numbers to make it look worse than it is. We need you to help us develop something that any mayor in any city will understand article 2 in HB300 should be the focus

B.McCaleb - when you were working with the legislators did they mention a transition period.

P.Russell - they said by March Of 2010. They want a light switch change.

B.McCaleb - we don't know how this is going to change our budgets

S.Simmons - this fits in and we can implement without making laws. We have to be able to move on this very quickly

J.Bass - the leg was thinking about the makeup of the MPO boards and about what percentage of the people should be elected officials. That is not going to be in the final.

JD.Ewald - they finally took it out b/c they could not find an answer.

M.Wade – TUMP TMMP 2030 plan etc. and more frequent revisions of the PPP is the problem. They could revise to 4-yr letting plan as often as the leg decides they need to it should be dynamic.

S.Simmons - I think right now we're very skittish. 2009 was the perfect storm. Right now we don't know how things are going to settle, but I think we'll know in 6 months. We cannot afford to be too optimistic until then.

BREAK

M.Wade - What are your thoughts? Any questions not answered.

B.McCaleb - Asked Steve if there was a presentation on this. He said he would have one, and he would get a copy to Wade. One thing we may want to consider as it is or as starting point and develop a canned presentation and bring in all MPO heads and District leaders and show it to them, and have them take it back to their areas so we do get the awareness and education out there. I've done that and people are always shocked to find out how little buying power TxDOT

has. They don't understand how far the funding can stretch. The financial aspect is the foundation of the planning program.

M.Wade – when we made the presentation about the diff audiences, they bought into that.

B.McCaleb - if you could do a draft that would show MFT from 1999 to 2009 (?) it would show it is flat.

D.Lamers - on that same chart if you show the price of gas, gas tax, mobility funds etc. it would make it very clear why we have no funds, and that it is not going to change for the better in the foreseeable future.

M.Wade – they're going to go to the commission, we need to recommend a process for public involvement that they can take to them. We have to all present the same material in all areas...

C.Smith - Dan Kessler made a presentation at TEMPO

A.Clark – Then we show that there can't be any more multi-million dollar projects in the State right now. Significant downsizing and down scoping of projects. We can look at what we have and try to see what we can do. We keep bldg and designing what we think we need, when there is no money to build. We have to accept that there is no added capacity.

B.McCaleb - we've had the luxury of defining need from the engineering perspective. We have to define need from what the public is willing to pay for.

A.Clark - someone has to be the bad guy you have to have a plan based on financial inputs. We probably will get criticized. We will see that everyone is doing the same thing. Local governments are not planning large projects b/c they have the same problems. We can't do this in 6 weeks; but this is not a short term fix. We have a very different transportation future than we did in the past. I agree with McCaleb, we have to have consistent information to work from. We need an economist b/c we don't know how to translate bad news into dimensions for all these different audiences. They will have to go thru the education process (not short term) to learn where we can go from here.

M.Wade – we have a lot of challenges to communicate.

A.Clark - are we going to mainstream the process (streamline?) how is the info incorporated into our processes.

M.Wade - they want to know what the system will be before we worry about how to disseminate it.

J.Cantalupo - I think we're talking about 2 different things. We need to go out and tell people what we're facing. That won't be changed by anything in the document. Sooner rather than later we need to communicate our situation

T.Niskala - I agree. We can do this through TEMPO.

A.Clark - we can't stop there. We've already done this. We have to change plans. There is a chance here to have a better way of doing the job. I'm afraid they'll not take us seriously. We have to show the long term impacts. The programs are responsive to the financial information. We have to develop a mechanism to make that happen. This is what fiscal constraint is. I don't want to appear to be reacting to the crisis, but that we are making proactive changes that will be effective no matter what happens.

M.Wade - you're developing something already to address that. I'm interpreting you saying that we should go thru HB 300 and see what we did not cover in our progress report.

Discussion

Has the code that is underlined changed? No, it is just highlighted.

There is no vision plan.

If there's a fed law, then you don't need to put it in the TAC. The TAC should be self-explanatory, so you don't have to go back and read fed law to explain-environmental issues-PL

Need clear ref to a fiscally constrained plan

J.Foster - Current SP is not fiscally constrained b/c it is not project specific. You need to be careful about making the statewide plan (SP) fiscally constrained and the implications to updating it.

J.Cantalupo - Why not make the last ten yrs of the SP fiscally constrained? RPO's should have the same outcomes as the rest of the state. They have to have the same horizons with the same amount of detail. The SP should include only those corridors and areas that connect areas and are not already covered in any MTP or RTP. The SP should sit on top of all the others.

T.Niskala - I like what you are saying, my question is, are they fiscally constrained?)

A.Clark - every 4-5 yrs we update the SP. If you want to update your MTP, you are going to have to.

J.Cantalupo - what level of complexity does that create?

B.McCaleb - if they update their MTP why can't that automatically update the SP?

J.Cantalupo - I'm not arguing about the process, but are we creating more administrative problems?

D.Lamers - I agree with Joe. The people just get confused. The flow should go from the MPO to the State, not vice versa. The same amount of detail is not required in the SP, and it should not be fiscally constrained.

M.Wade - An unconstrained SP is not going to allow you to...

D.Lamers – I’m saying it should be on a different scale. You’re asking the wrong thing. You don’t want a 25 yr list of projects; you want a 10 yr list. Anything beyond that places your projects within corridors.

A.Clark – Why have people working on projects if there is no money to go forward?

R.Allen - Our MPOs are part of the State

A.Clark - How do we understand what the State’s priorities are? How can we do that if it is not FC?

T.Niskala - but the words FC have certain connotations, so it

D.Lamers - I’m concerned that the state can control what the MPO does.

T.Niskala – I’m concerned that FHWA can control what TxDOT can do.

J.Cantalupo – I’m more worried about creating Administrative problems. The problems we have today have nothing to do with whether or not the money is there when we are ready to let. The problems we have are a result of miscommunication.

B.McCaleb – FHWA has the oversight over the STIP b/c of state law. If the Statewide Plan is compilation of MTPs, etc. and the state has no approval authority.

Unknown - We do not want a bureaucratic process that allows the FHWA to stop a project b/c of environmental issues.

B.McCaleb – If the changes in a local plan are within the fiscal parameters, what difference does it make? The project is still fiscally constrained. McCaleb

D.Booth – Jack, have you had experience with a state that had a plan stopped b/c of FHWA having ENV concerns?

J.Foster - I think fed law says SP has to have a plan element but does not say it has to be FC. I think that’s where we’re going with TRENDS added to your long range plan.

D.Lamers - for the last years we’ve talked about the financial element being incorporated that tells us how much money the state has to spend over the next 25 yrs. The constraint tells us how much of that total budget estimate goes to what type of projects???

A.Clark - I don't know how the SP can claim to be FC if our MTPs are not in agreement with our forecasts. Need to show consistency across the state.

D.Lamers - TxDOT gives us a range of forecast. It is up to each area to choose whether they want a pessimistic, optimistic, or middle of the road. If you try to put these all together, it will look very strange.

A.Clark - There has to be an RPO building block different from the LR Forecast? I don't have a problem with that b/c it says that someone has thought it all through and we are within a reasonable forecast range based on realistic assumptions.

R.Allen - the things that will be project specific will be mobility projects (for the most part) you will assume you will have to have money for them. Those will come from the management systems. Add up all these projects and ...I don't think there will be a problem showing fiscal responsibility.

A.Clark - the thing that will be uncomfortable is that the state manager will have something to stay about out project ...

What are the implications?

Are they going to delegate?

B.McCaleb - Jack, does TxDOT have a mechanism to estimate maintenance expense for mobility projects as they come online, and how much that cost needs to increase?

J.Foster - I don't know, but there has been some concern over this and having that responsibility falls back on the state...

B.McCaleb - if you're not as optimistic and we don't get a short term solution to the financial stream. You will have to move more money to maintenance or you lower the standards of maintenance. How willing is the public to allow our system to degrade by continuing to add mobility projects. The state could get into a contest between meeting congestion goals or maintenance goals.

T.Niskala - what if we said CFR 450.214.L? Financial Plan for LRP changing the May to a Shall and without stuff in the brackets.

Additional requirements

- There will be no 25 year list of projects fiscally constrained in the statewide transportation plan
- There will be a mechanism for the Commission to look at all the plans and determine if they have ...
- The Commission will have to have some type of Statewide Summit to determine what exactly they want to mean by fiscal constraint. (Todd)
- Allen Section 201.987 looks at project section for the SP and how the Commission will collaborate and provide for a statewide forecast.

B.McCaleb - on p 22, Section 201.601 contains every known mode of trans except bikes or peds

Discussion about modes of transportation and inclusion or not

D.Booth - asked if anyone had issues involving waterways:

A.Clark - we need to know when we are in disagreement with the Statewide plan. If you are at odds with the state over a project, you will never move ahead with authority or funding.

T.Niskala - modify that first sentence as discussed.

T.Carlson - if there is an argument over the terminology as amended, then we should continue this discussion.

D.Lamers - I can live with it b/ c it is general enough.

A.Clark - I don't think it is a conflict with FC, so it's okay and can still meet the requirements of this document. I think we would say that the language is not objectionable, so long as we do not create some burdensome administrative process for MTPs, etc.

*Clark's concern was with the process. He will write up how he thinks it should be done.
Clarification is in other sections.*

LUNCH

On the board so far:

HB 300-201.601

- Specifically reference Vision Plan
- 25 years OK
- Need clear reference to fiscally constrained plan (language for Title 23)
- Add Bike/Ped to list of modes
- Public Participation Plan

HB 300-201.621 (p 23)

.982/ p32-33

A.Clark - Raises process questions we were talking about before. If 10 yr plan has to be updated every year, you don't want to update your whole plan every year

B.McCaleb - if I'm updating my 10 yr plan every year, then basically I'm updating my MTP every year.

J.Cantalupo - how can we have 2 bosses? Some place in here it says fed law overrules.

A.Clark - it's all in what we define as the process.

This just says we have an opportunity to make an update (amend) once a year. It does not say we have to create a whole new plan.

C.Smith - what has been happening is that the department has been updating the UTP every year; we have not been doing it.

Unknown - For each year of sub allocated funds today are sub allocated thru the UTP.

J.Cantalupo - then you have to update the TIP

B.McCaleb - update means a full blown change of the plan.

A.Clark - what if it said amend instead of update?

J.Cantalupo -That would be okay.

B.McCaleb - if we leave this as update...

D.Plutowski - the UTP is updated according to what you give us.

D.Lamers - what this says is that the plan has to be identical to the UTP.

J.Cantalupo - we have to keep in mind that this is a complicated legislation that got thrown together very quickly. We can't assume that this is all exactly as they intend it to be.

T.Niskala - we just need to focus on the substance here.

C.Smith - this is a rolling ten years. As you let a project into the TIP, you want to continue that process, therefore you want to continue to add and make "updates."

A.Clark - to get everything saying the same words-the amendment process vs. the development of a new plan or TIP. We don't want to do that every time. The adoption of a new plan is a big deal. But amending a project is often administrative and won't require public outreach. I would say, as a principal we want to avoid new programs or lists more often than every other year (as required by law).

B.McCaleb - if we do as written we'll be doing this every other year and amendments every year, plus all the other things we have to do that require PI.

C.Smith - I'm in favor of MPOs selecting projects in work program. 2 sets of funding categories (3 w' CMAQ) STP multi-modal doesn't go to Commission for concurrence (CMAQ Neither).

That document alone (work program) doesn't go back to Commission for approval. The Cat 2 projects would. One thing that ought to change is that ought to be a locally selected project.

A.Clark - under fed rules state cannot absolve self from amendments (?)

C.Smith - should it have to go back in a UTP? State has to adopt ten year list of projects today. Gave explanation of current UTP approval process. There should be a bank balance that could be used by the MPO

B.Appleton - page 32 says commission approves state's 10 year plan...

J.Cantalupo - Then they have to approve the LRP, b/c they are the same thing. That's much different.

C.Smith - I agree I think the MPOs should come up with criteria. They

D.Lamers - they keep telling us they want more local control, but this is just the opposite.

J.Cantalupo - you can say what you want, but the state doesn't belong in this process. I see strong case for state involvement in setae allocation process, but not in project selection.

T.Niskala - on p 22, 21.20...submit for commission's final approval

Unknown - That's for the TIP. The problem is this language came from diff areas.

J.Foster - what you have here is a hodge podge of versions from when it all had to be run thru the Commission.

T.Niskala - should we worry about the specific language or focus on the process? We can go crazy trying to look at every word.

A.Clark - we need some legal help defining what this language means and its consistency (201.987). I think this whole section is not in keeping with the current process.

B.McCaleb - I don't even like the idea of how criteria should be weighted.

A.Clark - they way I read, must be based on the Commission'sfor the state.

D.Lamers - not clear if one set of criteria is going to apply to the whole state.

B.McCaleb - if my criteria locally don't match yours, then we won't compete.

A.Clark - but prioritization is within your area, not competing statewide

B.McCaleb - but that is not clear.

B.Appleton - when we first met, admin talked about issue of Lt. Gov. or speaker who asked the Dept. to name top ten projects in state. Some language is directed at selecting those top ten.

A.Clark - this whole section has to be reviewed against fed statutes. Focus is to state any control of what goes on and maintain some consistency. If we argue that selection criteria should be up to each area, we should do so but might be difficult to sustain. I think we can move past this and accept that these things are not resolved. I agree with McCaleb that not all criteria can be used in all areas.

D.Lamers - this document will not be presented as is for approval by the???? Foster in the meantime the Commission may be asking the dept to put this into code.

A.Clark - 2 pieces ion page 22 lines 14 and 16

Definitions

J.Cantalupo -transportation project-list is inconsistent with 201.601

P 30-A 2 purposes check for consistency

M.Wade - spoke to Amadeo on the phone about what his philosophy is of what SP would need to do:

Up to 25 yrs projects stay FC within the funnel.

Rural elements would be by project or by corridor or by some purpose. Would be expected to be done similar to mpos constitute Hwy elements of SP

Would constitute 20 yr program of projects and state would be FC and provide a list

When you revise your plans or STIPs you move projects in or out of your TIP. Projects will continually move from 4 yr to one year letting.

There should be an unconstrained section of LRP (above the cone) and within we will have various LOS.

Within the FC section, if it is determined that only 75% of projects could be funded, and then you would have another LOS to determine what projects to move out of FC (?)

Vision Plan would be part of the SP and would include the projections outside the cone.

A.Clark - if you're doing an ENV doc. There's a project whose implementation could be out beyond the 25 yr plan. We could not do any work on it then, because we would be irresponsible.

M.Wade - Amadeo never implied that this is what you should recommend these are just his thoughts. There was so absolute consensus. Projects can move back or move forward. We have had no problem with that concept. This would give us a 15 year list of projects. He said they may want that by years.

D.Lamers - to head that off we may give them the ten year list.

M.Wade - what about the old system where Max did five year increments?

D.Lamers/A.Clark - Our plans are defined by AQ.

A.Clark - for carrying info and for consistency, we carry information from the dept???

Unknown - We need to make decisions based on allocations to those projects. The MPO needs to be able to decide the priority of those projects.

C.Smith - wasn't when we came up with the 20 year for Clark and to reach AQ conformity.

D.Lamers - yes, programming people generally prefer a shorter, 10 year plan

M.Wade - the expectation is that the TIP will be redone every year, strictly on the base of what the FF says. It doesn't mean you have to change the SP (every five years, with new MTPs also).

T.Niskala - recommend UTP be updated every two years, when we get the new FF.

A.Clark - The letting schedule is not the same thing as the FF. The LS can be done every year. We need better, more consistent cycles.

B.Appleton - read...First 4 yrs of the ten year list is the TIP

A.Clark - whatever happens with the cash flow affects what we do in the ten year plan, and be consistent with the latest planning info including the financial forecast.

D.Lamers - what Clark said is very true; we need things to be consistent, not identical.

M.Wade - theoretically this comes from the writers of this bill wanting you to recreate the UTP every year.

T.Niskala - I again think we should recommend that we update it every two years in conjunction with the FF.

A.Clark - some of what is written into HB300 should be called "report" not "plan." If they want that "report" to provide annual statements about progress toward goals, perf measures, etc. This needs to be done in a way that actually makes sense and reflects realistically what is happening...

This could help preserve the integrity of the process. Sharing our databases would help this enormously.

R.Allen - your concern is that the state should not have a ten year plan? ...

A.Clark - I'm just illustrating that if I have to do a plan every year, and have to use the latest info, then I'm just doing a lot of needless paperwork. What they really want is to know the progress we're making. "Plan" required Public Participation and

R.Allen - what if we call it administrative code.

A.Clark - if we identify reporting rules in the code we can say it's already here"

D.Lamers - what you're saying is that we're not going to change the plan but will figure out what our ten year element is and priorities may have changed but it doesn't change your plan at all. (More like a status report?)

C.Smith - our direction today was to look at and incorporate these elements of the UTP and make them a part of our recommendations report of this work group?

M.Wade - what you are recommending is different from what is in this legislation. This text uses the term "plan." What was taken out of here was the term "report."

A.Clark - lets don't call it a report then

D.Lamers - and lets don't call it a plan, which is more complicated.

A.Clark - let's not complicate what they want us to do. If this is adding structure to the MTP, then let's call it what it is. The smart officials want to focus on change, and they want an update on what is new, not the whole, entire plan. Let's call it a Project Development "Program."

D.Lamers - I don't have every project in a separate year. By saying this is part of the LRP, I will have to go into this and redo every single year. This is just more paperwork for me.

A.Clark - what do you all the adoption of the second ten year plan. It doesn't require a new plan.

D.Lamers - yes, I just extract the ten year list of projects.

A.Clark - we can just not call it a plan, it can be a program. the phrase about the update being identical to the ten year plan should be identical should be taken out. (201.601?) this doesn't require new analysis that you wouldn't be doing anyway.

D.Lamers - If TCEQ doesn't get their report ready to go. ...

A.Clark - we have that problem b/c the EPA analysis years don't coordinate with anything we do.

J.Cantalupo - isn't the solution to ask them to clarify the language? It should not take this long.

B.McCaleb - but we don't know that they aren't asking for 3 different documents.

J.Cantalupo - but we should look at this as something that was produced at the last minute and it's not clear and precise language and we cannot assume the worst. It seems we're doing two different things.

T.Niskala - I agree.

J.Cantalupo - They haven't gone through a reconciliation process yet.

M.Wade - I think you can see that the clear intent of the ten year doc is the UTP. I'm not saying you have to keep the terminology. They just went with what is already in place. Whatever you call it though, it is the first ten years of your 25 year plan.

A.Clark – 201.9842 Process for Developing Plans and Programs

J.Cantalupo - We need clarity about what they have here. It is sliced and diced

J.Foster - this is our opportunity to craft a document that states what we need it to say to be clear and understandable.

T.Niskala/A.Clark - it sounds as if we reinsert the definitions

J.Cantalupo - I think we started out producing a UTP report and our statement as to what we thought it should be. Now that this has come out, we should go back to our document and look at this document from that perspective and say how we think this document should be changed to fit with ours, not vice versa.

D.Lamers - I agree, but I now have two places where people have told me they want a shorter reporting period, and that's the only change I'm saying we make. We should finish our process, keeping in mind what their concepts are. Then, when we have finished, we can come back and make recommendations on what they should change. I don't think we can jump to conclusions about determining their definitive meaning here. We are not making productive use of our time picking this document apart.

C.Smith - I think it allows us to strengthen our own process so that we can make clear recommendations to the commission.

T.Carlson - Steve said you should think about this document.

D.Lamers - Right, But I think we should finish what we were doing first

T.Carlson - but look at the timeline. Someone will be looking at this before they look at our final report.

D.Lamers - I think we need two pieces (LOA) to recognize the FC report or process. Then, clarification that our LOAs are not sequential but they can overlap. Other than that, if we can lay this out so that we can say this is our process and it makes sense, then we can look at the HB and see if it makes sense and where we can recommend.

J.Foster - Maybe then we can help craft and organize how this is laid out.

D.Lamers - I don't think t pour job will be over when this is ruled on b/c we may need to help figure out how these things can be accomplished.

M.Wade - you really don't have any recommendations for the workshop on the 24th

D.Lamers - we can give them some recommendations about things that need to be clarified

A.Clark – for us to try to recraft language that is here is poor use of our time. We can make some legislative suggestions might be helpful. Maybe they will ask someone on the Hill to rewrite. Maybe we can summarize their concerns we can see in this document...and consider them as we finish our process.

T.Niskala - if Foster would be willing to take this and make it easier to read...

D.Lamers - Niskala and Clark can coordinate on getting together and going thru the document and highlight areas

J.Cantalupo - I think if we could get together and go through our document together, without distractions, we could figure out how this needs to apply.

J.Foster - the workshop is to listen to reports. They don't do any voting, etc. workshop on 24th and commission meets on the 25th.

D.Lamers - maybe we can meet on the 22nd and 23rd and some of us could stay over for the workshop.

M.Wade - we haven't been invited...

D.Lamers - I'm just suggesting that we attend and be in the audience.

Next meeting is at 1 pm on the 22nd and through the 23rd. Appleton, Ellington, Smith, Petr and Clark aren't available on the 23rd. Carol will send out Clark's write up.

Restructuring Planning Work Group Progress Report Meeting
June 4, 2009
Greer Building – Second Floor Conference Room

fn=c:/foster iac/notes from 6.4.09

Attendance:

Amadeo Seinz

Steve Simmons

James Bass

David Casteel

Phil Russell

Mary Meyland

Jack Foster

Wayne Wells

Montie Wade

Ideas:

Revise Figure showing Work Authorities to show 25 years of Projects total instead of 30

TMMP, TUMP, and 2030 Plan should be separate Box with arrows to show that they feed the Vision Plan instead of the PDP

Revise Levels of Authority to Phases of Authority

Steve has some concerns about recordkeeping and might have to go back to 12 categories instead of proposed 3...Wayne comment

Chart should indicate that these are for major mobility projects...insert somewhere to indicate observation that ‘different type projects receive different levels of authority at different times....re simple projects do not take 25 years, etc.

Change “Other” category to “Safety and Other” Category = Category S/O

Work Group review Article 2 of marked up HB 300 to compare with work group recommendations

Amadeo mentioned HB 2589

Finally concluded that dollars would be furnished to MPO/District and they decide what stays, is removed or added to STIP for letting.

H.B. 300

Transportation
Planning

S.H.B. No. 300
SB 136. (a) The terms of the members of the Texas
Transportation Commission, serving on January 31, 2010, expire
February 1, 2011.
(b) Not later than January 31, 2011, the governor shall
appoint the members of the Texas Transportation Commission in
accordance with Section 201.051(a), Transportation Code, as
beginning February 1, 2011.

15-8 ARTICLE 2. TRANSPORTATION PLANNING

15-9 SECTION 2.01. Section 201.001(a), Transportation Code, is
15-10 amended by adding Subdivision (4) to read as follows:
15-11 (4) "Metropolitan planning organization" has the

(4) "Metropolitan planning organization" has the meaning assigned by Section 472.031, Transportation Code.

15-13 SECTION 2.02. Section 201601, Transportation Code, is
15-14 amended to read as follows:

Sec. 201.601. STATEWIDE TRANSPORTATION PLAN. (a) The department shall develop a statewide transportation plan covering a

15-16 department shall develop a statewide transportation plan covering a
15-17 period of not less than 25 years that contains all modes of
15-18 transportation, including:
15-19 (1) highways and turnpikes: including red

- 15-19 (1) highways and turnpikes;
15-20 (2) aviation;
15-21 (3) mass transportation;
15-22 (4) railroads and high-speed railroads; and
15-23 (5) water traffic.

15-24 (a-1) The plan must:

15-25 (1) contain specific, long-term transportation goals
15-26 for the state and measurable targets for each goal

(2) identify priority corridors, projects, or areas of the state that are of particular concern to the department in meeting the goals established under Subdivision (1); and

(3) contain a participation plan for obtaining input on the goals and priorities identified under this subsection from:

15-31 on the goals and priorities identified under this subsection from:
15-32 (A) other state agencies;
15-33 (B) political subdivisions;

15-35 201.981(2); and

15-36 _____ (D) members of the general p

15-37 (b) [In developing the plan, the department shall seek
15-38 opinions and assistance from other state agencies and political

15-38 opinions and assistance from other state agencies and political
15-39 subdivisions that have responsibility for the modes of
15-40 transportation listed by Subsection (a).] As appropriate, the
15-41 department and one or more of the entities listed in Subsection
15-42 (a-1)(3) [such an agency or political subdivision] shall enter into
15-43 a memorandum of understanding relating to the planning of
15-44 transportation services.

(c) The plan must include a component that is not financially constrained and identifies transportation improvements designed to relieve congestion. In developing this component of the plan, the department shall seek opinions and assistance from officials who have local responsibility for modes of transportation listed in Subsection (a).

15-50 listed in subsection (A).
15-51 (d) If there is a conflict between obligations and
15-52 requirements imposed in federal law governing the transportation
15-53 planning, project development, and programming process for the
15-54 department and planning organizations as defined in Section
15-55 201.981(2), and those imposed in this title, federal law controls
15-56 and the commission may take any action that is necessary in its
15-57 reasonable judgment to comply with any federal law to enable this
15-58 state to receive federal aid funds.

15-59 (e) The department shall update the plan every five years or
15-60 more frequently as necessary. [The plan shall include a component,
15-61 published annually, that describes the evaluation of
15-62 transportation improvements based on performance measures, such as
15-63 indices measuring delay reductions or travel time improvements.
15-64 The department shall consider the performance measures in selecting
15-65 transportation improvements.]

15-63 [transportation improvements.]
15-64 SECTION 2.03. Subchapter H, Chapter 201, Transportation
15-65 Code, is amended by adding Sections 201.6012, 201.6015, 201.621,
15-66 201.622, and 201.623 to read as follows:

15-68 Sec. 201.6012. INTEGRATION OF PLANS AND POLICY EFFORTS. In

The long-range plan must:

- (1) address at least a 20 year period;
- (2) include both long-range and short-range strategies;
- (3) comply with all other state and federal requirements.

s.s.H.B. No. 300

16-1 developing each of its transportation plans and policy efforts, the
16-2 department must clearly reference the 25-year plan developed under
16-3 Section 201.601 and specify how the plan or policy effort supports
16-4 or otherwise relates to the specific goals contained in that plan.

16-5 Sec. 201.6015. DELEGATION OF DUTIES OR POWERS TO
16-6 METROPOLITAN PLANNING ORGANIZATION. A metropolitan planning
16-7 organization may agree to accept additional responsibilities
16-8 delegated by the commission concerning transportation planning and
16-9 project selection.

16-10 Sec. 201.621. METROPOLITAN TRANSPORTATION PLAN. (a) A
16-11 metropolitan planning organization shall prepare and periodically
16-12 update a long-range transportation plan for its service area as
16-13 required by federal law.

16-14 (b) The first 10 years of the long-range plan must be
16-15 identical to the plan developed under Section 201.983.

16-16 (c) Before approving a long-range transportation plan, a
16-17 metropolitan planning organization shall provide to residents in
16-18 its boundaries, affected public agencies, and other interested
16-19 parties a reasonable opportunity to comment on the long-range
16-20 transportation plan.

16-21 (d) A metropolitan planning organization shall make each of
16-22 its long-range transportation plans readily available for public
16-23 review and shall deliver each plan to the commission at the times
16-24 and in the manner and format established by the commission. The
16-25 format of the plan must be in plain English and easily reviewable
16-26 and understandable. The metropolitan planning organization shall
16-27 update the plan every year or more frequently as necessary.

16-28 Sec. 201.622. COOPERATION WITH METROPOLITAN PLANNING
16-29 ORGANIZATIONS TO DEVELOP LONG-TERM PLANNING ASSUMPTIONS. The
16-30 department and metropolitan planning organizations shall cooperate
16-31 to develop mutually acceptable assumptions for the purposes of
16-32 long-range federal and state funding forecasts that are consistent
16-33 with the criteria established by the commission under Section
16-34 201.987 and use those criteria to guide long-range planning.

16-35 Sec. 201.623. RECOMMENDATIONS FROM RURAL PLANNING
16-36 ORGANIZATION. A rural planning organization may make
16-37 recommendations to the commission concerning the selection of
16-38 transportation projects, systems, or programs to be undertaken in
16-39 the boundaries of the rural planning organization.

16-40 transferred by Chapter 281 (H.B. 2702), Acts of the 79th
16-41 Legislature, Regular Session, 2005, is amended to read as follows:

16-42 (a) If authorized by an applicable regulatory authority, to
16-43 mitigate an adverse environmental impact that is a direct result of
16-44 the construction, improvement, or maintenance of a state highway or
16-45 the construction, improvement, or maintenance of a facility used in
16-46 connection with the construction, maintenance, or operation of a
16-47 state highway improvement project, the department may:

16-48 (1) pay a fee to an appropriate public agency or
16-49 private entity in lieu of acquiring or agreeing to manage property;

16-50 (2) transfer any interest in real property to an
16-51 appropriate public agency or private entity, as authorized by the
16-52 regulatory authority that requires the mitigation, with or without
16-53 monetary consideration, if the property is used or is proposed to be
16-54 used for mitigation purposes;

16-55 (3) contract with any public or private entity for the
16-56 management of property owned by the department and used for
16-57 mitigation purposes.

16-58 SECTION 2.05. Subchapter I, Chapter 201, Transportation
16-59 Code, is amended by adding Sections 201.711 and 201.712 to read as
16-60 follows:

16-61 Sec. 201.711. ELIGIBILITY FOR STATE ALLOCATION OF FUNDING;
16-62 BOARD MEMBERSHIP. (a) To be eligible to receive funds from this
16-63 state for transportation projects under Section 201.988, not more
16-64 than 5 percent of the voting members of the policy board of a
16-65 metropolitan planning organization must be elected officials who
16-66 are elected in the boundaries of the metropolitan planning
16-67 organization.

16-68 (b) A metropolitan planning organization that is not

(H) A county, including a county operating under Chapter 284.

C.S.H.B. No. 300

department's Internet website that provides easily accessible and searchable information to the public contained in the reports required under this subchapter and other provisions of this code.

(b) Not later than September 1, 2009, the Texas Department of Transportation shall establish the central location on the department's Internet website required by Sections 201.807, and 201.808, Transportation Code, as added by this section.

SECTION 2.04. Chapter 201, Transportation Code, is amended by adding Subchapter P to read as follows:

SUBCHAPTER P. ~~UNIFIED TRANSPORTATION PROGRAM~~

Sec. 201.981. DEFINITIONS. In this subchapter:

(1) "Local transportation entity" means an entity that participates in the transportation planning process. The term includes:

- (A) a metropolitan planning organization;
- (B) a rural planning organization;
- (C) a regional tollway authority organized under

Chapter 366;

(D) a regional transportation authority operating under Chapter 452;

(E) a rural transit district as defined by Section 458.001;

(F) a coordinated county transportation authority operating under Chapter 460;

(G) a regional mobility authority operating under Chapter 3701.

(2) "Planning organization" means:

- (A) a metropolitan planning organization;
- (B) a rural planning organization; or
- (C) for an area that is not in the boundaries of a

metropolitan planning organization or a rural planning organization, the department district.

(3) "Transportation project" means the planning, right-of-way acquisition, expansion, improvement, addition, or contract maintenance, other than the routine or contracted routine maintenance, of:

- (A) a bridge;
- (B) a highway;
- (C) a toll road or toll road system;
- (D) a railroad;
- (E) an enhancement of a roadway that increases

the safety of the traveling public;

- (F) an air quality improvement initiative; or
- (G) a transportation enhancement activity under

23 U.S.C. Section 133.

The department shall develop a project development program that covers a period of 10 years to guide the development of and authorize construction of transportation projects. The program must:

(1) estimate funding levels for each year; and

(2) list all projects and programs that the department intends to develop or begin construction of during the program period.

(b) The commission by rule shall:

(1) specify the criteria for selecting projects to be included in the program as provided in Section 201.987;

(2) define program funding categories, including categories for safety, bridge, maintenance, and mobility; and

(3) define each phase of a major transportation project, including the planning, design, and construction phases.

(c) The department shall publish the entire project development program and summary documents highlighting project benchmarks, priorities, and forecasts in appropriate media and on the department's Internet website.

(d) In developing the rules required by this section, the commission shall cooperate with local transportation entities.

Sec. 201.9825. ANNUAL UPDATE TO PROJECT DEVELOPMENT PROGRAM. The department shall annually update the project development program.

(C) for an area that is not in the boundary of a metropolitan planning organization, the department district that serves the

(2) "Project cost" means the total cost of a transportation project, including all costs associated with:

- (A) planning;
 - (B) design;
 - (C) environmental assessment;
 - (D) right-of-acquisition;
 - (E) construction;
 - (F) operations;
 - (G) maintenance;
 - (H) overruns; and
 - (I) change orders.

"Region" means the area for which a planning organization develops plans and receives funds under this subchapter.

(4) "Rural planning organization" means a planning

20 (A) "Transportation official" means an official in a
21 state agency or political subdivision who has responsibility for
22 any of the following modes of transportation:

- (A) aviation;
 - (B) high-speed rail;
 - (C) highways;
 - (D) toll roads;
 - (E) mass transportation;

1 (F) railroads; and

2 (G) water traffic.

3 (v) other transportation project means:

4 (A) the planning of, right-of-way acquisition
5 for, expansion of, improvement of, addition to, routine maintenance
6 of, contracted routine maintenance of, or contract maintenance of

7 a:

8 (i) bridge;

9 (ii) highway;

10 (iii) toll road or toll road system; or

11 (iv) railroad;

12 (B) a project that enhances the safety of a
13 roadway to the traveling public;

14 (C) an air quality improvement initiative;

15 (D) a transportation enhancement activity under

16 23 U.S.C. Section 133; or

17 (E) mass transportation.

18 Sec. 201.652. PURPOSE. It is in the interest of this state

19 to:

20 (1) encourage and promote the safe and efficient
21 management, operation, and development of surface transportation
22 systems that will serve the mobility needs of people and freight and
23 foster economic growth and development in rural and urbanized areas
24 of this state, while minimizing transportation-related fuel
25 consumption and air pollution through metropolitan, rural, and
26 statewide transportation planning processes identified in this

4 ~~an air quality improvement initiative;~~
4 (D) a transportation enhancement activity under
4 23 U.S.C. Sec. 130 or 153; or

6 Sec. 201.652. PURPOSE. It is in the interest of this state

7 to:

8 (1) encourage and promote the safe and efficient
9 management, operation, and development of surface transportation
10 systems that will serve the mobility needs of people and freight and
11 foster economic growth and development in rural and urbanized areas
12 of this state, while minimizing transportation-related fuel
13 consumption and air pollution through metropolitan, rural, and
14 statewide transportation planning processes identified in this
15 chapter; and

16 (2) encourage the continued improvement and evolution
17 of the metropolitan, rural, and statewide transportation planning
18 processes by planning organizations and public transit operators as
19 guided by the planning factors identified in state and federal law.

20 § 201.653. TRANSPORTATION PLANNING ORGANIZATIONS (a) To carry
21 out the purposes of this chapter, a metropolitan planning process required by this
22 chapter, a rural planning organization may be created to serve an area that is located
23 outside the boundaries of a council of government in which less than 50 percent of the population of the area resides. Each adopt a resolution authorizing the creation of the organization.

20-1 department's Internet website that provides easily accessible and
20-2 searchable information to the public contained in the reports
20-3 required under this subchapter and other provisions of this code.
20-4 (b) Not later than September 1, 2009, the Texas Department
20-5 of Transportation shall establish the central location on the
20-6 department's Internet website required by Sections 201.007 and
20-7 201.808, Transportation Code, as added by this section.
20-8 SECTION 2.07. Chapter 201, Transportation Code, is amended
20-9 by adding Subchapter P to read as follows:

~~UNIFIED TRANSPORTATION~~

CHAPTER P. PROJECT DEVELOPMENT PROGRAM

Sec. 201.981. DEFINITIONS. In this subchapter:

(1) "Local transportation entity" means an entity that participates in the transportation planning process. The term includes:

(A) a metropolitan planning organization;

(B) a rural planning organization;

(C) a regional tollway authority organized under Chapter 366;

(D) a regional transportation authority operating under Chapter 458;

(E) a rural transit district as defined by Section 458.001;

(F) a coordinated county transportation authority operating under Chapter 460; and

(G) a regional mobility authority operating under Chapter 370.

(2) "Planning organization" means:

(A) a metropolitan planning organization;

(B) a rural planning organization; or

(C) for an area that is not in the boundaries of a metropolitan planning organization or a rural planning organization, the department district.

(3) "Transportation project" means the planning, right-of-way acquisition, expansion, improvement, addition, or contract maintenance, other than the routine or contracted routine maintenance, of:

(A) a bridge;

(B) a highway;

(C) a toll road or toll road system;

(D) a railroad;

(E) an enhancement of a roadway that increases the safety of the traveling public;

(F) an air quality improvement initiative; or

(G) a transportation enhancement initiative.

Sec. 201.982. PROJECT DEVELOPMENT PROGRAM. (a) The department shall develop a project development program that covers a period of 10 years to guide the development of and authorize construction of transportation projects. The program must:

(1) estimate funding levels for each year; and

(2) list all projects and programs that the department intends to develop or begin construction of during the program period.

(b) The commission by rule shall:

(1) specify the criteria for selecting projects to be included in the program as provided in Section 201.987;

(2) define program funding categories, including categories for safety, bridge, maintenance, and mobility; and

(3) define each phase of a major transportation project, including the planning, design, and construction phases.

(c) The department shall publish the entire unified transportation program and summary documents highlighting project benchmarks, priorities, and forecasts in appropriate media and on the department's Internet website.

(d) In developing the rules required by this section, the commission shall cooperate with local transportation entities.

Sec. 201.9825. ANNUAL UPDATE TO PROJECT DEVELOPMENT PROGRAM. (a) The department shall annually update the project development program.

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(b) The annual update must include:
(1) the annual funding forecast required by section 201.983;
(2) the list of major transportation projects required by Section 201.985(b); and
(3) the projects included in each program priority classification.

(b) The department shall collaborate with local transportation entities to develop the annual update to the project development program.

Sec. 201.983. PLANNING ORGANIZATION 10-YEAR PLAN. (a) Each planning organization shall develop a 10-year transportation plan that is consistent with the criteria and definitions adopted by the commission under Section 201.982.

(b) The first four years of the plan shall be developed so as to comply with the transportation improvement plan requirements of federal law.

(c) In developing the statewide transportation improvement plan in accordance with federal law, the department shall:
(1) compile the metropolitan planning organizations' project selections; and
(2) collaborate with the rural planning organizations.

(d) The department shall develop the statewide transportation improvement plan in accordance with federal law.

Sec. 201.9835. PROJECT PRIORITIZATION BY PLANNING ORGANIZATIONS. (a) Each metropolitan planning organization shall, for the area in its boundaries, develop a prioritized list of transportation projects that is consistent with the criteria established by the commission under Section 201.987. Projects that are not considered by the department and the planning organization to be of an appropriate scale for individual identification in a given program year may be grouped by function, geographic area, or work type.

(b) The department shall, with input from a rural planning organization, develop a prioritized list of transportation projects for the area in that rural planning organization's boundaries and submit the projects to the commission for final approval.

(c) For an area not located in the boundaries of a planning organization, the applicable department district shall:
(1) develop a prioritized list of transportation projects with input from municipal and county officials and officials of local transportation entities; and
(2) submit the transportation projects to the commission for final approval.

ANNUAL FUNDING

The department annually shall:
(1) develop and publish a forecast of all funds the department expects to receive, including funds from the state and the federal government; and
(2) use that forecast to guide planning for the project development program.

(b) The department shall collaborate with local transportation entities to develop scenarios for the forecast required by Subsection (a) using mutually acceptable funding assumptions.

(c) Not later than August 31 of an odd-numbered year, the department shall prepare and publish a cash flow forecast for the 10-year period that begins on September 1 of that odd-numbered year.

(d) The department shall update the forecast more frequently as needed if significant changes in the department's funding occur.

Sec. 201.985. DESIGNATION AND INFORMATION ON CONSTRUCTION OF MAJOR TRANSPORTATION PROJECTS (a) The commission by rule:

(1) establish criteria for designating

(f) The department may use money in the state highway fund to aid the operations of a rural planning organization, subject to Section 1.672(c).

(g) A rural planning organization shall develop transportation plans and programs for its service area in accordance with this subchapter.

(h) A rural planning organization may provide to the commission recommendations concerning the selection of transportation projects, systems, or programs to be undertaken within the boundaries of the rural planning organization.

(i) In this section, "elected official" means the president, officer or a member of the governing body of a municipality, county judge, a county commissioner, a state representative, or state senator.

(j) If the rural planning organization does not provide recommendations under Subsection (h), the department shall seek input from the rural planning organization, municipal and county officials, and transportation officials to determine transportation projects, systems, or programs to be undertaken within the boundaries of the rural planning organization.

Sec. 201.994. CASH FLOW FORECAST. (a) On September 1 of each odd-numbered year, the department's chief financial officer shall issue a cash flow forecast for each method and category of funding that covers a period of not less than the 10 years following the date the forecast is issued.

(b) The forecast must identify all sources of funding

In this subchapter, unless the context clearly indicates otherwise, "funds" or "funding" means the estimates of federal and state money reasonably expected to be available for expenditure on transportation projects during the relevant period.

- 1 available for transportation projects, including bond proceeds.
- 2 (c) The first two years of the forecast must be based on the
- 3 appropriation of funds in the General Appropriations Act for the
- 4 department for that biennium.

ESTIMATED

- 5 Sec. 201.984]. ALLOCATION AND DEPOSIT OF FUNDING. (a), The
- 6 commission shall use the cash flow forecast under Section 201.484
- 7 to allocate funding to the planning organizations in accordance
- 8 with Section 201.988.

9 (b) [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 ~~(b) A planning organization shall develop a 10-year transportation plan for the use of the funding allocated to the region.~~

14 ~~(b) The first four years of the plan shall be developed to meet the transportation improvement plan requirements of 23 U.S.C. Section 135.~~

15 ~~(c) The department shall compile the planning organizations' project selections to develop the statewide transportation plan in accordance with 23 U.S.C. Section 135.~~

Sec. 201.657. COORDINATION BETWEEN PLANNING ORGANIZATIONS

TO DEVELOP LONG-TERM PLANNING ASSUMPTIONS. Planning organizations shall collaborate with one another and with the department to develop mutually acceptable assumptions for the purposes of aligning federal and state funding.

~~Sec. 201.058. PLANNING ORGANIZATION PROJECT SELECTION~~

~~1. CRITIZATION. (a) Each metropolitan planning organization or rural planning organization shall, for the area in its boundaries, select projects and order them in priority.~~

~~5. (b) For an area not located in the boundaries of a metropolitan planning organization or rural planning organization, the applicable department or district shall:~~

~~8. (1) select projects and order them in priority with input from municipal and county officials and transportation officials; and~~

~~11. (2) submit the projects to the commission for final approval.~~

~~14. (c) A metropolitan planning organization or rural planning organization may delegate authority to select any category of projects and order them in priority to the applicable department or district.~~

17 Sec. 201.9842 PROCESS FOR DEVELOPING PLANS AND PROGRAMS.

18 The process for developing the plans and programs under this
19 subchapter must:

20 (1) provide for consideration of all modes of
21 transportation;

22 (2) be continuing, cooperative, and comprehensive to
23 the extent appropriate, based on the complexity of the
24 transportation problems to be addressed; and

25 (3) give consideration to statewide connectivity of
26 transportation services and infrastructure.

27 Sec. 201.153. PLANNING ORGANIZATION LONG RANGE PLAN. (a)

1 A planning organization may also prepare and update periodically
2 long-range transportation plan for its region.
3 (b) The first 10 years of the long-range plan shall be
4 identical to the plan developed under Section 201.943.
5 (c) Before approving a long-range transportation plan, a
6 planning organization shall provide to residents in its boundaries,
7 affected public agencies, and other interested parties a reasonable
8 opportunity to comment on the long-range transportation plan.
9 (d) A planning organization shall make each of its
10 long-range transportation plans readily available for public
11 review and shall deliver each plan to the commission at the times
12 and in the manner required by the commission.

13 Sec. 201.9844. PARTICIPATION IN PLAN DEVELOPMENT. (a) In
14 developing a plan under this subchapter, a planning organization
15 shall seek the opinions and assistance of the appropriate
16 transportation officials.

17 (b) As appropriate, the department and a metropolitan
18 planning organization may enter into a memorandum of understanding
19 relating to the planning of transportation services.

20 (c) The department shall review the plans of each planning
21 organization to ensure compliance with the requirements of 23
22 U.S.C. Section 135, and provide assistance to a planning
23 organization to correct deficiencies.

24 Sec. 201.9845. PLANS TO BE FINANCIALLY CONSTRAINED. A plan
25 under this subchapter must be financially constrained and identify
26 transportation projects and projects for any other mode of
27 transportation not included in Section 201.981(a).
4

1 Sec. 201.9846. PLAN ADJUSTMENTS. The commission shall adopt
2 rules to allow a planning organization to move projects forward or
3 delay projects if there are additional or less funds available than
4 identified in the cash flow forecast under Section 201.984.
5 Adjustments to the plan may not be made more than semiannually,
6 unless there are substantial increases or decreases in available
7 funding.

8 Sec. 201.9847. EVALUATION COMPONENT OF PLAN. A plan under
9 this subchapter ~~must~~ include a component, published annually, that
10 describes the evaluation of transportation improvements based on
11 performance measures, such as indices that measure delay reductions
12 or travel time improvements. The planning organization shall
13 consider the performance measures in selecting transportation
14 improvements.

1 PROGRAM AND BUDGET. (a) The department shall use the planning
1 organizations' project lists to create the statewide
1 transportation program and budget. The statewide transportation
1 program and budget shall include at least:
2 (1) the department's operating budget;
2 (2) the official cash flow forecast under Section
2 201.654;
2 (3) the regions' allocations of funds;
2 (4) the projects selected by the planning organization
2 under Section 201.658; and
2 (5) the work plan required by Section 201.674.

(2) develop benchmarks for evaluating the major transportation project and timelines for implementation; and
construction of a major transportation project; and
(3) determine which critical benchmarks must be met before a major transportation project may enter the implementation phase of the project development program.

(b) The department shall annually update the list of projects that are designated as major transportation projects.

(c) In adopting rules required by this section, the commission shall collaborate with local transportation entities.

Sec. 201.986. PROGRAM PRIORITIZATION CLASSIFICATIONS. (a) The commission by rule shall establish classifications in the project development program to designate the priority of each project included in the program and shall assign each project classification. The classifications must include high, medium, and low priority levels.

(b) The department shall collaborate with local transportation entities when assigning each project included in the project development program to a classification established under Subsection (a).

(c) In the selection of projects for implementation priority shall be given to projects with the highest classification within each applica

Sec. 201.987. PROJECT SELECTION. (a) The commission by rule shall establish criteria for selection by the department and each planning organization of projects to be included in the statewide transportation plan. The criteria must be based on the commission's transportation goals for the state and measurable targets for each goal.

(b) The department shall collaborate with planning organizations in the development of the criteria for selection of projects.

(c) The commission shall determine and approve the final selection of projects to be included in the statewide transportation plan.

(d) The commission shall consider the prioritized list of transportation projects developed by metropolitan planning organizations operating in areas that are a transportation management area, as defined by 23 U.S.C. Section 134(k), for projects funded as congestion mitigation and air quality improvement projects, and metropolitan mobility or rehabilitation projects, unless the commission determines that a particular project's inclusion on or omission from the project list conflicts with or is inconsistent with federal law or a rule adopted under Subsection (a).¹

~~Sec. 201.988. FUNDING ALLOCATION. (a) The commission by rule shall establish formulas for allocating funds in each category described by Section 201.902(b)(2).~~

Sec. 31.9882. LIMITATION ON COMMISSION ALLOCATION OF FUNDS. (a) The commission or the department may require that oil project be located in a regional mobility plan as a condition or the allocation of funds for the construction of projects in the region.

(b) The commission or department may not:
(1) revise the formula provided in the department's project development program, or its successor document, in a manner that results in a decrease in the department's district's allocation because of:
(A) failure of a regular to include toll

(A) failure of a regional mobility plan; or
projects in a regional mobility plan; or
(B) participation by a political subdivision in
the funding of a transportation project in the region,
the use of money collected in a transportation reinvestment
and sections 222.106 and 222.107; or

(2) take any other such action as may be deemed necessary.

((insert)))

1 (e) [REDACTED]

2 [REDACTED]

3 [REDACTED] The statewide transportation program and budget must
4 include:

5 (1) the official cash flow forecast under Section

6 201.984; and

7 (2) each region's estimated allocation of funds.

((insert)))

1 Sec. 201.998. TRANSPORTATION ALLOCATION FUNDING FORMULA.

2 (a) The commission shall adopt rules that create funding
3 formulas for transportation projects. In developing the
4 formulas the commission shall consider the input of planning
5 organizations, transportation officials, and county and
6 municipal officials.

7 (b) The commission shall allocate to metropolitan planning
8 organizations operating in areas that are a transportation
9 management area, as defined by 23 U.S.C. Section 134(k), the
10 following categories of funds:

11 (1) metropolitan area corridor projects;
12 (2) metropolitan mobility and rehabilitation projects;
13 (3) congestion mitigation and air quality improvement
14 projects in non-attainment areas; and
15 (4) a percentage of transportation enhancements
16 project funding as determined by formula for projects
17 recommended by the metropolitan planning organizations under
18 rules adopted by the commission.

19 (c) The commission shall allocate to metropolitan planning
20 organizations that are not a transportation management area, as
21 defined by 23 U.S.C. Section 134(k), the following categories of
22 funds:

23 (1) urban area corridor projects; and
24 (2) a percentage of transportation enhancements
25 project funding as determined by formula for projects

1 recommended by the metropolitan planning organizations under
2 rules adopted by the commission.

3 (d) The funds allocated under Subsections (b) and (c)
4 shall be allocated by a formula to each metropolitan planning
5 organization that takes into consideration performance measures
6 and includes at least the following criteria:

- 7 (1) lane miles;
8 (2) level of congestion;
9 (3) percentage of population below federal poverty
10 level;
11 (4) census population;
12 (5) safety; [redacted]
13 (6) total vehicle miles traveled; and
14 (7) [redacted] truck [redacted] vehicle miles traveled.

15 (e) The commission shall provide funding estimates to the
16 planning organizations for the project costs of all
17 transportation projects. The commission shall adopt [redacted]
18 appropriate formulas for the different types of transportation projects,
19 including funding for statewide connectivity projects. The
20 commission shall adopt rules for all transportation formulas.

(2) evaluate the progress of the transportation project and timelines for implementation and construction of a major transportation project; and

(3) determine which critical benchmarks must be met before a major transportation project may enter the implementation phase of the project development program.

(b) The department shall annually update the list of projects that are designated as major transportation projects.

(c) In adopting rules required by this section, the commission shall collaborate with local transportation entities.

Sec. 201.986. PROGRAM PRIORITY CLASSIFICATIONS. (a) The commission by rule shall establish classifications in the project development program to designate the priority of each project included in the program and shall assign each project a classification. The classifications must include high, medium, and low priority levels.

(b) The department shall collaborate with local transportation entities when assigning each project included in the project development program to a classification established under Subsection (a).

(c) In the selection of projects for implementation, priority shall be given to projects with the highest classification within each applicable program funding category described in Section 201.982(b)(2).

Sec. 201.987. PROJECT SELECTION. (a) The commission shall establish criteria for selection by the department and each planning organization of projects to be included in the statewide transportation plan. The criteria must be based on the commission's transportation goals for the state and measurable targets for each goal.

(b) The department shall collaborate with planning organizations in the development of the criteria for selection of projects.

(c) The commission shall determine and approve the final selection of projects to be included in the statewide transportation plan.

(d) The commission shall consider the prioritized list of transportation projects developed by metropolitan planning organizations operating in areas that are a transportation management area, as defined by 23 U.S.C. Section 134(k), for projects funded as congestion mitigation and air quality improvement projects, and metropolitan mobility or rehabilitation projects, unless the commission determines that a particular project's inclusion on or omission from the project list conflicts with or is inconsistent with federal law or a rule adopted under Subsection (a).

Sec. 201.988. FUNDING ALLOCATION. (a) The commission by rule shall establish formulas for allocating funds in each category described by Section 201.982(b)(2).

(b) The commission shall update the formulas established under this section.

Sec. 201.989. LIMITATION ON COMMISSION ALLOCATION OF FUNDS. (a) The commission or the department may not require that a toll project be included in a regional mobility plan as a condition for the allocation of funds for the construction of projects in the region.

(b) The commission or the department may not:

(1) revise the formula as provided in the department's project development program, or its successor document, in a manner that results in a decrease of a department district's allocation because of:

(A) the failure of a region to include toll projects in a regional mobility plan; or

(B) participation by a political subdivision in the funding of a transportation project in the region, including the use of money collected in a transportation reinvestment zone under Sections 222.106 and 222.107; or

(2) take any other action that would reduce funding

23-1 allocated to a department district because of the failure of a
23-2 region to include toll projects in a regional mobility plan.
23-3

23-4 ~~shall allocate funds to the department districts based on the
23-5 formulas adopted under Section 201.988.~~
23-6 ~~(b) In distributing funds to department districts, the
23-7 department may not exceed the cash flow forecast prepared and
23-8 published under Section 201.984(c).~~
23-9 ~~Sec. 201.989. DEPARTMENT FOUR-YEAR BUSINESS WORK PLAN. (a)~~
23-10 ~~Each department district shall develop a consistently formatted
23-11 work plan for the following four years that is based on the project
23-12 development program and contains all projects and project
23-13 categories that the district plans to implement during that period.~~
23-14 ~~(b) The work plan must contain for each project and project
23-15 category:~~
23-16 ~~(1) a project schedule with funding for each phase of
23-17 development;~~
23-18 ~~(2) a right-of-way acquisition plan;~~
23-19 ~~(3) a letting plan; and~~
23-20 ~~(4) a summary of the progress on the project and
23-21 project category.~~
23-22 ~~(c) The department shall use the work plan to:~~
23-23 ~~(1) monitor the performance of the district; and~~
23-24 ~~(2) evaluate the performance of district employees.~~
23-25 ~~(d) The department shall consolidate the districts' work
23-26 plans into a statewide work plan and publish it in appropriate media
23-27 and on the department's Internet website.~~
23-28 ~~Sec. 201.9892. PERFORMANCE MEASURES FOR WORK PLAN. (a) The
23-29 department shall develop a set of performance measures for the plan
23-30 under Section 201.989 intended to measure:~~
23-31 ~~(1) the execution of the work program;~~
23-32 ~~(2) the efficiency and cost-effectiveness of its
23-33 business practices;~~
23-34 ~~(3) the preservation of the system investment;~~
23-35 ~~(4) the addition of new capacity to the system;~~
23-36 ~~(5) safety initiatives; and~~
23-37 ~~(6) use of minority, disadvantaged, and small
23-38 businesses.~~
23-39 ~~(b) At a minimum, the performance measures adopted under
23-40 Subsection (a) must include:~~
23-41 ~~(1) the percentage of projects for which environmental
23-42 clearance is obtained on or before the planned implementation
23-43 timelines;~~
23-44 ~~(2) the percentage of projects for which right-of-way
23-45 acquisition is completed on or before the planned implementation
23-46 timelines;~~
23-47 ~~(3) the total amount spent for right-of-way as a
23-48 percentage of the original estimated amount;~~
23-49 ~~(4) the percentage of highway improvement contracts
23-50 executed on or before the planned implementation timelines for
23-51 letting;~~
23-52 ~~(5) for all highway improvement contracts completed
23-53 during the state fiscal year, the percentage completed within 20
23-54 percent of the original contract time;~~
23-55 ~~(6) for all highway improvement contracts completed
23-56 during the state fiscal year, the percentage completed within 10
23-57 percent of the original contract price;~~
23-58 ~~(7) for all highway improvement contracts completed
23-59 during the state fiscal year, the percentage of the total contract
23-60 adjustments as a percentage of the total original contract price;~~
23-61 ~~(8) of the federal funds subject to forfeiture at the
23-62 end of the state fiscal year, the percentage that was committed by
23-63 the department;~~
23-64 ~~(9) the amounts of cash receipts and disbursements in
23-65 contrast with the forecasted amounts;~~
23-66 ~~(10) the amount obligated to be spent in connection
23-67 with contracts or participation in contracts with minority
23-68 disadvantaged, and small business enterprises as a percentage
23-69 amount spent on all contracts.~~

1 b complete and adopted not later than June 30 of each even-numbered
2 year. The commission shall adopt rules to create a process for
3 planning organizations to amend the plan from July 1 of each
4 even-numbered year until August 31 of the following year.
5 Amendments to the plan may only reorder projects identified in the
6 same region subject to Section 201.663.

7 Sec. 201.666. LENDING FUNDS BETWEEN PLANNING
8 ORGANIZATIONS. (a) The commission may adopt rules to allow a
9 planning organization to loan funds to another planning
0 organization at the lending organization's discretion. Funds may
1 be loaned under this section only to avoid the lapsing of federal
2 appropriations authority.

3 (b) The rules must allow the lending planning organization
4 to have a senior position with regard to any future allocated funds
5 of the borrowing planning organization.

6 (c) The lending planning organization may not charge
7 interest on funds borrowed by another planning organization that
8 exceed the current bond rate of outstanding state highway fund
9 bonds or in the absence of outstanding debt the prevailing market
10 rate for comparable municipal debt. The commission shall notify
11 all districts of that rate.

12 (d) A lending planning organization may not be penalized in
13 its performance measures if it successfully negotiates a loan with
14 another planning organization.

15 (e) The commission may be involved in the coordination of

1 PROGRAM AND BUDGET. (a) The statewide transportation program and
2 budget shall be organized first by region, then by mode of
3 transportation, followed by the year of the project.

4 (b) The summary tables of the statewide transportation
5 program and budget shall summarize the statewide project cost by
6 mode and then by year and shall be made available online in
7 accordance with Section 201.807.

8 (a) The commission shall adopt rules that create funding formulas
9 for transportation projects. In developing the formulas the
10 commission shall consider the input of planning organizations,
11 transportation officials, and county and municipal officials.

12 (b) All funds received by the department for highways,
13 including toll roads and toll road systems, that may be allocated in
14 this state's or the department's discretion shall be allocated by a
15 formula to each planning organization that is based on performance
16 measures and includes at least the following criteria:

17 (1) centerline miles;
18 (2) level of congestion;
19 (3) percentage of population below federal poverty
20 level;
21 (4) population;
22 (5) safety; and
23 (6) vehicle miles traveled.

24 (c) The commission shall allocate to the planning
25 organizations funding for the project costs of all transportation
26 projects. The commission shall adopt various formulas for the

1 different types of transportation, including funding for
2 state or connecting projects. The commission shall adopt rules
3 for all transportation formulas.

4 Sec. 201.983. USE OF ALLOCATED FUNDS. The funds allocated
5 to a planning organization under Section 201.948 may be used to:
6 (1) pay project costs, provide toll equity, or make
7 payments under a pass-through toll agreement, for transportation
8 projects selected by the planning organization; or
9 (2) pay debt service.

10 (3) fund a planning organization's operations under
11 Section 201.0046.

13 Sec. 201.983. SURPLUS REVENUE AND CONTRACT PAYMENTS NOT
14 ALLOCATED BY FORMULA. (a) Revenue from Sections 228.005,
15 228.0055, and 228.006 shall be allocated in accordance with
16 Subchapter A, Chapter 228.

17 (b) Funds associated with toll projects under Chapter 228
18 are not considered revenue allocated by a formula under Section
19 201.986.

20 Sec. 201.984. ENCUMBRANCE OF ALLOCATED FUNDS. (a) The
21 allocation of funds shall be encumbered in an amount equal to the
22 engineer's estimate of the project cost and reduced by the actual
23 project cost at the time payments associated with the project are
24 paid.

25 (b) If a planning organization elects to use bond proceeds
26 to advance a project, the allocation of funds shall be encumbered by
27 the annual cost of debt service and reduced when debt service

1 payments are paid.

2 FUNDING FOR OPERATING COSTS OF
3 PLANNING ORGANIZATION. (a) A metropolitan planning organization
4 operating in a transportation management area as defined by 23
5 U.S.C. Section 134(k) may use the allocated funds to pay for the
6 operations costs of the planning organization.

7 8 may not exceed the lesser of \$3 million or 10 percent of the
9 total allocated funds.

10 (b) A metropolitan planning organization operating in an
11 area that is not a transportation management area may use the
12 allocated funds to pay for the operations costs of the planning
13 organization.

14 15 of \$3 million or 10 percent of the planning organization's total
16 funds.

17 (c) A rural planning organization may use the allocated
18 funds to pay for the operations costs of the planning organization.
19 The amount that may be allocated to pay for the operations of the
20 planning organization may not exceed the lesser of \$1 million or 10
21 percent of the planning organization's total allocated funds.

22 Sec. 201.673. COMMISSION EMERGENCY AND ECONOMIC
23 DEVELOPMENT FUNDS. (a) Notwithstanding Section 201.655(b), the
24 commission may annually set aside an amount of funds not to exceed
25 the lesser of 10 percent of the total funds allocated to all
26 districts or \$20 million for the purpose of addressing emergencies
27 or economic development opportunities that require transportation

the department shall use the prioritized lists of projects to develop a proposed 10-year business work plan. The work plan shall be adopted not later than August 31 of each even-numbered year and include:

(1) a list of projects for which planning, permitting, design, right-of-way acquisition, or construction work will be conducted during the period;

(2) the State fiscal quarter in which key milestones for each project will be reached, including environmental clearance, completion of final engineering plans, completion of right-of-way acquisition, letting to contract, and completion of construction; and

(3) the funding allocated or estimated in each state fiscal year for each category of work for each project.

Sec. 201.675 WORK PROGRAM. (a) Each department district shall develop a consistently formatted work program based on the department 10-year business work plan covering a period of four years that contains all projects that the district proposes to implement during that period.

(b) The department shall use the work program to:

(1) monitor the performance of the district; and

(2) evaluate the performance of district employees.

(c) The department shall publish the work program in

Sec. 201.936. STATEWIDE CONNECTIVITY PLAN AND PROJECTS. (a)

The department shall work with planning organizations to develop a statewide connectivity plan.

1 (b) The department by rule shall:
2 (1) establish criteria for designating a project as a
3 statewide connectivity project; and
4 (2) develop benchmarks for evaluating the progress of
5 a statewide connectivity project and timelines for implementation
6 and construction of a statewide connectivity project.
7 (c) The department annually shall update the list of
8 projects that are designated as statewide connectivity projects.
9 (d) The commission shall adopt the statewide connectivity
10 plan.

11 The department shall measure the condition of the pavement for each
12 highway under the jurisdiction of the department.

14 (b) The department shall establish a system that makes the
15 information collected under Subsection (a) available to the
16 planning organizations for use in determining transportation
17 projects.

18 Sec. 201.678. ~~FINALIZED BIENNIAL PROJECT PLAN~~. In addition
19 ~~to the plan required by Section 201.674 and other provisions of this~~
20 ~~chapter, not later than August 31 of each odd-numbered year, the~~
21 ~~department shall finalize a project plan for the period that begins~~
22 ~~on September 1 of that year and ends on August 31 of the following~~
23 ~~odd-numbered year. The plan must include:~~

24 (1) a project schedule with funding for each phase of
25 each project;

26 (2) a consultant acquisition plan with a schedule for
27 contract selections;

Not later than August 31 of each odd-numbered year the department shall finalize a project plan for the period that begins on September 1 of that year and ends on August 31 of the following odd-numbered year.

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23-1 allocated to a department district because of the failure of a
23-2 reason to include projects in a regional mobility plan.
23-3

23-4 shall allocate aids to the department districts based on the
23-5 formulas adopted under Section 201.988.

23-6 (b) In distributing funds to department districts, the
23-7 department may exceed the cash flow forecast prepared and
23-8 published.

23-9 SEC. 201.989. DEPARTMENT FOUR-YEAR BUSINESS WORK PLAN. (a)
23-10 Each department district shall develop a consistently formatted
23-11 work plan for the following four years that is based on the project
23-12 development program and contains all projects and project
23-13 categories that the district plans to implement during that period.

23-14 (b) The work plan must contain for each project and project
23-15 category:

23-16 (1) a project schedule with funding for each phase of
23-17 development;

23-18 (2) a right-of-way acquisition plan;

23-19 (3) a letting plan; and

23-20 (4) a summary of the progress on the project and
23-21 project category.

23-22 (c) The department shall use the work plan to:

23-23 (1) monitor the performance of the district; and

23-24 (2) evaluate the performance of district employees.

23-25 (d) The department shall consolidate the districts' work
23-26 plans into a statewide work plan and publish it in appropriate media
23-27 and on the department's Internet website.

23-28 Sec. 201.9892. PERFORMANCE MEASURES FOR WORK PLAN. (a) The
23-29 department shall develop a set of performance measures for the plan
23-30 under Section 201.989 intended to measure:

23-31 (1) the execution of the work program;

23-32 (2) [REDACTED]

23-33 business [REDACTED]
23-34 (3) the preservation of the system investment;
23-35 (4) the addition of new capacity to the system;
23-36 (5) safety initiatives; and
23-37 (6) use of minority, disadvantaged, and small
23-38 businesses.

23-39 Subsection (a) must include:

23-40 (1) the percentage of projects for which environmental
23-41 clearance is obtained on or before the planned implementation
23-42 timelines;

23-43 (2) the percentage of projects for which right-of-way
23-44 acquisition is completed on or before the planned implementation
23-45 timelines;

23-46 (3) the total amount spent for right-of-way as a
23-47 percentage of the original estimated amount;

23-48 (4) the percentage of highway improvement contracts
23-49 executed on or before the planned implementation timelines for
23-50 letting;

23-51 (5) for all highway improvement contracts completed
23-52 during the state fiscal year, the percentage completed within 20
23-53 percent of the original contract time;

23-54 (6) for all highway improvement contracts completed
23-55 during the state fiscal year, the percentage completed within 10
23-56 percent of the original contract price;

23-57 (7) for all highway improvement contracts completed
23-58 during the state fiscal year, the percentage of the total contract
23-59 adjustments as a percentage of the total original contract price;

23-60 (8) of the federal funds subject to forfeiture at the
23-61 end of the state fiscal year, the percentage that was committed by
23-62 the department;

23-63 (9) the amounts of cash receipts and disbursements in
23-64 contrast with the forecasted amounts;

23-65 (10) the amount obligated to be spent in connection
23-66 with contracts or participation in contracts with minority
23-67 disadvantaged, and small business enterprises as a percentage of
23-68 the amount spent on all contracts;

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1 [REDACTED] requirements, or any other
2 incentives for a designated Texas Highway Trunk System project
3 located in:
4 (1) a city with a population of less than 5,000; or
5 (2) a county with a population of 5,000 or more but
less than 15,000 if the project is part of a high priority corridor
on the national highway system identified under Section 1105 of the
Intermodal Surface Transportation Efficiency Act of 1991, Pub. L.

1 472.031
10 SECTION 2,11. (a) Subchapter D, Chapter 472, Transportation
11 Code, is amended by adding Sections 472.0311 through 472.0316 and
12 472.035 through 472.046 to read as follows:

13 (a) The metropolitan
14 transportation planning process described by this subchapter is
15 intended to:

16 (1) encourage and promote the safe and efficient
17 management, operation, and development of surface transportation
18 systems to serve the mobility needs of people and freight;

19 (2) foster economic growth and development in and
20 through urbanized areas of this state; and

21 (3) minimize transportation-related fuel consumption,
22 air pollution, and greenhouse gas emissions.

23 (b) To accomplish the objectives under Subsection (a),
24 metropolitan planning organizations shall develop, in cooperation
25 with this state and public transit operators, transportation plans
26 and programs for metropolitan areas in this state.

27 (c) The plans and programs for each metropolitan area must

1 provide for the development and integrated management and operation
2 of transportation systems and facilities, including pedestrian
3 walkways and bicycle transportation facilities that will function
4 as an intermodal transportation system for the metropolitan area.

5 (d) The process for developing plans and programs under this
6 subchapter shall provide for consideration of all modes of
7 transportation and be continuing, cooperative, and comprehensive,
8 to the degree appropriate, based on the complexity of the
9 transportation issues to be addressed.

10 (e) To ensure that the process is integrated with the
11 statewide planning process, metropolitan planning organizations
12 shall develop plans and programs that identify transportation
13 facilities that should function as an integrated metropolitan
14 transportation system and give emphasis to facilities that serve
15 important national, state, and regional transportation functions.

17 metropolitan planning organization must be designated
18 re-designated in accordance with, and its boundaries determined by,
19 23 U.S.C. Section 134.

20 (b) Each designated metropolitan planning organization
21 must be fully operational not later than the 180th day after the
22 date of its designation.

23 Sec. 472.0313. POLICY BOARD OFFICERS. (a) Each policy
24 board shall designate, at a minimum, a presiding officer, an
25 assistant presiding officer, and a secretary.

26 (b) The policy board shall select from among its members the
27 presiding officer and assistant presiding officer.

((insert)))

Sec. 472.0312. DESIGNATION AND BOUNDARIES. (a) The governor shall designate, in accordance with 23 U.S.C. Section 134, a metropolitan planning organization for each urbanized area of this state having a population of more than 50,000.

(b) A metropolitan planning organization must be designated or redesignated in accordance with, and its boundaries determined by, 23 U.S.C. Section 134.

(c) Each designated metropolitan planning organization must be fully operational not later than the 180th day after the date of its designation.

Sec. 472.0313. ORGANIZATION. A metropolitan planning organization is a governmental entity. The policy board is subject to Chapter 551, Government Code.

1 another health facility of the Veterans Administration, certifying
2 and providing evidence acceptable to the department that the person
3 making the application or on whose behalf the application is made is
4 legally blind or has a mobility problem that substantially impairs
5 the person's ability to ambulate. The statement or prescription
6 must include a certification of whether the disability is temporary
7 or permanent and information acceptable to the department to
8 determine the type of disabled parking placard for which the
9 applicant is eligible. The department shall determine a person's
10 eligibility based on evidence provided by the applicant
11 establishing legal blindness or mobility impairment.

12 (f) If a first application for a disabled parking placard
13 under this section is made by or on behalf of a person with a
14 mobility problem that substantially impairs the person's ability to
15 ambulate, the notarized written statement or written prescription
16 required by Subsection (c) may be issued by a person licensed to
17 practice chiropractic in this state or a state adjacent to this
18 state. In this subsection, "chiropractic" has the meaning assigned

20 Sec. 472.0316. REPRESENTATION OF TRANSPORTATION-RELATED
21 ENTITIES. (a) In metropolitan areas in which authorities or other
22 agencies have been or may be created by law to perform
23 transportation functions and are performing transportation
24 functions that are not under the jurisdiction of a municipality or
25 county represented on the metropolitan planning organization, the
26 authorities or other agencies may be provided voting membership on
27 the policy board.

1 (b) In all other metropolitan planning organizations in
2 which transportation authorities or agencies are to be represented
3 by elected officials from a municipality or county, the
4 organization shall establish a process by which the collective
5 interests of such authorities or other agencies are expressed and
6 conveyed.

III. POWERS, DUTIES, AND RESPONSIBILITIES.

~~The powers, duties, and responsibilities of a metropolitan planning organization are those specified in this subchapter or incorporated in an interlocal agreement entered into to implement this subchapter.~~

(b) Each metropolitan planning organization shall perform all acts required by applicable federal or state law or rules that are necessary to qualify for federal aid.

Sec. 472.036. PLANNING. (a) To the extent permitted by

6 state or federal law, a metropolitan planning organization shall:

(1) be involved in the planning and programming of
transportation facilities, including airports, intermunicipal and
high-speed rail lines, seaports, and intermodal facilities; and

3) in cooperation with the department, develop:

(A) a long-range transportation plan as required

32 - by section 473-243;

(B) air quality, weather, transportation

improvement program as required by Section 433, 434, and

(C) an annual audit of accounts, results unaccompanied by a report.

10.000-15.000 € per year, depending on the size of the company.

((insert)))

1 Sec. 472.0332. DUTIES. In addition to the requirements of
2 federal law, a metropolitan planning organization shall perform the
3 duties required by state law and those delegated by the commission
4 under Subchapter H, Chapter 201.

5 Sec. 472.035. POWERS, DUTIES, AND RESPONSIBILITIES. (a) The
6 powers, duties, and responsibilities of a metropolitan planning
7 organization are:

8 (1) those specified in this subchapter or incorporated in
9 an interlocal agreement entered into to implement this subchapter; and
10 (2) to provide regional transportation forecasting and
11 planning, set regional priorities, and make project selection
12 decisions as provided by federal law and the commission.

13 (b) Each metropolitan planning organization shall perform all
14 acts required by applicable federal or state law or rules that are
15 necessary to qualify for federal aid.

16 (c) A metropolitan planning organization may not [redacted]
17 ~~manage or implement~~ project development activities for individual projects, including
18 procurement or management of the project design and construction
19 process.

(b) In all other metropolitan planning organizations in which transportation authorities or agencies are too represented by elected officials from a municipality or county, the organization shall establish a process, which the collective interests of such authorities or other agencies are expressed and conveyed.

~~Sec. 472.035. POWERS, DUTIES, AND RESPONSIBILITIES.~~ (a) The powers, duties, and responsibilities of a metropolitan planning organization are those specified in this subchapter or incorporated in an interlocal agreement entered into to implement this subchapter.

(b) Each metropolitan planning organization shall perform all acts required by applicable federal or state law or rules.

Sec. 472.036. PLANNING. (a) To the extent permitted by state or federal law, a metropolitan planning organization shall:

(1) be involved in the planning and programming of transportation facilities, including airports, intermunicipal and high-speed rail lines, seaports, and intermodal facilities; and

(2) in cooperation with the department, develop:

(A) a long-range transportation plan as required by Section 472.042;

(B) an annually updated transportation improvement program as required by Section 472.043; and

(C) an annual unified planning work program as required by Section 472.044.

(b) In developing the long-range transportation plan and

1 the transportation improvement program under Subsection (a), each
2 metropolitan planning organization shall consider projects and
3 strategies that will:

4 (1) support the economic vitality of the metropolitan
5 area, especially by enabling global competitiveness, productivity,
6 and efficiency;

7 (2) increase the safety and security of the
8 transportation system for motorized and nonmotorized users;

9 (3) increase the accessibility and mobility options
10 available to people and for freight;

11 (4) protect and enhance the environment, promote
12 energy conservation, and improve quality of life;

13 (5) enhance the integration and connectivity of the
14 transportation system, across and between modes, for people and
15 freight;

16 (6) promote efficient system management and
17 operation; and

18 (7) emphasize the preservation of the existing
19 transportation system.

20 (c) To provide recommendations to the department and local
21 governmental entities regarding transportation plans and programs,
22 each metropolitan planning organization shall:

23 (1) prepare a congestion management system for the
24 metropolitan area and cooperate with the department in the
25 development of any other transportation management system required
26 by state or federal law;

27 (2) assist the department in mapping transportation

1 planning boundaries required by state or federal law;
2 (3) assist the department in performing its duties
3 relating to access management, functional classification of roads,
4 and data collection;
5 (4) execute all agreements or certifications
6 necessary to comply with applicable state or federal law;
7 (5) represent all the jurisdictional areas in the
8 metropolitan area in the formulation of a transportation plan or
9 program required by this subchapter; and
10 (6) perform all other duties required by state or
11 federal law.

12 Sec. 472.037. TECHNICAL ADVISORY COMMITTEE. (a) Each
13 metropolitan planning organization shall appoint a technical
14 advisory committee whose members serve at the pleasure of the
15 metropolitan planning organization.

16 (b) The membership of the technical advisory committee must
17 include, if possible:

18 (1) planners;
19 (2) engineers;
20 (3) a representative of each political subdivision or
21 agency or department of a political subdivision that provides
22 transportation services, including, as applicable:

23 (A) a port authority, navigation district, or
24 public transit authority; or

25 (B) a county or municipal airport or transit
26 department;

27 (4) the superintendent of each school district in the

1 jurisdiction of the metropolitan planning organization or a person
2 designated by the superintendent; and
3 (5) other appropriate representatives of affected
4 local governments.

5 Sec. 472.038. SAFE ACCESS TO SCHOOLS. (a) In addition to any
6 other duty assigned to it by the metropolitan planning organization
7 or by state or federal law, the technical advisory committee is
8 responsible for considering safe access to schools in its review of
9 transportation project priorities, long-range transportation
10 plans, and transportation improvement programs and shall advise the
11 metropolitan planning organization on those issues.

12 (b) The technical advisory committee shall coordinate its
13 actions with local school boards and other local programs and
14 organizations in the metropolitan area that participate in school
15 safety activities, including locally established community traffic
16 safety teams.

17 (c) A school board must provide the appropriate
18 metropolitan planning organization with information concerning
19 future school sites and the coordination of transportation
20 services.

21 Sec. 472.039. EMPLOYEES. (a) Each metropolitan planning
22 organization shall employ:

23 (1) an executive or staff director who reports
24 directly to the organization's policy board for all matters
25 regarding the administration and operation of the metropolitan
26 planning organization; and

27 (2) any additional personnel the policy board

1 considers necessary.

2 (b) The executive or staff director and additional
3 personnel may be employed by the metropolitan planning organization
4 or by another governmental entity, including a county,
5 municipality, or regional planning organization that has a staff
6 services agreement with the metropolitan planning organization.

7 (c) A metropolitan planning organization may enter into a
8 contract with a local or state agency, private planning firm,
9 private engineering firm, or other public or private entity to
10 accomplish the metropolitan planning organization's transportation
11 planning and programming duties and administrative functions.

12 (d) A metropolitan planning organization, for the purpose
13 of influencing legislation, may not engage the services of a person
14 who is required to register with the Texas Ethics Commission under
15 Chapter 305, Government Code.

16 Sec. 472.040. TRAINING. (a) To enhance its members'
17 knowledge, effectiveness, and participation in the transportation
18 planning process, a metropolitan planning organization shall
19 provide training opportunities and funds for the organization's
20 members.

21 (b) Training of its policy board members may be conducted by
22 the metropolitan planning organization or through statewide or
23 federal training programs and initiatives that are specifically
24 designed to meet the needs of metropolitan planning organization
25 policy board members.

26 Sec. 472.041. COORDINATION WITH OTHER ENTITIES. A
27 metropolitan planning organization may join with any other

1 metropolitan planning organization or an individual political
2 subdivision to:

3 (1) coordinate activities; or
4 (2) achieve any federal or state transportation
5 planning or development goal or purpose consistent with federal or
6 state law.

7 Sec. 472.042. LONG-RANGE TRANSPORTATION PLAN. Each
8 metropolitan planning organization shall develop a long-range
9 transportation plan that addresses at least a 20 year period. The
10 plan must include both long-range and short-range strategies and
11 comply with all other state and federal requirements.

12 Sec. 472.043. TRANSPORTATION IMPROVEMENT PROGRAM. (a)
13 Each metropolitan planning organization shall develop annually a
14 list of project priorities and a transportation improvement
15 program. The prevailing principles to be considered by the
16 metropolitan planning organization when developing a list are:

17 (1) preserving the existing transportation
18 infrastructure;
19 (2) enhancing the economic competitiveness of this
20 state; and
21 (3) improving travel choices to ensure mobility.

22 (b) The transportation improvement program may be used to
23 initiate federally aided transportation facilities and
24 improvements and other transportation facilities and improvements,
25 including transit, rail, aviation, and port facilities.

26 (c) The transportation improvement program must be
27 consistent, to the maximum extent feasible, with comprehensive

1 plans of the political subdivisions the boundaries of which are in
2 the metropolitan area served by the metropolitan planning
3 organization.

4 Sec. 472.044. UNIFIED PLANNING WORK PROGRAM. (a) Each
5 metropolitan planning organization shall develop, in cooperation
6 with the department and public transit operators, a unified
7 planning work program that lists all planning tasks to be
8 undertaken during the program year.

9 (b) The unified planning work program must provide a
10 complete description of each planning task and an estimated budget
11 for that task and must comply with applicable state and federal law.

12 Sec. 472.045. APPLICATION OF FEDERAL LAW. (a) On
13 notification by an agency of the federal government that a
14 provision of this subchapter conflicts with a federal law or
15 regulation, the federal law or regulation takes precedence to the
16 extent of the conflict until the conflict is resolved.

17 (b) The department or a metropolitan planning organization
18 may take any action necessary to comply with federal laws and
19 regulations or to continue to remain eligible to receive federal
20 funds.

21 Sec. 472.046. PUBLICATION OF INFORMATION ON INTERNET
22 WEBSITE. A metropolitan planning organization shall publish
23 financial information on its Internet website, including
24 information regarding:

25 (1) budgeted annual revenues and expenditures;
26 (2) actual ^{annual} quarterly revenues and expenditures; and
27 (3) staffing levels.

A policy board may allow for the appointment of alternate members, if defined by its bylaws, to serve in the absence of the primary members.

1 (b) A metropolitan planning organization is not required
2 ~~to designate officers in accordance with section 472.0312~~
3 ~~Transportation Code, as added by this section, and a technical~~
4 ~~advisory committee of a metropolitan planning organization is not~~
5 ~~required to comply with Section 472.037, Transportation Code, as~~
6 ~~added by this section, before January 1, 2010.~~

7 SECTION 2.12. Section 472.032, Transportation Code, is
8 amended to read as follows:

9 Sec. 472.032. VOTING PROXIES BY POLICY BOARD MEMBERS
10 PROHIBITED. (a) A policy board may not allow its members to vote by
11 proxy [~~provide in its bylaws for appointment of voting proxies by~~
12 ~~its members~~].

13 (b) [A proxy appointed under Subsection (a):
14 (1) acts on behalf of and under the supervision of the
15 ~~policy board member who appointed the proxy,~~
16 (2) must be appointed in writing, and
17 (3) is authorized to vote for the policy board member
18 ~~who appointed the proxy to the extent the member has given the proxy~~
19 ~~the member's voting power.~~

20 [(c)] A legislative member of a policy board may not be
21 counted as absent at a meeting of the policy board during a
22 legislative session.

23 [(d)] A legislative member of a policy board may only appoint
24 a proxy under Subsection (a) who is:
25 (1) the legislative member's employee or staff
26 member;
27 (2) a person related to the member within the second

A Progress Report on

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Restructuring the Texas Transportation Planning and Programming Process

Progress Report

May 2009



A Report on Restructuring the Texas Transportation Planning and Programming Process

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ATTACHMENTS

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PROGRESS REPORT ON RESTRUCTURING THE TEXAS TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

May 2009

INTRODUCTION:

This document is considered to be a progress report which indicates preliminary observations of the Work Group. This document summarizes the observations of the work group to date.

SUMMARY:

Preliminary observations to date indicate the following general conclusions which are later explained in greater detail:

There is a critical need for reliable TxDOT financial forecasts which are coordinated into the statewide planning and programming documents on a continuing basis.

A revised project development process is essential (replace the UTP).

Implementation of consistent fiscal guidance at all levels of the planning processes is needed.

Increased communication, transparency, and accountability are apparent needs. *This observation coincides with TxDOT Strategic Policy and Planning Management Group efforts currently being addressed.*

The next steps are the transition required to implement new overall concepts.

BACKGROUND:

The Sunset Advisory Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies every 12 years. The Commission questions the need for each agency, looks for potential duplication of other public services or programs, and considers new and innovative changes to improve each agency's operations and activities.

After review of TxDOT policies and programs, the SAC issued a staff report in June of 2008. Some key recommendations of the report included:

- Require TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward these goals.
- Establish a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.
- Require TxDOT districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Require TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

In its November 2008 response, TxDOT reacted positively to recommendations of the SAC report and detailed its strategies and status of addressing SAC recommendations. In continuing response to the issues addressed, TxDOT has selected a Work Group which in two phases will include staff from TxDOT Administration, Finance Division, Office of General Counsel, Transportation Planning and Programming Division, Design, Government and Public Affairs Division, Commissioner's Aides, and a geographic distribution of TxDOT District and MPO staff. The Department is assessing proper additional input from local elected official, the legislature, and the public in general for Phase 2 of this effort. Facilitation, technical assistance, and reporting for the Work Group have been assigned to the Texas Transportation Institute.

TxDOT STRATEGY

A Work Group including members from FIN, TPP, Districts, MPOs, Counties, Legislature, GPA, Commission aids, and TTI was established to evaluate the effectiveness of TxDOT practices in developing a Unified Transportation Program (UTP) and the role it plays in the overall planning process that leads to development of transportation projects. The Work Group will review the current process, outline goals, re-develop a recommended process and an implementation timeline, and determine staff needs to implement and report status.

The Work Group adopted the following strategy for organization and involvement of planning partners and the public in general:

- Phase 1 – Selected MPOs, FHWA, and TxDOT District, Division, Offices, constitute the original Work Group. The Work Group is shown as Attachment 1 of this document. Work Group membership is shown in Attachment 1. A figure which shows geographic distribution of the work group members is shown as Attachment 2.
- Phase 2 – Once the initial phase is completed, other outside organizations and Commission staff may be engaged to evaluate the effectiveness of the Work Group's efforts.
- Stakeholder Participation: If desirable, information can be presented to and solicited from stakeholders through individual interviews, focus group meetings, public meetings or other means of communication.

CHARGE TO WORK GROUP

The Work Group was asked to identify best practices for the planning and programming process, evaluate TxDOT existing practices, and suggest recommendations for developing a new process that is transparent to all, easily understood, streamlined and predictable. The Work Group was authorized to review and comment on any area of planning and programming that they thought warranted. The process should result in re-development and documentation of clear and understandable guidelines for best practices.

TIMELINE FOR WORK GROUP REPORTS

The original estimate by the TxDOT Administration anticipated the time requirement to accomplish the evaluation and report to be eight months. The first Work Group meeting was in mid-February. In order to have some early preliminary recommendations as requested by TxDOT Administration, the Work Group elected to prepare a series of interim progress reports to outline accomplishments as they occur. The interim reports would not be in full detail and a Final Report will be published in full detail. The Interim Reports, however, will be focused enough to assure TxDOT Administration and the Texas Legislature that changes are eminent and an overall direction is being established for consideration of implementation. Some recommendations can begin implementation prior to completing details of a final report

WIDE ANGLE VIEW OF OVERALL GOALS

The overall goal of this evaluation is to establish a transparent, well defined and understandable, project specific, performance-based system of project planning and programming that integrates milestones, forecasts, and priorities. A system for “granting of authority” to various types of project development will be recommended.

Goal 1: Recommend a process that will integrate all planning and programming documents and processes: *example documents under review*

One Statewide Multimodal Transportation Plan - TxDOT

Eight Texas Metropolitan Mobility Plans (TMMMP) - MPOs

17 Texas Urban Mobility Plans (TUMP) - MPOs

25 Metropolitan Transportation Plans - MPOs

One Unified Transportation Program (UTP) - TxDOT

25 Urban Transportation Improvement Programs (TIPs) - MPOs

24 Rural Transportation Improvement Programs (TIPs) - TxDOT

One Statewide Transportation Improvement Program (STIP) - TxDOT

Goal 2: Assure an issuance of level of authority that is supported by a well defined short and long- range cash forecasting system.

WORK GROUP STRATEGY

As an organizational approach, the Work Group identified the following desirable initial action steps:

- Review planning process documents.
- Review funding categories of the UTP.
- Re-develop funding categories and processes if necessary.
- Document the planning and programming process including strategy for coordination with both MPO and rural planning processes and their products.
- Document how the TxDOT Visions and Strategic Plans are integrated into planning and programming documents.
- Set implementation timelines.
- Consider the need to formalize the project selection process through rulemaking as suggested in the Sunset Review.
- Assure a process of public involvement in the transportation planning process.
- Develop publicly available summary documents and necessary manuals.
- Assure consistent application to the planning and programming processes.
- Consider a system that manages, monitors, and reports the Department's quantifiable outputs, outcomes, and performance in the planning, programming, and scheduling area. Creation of appropriate benchmarks and performance measures will be considered.

WORK GROUP ISSUES UNDER CONSIDERATION

Issue Consideration: Issues currently identified and under evaluation by the Work Group are listed by area of consideration:

Currently, the UTP is over-programmed and overly optimistic.

Project Development

- Simplify the PDP process by reducing the funding categories (reduce from twelve to three).
- Create a process or PDP that is fully multimodal.
- Reflect a range of and the uncertainty of forecasted funding (particularly the out years)
- Include financial guidelines at all levels of the process.
- The PDP needs to have a consistent baseline for key assumptions, and still have flexibility. The baseline should be provided by the State.

Project Concurrence

- Improve coordination between TxDOT Admin., Districts & MPOs (for funding concurrence).
- Over programming allows availability of projects to let if others are delayed.

- Stay with established priorities.

Financial Planning

- Financial planning & project development were not integrated.
- Projects to be let were over-programmed and bond funds not available.
- Consider that UTP match the 1 year letting schedule with no over programming.
- A UTP type process can work if we come up with better funds forecasting system.
- A UTP type document is necessary for providing financial guidance for the MTPs.
- Consider having the TxDOT CFO provide regular financial forecasts to support the planning and programming process. The financial forecasts should address each level of authority in the metro, urban and statewide areas to adequately plan, develop, and implement transportation improvements.

Planning Process

- Develop a process that is less complicated and more understandable.
- Break the mold for a new and better process.
- Create an adaptable plan.
- Develop a process the public can understand.
- Consider performance measures.
- Consider corridor preservation as part of the planning process.
- Use total project cost to manage limitations and incorporate deadlines
- Consider a priority-based planning system.
- Improve coordination to insure delivery of priority projects year to year.
- Develop a total project cost process and address cash budgets for ROW and construction.
- Develop a planning process that sets priorities and identifies authority to perform designated work.

Communication/Transparency

- Identify audiences for the document proposed for the planning process.
- Develop appropriate communication tools for the audience to effectively participate.

SIGNIFICANT RECOGNITIONS

A twenty-year minimum Project Development Plan (PDP) document is essential. An eleven-year Unified Transportation Program (UTP) is currently used by TxDOT for some of the elements of the proposed PDP.

TIPS, STIPS, and Letting Plans are the keys to the programming process, but proper authorization of stages of work for projects is a must to recognize the 12-year head start for major mobility type project development.

Accuracy of revenue forecasting is most important in the first four years, but identifying the level of uncertainty is desirable as you journey to the outer years (especially since the MTPs will be updated every four years for TMAs and five years for non-TMAs).

It is suggested that the Statewide Transportation Plan be updated on a frequency of five years and coordinated with the financial forecast.

The Work Group believes the use of performance measures will be a strategic component of a new and better process of planning, programming and scheduling work. Strategic performance measures will be used to monitor and evaluate effectiveness and to identify areas that need improvement. For example, “are all the planning entities programming on the approved schedule, and are they meeting all of the planning requirements?” The goal of performance measures is to improve the delivery of projects and communication with the public.

Observations in this progress report revolve around the principles of making the process simple to understand but well defined, understandable and transparent, integrating credible forecasts, priorities, milestones, and performance measures and evaluations.

MAJOR PRELIMINARY OBSERVATIONS

Coordination and Simplification

Observation: Providing better service by simplifying the planning and programming processes is essential. The existing Unified Transportation Program should be replaced by “The Texas Project Planning and Programming Process (TP4)” which is currently being developed for recommendation by this Work Group. The time span of this document will be a minimum of 40 years. TP4 will integrate all current planning documents with essential cash forecasting systems as necessary. TP4 will consist of three elements:

- A Vision Plan (40 years minimum) – The TMMP/TUMP and the 2030 Report are parts of this strategic plan. The Vision Plan is both statewide and multimodal.
- A Project Development Plan (PDP) containing 26 years of proposed projects consisting of ten years of long-range projects with Plan Authority and 16 years of short-range projects having Develop Authority.
- A Project Program (PP) consisting of four years of projects with contract letting programming.

Authorized project level of authority for the Vision Plan should include “Feasibility Study Authority.” Authority for the PDP should include “Plan Authority” and “Develop Authority.”

Authorized project level of authority for the PP should include “Construction Funding Authority” and “Let/Bid Authority.” Preliminary graphics showing the proposed process are included as Figures 1, 2 and 3.

Observation: The planning process should reduce the number of categories from 12 to 3 using the following categories of work. Existing categories could be converted to the three new categories with new category rules to be developed:

- “Category P” - Preservation Projects
 - Category 1 (Preventive Maintenance and Rehabilitation)
 - Category 6 (Structures Rehabilitation and Replacement)
 - Category 10 (Supplemental Transportation Projects) PART
- “Category M” - Mobility Projects
 - Category 2 (Metropolitan Area Corridors)
 - Category 3 (Urban Area Corridors)
 - Category 4 (Statewide Connectivity Corridors)
 - Category 7 (STIP Metropolitan Mobility)
 - Category 10 (Supplemental Transportation Projects) PART
 - Category 11 (District Discretionary)
 - Category 12 (Strategic Priority)
- “Category O” – Other Projects
 - Category 5 (Congestion Mitigation and Air Quality)
 - Category 8 (Safety)
 - Category 9 (Transportation Enhancements)
 - Category 10 (Supplemental Transportation Projects) PART

Strategic Planning

Observation: The TxDOT Commission should chart the future of mobility through corridor value determinations and define long-term corridors of significance through a forty-year Vision Plan. The process should incorporate local area interests into corridor priority determinations. This will require the identification of statewide corridors in the Statewide Plan (30 year plan) and the development of statewide consensus on corridor priorities. Scheduling of all corridor projects should include participation by all planning partners including multi-state corridor studies when necessary (I-69 and I-49).

Observation: TxDOT should assemble a working group from districts, MPOs and divisions to finalize procedures and propose guidelines for corridor identification and prioritization for the Statewide Plan or the Vision Plan. The group should identify and prioritize corridors through a process which includes public involvement. This will enhance TxDOT ability to focus on future needs and resources to develop the needs.

Advantages and Challenges

Advantages:

- Net reduction of nine categories results in a simplified process.
- Project development no longer being controlled by numerous categories improves flexibility.
- Districts and MPOs are able to utilize funds in accordance with need instead of program.
- Districts receive authorizations in lump sums without restrictions on where the funds can be used.
- Districts are able to work with MPOs on “off Texas highway system” projects.
- Effectiveness of communication, transparency, and the ability to show relationships between project priorities all increase/improve.

Challenges:

- Recordkeeping increases to assure use of Federal funds by available appropriation and obligation authorities.
- Finance Division Letting Management Section is responsible to use most restrictive federal dollars first
- Shifting and coordination of responsibilities between FIN, TPP, DES and Districts
- Problem related to “determine the distribution formula” of Federal categories of work.

Observation: TxDOT should develop clear understandable rules about the categories.

Clarification of Levels of Authority

- Plan Authority - Environmental work and ROW determination plus maps (determination of ROW requirements)
- Develop Authority - All development work including PS&E, ROW acquisition, and utilities relocation.
- Construction Funding Authority – all of Develop Authority plus completion of ROW and utility clearance and programming for letting to construction in a scheduled year.
- Let/Bid Authority – project letting through a dynamic one-year letting schedule (continuously updated)

Note: Time of issuance of a project's level of authority may depend on the type of project being developed.

Note: No Level of Authority is required for Feasibility Study in the Vision Plan

Observation: When 12 categories are collapsed into three, geographic distribution of funds to MPOs should be made on the basis of recently developed Category 2 and 3 Work Group Distribution Equations for these mobility funds. Considerable effort has been expended in reaching consensus in this regard.

Observation: Projects in the current funding categories of the UTP and Letting Schedule should be moved into the new funding categories.

Observation: Projects currently authorized to “Construct” authority which cannot be accommodated due to fiscal constraint should be moved to “Develop” authority.

Observation: All revenue (and letting capability) for the next ten years should be identified to a project level. Innovative Finance, Tapered Match, Advance Construction with Partial Obligation and Soft Match should be used in cash forecasting to a maximum extent to allow inclusion of all possible projects possible in the “Develop” authority of the planning process.

Observation: The new process should provide the ability to identify specific projects that will be accomplished with any potential new revenue (Example: bonding and tolling).

Training and Information Dissemination

TxDOT should provide education and training through courses, manual, pamphlets and instructional videos which are appropriate for different individual audiences. Separate instructional materials may be required for TxDOT personnel, MPO personnel, elected officials, staff, and the public at large. Regularly scheduled courses should be provided so as many people can attend as desire.

TxDOT should develop and publish on-line a Project Selection and Funds Distribution Manual as well as a simplified brochure/pamphlet. These should be available to all interested parties free of charge.

WORK GROUP PHILOSOPHY ON THE PROJECT DEVELOPMENT PROCESS

Planning and Financial Continuum, Significance, and Conclusions – Tom Niskala, Corpus Christi MPO; Dan Lamers, NCTCOG MPO; and Alan Clark, HGAC MPO

Project Development Process

The development of transportation projects in Texas is a process defined by federal, state and local guidelines and regulations. The current federal highway legislation, Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (**SAFETEA-LU**) authorizes the federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009.

The Texas Department of Transportation (TxDOT) uses the term “program” to describe the process by which Metropolitan Planning Organizations (MPO’s) and local TxDOT District Offices evaluate and approve the projects along with other regional priorities and decide if the project should be advanced to the next step of development.

One of the goals of the Restructuring the Planning and Programming Work Group is to propose an integrated planning and programming process that allows for open public review of priorities in the project selection process across the State. The current system relies on a combination of data from several sources. To this end, the Work Group is attempting to combine two principal processes into one; the planning/project development process and the financial planning process.

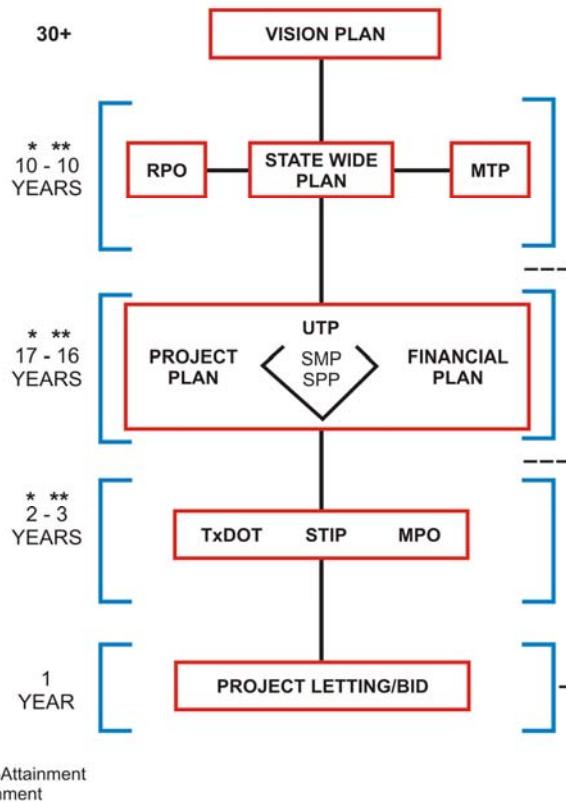
The planning/project development process includes everything from Statewide and system level goals all the way down to specific project level detail ready for construction. Currently this is performed at multiple levels either by TxDOT, MPOs, transit authorities, or local governments.

The objective of this document is to distinguish between the two functions necessary to implement programs and projects: planning authority and financial planning. It is also intended to demonstrate the need to balance the detail needed at the various levels of the project development process. The following explains how these two processes proceed concurrently as two continuums that can be merged.

Planning Continuum

The Planning Continuum is an ongoing process that begins with a long-range vision developed as part of the statewide and regional planning process. This Vision would replace the TMMP/TUMP process and be developed with a process comparable to the 2030 Committee work. This Vision establishes the transportation network horizon for the long-range 30 – 40 year (or more) period.

PLANNING PROCESS

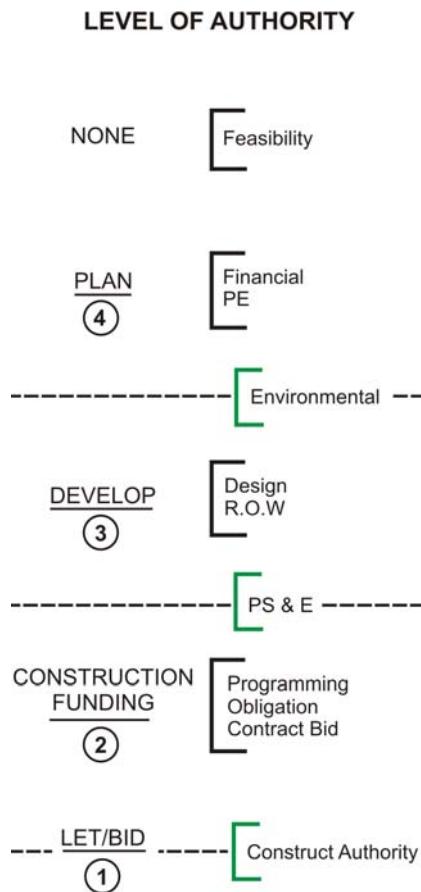


Based upon this Vision, TxDOT must develop a long-range Statewide Multimodal Transportation Plan that is a policy level plan utilizing the plans developed in the MPO Metropolitan Transportation Plan and any Rural Planning Organization's planning products. The Statewide Plan would meet the needs of the statewide planning document for the Federal Highway Administration and the Sunset Commission. The Statewide Plan formulates policies, provides investment strategies, and forecasts for the 20-30-year statewide multimodal needs. Policy direction from the Vision Plan and the Statewide Plan are used to develop subsequent Metropolitan Transportation Plans (MTP). Projects in the MTP can be at various levels of detail. Many are simply corridor level recommendations and are not defined fully enough to go straight to TIP/STIP programming, but require additional planning and development. There is a need for TxDOT to have a document recognizing this intermediate level for planning purposes, but without the detail necessary to indicate financial commitment.

Currently, a mid-range plan or 11-year strategy is developed to identify the financially constrained program for project development and construction. The Texas Transportation Commission and TxDOT use the Unified Transportation Program (UTP) as a plan to guide transportation project development and construction. The UTP is divided into two documents 1) the 2007 Statewide Mobility Program (SMP), and 2) the 2007 Statewide Preservation Program (SPP).

From the mid-range plan, a 4-year, short-range Statewide Transportation Improvement Program (STIP) is developed as an aggregation of the 25 - MPO developed Transportation Improvement Programs and the District developed rural projects. The STIP identifies the fiscally constrained short-term program that lists the projects to be constructed statewide. Specific attention is placed on the first year of the STIP when the projects in the STIP are scheduled for "letting" or placed under contract by the project sponsor. The remaining three years in areas that are in attainment (or two years in non-attainment areas) identify projects and funding sources that have a high probability of going to contract.

Theoretically, every project would proceed through the process from vision to construction in a sequential manner with information and detail developed in each step used in a subsequent step. However, not every project can proceed in such a straightforward sequential manner due to a variety of reasons. Because of this, the Work Group has attempted to identify certain activities that must occur in certain stages of project development and certain milestones that must be met before proceeding to a subsequent stage. This process has led to defining certain "levels of authority" in the planning/development process. This is similar to the levels of authority currently in place within TxDOT but with more well-defined milestones, both at the project detail level and the financial level. It is the merging of these two processes that will provide for a priority-based, transparent project selection and programming process.



Feasibility

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas as mobility, safety, security, intermodalism, environment, and funding strategies. This should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal Level of Authority is part of this stage in the process since there are no real "projects" identified. A 40+ year financial estimate can be established and broad financial policies can be discussed.

Observation: Documents such as the TMMP/TUMP and 2030 Report and parts of the TxDOT Strategic Plan could be incorporated into the Vision Plan.

"Plan" Level of Authority (Level 4)

This stage is where the needs and goals identified in the Vision Plan are used to develop metropolitan and rural transportation plans. Each MPO and TxDOT (or perhaps RPO) should identify specific corridor and system-level project recommendations. These recommendations should be financially constrained to the system level only. A 20, 25, or 30 year financial estimate should be generated by TxDOT and refined by each MPO to reflect their individual policy recommendations, and should also include additional local revenue estimates. It is at this level that the NEPA process should be undertaken. Determination of ROW requirements may be made during this level of authority.

"Develop" Level of Authority (Level 3)

Once the project is known in sufficient detail, it can proceed to the Develop Level of Authority. At this level, additional project details are defined and the design process is finalized (PS&E) and ROW acquisition initiated. It is also at this level that the necessary permitting processes should be undertaken. Also at this level, a detailed financial plan should be developed identifying specific funding sources and amounts. Initiation of purchase of ROW is authorized for level 3.

"Construction Funding" Level of Authority (Level 2)

At this level, pre-construction activities should begin. Activities such as completion of ROW acquisition, utility relocation, and detailed project scheduling and management plans should be developed. If needed, interagency or interlocal contracts and agreements should be established and a request for proposals should be issued (if necessary).

"Let / Bid" Level of Authority (Level 1)

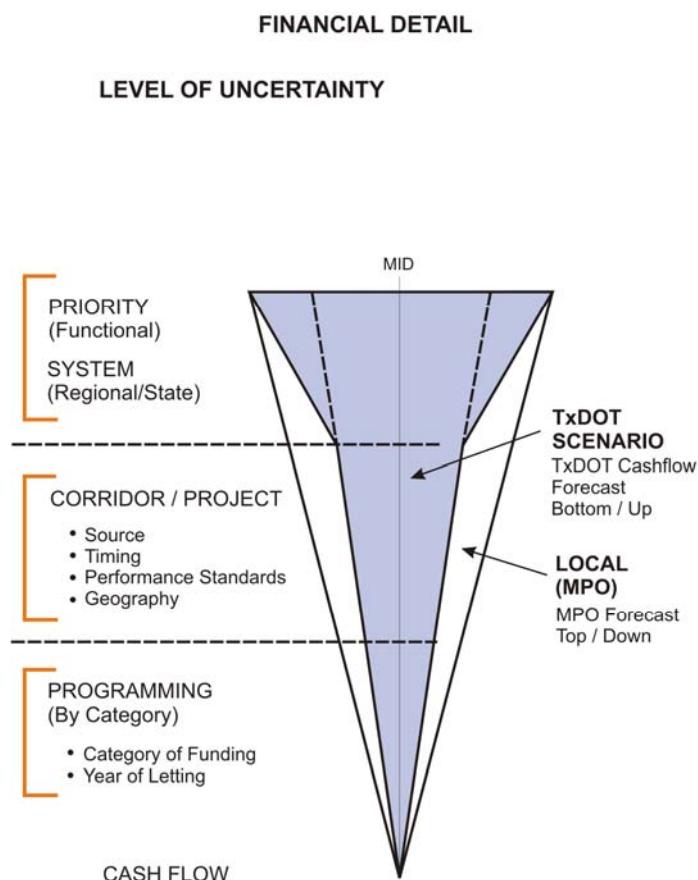
Project is ready to proceed to construction.

Financial Continuum

The ability to turn plans into reality is contingent on the availability of funding. It is the current thinking of the Work Group to develop a common financial forecasting process that can feed each level of planning/project development at the appropriate level of detail, allowing for statewide consistency but local flexibility.

This can be represented graphically as shown below.

A graphic representation would illustrate that a financial forecast would provide a range of estimates – with that range increasing in uncertainty the further out in time that the forecast is made. This is represented by a “cone of uncertainty” that illustrates the increasing uncertainty over time



It is desirable that one set of Federal and State financial forecasts should be developed for all MPOs, TxDOT districts, and RPOs to use. A baseline forecast should be developed using the best knowledge of financial parameters available to TxDOT, such as gas tax, vehicle registration

fee rates and borrowing rates, etc. A series of alternatives should also be developed with both low- and high-side levels of these rates. These scenarios should not be overly optimistic or pessimistic but should be within the realm of reasonableness. It is within this forecast range that each MPO or RPO would choose the level they are comfortable with when financially constraining their MTPs. It is also within this range in which the State should set revenue availability used in constraining the number of projects that can be placed into the UTP, or Develop level of Authority. For TIP/STIP use, the baseline forecast should be used by all.

From the local agency perspective the MPO's and the TxDOT Districts look at the financial forecast process from the bottom up with the first year of the TIP, and remaining three years, requiring the greatest confidence level to make projects a reality. The State Legislature and TxDOT look at the funding continuum from the top down with policy decisions driving the flow of funds down to year one of "project letting". Therefore, the confidence level must be greatest at the bottom with less confidence at the top.

The local or MPO forecast must also factor in other sources of revenue whether it is from local bond projects, Regional Mobility Authorities, Toll Authorities, etc. and therefore, there may be even less confidence in the financial forecast over time (hence the addition to the cone of the un-shaded areas).

The long-range portion of the financial continuum has the greatest uncertainty and funding projections focus on project priorities and the impact on the transportation system. The mid-range portion begins to narrow projects down to identify sources of funding, the timing of funding, the impact of specific projects and the geographical benefits. The short-range portion has the highest level of confidence and is specific as to the category of funding and the year the project will go to contract.

Significance

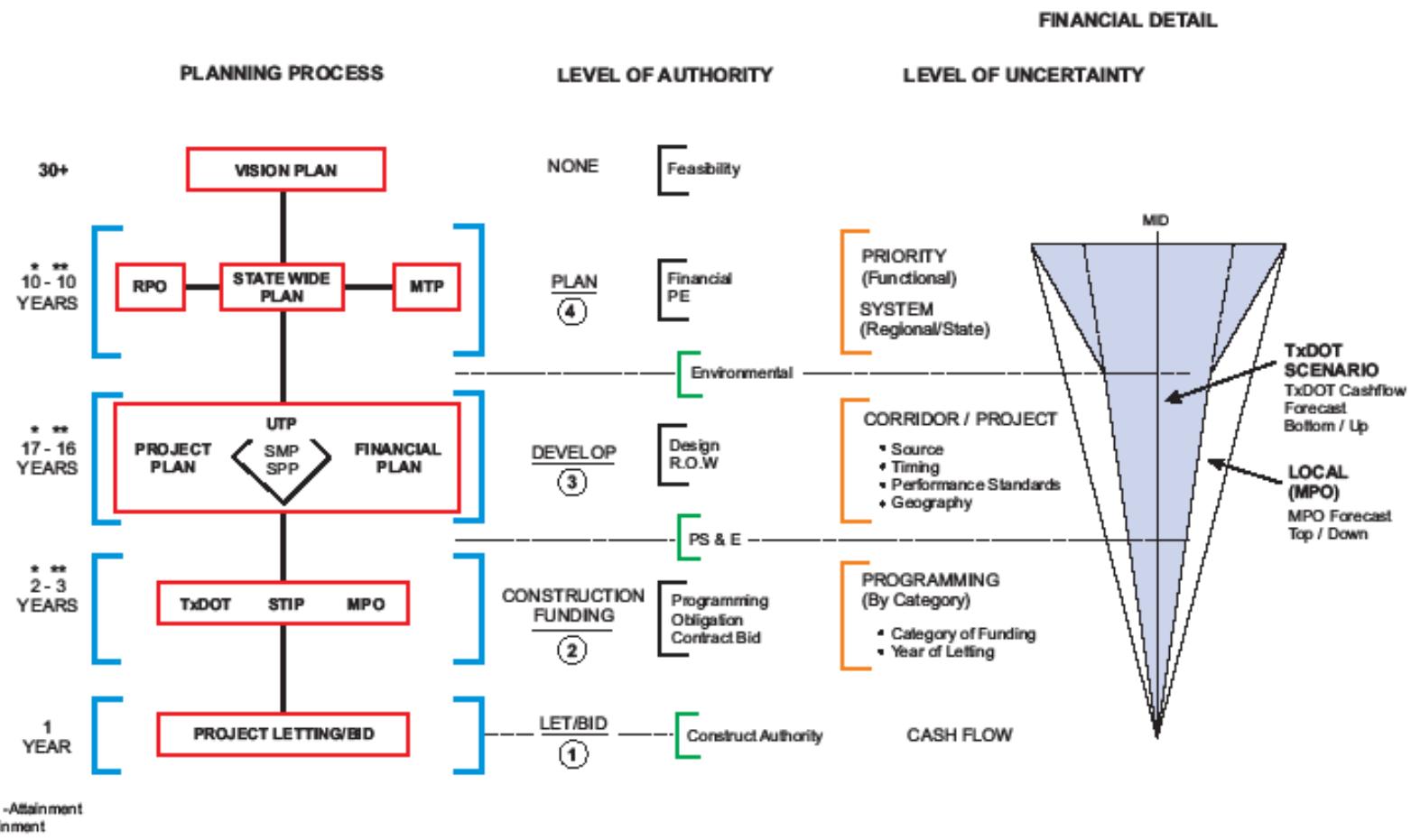
When viewed as a parallel process (Figure 1) the "planning continuum" and the "financial continuum" reflect the changing confidence level in the overall project development process. To improve this process the following are being considered for recommendation:

- Update the Vision for TxDOT to better direct the intent of the planning process.
- The update of the Statewide Plan given the most recent legislative actions at the state and federal level.
- The development of regular financial forecasts, by TxDOT, that coincides with the end of each legislative session.
- The TxDOT financial forecast should include a forecast for the 1-4 year short-range, 5-20 year mid-range and 20-30 year long-range periods that clearly communicates the reduction in confidence level with each increased time period.
- A separate but corresponding project list will be developed using the corresponding documentation developed at the local level through the TIP and MTP process.

Conclusion

The TxDOT planning and programming toolbox has served TxDOT and the local agencies well. Given the new fiscal realities – several adjustments to this process will provide an even more responsive and useful planning product.

PROJECT DEVELOPMENT PROCESS



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Figure 1. Project Development Process – Niskala/Lamers. (*Preliminary and Subject to Change*)

Put documents into proper places in the process:

PROJECT DETAIL*

- *Conceptual*
- *Broad Need*
- *System Mode*

- *Benefit/cost*
- *Corridor*
- *System Connectivity*
- *Scope*
- *“Ownership”*
- *Social/ENV Impacts (NEPA)*
- *Priority*

- *Design (PS&E)*
- *Permitting*

VISION

TMMP/TUMP
2030 Report
Fed Leg
(TxDOT Strategic Plan)

PLANNING



STP
MTP
RTP
NEPA
MCIS (major corridor investment studies)
RASP

DEVELOPMENT (CSJ)

UTP (PDP /parts 1: Mobility & 2: Preservation)
Financial Forecast (Scenario C)

PROGRAMMING/CONSTRUCTION FUNDING

TIP/STIP
Financial Forecast (Scenario C)

LETTING/BIDDING

Letting Schedule
Financial Forecast (Scenario C)

* This level of detail should be satisfied before moving to the next level of authority.

Level of Authority

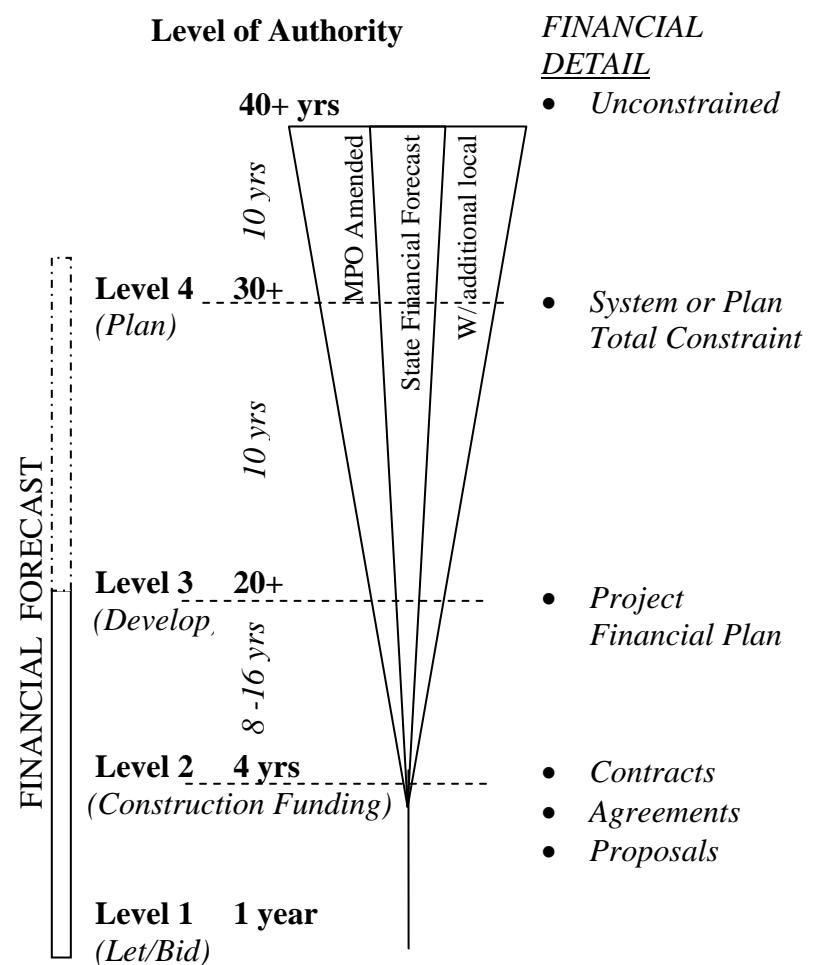


Figure 2. Workgroup Discussion of Process Flowchart. (*Preliminary and Subject to Change*)

THE PROJECT PLANNING & PROGRAMMING PROCESS (TP4)

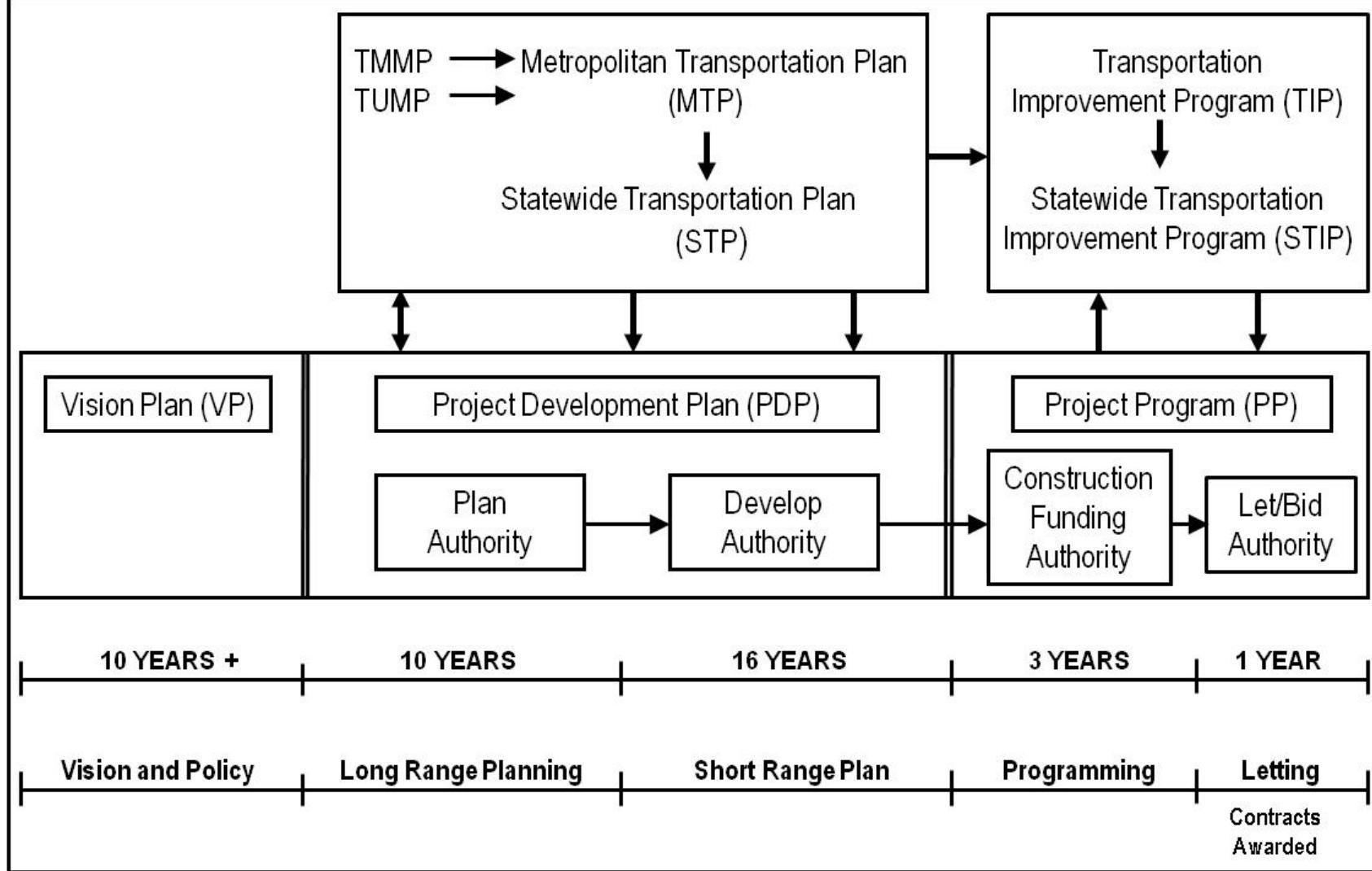


Figure 3. The Project Planning & Programming Process (TP4). *(Preliminary and Subject to Change)*

CONTINUOUS IMPROVEMENT THROUGH PERFORMANCE MEASURES

Mary Meyland, Special Assistant to the Executive Director for Strategic Policy and Performance Management, TxDOT Executive Administration, has recently joined the Work Group. Her work, which involves researching and evaluating existing performance measures and management in the area of planning and programming, is directly related to what this Work Group is trying to accomplish. Realizing this, the Administration invited her to coordinate her efforts with the Work Group, to more effectively and efficiently respond to the Sunset Commission.

In reviewing her team's research findings and observations to date with this group, it was clear that their analysis is following a parallel track with many of this Work Group's observations. Working separately, the two groups have followed the same cumulative thought processes and come to many of the same preliminary assumptions. This realization came as an affirmation for both groups. Our separate but parallel observations reinforce that we are on the right track with our observations herein.

The Restructuring Work Group is more comprehensive in scope than is the Meyland research. Therefore, recommendations to be developed at a later date in a final report from this Work Group will also be more comprehensive and detailed than those resulting from the Meyland efforts.

Transportation projects should be completed on a schedule promised to the public and affected communities. TxDOT is moving toward performance based management and should consider using quantitative measures of performance of the planning and programming processes and documents to continually evaluate its success and that of the MPOs.

The Work Group has not performed a detailed evaluation of performance measurement to permit recommendations at this time. However, example measures and targets which could be considered include:

- Percent of TxDOT projects in the first year of the STIP that are let for construction in that same year.
Each year TxDOT and the MPOs commit to a four-year published program of projects in the STIP. Planning partners, businesses and citizens rely on the information. TxDOT should consider establishment of an ongoing target for 90 percent of projects in the first year of the program to be let for construction in that same planned year. TxDOT has established TRACKER to enhance accountability for delivering projects on schedule. A performance measurement system could improve this recent initiative. Performance measurement will permit documentation of factors which prevented accomplishment of the goal and reevaluation.

- Percent variation in major project's cost from estimates when projects first enter the STIP to actual cost when let for construction.

TxDOT should consider annually updating cost estimates for projects under development, using a uniform methodology and adjusting for inflation. The control of scope and cost increase in projects is important to the planning process. TRACKER should measure how much costs change when projects enter the four-year STIP. Performance measures should reflect changes in cost in engineering, right-of-way and engineering costs.

SUBCOMMITTEE RESEARCH

Observations made by individual participants are included here as examples of discussion and research.

Adapting to Changing Circumstances: Statewide Transportation Plan, Project Development Plan and Letting Plan – Jody Ellington, TxDOT Pharr District

As we look at ways to improve the current planning and programming process by simplifying it and making it more transparent, efficient, accountable and understandable, we also need to ensure that the process is flexible enough to adapt to changing circumstances. Given the significant amount of variables involved in project development from an initial planning needs assessment to letting a contract to construction, changes are inevitable. These changes can involve and affect individual projects as well as entire statewide plans and programs. Some potential issues and possible ways to address them for the three basic processes/plans – Statewide Transportation Plan, Project Development Plan, and Letting Plan - are outlined below:

Statewide Transportation Plan

Overall needs assessments to address identified strategic goals are performed without financial constraint based on assumptions and projections involving items such as demographics, travel demand etc.. Once overall needs have been identified and evaluated, financial projections are used to prioritize and select programs and projects for further development. To date, statewide needs have been identified through TMMP's, TUMP's & the 2030 Commissions, and federally required MTP's have served as financially constrained long range plans.

Some potential issues in continuing as is include:

- Inconsistent coverage and update cycles, and changing assumptions/projections – the TMMP's and TUMP are not currently set up for regular updates, and rural areas and state/regional connectivity are not addressed. In addition, MTP's are typically 25 year

plans updated every 5 years which does not coincide with the 2 year state budget, typical 6 year federal highway bill or 2 year STIP cycle. This can lead to significant discrepancies between documents, and limit flexibility to change noting that changes in assumptions/projections could lead to revised priorities and plans.

- Inconsistent and changing financial forecasts – forecasts are currently inconsistent between Districts/MPO's, and changes/revisions are probably being handled differently as well. Keeping to a conservative forecast could result in not having enough projects in the long range plan to be worked on to address additional funding that could become available or projects that fall out.
- Changing project information – as projects are developed, limits, descriptions and costs are refined and change, requiring MTP changes. Could become more of an issue as we go to total project cost.

Possible ways to address:

- *Address rural area and state/regional connectivity needs assessments with TRMP's, and rural area and state/regional connectivity long range plans with RTP's. Integrate and combine these with the TMMP's, TUMP's and MTP's to establish the overall State Transportation Plan. In addition, establish better coordinated document update cycles by setting the Statewide Transportation Plan (TMMP/TUMP/TRMP & MTP/RTP) update to a 4 year cycle.*
- *Use different & more liberal assumptions for mid and long range financial constraint. TxDOT would prepare in collaboration with MPO's, and would be used for preparation of all MTP's & RTP's*
- *Move to a program and corridor based needs assessment and prioritization/selection plan.*

Project Development Plan

Per working group consensus to date, there is a need for a document/process, such as a PDP to address project programming and development authorization. This is currently being handled through the UTP (SMP/SPP) which has been a 10 year financially constrained document, typically updated annually. Programming was addressed using 12 different categories of funding, and authorization was given as plan, develop or construct. In general, projects were individually listed/approved by the Commission for Cat 2 (Metro Corridor), Cat 3 (Urban Corridor), Cat 4 (Statewide Corridor), Cat 6 (Structures Rehab/Replacement), Cat 9 (Enhancement) and Cat 12 (Strategic Priority), annual allocations provided to the Districts for Cat 1 (Preventive Maintenance & Rehab), Cat 5 (Congestion Mitigation & Air Quality), Cat 7 (Metro Mobility/Rehab) and Cat 11 (District Discretionary), and annual allocations provided to the Divisions for Cat 8 (Safety) and Cat 10 (Supplemental Transportation Projects).

Some potential issues in continuing as is include:

- Limited planning flexibility - tying project authorization to financial constraint based on construction funding doesn't allow adequate planning to determine which projects need to move forward.
- Limited project development flexibility – project specific selections/funding for mobility projects doesn't allow for changes as project development refines the scope, limits and cost and as priorities may change based on funding, project development issues, etc.. Changes also require Commission approval or waiting until the next update. In addition, although PM & Rehab is not project specific, Districts are limited on mixing the two allocations.
- Limited total project cost/funding flexibility – currently only construction funding is addressed, but as total project cost is implemented for project specific selections/funding this could become a major issue noting that other than construction costs (engineering, right of way, utility, etc.) change and evolve with projects as they are further developed. For example, could be difficult to address not having enough ROW funds for a specific project that does have adequate construction funding.
- Changing financial forecasts – keeping to conservative forecasts based on current cash flow could result in not having enough projects in the pipeline to address additional funding that could become available or projects that fall out for one reason or another.

Possible ways to address:

- Authorize separate planning funds to address corridor/regional/state planning based on needs assessment. This could be a redefined “Plan It” strategy cover feasibility studies, schematics and environmental work and could be included in the PDP.
- Do away with specific project selections/approvals for mobility projects and go to an allocation program. Focus has been on moving to local decisions and local control which this would accommodate for Cat 2 & 3 (in combination with Cat 7). State in collaboration with MPO’s would need to handle Cat 4. Could also combine Cat 2,3,4 & 7 into just one Cat for Mobility. As for PM & Rehab, combine into just one allocation and let the decision be made locally on how to spend.
- With the move to local decisions and local control, and following the above move to an allocation program for mobility projects, allocate and distribute all other non-construction project funding (PE, ROW, etc.) to Districts/MPO’s in the same manner so they can manage total project costs and prioritize and develop projects under changing circumstance.
- Understanding the PDP will cover about 12 years of development, use different & more liberal assumptions for this mid range financial constraint. Would need to sync with what was used for the STP. TxDOT would prepare in collaboration with MPO’s.

Letting Plan

Annual letting plans are developed for each District which authorizes projects for construction within that fiscal year based on cash flow projections and established category and district letting

caps. Projects are typically not let only if there is an issue with project development or cash flow. These projects are pulled from the STIP, which is a federally required 4 year financially constrained plan.

Some potential issues in continuing as is include:

- Flexibility vs. Accountability – we already have the flexibility in moving projects forward to letting from any year within the STIP, but when done becomes an issue with accountability. Questions arise as to what the priorities really were, and if money is being spent where it is really needed.

Possible ways to address:

- *STIP could be prioritized and treated more as a 4 year letting plan, and Commission could adopt. Or, assuming PDP is not project specific, and if STIP is not adopted as a 4 year letting plan, project specific annual letting plans could be approved by the Commission, giving real “Construct” authority.*

> *Could STP incorporate planning & development authority so no PDP is needed? Could STIP be construct authorized letting plan that is updated/approved annually.*

> *Need an easy way (single process) to simultaneously update all plans when needed - Statewide Plan (MTP/RTP), Project Development Plan (if needed), and Letting Plan (STIP).*

TxDOT Letting Schedule and Project Tracking –Joe Cantalupo, CAMPO

One of the issues raised by the Unified Transportation Program (UTP) Work Group is that Metropolitan Planning Organizations (MPOs) do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This is partially because project letting schedules developed and maintained by the Texas Department of Transportation (TxDOT) are not regularly developed or otherwise shared with the MPOs and partially because MPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

As the importance of using letting schedules as a tool to manage cash flow becomes more important, there is some concern that MPOs priorities are not being implemented as they should because of how letting schedules are developed and maintained. (*Note: Comment by the Work Group, “In reality, cash flow is being used to manage the letting schedule, not the other way*

around, as stated.”) While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of the how these schedules are developed and managed is creating several issues for the MPOs and TxDOT:

- It makes the tracking of projects in any organized or efficient way very difficult, if not nearly impossible. This creates difficulty when it comes to managing projects in the TIP, which in turn makes it difficult to demonstrate fiscal constraint when TIPs are amended or developed. This can lead to possible issues with the development and approval of the Statewide TIP and ultimately affect project delivery, and complicate the development of updated projects lists for amended or new long range transportation plans.
- It makes communications with local governments much more difficult, especially with regard to how implementation expectations are communicated. While local governments can easily check on the status of a project, delays become much more an issue because of a lack of familiarity with how the letting schedule was developed, how it is managed, and why.
- It makes the management of transportation networks used for mapping and travel demand modeling more difficult.

One possible way to address and improve this would be for TxDOT and the MPOs to agree that letting schedules be provided to the MPOs for review prior to their approval by TxDOT, and to agree that TxDOT will provide the MPOs with monthly (or quarterly updates) that highlight what schedules were changed and why.

Texas Metropolitan Mobility Plan (TMMP), Texas Urban Mobility Plan (TUMP), 2030 Committee Texas Transportation Needs Report – Bob Appleton, TxDOT Bryan/College Station

The work group has asked how the UTP, an intermediate document or process connecting long range plans with the TIP/STIP and letting schedules, might interact with the previously prepared TMMP, TUMP, and 2030 Report. The described purpose of the Texas Urban Mobility Plan and Texas Metropolitan Mobility Plan was a focus on the mobility needs of each area in order to address the funding shortfalls that exist between the total resources available to the region through traditional funding sources, and the amount needed to reduce congestion to a locally acceptable level. By strict definition none of these three documents are plans, but are more forecast reports. However, they provide information that is a strong foundation upon which to develop the UTP whatever form it ends up taking. The plan for developing a UTP should include the steps necessary to update a support document modeled on these reports.

The group discussed scenario building similar to the probability cone that the National Weather Service uses to predict tropical storm landfalls. The TMMP, TUMP, and 2030 reports provide groundwork for developing the fiscal component of possible scenarios for developing the UTP

cone. The 2030 report incorporated much of the work prepared for the TMMP and TUMP. It contains four mobility scenarios: *Current Funding Trend, Maintain Economic Competitiveness, Prevent Worsening Congestion, Reduce Congestion*. These provide a set of “undesirable, good, better, and best” forecasts of funding versus needs that could establish an envelope for levels of project selection. Rather than simply over-programming funding levels as is the current habit, the New UTP might contain programming levels that matched these sorts of scenarios and gave the observers and users of this document or process an estimate of probability of a project’s or corridor’s future development. The information in these three reports also considered the increased maintenance and operations costs of increasing facilities for mobility. The costs developed under the scenarios mentioned above in combination with scenarios for allowing deterioration of, maintaining, or improving the condition of transportation facilities could provide the programming levels for maintenance funds and projects.

If the formula for development of the 2030 report has been successful in developing public confidence in the results, then it should serve as a model for updating the results as part of the new UTP development process. This could be the basis for presenting the decision making process for integrating local priorities into regional and statewide plans and could give guidance to local and regional offices regarding their project development work priorities. This is especially important given the amount of time necessary to develop mobility projects. The 2030 report addresses needs and costs for multiple travel and freight modes.

The usefulness of these reports and similar future reports is fairly obvious. However, we must pay particular attention to the participation of the end user and other customers in the development of the report and the subsequent inclusion in the UTP. We must recall the heated debates over the level of current and future transportation need in Texas and ensure that acceptance of the envelope in which we develop our plan comes first, followed by development and acceptance of the plan. Some may recall the State Audit Office’s critical analysis of the amount of need identified in the TMMP and TUMP.

The new UTP should include the methodologies and information produced in the 2030 Committee Texas Transportation Needs Report as a significant part of its development process. A plan that informs transportation users, legislators, project developers and others must begin with a widely accepted identification of future needs and this document appears to accomplish that.

The Texas Metropolitan Mobility Plan (TMMP) and the Texas Urban Mobility Plan (TUMP) – Tom Niskala, Corpus MPO

A retrospective review of the process resulted in the recommendation that the eight large MPO’s start meeting in July of 2005 to review methodologies and approaches for development of the next TMMP, due by September of 2006. It was also decided to expand the TMMP concept to

the seventeen other urban areas and a corresponding Texas Urban Mobility Plan (TUMP) process was initiated. As part of this new process a number of new approaches were taken including:

- The inclusion of rehabilitation costs,
- Updates of construction cost estimates by categories of metro area size,
- An assessment of the value of time for the delays experienced by passenger vehicle and commercial trucks,
- The development of a consistent travel demand modeling approach

Reports for all 25- urban areas were prepared for the Texas Transportation Commission by September of 2006.

The TxDOT Commission took an alternate approach in 2008 and established the 2030 Committee. The purpose of the independent 12-member committee was to present an assessment of the state's transportation needs through the year 2030, in the context of today's economic reality. The committee, with the assistance of the Texas Transportation Institute and MPO input, identified the fiscal impact of maintaining mobility levels through 2030. The Committee issued a report estimating the resources necessary to meet those needs in December of 2008.

Positive and negative thoughts include:

- The 2004 TMMP's were developed in a relatively short-time frame and lacked consistency in approach or methodology.
- The 2006 TMMP's and TUMP's utilized travel demand model runs to illustrate the needs to eliminate "Level of Service - F" or the worst congestion level and was not intended to identify project specific actions needed to reduce that congestion.
- There were no additional resources provided to the 25 MPO's to provide the plans and no modification of the other federal or state planning activities that needed to proceed during the development of the TMMP's and TUMP's.
- The resources, experience level and capabilities of the 25 MPO's vary dramatically and the "one size fits all" methodology created products with differing confidence levels.
- The process took a "macro" look at transportation needs but was assailed by critics for micro differences in findings.
- The 2030 Committee process findings from TTI were useful and were received with less criticism and dissension than the previous TMMP / TUMP reports.

Observations include:

- The development of 25 reports by 25 very different MPO's will not provide a single product that can be viewed with a high level of confidence. Each of the MPO's should

decide the value of incorporating the TMMP / TUMP thought and analysis process in the development of their individual Metropolitan Transportation Plans.

- The diverse 2030 Committee did provide TxDOT a meaningful product to communicate financial needs to the legislature with minimal burden on the 25 MPO's. A similar Committee process in 2010 may benefit from including representation from the MPO community.

Terminology of State Documents: Project Selection Process, Statewide Transportation Plan, Strategic Plan, and the Unified Transportation Program – Robert Allen, Abilene MPO and Brad McCaleb, Texarkana MPO.

UTP Work Group Issue Identification - Terminology

Issue: Terms used in the State documents (Project Selection Process, Statewide Transportation Plan, TxDOT Strategic Plan, and Unified Transportation Program) concerning the transportation planning and programming process are used inconsistently among the documents and in ways that are not intuitively obvious to all in the profession let alone the general public.

Issue: In the goal of communicating ideas accurately and in a meaningful way, there is often tension between the use of simple terminology with which most readers are familiar and the use of precise language that diminishes the likelihood of multiple meanings attached to a single term.

Goal: Develop a consistent lexicon for use in all public documents relating to the transportation programs engaged in by TxDOT.

Example: The terms “plan,” “build,” “maintain,” and “safety” are used repeatedly but inconsistently in the above referenced documents.

“Plan” has the broadest range of general definitions and is also used most inconsistently. In the Project Selection Process, Strategic Plan, and draft Statewide Transportation Plan documents the term “plan it” as a strategy refers to everything that happens prior to construction of a project. In the Project Selection Process document, however, planning is described as one of the five typical steps in the project selection process that occurs after the identification of need and the financial plan and beginning prior to but continuing along with the development phase. The metropolitan transportation planning process typically entails needs identification, financial plans, public involvement, and varying degrees of environmental review. In the UTP, “plan authority” refers to a particular stage between feasibility study and develop authority. As a noun, plans may refer to general policy documents, needs studies, resource studies, or specific engineering design documents.

“Build it” refers to the implementation of all infrastructure projects that are not defined as “maintain it” projects. “Build it” projects include rail crossing replanking and rail crossing signal maintenance projects, however. “Build it” and “construct authority” do not mean the same phase in a project’s life. “Construct authority” refers to the final phases of project

development but the project must be moved from construct authority to letting authority before it may be built.

“Maintain it” refers to the maintenance, rehabilitation, or replacement of existing infrastructure except for safety infrastructure projects that are built from specified safety project funds. Maintenance, however, is normally used within the profession in reference to a specific subset of “maintain it” projects.

In the five budget strategies referred to in the Project Selection Process and Strategic Plan, safety is referred to only as a part of the “use it” strategy that refers to providing grants to improve public safety. In the Strategic Plan, the “enhance safety” goal is described in terms of noninfrastructure programs. The Project Selection Process, however, also refers to the programs in the UTP in which safety projects funded through specific safety funding programs are a part of the “maintain it” group of projects. A project may be developed primarily for safety purposes but if it is funded through a program such as district discretionary funds, it is a “build it” strategy project. The draft 2004 Statewide Transportation Plan used “maximize it” instead of “use it” and referred to safety as part of the “build it” strategy.

Example: Added “capacity” is primarily used within the profession to refer to adding additional primary travel lanes for environmental review purposes. Throughput capacity, however, may be improved through operational improvements such as turning lanes, weaving lanes, grade separations, or access management projects. Bridge capacity refers to structural load-bearing ability.

The Project Selection Process defines “build it” in the following terms

“This strategy oversees construction projects that add capacity to the state’s transportation system, either through new projects or those which supplement the existing infrastructure. Projects in this category could include widening an existing tax-supported highway or toll road, constructing a new bridge or lengthening a runway at an airport.”

“Build it” projects include not only capacity in the form of added lanes and operational improvements, however, but also transportation enhancements, landscaping projects, and the aforementioned rail crossing maintenance projects.

ATTACHMENT 1

UTP Work Group Members Addresses MPOs and Districts

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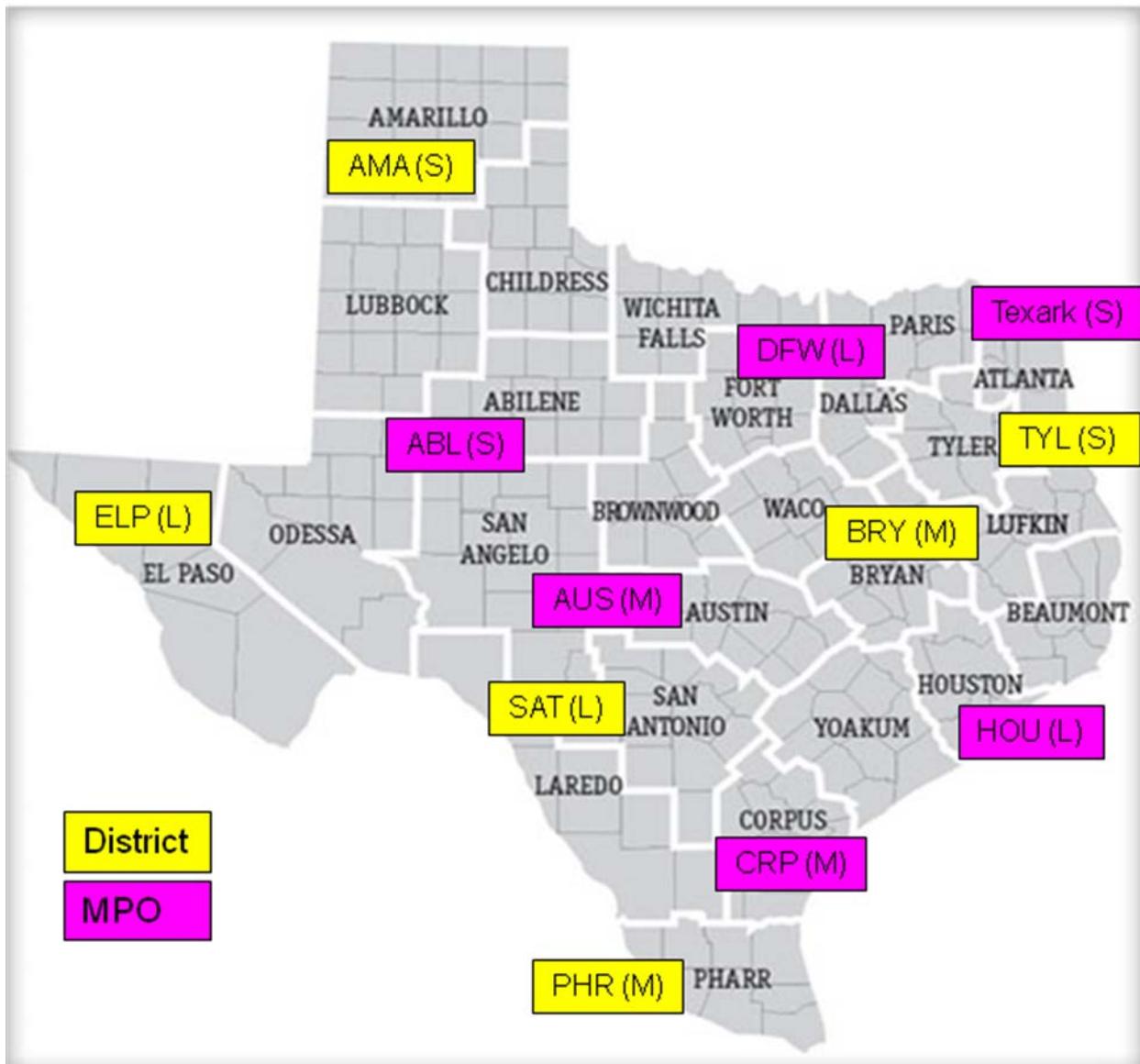
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ATTACHMENT 2



WORK GROUP MEMBERSHIP LOCATION

Attachment G
to the Final Report:

Meeting #6 Notes, June 22-23, 2009

Planning and Programming Workgroup Meeting
June 22-23, 2009
TxDOT-Riverside Campus

June 22nd

In attendance:

Dan Lamers	Tom Niskala	Jack Foster, TxDOT
Brad McCaleb	Bob Appleton	
Joe Cantalupo	Ed Calvo	TTI: Todd Carlson
Ken Petr	Jody Ellington	

Todd Carlson facilitated the session in place of Montie Wade. Carol Court was not available, so no notes were taken during the session. The following is an overview of the discussion that took place.

Through the course of this 1 ½ day session, the group became more focused on recommendations and beginning the process of finishing the overall work.

Initial discussion focused on streamlining the planning process. Questions regarding the TMMP/TUMP and how it fits into the group's topic were discussed. Members from MPOs discussed staff and funding limitations for project updates. The group reiterated the need for better communication between TxDOT-Finance and the MPOs.

The group then focused on the “funnel” graphic developed thus far. The main issues were the DEVELOP1 and DEVELOP 2 levels of authority (LOAs). The group had difficulty differentiating between the two and spent significant time refining the concepts. DEVELOP 1 is intended to have more financial constraint than DEVELOP 2. This is provided by a 10-year financial forecast by presumably TxDOT. The 25+ years State Vision Plan, the MTPs and other long-range plans are unconstrained financially. The 4-year STIP is constrained. The 10-year forecast would provide an opportunity to MPOs and TxDOT to plan under some form of constraint and provide more realistic planning assumptions.

One issue noted was the difficulty making clear graphically that the LOAs are not a fixed point in time. The group does not intend to imply the fixed nature of the LOA and hopes to avoid that in the graphic.

The group also discussed the “funnel’ graphic further in efforts to refine it.

Later discussion focused on areas in the workgroup's charge that had received little attention thus far in the meetings. These were:

- Performance measures
- UTP categories

The group discussed the topics, but did not reach a consensus. Performance measures would be addressed closer to the end of the group's work when the final planning process recommendations are developed. The number of UTP categories was discussed, but members deferred deeper discussion for later meetings.

June 23rd

In attendance:

Bob Appleton	Joe Cantalupo	Montie Wade, TTI
Ken Petr	Tom Niskala	Todd Carlson, TTI
Brad McCaleb	Dan Lamers	David Pultowski, TxDOT
Ed Calvo	Jack Foster, TxDOT	

Todd Carlson facilitated the session in place of Montie Wade. Carol Court was not available, so no notes were taken during the session.

The group continued discussing the “funnel” graphic and refining some of the concepts contained in the graphic. Again, the main issue was the difference and characteristics of DEVELOP 1 and DEVELOP 2 LOAs. Changes were made directly to the graphic.

Tentative Recommendations

The group sought to make some of the issues and concerns discussed more definitive as final recommendations. (All recommendations below are subject to change before adoption of a final report.)

- A meeting with representatives from US EPA, FHWA, TxDOT, TCEQ, and MPOs in nonattainment areas should occur to discuss the new planning process developed by the workgroup and how it fits in with current requirements. The workgroup does not wish to add burdens to MPOs or conflict with federal and state air quality processes.
- Funding should be increased for MPOs, especially in nonattainment and near nonattainment areas to increase staff and resources to fulfill new planning requirements.
- The 10-year financial forecast for the new planning process will be conducted by (TBD) and updated every 2 years.
- A 2-year financial forecast for plan updates is acceptable to the workgroup. An annual forecast leading to a plan update will place too great a burden on MPO resources.
- Communications material (e.g., guides, brochures, website materials, manuals) should be developed, tailored to the intended audience, to explain the new planning process and the overall planning and programming process and requirements.

Assignments

Definitions of terms in the final report – Tom and Dan were to draft a glossary for terms and concepts in the developed planning process

The “funnel” graphic – Tom Niskala would continue to fine-tune the graphic of the planning process developed by the group and distribute to the group by the next meeting.

Levels of Authority DEVELOP 1 and DEVELOP 2 – Dan Lamers would try to define and develop further the LOAs developed by the group.

Joint Meeting with the TEMPO Long Range Planning Group – The group asked Montie Wade to contact TEMPO and arrange a joint meeting so both groups can be fully aware of the work being done by the other. Dan Lamers would also discuss it with his NCTCOG colleague Dan Kessler, who heads the group.

Overall process / macro level context – Tom Niskala would continue to develop an explanation of the overall planning and programming process (federal, state, local) and how the groups work will fit into it.

The write-up on the need for communication between agencies, especially TxDOT and the MPOs, created by Alan Clark was to be re-distributed to the group.

The group adjourned at 1:30 p.m.

Planning and Programming Workgroup Meeting

June 22-23, 2009

TxDOT-Riverside Campus

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The “funnel” graphic – Tom Niskala would continue to fine-tune the graphic of the planning process developed by the group and distribute to the group by the next meeting.

Levels of Authority DEVELOP 1 and DEVELOP 2 – Dan Lamers would try to define and develop further the LOAs developed by the group.

Joint Meeting with the TEMPO Long Range Planning Group – The group asked Montie Wade to contact TEMPO and arrange a joint meeting so both groups can be fully aware of the work being done by the other. Dan Lamers would also discuss it with his NCTCOG colleague Dan Kessler, who heads the group.

Overall process / macro level context – Tom Niskala would continue to develop an explanation of the overall planning and programming process (federal, state, local) and how the groups work will fit into it.

The write-up on the need for communication between agencies, especially TxDOT and the MPOs, created by Alan Clark was to be re-distributed to the group.

The group adjourned at 1:30 p.m.

Attachment H
to the Final Report:

Meeting #7 Notes, July 9-10, 2009

UTP Work Group Meeting Notes

Thursday, July 9, 2009

Dan Lamers
Dale Booth
Jody Ellington
Clay Smith
Joe Cantalupo

Alan Clark
Eduardo Calvo
Jack Foster
Wayne Wells

Montie Wade
Todd Carlson
Carol Court

Attachments referenced during meetings:

- | | |
|--|--|
| A – Transportation Planning Concepts from HB 300_Appleton | D – Project Development Process Chart 07.08.09_Niskala |
| B – Outline - Financial Constraint for Planning & Programming Docs & LOAs_Lamers | E – UTP Work Group Summary of Findings_Cantalupo |
| C – Reduction of Funding Categories_Niskala | F – Saenz Email and Attached Letter on Rules 07.08.09 |

T. Carlson – Reviewed highlights from the June 22-23 meeting: We are past the half-way point in our process, and the Work Group should pivot toward “end game.” We need to develop a Final Report with actual recommendations. We reviewed the PDP chart and document to see if we have addressed all the comments (in HB300, as summarized by Bob?). Assignments were given to:

Dan Lamers, to provide an outline for the report (B);

Brad McCaleb, ???

Joe Cantalupo, to provide a brief, streamlined summary of the report (E); and

Tom Niskala, to update the PDP process flowchart (D) and a write up on reducing the funding categories (C).

We will start by discussing the document Joe provided (E).

J.Cantalupo – The idea was to make the report more concise, and put together an introduction to explain why we are doing what we’re doing. It’s more an outline, that we can plug definitions and descriptions into, as well as assumptions and resources. The value of an outline format is to make a clear and concise statement. Dan and Tom will help fill it out with their parts.

D.Lamers – Rather than have a diagram to talk around, we could have an outline with assumptions explained. You can't capture that in pictures. It should have two parts: 1) financial and 2) levels of authority (LOAs) that are interactive. The last meeting gave us the idea that LOAs can be concurrent, but there has to be some financial constraint in every level.

J.Cantalupo – I agree.

A.Clark – This is true. You are describing relationships between steps in the Plan Development.

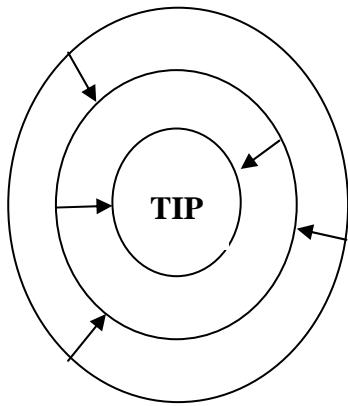
D.Lamers – Adhere to the basic principles of forecasting and you can have multiple LOAs. There are portions of the long range plan (LRP) that could be in different levels (UTP, TIP, Let). There are portions of planning activities in multiple levels of the process.

J.Cantalupo – Instead of MPOs being allocated funds, the Administration wants our responsibility to change. We have to plan for each portion of the process.

A.Clark – For each activity to be in the TIP, certain things have to occur, and it has to be at a certain level in that process. We had only been looking at the “big picture.” Now we are acknowledging all the little steps in the process that have to be accounted for. We’re used to not seeing funding in the TIP because that was part of the statewide process and it came from a “bucket” in “Austin.” Now we have moved beyond that perspective.

J.Cantalupo – Where I come from, we planned all the levels and you could see the money allocated for each portion of the planning process.

A.Clark – We might want to add to our illustration. Maybe we could use the board to show that the TIP is more than a construction planning document.



D.Lamers – It is a planning development document.

J.Cantalupo – It is a tool to show people what's going on. Not just construction, but all that is leading up to it. It's a communication tool. Last year we had a major mobility project, then we ran into financial problems. We need to be able to go to this model to explain what's happening.

A.Clark – MPO TIPs are more. They address areas like environmental issues. It occurs to me that we could do other things with the TIP without creating confusion with the feds. The state can filter out information not needed to satisfy the feds. The feds are counting beans.

D.Lamers – The feds don't need the detailed information that the public does.

A.Clark – Dan, you made notes in an outline (B) that address these things.

D.Lamers – There is no uncertainty in the TIP. They (feds or public?) want a list of projects with hard financial forecast.

T. Carlson – The 10-year forecast is updated every two years.

J.Cantalupo – TxDOT management has to look at an interim forecast, but the feds might look at that as totally new, not an update. Any “updated” information more frequent than two years would just be FYI.

A.Clark – Nothing says MPOs have to do updates on a schedule. I see it as if we're updating TIPs every year with a four-year window for major updates.

D.Lamers – We started getting down to how we would do this beginning with fiancé at the bottom, with letting...

A.Clark – Is there a need to have a financial review of the TIP before we submit it to Administration for adoption? Does someone in Austin need to look at the cash flow or provide us with a tool to do our own cash flow analysis on our own TIP?

J.Foster – You will still want Administration to look at that, but the trend will be more toward individuals doing more accounting to figure this out, based on the X amount of dollars (\$X) coming in. The Commission will still need to look at the big picture cash flow to make sure all the parts work together.

J.Ellington – Unless you get into cash flow, you will only spend \$X...

A.Clark – You have cash flow for letting...if we do 100% allocation... Who does that and when? Has it always been done? I have had so little knowledge in the past; but I will want to know these things in the future. We have not talked about how cash flow letting will occur.

T. Carlson – That could be a recommendation of the group.

D.Lamers – If Austin says you have \$X, you need to be able to communicate with Austin that you have plans to spend a certain amount of that for construction on a specific project. Maybe we should show that we need \$X for the full term (10 yrs) of the project and have that total show up 10 times (once for each year of the term).

J.Foster – James Bass wants to go in a more sophisticated direction of cash flow forecasting...

T. Carlson – Alan can you come up with a write-up on this? Then we will come back to this topic.

D.Lamers – That's why I started putting this down, so we can narrow our focus.

A.Clark – It is radical to have a TIP that is cash flow...

J.Foster – Once you try to balance your TIP to the dollar, you are coming to a difficult conceptual process.

D.Lamers – This can be a placeholder, that the Letting Schedule will be based on a cash forecast and assumption that this will be updated as needed. A firm forecast means the project will have to move in and out.

A.Clark – Whatever is in the four year process should be ready, and this should not change the character of the projects in the TIP. It's more a matter of priority. The timeframe is better in DCIS (rolling schedule?). Moving things between years makes a huge difference.

D.Lamers – Now we have a new TIP every two years, but they (financial forecasts?) are updated constantly.

A.Clark – We need to define terms such as “update.”

J.Cantalupo – The public doesn't care about semantics.

D.Lamers – Terms are important because cash flow forecasts are involved. There can be a new cash forecast every year, but we don't want to make a new TIP every year. We just need to make the TIP a priority. We want to make sure we have a choice.

A.Clark – To me, “amend” means tuning and tweaking; and “update” means replacing with a new model.

D.Lamers – If amendments push a projects out, it would be for technical reasons, not because of the cash forecast.

A.Clark – The only reason to kick a project out is if it's not ready to let.

D.Lamers – You would not rebalance the financial construction of the TIP except every two years.

C.Smith – In theory, you have to move a project out; but in reality it may still fit by update time. So you might as well keep it in the TIP even if it doesn't fit within the cash flow during the interim.

J.Cantalupo – I agree with what Clay is saying...

D.Lamers – The TIP itself is not cash flow-based, but the size of the funding circle is.

A.Clark – The one thing we don't look at or show elected officials is cash. They are shown a budget and we really don't know what the cash is. Nobody who has a real world effect on us and what we're doing sees this. We don't need to know that. We have to have a process we can manage.

J.Cantalupo – I look at “cash flow-based,” and can't see how it means the same thing at different levels.

D.Lamers – What I mean is that the budget for the TIP is based on the cash flow analysis.

A.Clark – If we show our TIP based on the actual cash flow forecast, we'd have all the work that is done and is still being paid for. We're trying to make this more easily explainable to the public. We need to acknowledge the cash flow limitations and obligations.

T. Carlson – At the last meeting, you said communication material has to be developed based on who is ready for it. What you have to decide is how much you need to know and understand. Where do you draw the line? You can leave a placeholder here until Alan comes up with the verbiage you can use.

?? – We need to know is what the various documents represent and how they correlate. Then decide what we need to include. Save it up and pay cash vs. make monthly payments.

D.Lamers – TxDOT may do a cash flow forecast every month. When the TIP is updated, you will use the most current version available.

A.Clark – TxDOT does the cash flow forecast to balance their accounts each month, even though they do a 10 year forecast.

D.Lamers – That's why we don't want to change our TIP more often than required.

J.Foster – What the feds want to know is when the Commission takes action on the official TIP/STIP financial budget. ...creates a question about updates to MTPs.

J.Cantalupo – We want to be careful about what we do, so it doesn't require us to mess with the MTP.

A.Clark – We have to make our recommendations so they allow for having different two year cycles using different cash flow forecasts.

D.Lamers – The TIP can be done the same way, logically.

D.Booth – If you're looking for an argument for flexibility, the graph gives you a good example.

J.Cantalupo – When we update the MTP based on the cash flow forecast, it just sits there. Then we do the TIP, which is more fiscally constrained.

D.Lamers – As Alan said, we have to hold to what we are required to do. No process is going to be perfect or flawless. Administration will question us, we just have to stick to and trust the process.

J.Cantalupo – We don't want to go from a “project to project” battle to a “document to document” battle.

D.Lamers – The plan is not a long range TIP. They are different documents and do completely different things. They are consistent, but not identical.

J.Cantalupo – We have to maintain some flexibility, and that is part of our job here.

? ? ? – All areas are on the same TIP cycle, but MTPs are individual.

D.Lamers – The cash flow forecast will reflect all money to be spent in four years: all costs, all phases, etc.

J.Foster – I think HB300 wants it (UTP/PDP) to be updated every year. Rulemaking from the HB reflects that the Commission wants it to be done as much as possible.

D.Lamers – The financial forecast updates will be every two years, but the UTP could be updated annually, as the project list changes.

A.Clark – I really want to leave it at two years.

J.Cantalupo – We can still make a suggestion for something different from HB300 if we think it is better and we explain why. We owe it to them to give them an independent perspective. That is our job.

A.Clark – I think legislature really wants an annual report, not a whole new plan. Is there one done by the Department?

J.Foster – I haven't seen one for a couple of years.

A.Clark – Maybe what we're missing here is an annual report.

J.Cantalupo – It's not critical to the process, but it would be nice to have.

D.Lamers – I think the process will require us to change the list of projects.

J.Ellington – We're (districts) are in agreement. You don't want to have to do more updates than necessary. I don't even think your TIP should match the first four years of the UTP.

A.Clark – But we don't really do an update. We just change the parts that have changed, do a summary, and include it as an amendment.

C.Smith – That's what we do also. I agree that the greater flexibility you have the better. The cash flow is fluid, and you don't want to have to change your plan with every fluctuation.

D.Booth – As for the actual UTP update, it makes sense to do it every two years. To press the point, keep in mind that, with the exception of 2009, we have been doing that. The UTP has traditionally covered more than big planning projects, it has included maintenance, rehabilitation, etc.

C.Smith – I think it should all project to 10 years. They kind of did that three years ago. If you're going to do it, four years is pretty solid. Longer period terms are those that take longer because of things like environmental studies and such.

A.Clark – I thought it was all going to be 10 years out.

C.Smith – Adoption of the UTP should be MPO approved. Today, the MPO reviews it, but the Commission adopts it.

D.Lamers – Mobility dollars should definitely be approved by the MPO and Commission can bundle them into the plan. MTP updates can be done as needed, or as you choose based on changing forecasts.

J.Cantalupo – We need to avoid making the LRP an extension of the TIP. Maintain flexibility and don't react to every fluctuation in the forecast, good or bad.

M.Wade – I heard we will be updating the UTP every year, but I think this is a much better plan. You should recommend whatever you feel is right and what works.

BREAK

M.Wade – Amadeo says we're going to total project cost (TPC). That, as well as several other items, are parallel to what you are doing in this Work Group. I spoke with Mary Meyland about

the meeting on August 5th. She might have information for us about questions that have been asked.

J.Foster – They are looking at the TAC rules and are giving us financial forecast numbers (the Certified Annual Financial Forecast).

C.Smith – Yes, they are what can be used to develop the UTP, etc.

J.Cantalupo – That's what we've heard.

M.Wade – Mary's interpretation is that MPOs need numbers and they will have a new public involvement program (PIP) regarding the use of this information.

C.Smith – I think they're using TRENDS, but I don't know what else.

J.Cantalupo – I'm concerned that nobody has had adequate time to deal with the situation in a meaningful way.

C.Smith – I'm afraid the policy board and others will say they haven't really been hearing that they won't have any money.

A.Clark – They need to understand that if they submit more projects than there are funds for, they won't have any money.

C.Smith – Show them the difference between gas tax revenue six years ago and what it is now.

J.Cantalupo – We showed the people when we were not compliant, that 54 percent of our budget costs were not going to be met.

A.Clark – The Department needs to tell us when our honeymoon with the contractors will go away. How and when do you make the decision that the projects have to go away?

M.Wade – Let's look at LOAs. The Administration said we need a lot of definition...

D.Lamers – (Referring to the outline, [B]) It's easier to start at the top (Plan LOA) and work down. MPO planning funds don't fall under financial constraint. In Develop LOA there are two parts, Dev1 and Dev2 . Projects take 17 years to develop. Administration wants a 10 year checkpoint, so we made two to ten year forecasts. Develop LOA has nothing to do with timeframes. Dev2 is what we originally talked about as the "Develop Process." You can have a project that will be Let next year, but is still in Plan LOA if it doesn't take long to develop. What is troublesome is the overlap between Dev1 and Dev2.

C.Smith – We don't want to box ourselves in. If we have a huge project, we may want to develop those portions ("low-hanging fruit") that provide the best benefit for the money

available. We want to reach financial constraint and initiate NEPA, but only if accomplishing those things won't preclude future development.

A.Clark – Fiscal constraint and project development do not necessarily work in the same way or in the same timeframe.

D.Lamers – If we have this Dev2 pool, we are going to take projects out of this pool and move them to Dev1 if and when we know we will have the funds to. So you could do NEPA in Dev2.

M.Wade – You may not want to rule out going through the ROW process in Dev2.

D.Lamers – Right, if I have a huge project that will take 15 years, I want to finish NEPA in Dev1, start planning construction, and be ready to go when I move into Dev2 for the last 10 years.

C.Smith – ROW preservation is kind of there already.

D.Lamers – You might not be able to move into construction until the last 10 years, and move to Dev2. I don't understand the process and timing that TxDOT goes through.

C.Smith – You're pretty close.

D.Lamers – Dev1 and Dev2 are essentially identical as far as activity. The only thing missing is a financial trigger.

C.Smith – You want ROW to be able to begin in Dev1. (Clay will help Dan work on the language in this document revision.)

A.Clark – You might do PS&E if it's a small project and won't take long to do. By illustrating how the process works with real world examples, we may see changes needed.

M.Wade – There is inconsistency with the PDP Chart (D). You talked about the difference being a financial trigger, but finance for construction is shown in Dev1 and Dev2 on the chart.

D.Lamers – An arrow needs to go from Dev1 into Dev2, not vice versa.

A.Clark – In order to keep to the process of the Letting Schedule, we're matching the size of projects in Dev2, to move into Dev1 as funds are available.

J.Ellington – The UTP needs to authorize spending money at all levels. Fiscal constraint in the federal sense doesn't tell you how you can...today. Today has to balance with today's resources.

D.Lamers – In TIP and Let we need to think about financial triggers.

(There is discussion and consensus to meet at 8am tomorrow, because Joe and Clay will not be back in the afternoon.

LUNCH

D.Lamers – In the outline (B), STIP and Let are self-explanatory and we can give Clay a chance to review and comment before going over this as a group.

D.Booth – Is there a thematic theory with Dev1 and Dev2?

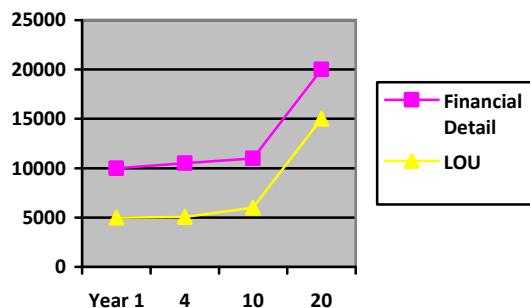
D.Lamers – No, they are just placeholders until we better define and refine them. We'll revisit the terms.

D.Booth – Volunteered to come up with some possible terms.

A.Clark – The “logical development” of the process may be a theme. Make sure one is not the same as the other.

M.Wade – I suggest you rename “STIP,” and make it “Program (STIP) Authority.” Tom will rework the chart. On the version we have today, the headings are out of place.

A.Clark – The level of uncertainty (LOU) gives us flexibility and is a good component.



Dan's “Sideways Funnel”

A.Clark – Financial detail and LOU are totally different components even though their lines may run parallel.

D.Lamers – I think we should wait for Tom to cover the PDP chart. This is one communication tool to explain our concept.

A.Clark – Development of a long range financial forecast looks at all ranges of assumptions.

D.Lamers – I recommend a joint panel of TxDOT and MPOs to agree on those assumptions. TxDOT tends to be more pessimistic, and MPOs more optimistic.

M.Wade – They have a committee and are talking about involving MPO personnel as representatives.

A.Clark/D.Lamers – We're just representing the concept, not explaining how it works.

M.Wade – Would local dollars be included in the MTP, and would that include tolls?

A.Clark – Anything that matches local funds has to be included in the UTP.

D.Lamers – Tolls are only included if they're being used to fund a federally funded project.

E.Calvo – The LOU would stretch from year one, the baseline forecast, to year 10. At ground zero, we have very little uncertainty.

A.Clark – Beyond year 10, we'll still need a baseline forecast from TxDOT. Refinements may reflect regional differences. The biggest area of departure is the “other” (local) revenue: transit, tolls, etc. I think down the road we'll see less difference between transit and highway funds. We need to have a plan to go in that direction. The Commission has given transit great latitude, and may not do so in the future.

D.Lamers – Ed, we agreed that the four year financial forecast should be a firm assumption for all to use. The Administration wants this for 10 years. I think it makes sense to have the 10 year be conservative, so why not extend TxDOT's forecast?

E.Calvo – We have to incorporate whatever legislature wants.

D.Lamers – We need develop authority beyond year 10. We need projects ready and need a pool to kick projects back out to for holding. They are separated by fiscal constraint.

A.Clark – Each LOA includes “...and all of the above.”

D.Lamers – We need to separate LOU and level of funding into two separate things.

E.Calvo – It could be useful beyond year 12. We assume \$X in funding available for categories.

A.Clark – Take the State's baseline financial forecast and make it a consequence of local revenue in years one through ten. Even non-state/federal should have conditions for acceptance/justification. There is no advantage to padding their 10 year program. They should not be able to add just anything if it doesn't fit within the state/federal cap.

D.Lamers – There is legislation regarding local discretionary funds...local option sales tax for example.

A.Clark – There is no indication of support from locals (in Houston area), so there needs to be justification.

E.Calvo – But that's more a local issue.

A.Clark – But not to legislature. How much should TxDOT's STIP reflect what is in our local TIPs?

E.Calvo/M.Wade – Regionally significant projects are supposed to be in the STIP.

D.Lamers – So, if we have these in the TIP, they are in the STIP?

J.Foster – Yes.

M.Wade – Let's note what we want Tom to change on the chart.

D.Lamers – We have the same state baseline forecast (conservative) for all, out to 10 years. Beyond that we have the TREND model.

A.Clark – It would always be my idea to give policy-makers a reasonable assumption of what our local forecast looks like, plus or minus.

D.Lamers – By 10 years from now, we assume a different means to collect tax or funding for revenue.

M.Wade – I don't disagree, but Amadeo wants them to have a certified forecast. TxDOT will want to go with the most conservative.

A.Clark – He (Amadeo) will probably want our assumption first.

E.Calvo – The state/feds have assumed 100 percent in the past. Local gets mixed up in that.

A.Clark – We tell the state what local funds we have because we want to see what the state will match, and to try and get projects let.

D.Lamers – We already know what our 10 year list of projects should be. The state tells us what funds are available, and we decide based on that what we keep in Dev1 and kick the rest back to Dev2.

T.Carlson – We're going over what goes into the baseline forecast. Are you saying that local funds should be figured in?

D.Lamers/E.Calvo/A.Clark – Local funds shouldn't matter. This is just federal funds available. Then you decide how much local funds can supplement.

E.Calvo – The state gives you a forecast, consistent for all. Local funds are each area's problem, and helps define the LOU.

A.Clark – James Bass will certify state/federal forecasted funds. Our job is to say we have \$X locally to add.

T.Carlson – How are we applying this to the mechanics?

A.Clark – We're trying to answer Montie's question about when we start making assumptions based on LOUs.

M.Wade – Are we thinking this (financial forecast) will be done for every category?

A.Clark – I thought it was four categories now.

M.Wade – James Bass suggested staying with 12 rather than change and then have to come back again. That is too hard to do. You need a forecast on how ever many categories you have that apply to you.

A.Clark – I think the state will divide forecasting up between categories. We'll have to develop a mechanism to help some areas spend more "green" money, others "blue," etc.

D.Lamers - What about a trade fair like we used to do? The only bad thing is if we all spend money on capacity and nobody spends safety funds.

A.Clark – Areas that have more strain on them may have to make more "allowances."

M.Wade – Thinking ahead, if we have three lines instead of one, it doesn't seem like such a chore.

D.Lamers – There's a difference between the forecast and allocation.

W.Wells – Allocation is based on the forecast.

D.Lamers – The forecast is one line and allocation will divide that up by category.

A.Clark – We need to know what James Bass has in his forecast and then tell him what we have to go with.

D.Lamers – We need to use performance measures (PMs) to determine if we will actually have local funds available. Otherwise we could just be tying up matching funds.

A.Clark – there's a tremendous amount of disincentive to let projects that don't have local commitment or have all the requirements.

M.Wade – We just separated local forecasting from state allocation funds.

E.Calvo – One is revenue forecasting, the other is how you spend them. But they have to match somewhere down the line.

Still to discuss: number of categories; performance measures; recommendation document and structure.

BREAK

Performance Measures:

T.Carlson – We found two PMs used by Minnesota DOT.

A.Clark – I hope to be able write down some ideas to discuss tomorrow.

Number of UTP Categories: 12 – 3?

T.Carlson – No matter how many there are, Finance Division (FIN) will still have to break the funding out by federal categories. But it all comes down the Work Group's charge: make the process easy to understand, transparent, etc.

J.Foster – They want to take ...and make a version of NHS, collapse several Safety categories into one, and make them all more goal-oriented.

D.Lamers – Maintenance and Rehabilitation, Safety, Capacity and Environmental are listed.

A.Clark – Categories and the structure of how funding gets to projects may not be the same thing. Let's stick with the idea of categories and not worry about how the feds use them to allocate. Four categories will make funding easier to explain to the public/local officials.

M.Wade – Amadeo said the task force should decide what goes into the Code.

J.Foster – That's what Joe handed out this morning, was Saenz' Letter on Rules (F).

T.Carlson – Your recommendation would be to collapse 12 categories to four?

A.Clark – This may be the way the feds are headed. CMAQ already has so many rules that it may be easier to lump them this way.

T.Carlson – Safety is a major issue and has to be out there in the open. How can we collapse the existing categories?

A.Clark – Define eligible activities in each one and figure out how to fit various projects into them. This increases opportunities for flexibility.

J.Foster – It seems backward. Why not keep CMAQ, Bridges, etc.?

A.Clark – It's a trade-off. There are less decisions to make, and this responds to the charge to simplify and make the process easier to explain and understand.

M.Wade – What if they are left open so FIN can fit them in so as to make the best use of the designated funds?

A.Clark – It depends, that could make things harder or easier.

M.Wade – This is not just for presentation, there will be PMs on each category.

D.Lamers – We need to make the process more transparent and easier to understand. Suballocate one pot of money, then let Wayne and FIN manipulate it.

A.Clark – I don't think the Commission will accept three categories. I don't think they will allow this to pass without Environmental as a category. This would probably be a bad move.

D.Lamers – I think more flexibility is important, whether it's through fewer categories or not. I would argue that there are others in our group that could take a stab at this.

M.Wade – We can just table this discussion until the next meeting. Draft up today's discussion and have it back at the next meeting.

A.Clark – There are pros and cons with doing this, and there are other ways to approach it.

T.Carlson – If there are no other comments on UTP categories, we will re-address when we come together again. Alan offered to write up ideas on performance measures and bring it back tomorrow.

A.Clark – Are we able to do this in a more predictable way? We have to think the pros and cons through. If using PMs to judge our process, how will we know if we can spend the money allocated?

E.Calvo – Will there be other PMs besides project development?

M.Wade – I assume so, because they are going to apply to any goals that are set. If written by legislature, they will most likely be statewide.

A.Clark – Projects would move through the process faster if we had PMs to kick out projects that don't pass muster.

T.Carlson – We will dismiss until 8:00 a.m. tomorrow. We will check on the possibility of a joint meeting with Dan Kessler and the TEMPO LRP Work Group before August 5th.

Day 2

Friday, July 10, 2009

**Dan Lamers
Jody Ellington
Clay Smith
Joe Cantalupo**

**Eduardo Calvo
Jack Foster
Wayne Wells**

**Dione Albert
Montie Wade
Todd Carlson
Carol Court**

T.Carlson - Alan won't be here today; Dale had research meetings and Ed may be late. Tom sent another version of the chart which we will print out for everyone (D). In the letter from Amadeo (F) that was sent out, section 2 deals with what we're doing. And we will go over that. Joe will begin today with the structure and content of the document (E).

J.Cantalupo - Has the group taken over the writing of the document (rather than TTI staff)?

D.Lamers - What are the issues we really need to expand on, and what can be a sentence or two?

J.Cantalupo - Maybe we need to explain some of these goals more, but at what point will we stop meeting and discussing and start writing?

T.Carlson - I can't answer that, whenever we finish discussing everything.

D.Lamers - we need to put some recommendations on paper and talk about them.

J.Cantalupo - Do we start putting the document together or keep discussing?

T.Carlson - You can put together but it will all still be open to discussion.

J.Cantalupo - We can't reach a conclusion, because we can't put it into something we can identify and work with. I'll take Tom's diagram, Clay's amended write up from Dan and whatever anyone else wants to send and put it into a document. It needs to be clear and concise, but it needs to say everything we want it to be, because this is a one-shot deal.

M.Wade - It should include all the group efforts, and it will be a full-blown report with appendices.

T.Carlson - If you can just focus on the report, you won't have to deal with entire document.

M.Wade - Could what you are talking about be the Executive Summary?

J.Cantalupo - What we want is for there to be a clear, concise document that states our recommendations. A 10-15 page Executive Summary that says everything this group wants to say would do it.

D.Lamers - I think we should move definitions and assumptions to the front before the graphic. They set the stage for the explanations. I agree with Joe that we need to start building this final document of our recommendations. If someone comes up with something, if it doesn't belong in this document, we don't need to waste time heading off on a new tangent.

J.Cantalupo - We know we want to recommend a reduction in funding categories, so that will go in.

T.Carlson – Dan, can you go through early papers to see if they are relevant to what we're doing now?

D.Lamers – Yes, we need to review our past write-ups and discussions for what is still relevant.

J.Cantalupo - I will cull any “recommendations” out of these past materials and start there.

T.Carlson - Since Joe asked how long we will keep meeting, looking at the letter asking for comments to rule-making (E) has a deadline of Aug. 10. What does that mean for this group?

J.Foster - Those appear to be a summary of ... from Article 2 and HB300.

M.Wade - In talking with Alan, he feels some issues that MPOs are going to address are onerous. For instance criteria, the Department will create criteria for MPOs to select projects. Someone needs to make a statement that each individual MPO has their own selection criteria. Picket obviously doesn't understand what is already in place. If this goes through you will have a cash forecast for every one of the categories of funding. This thing begs for a lot of response. Those are two things in particular that Alan will talk to Kessler about, and see if TEMPO should respond or if each individual MPO should.

D.Lamers - I spoke to Dan last night. Maybe we could meet on August 3rd and 4th and have a joint meeting with the LRP WG on the 4th before the big meeting on the 5th. TEMPO will be meeting in September. They are asking for comments on exactly what this group is talking about.

J.Cantalupo - Are we exempt from the Aug 10 deadline? Either way we shouldn't wait much longer than the 10th because clearly they want to do something and I think we should take advantage of this.

D.Lamers - Does anyone know the deadline for this?

J.Foster - Some of us have seen an email that J.D. wanted the first round of comments in August and over the fall have everyone look at actual rule language for adoption by the end of this calendar year or by the end of January.

D.Lamers - Did they mention yesterday what our role is in this process?

M.Wade - No, but I think this is their way of starting the public involvement. I think this is in reaction to HB300. They had to incorporate something.

E.Calvo - We have a parallel path going here. How does this rule-making process fit into what we are doing here?

M.Wade – In all honesty, we have not given them recommendations.

J.Cantalupo - We have never been given a clear indication that we have a deadline or schedule of work due. The frustration is that they did not tell us that we needed to have recommendations to them for this rule-making process.

E.Calvo - They did not formally tell us this, but we are aware of what they are doing, so we have incentive.

J.Cantalupo - We are to the point now that we can make recommendations and I think we should do that.

M.Wade - A couple of weeks ago, Amadeo was talking about this. When Administration came and talked to us after the Legislative Session, he said they were going to implement some of the things that were recommended in Sunset Review.

D.Lamers - They did not give us an indication of exactly what they were doing so we could make the most of this opportunity.

J.Cantalupo - We can still weigh in if we get this in as early as possible.

D.Lamers - We know what their thoughts are and what they want comments on. As part of this group I am not comfortable that we need to answer these questions. The response needs to come from the MPOs. I suggest that we as a group do not want to respond to this rulemaking.

E.Calvo - At some point these two efforts are going to merge.

J.Cantalupo - But we need to be cognizant of what they are doing. We need to make sure our timing works with what they are doing.

T.Carlson – Jack, is the Aug 10th deadline for public comment? Does that work with getting this finished up at the end of the year?

M.Wade - We need to remember that we are in the first phase of our efforts.

D.Lamers - We write a report, then we have to get Administration's response? – see the TxDOT strategy. I think these efforts are parallel but not necessarily with any oversight of information. If you can get a 10-page draft turned in by the 10th, that would be helpful. Not all of it would go into the rule-making, but it would be nice to have a skeleton or framework for them to consider as they write these rules. They are focusing on what Sunset has charged them to do and this starts the clock.

E.Calvo - It seems that they should be able to give us some sort of timeline for when they need all of this.

M.Wade - If we can do this, I think we should just do it. I don't know that it will help to have someone give us a date. We can talk to Administration and ask for their input. But if we're setting a goal here today, Joe, is this a practical goal?

J.Cantalupo - We need more deliberate recommendations with descriptions, definition and explanation. Then they can be put together.

M.Wade - if you go back to the progress report and look at the observations, you can use them as a starting place.

J.Cantalupo - I can do that, and get input...

D.Lamers - I think you can just do that and use your collective judgment.

J.Cantalupo - I can get it done week after next (early the week of the 20th). In the meantime, everyone can send me their updates and pieces.

D.Lamers - My biggest fear is that because we have not had good attendance at this meeting and the last one, can we get our stuff together by mid-August? But when we do all get back together, I'm afraid we will just all be arguing all the things already discussed in these two meetings.

M.Wade - We need to get your comments and explanations out to everyone as soon as possible so we give people a chance to look at it and come to the meeting with clear ideas of what needs to be changed.

J.Cantalupo - I think we can make the recommendations but still be able to make comments

E.Calvo - I agree, but we need to agree that the first thing we submit on Aug. 20 is not complete and it will not be a representation of 100% consensus. We need to focus and deliver something though, whatever we can come up with in the amount of time given.

M.Wade - We have had a lot of meandering discussion, but it has all been useful to reach an understanding about what we really wanted to do and where we wanted to go. I think you are on the verge of having a structure or skeleton of ideas and recommendations, and you can flesh it out later. I was proud that we got the Progress Report out by May 1st.

J.Cantalupo - We have 1-1/2 weeks. If I have everything to me by July 24th and I got it out by the next Wed that would give us a week to comment and we could meet on the 4th to finalize changes and have the final ready by the 10th. Is that overly optimistic?

C.Smith – Everyone should be able to get their pieces to Joe by the 24th. Meet half a day on the 3rd (pm) and half a day on 4th (am), then meet with the TEMPO group (pm) and stay over for Barton meeting on the 5th.

J.Cantalupo - Couldn't we reconvene after the TEMPO meeting? Montie and Dan agreed.

M.Wade - Let's try to bring TEMPO in at 1 pm and meet with them until 3:30, then try to finish our business.

D.Albert - We can ask Administration about the 10th and what they want from you.

J.Ellington - Ask if the charge has changed too. Clarify the process and timeline.

Look at Tom's chart

J.Ellington - I think we're trying to show two different things. It comes across on the diagram as a misrepresentation of both ideas.

D.Lamers - I agree. We have mixed in too many different concepts and now it doesn't show either clearly.

Group discussion and work on white board about how to split this graphic to clarify the two separate conceprts.

Remove the Level of Uncertainty concept as a graphic. It doesn't apply to the concept any more.

C.Smith - Everything above the Dev2 phase is in a waiting pattern, and should not have a date associated with it. But the system requires a date to enter it in, then the public sees the date and thinks mistakenly, that this is the letting date.

We can redistribute after the break.

J.Ellington - You could start with the basic funnel for LOU. It's a planning graphic. What if we use dollar value?

C.Smith - If we use the funnel concept, could we show the funding and the design elements?

D.Lamers - if we say this is time and dollars. Represents a single forecast, which broadens from year one, outward.

Years one through ten are values based on real world cash flow principles.

Year 20+ is based on different assumptions.

E.Calvo - We use models to get the forecast of what TxDOT says we will have.

Attachment A

Financial Programming	A short-term commitment of funds to specific projects identified in the regional Transportation Improvement Program (see TIP).
Program Development	An element in the planning process in which improvements are formalized in the transportation improvement program and provides more detailed strategies.
Long Range Transportation Plan (LRTP)	A document resulting from regional or statewide collaboration and consensus on a region or state's transportation system, and serving as the defining vision for the region's or state's transportation systems and services. In metropolitan areas, the plan indicates all of the transportation improvements scheduled for funding over the next 20 years.

Definitions from FHWA website.

Transportation Planning Concepts from HB 300

Developing Plans and Programs

The process must consider all modes of transportation, be continuing, cooperative, and comprehensive, and give consideration to statewide connectivity of transportation services and infrastructure.

Planning organizations shall seek the opinions and assistance of appropriate transportation officials when developing a plan. The department and metropolitan planning organizations may enter into memoranda of understanding relating to transportation planning. The department shall review each planning organization's plan for compliance with federal code and assist in correcting any deficiencies.

All plans must be financially constrained. The commission shall adopt rules that allow a planning organization to bring forward or postpone projects due to changes in funding availability from the cash forecast. These adjustments may not be made more than semiannually unless the funding changes are substantial.

Plans shall have an annually published component describing the evaluation of any transportation improvements by the performance measures used to select those improvements.

Statewide Transportation Plan

Develop a statewide transportation plan covering a period not less than 25 years for all modes of transportation with specific long-term goals and performance measures for each. The plan will identify priority corridors, projects, or areas of the state of concern regarding those goals. It will contain all modes of transportation, including highways and turnpikes, aviation, mass transportation, railroads, high-speed railroads, and water traffic. It will contain a plan for obtaining input on these goals, priorities and projects from other agencies, local governments, planning organizations, and the public. A component of the plan must be financially unconstrained and identify transportation improvements designed to relieve construction. It will include the official cash flow forecast and an estimated allocation of funds for each region.

The statewide transportation plan shall be organized first by region, then by transportation mode, and then by the year of the project. Summary tables of statewide projects costs by mode and then by year shall be available online.

TxDOT will update the plan no less than every five years.

Metropolitan Transportation Plan

Metropolitan planning organizations shall prepare and periodically update a long-range transportation plan for its area. The long range plan must address no less than a 20-year horizon, include long- and short-range transportation goals and strategies, and comply with all state and federal requirements. The first ten years must be identical to the planning organization's 10-year transportation plan. The metropolitan planning organization shall provide opportunities for comment on the proposed plan from other agencies, local governments, planning organizations, and the public prior to approving the plan.

The MPO will update the metropolitan transportation plan annually.

Project Selection and Prioritization

The commission shall establish rules for criteria to select projects for inclusion in the statewide transportation plan and the unified transportation program based upon the specific long-term goals and performance measures for each. The department shall collaborate with planning organizations to develop these criteria. Final approval of project selection for the statewide transportation plan resides with the commission. The commission shall consider projects prioritized by a TMA and funded with CMAQ or MM funds unless a project is inconsistent with federal law or the above rules.

Cash Flow Forecast

The department's chief financial officer shall issue a 10-year cash flow forecast covering all methods and categories of funding on September 1 of each odd-numbered year. This forecast must identify all funding available for transportation projects, including bond proceeds. The appropriation of department funds in the General Appropriations Act for that biennium shall be the basis for the first two years of the forecast. The commission shall use this forecast to allocate funding to planning organizations.

Transportation Funding Allocation Formulas

The commission shall adopt rules for creating all transportation funding formulas, including formulas for funding statewide connectivity projects. The commission shall consider input from planning organizations and transportation, municipal and county officials when developing these formulas.

The commission shall allocate by formulas to metropolitan planning organizations in transportation management areas the following funding categories:

1. Metropolitan Area Corridor projects;
2. Metropolitan Mobility and Rehabilitation projects;
3. Congestion Mitigation and Air Quality improvement projects in areas that do not attain air quality standards;
4. A percentage of Transportation Enhancement funds.

The commission shall allocate by formulas to metropolitan planning organizations not in transportation management areas the following funding categories:

1. Urban Area Corridor projects;
2. A percentage of Transportation Enhancement funds.

The formulas for these allocations shall include performance measures and the following criteria:

1. Lane Miles;
2. Congestion Levels;
3. Population Percentage below Federal Poverty Levels;
4. Census Population;
5. Safety Needs;
6. Total Vehicle Miles Traveled;
7. Truck Vehicle Miles Traveled.

The commission may not require that toll projects be included in a transportation planning organization's plan as a condition of funding allocation for that region. The commission may not revise a funding formula in a manner that decreases funding allocated to a department district or take any other action to reduce funding allocated to a department district because of a failure of a region to include toll projects in their transportation plan or because of a political subdivision's participation in the funding of a transportation project.

The funds allocated to a transportation planning organization may be used to pay project costs, provide toll equity, make payments under a pass-through toll agreement, or pay debt service for transportation projects selected by that transportation planning organization. Funds associated with toll projects are not considered revenue allocated by formula.

Funding allocations shall be encumbered in an amount equal to the engineer's estimate of project costs and reduced by the actual project costs when payments associated with the project are made. If a planning organization uses bond proceeds to advance a project, the funding allocation shall be encumbered by the annual cost of debt service and reduced when debt service payments are made.

Unified Transportation Program

The department shall develop a unified transportation program covering a period of ten years to guide the development and construction of transportation projects. Components of the program are:

1. Estimated funding levels for each year;
2. Listing of all projects the department intends to begin development or construction of during the program period.

The commission shall, by rule, establish program funding categories, including categories for safety, bridge, maintenance, and mobility. Define by rule each phase of a major transportation project, including planning, design, and construction phases. The commission shall develop these rules in cooperation with transportation planning organizations.

The department shall annually update and publish the unified transportation program and summary documents that highlight project benchmarks, priorities, and forecasts in the appropriate media and on the department's internet website. The department shall collaborate with all transportation planning organizations to update the unified transportation program in.

Planning Organization 10-year Plan

Each transportation planning organization will develop a 10-year transportation plan that is consistent with the department's unified transportation program. The first four years of the 10-year transportation will be developed to comply with the federal requirements for a transportation improvement program.

Each metropolitan planning organization will develop a prioritized list of transportation projects according to the rules for project selection and prioritization. Projects that do not meet the criteria for selection and prioritization in a given year of the 10-year plan may be grouped by function, geographic area, or work type.

The department will gather input from rural planning organizations to develop a list of projects according to the rules for project selection and prioritization within the rural planning organization's boundaries. The commission shall have final approval of this list.

The appropriate department district will select and prioritize a list of transportation projects for those areas that do not fall within the boundaries of a transportation planning organization. The district will utilize input from municipal, county, and local transportation entity officials when developing the project list. The commission shall have final approval of this list.

Statewide Connectivity Plan

The department shall cooperate with planning organizations to develop a statewide connectivity plan. The commission shall by rule establish criteria for the designation of a statewide connectivity project, performance measures for project development progress, and timelines for statewide connectivity project implementation and construction. The statewide connectivity plan and list of projects shall be updated annually by the department and adopted by the commission.

Statewide Transportation Improvement Program

The department will develop the statewide transportation improvement program according to federal law and by compiling all metropolitan planning organizations' transportation improvement programs and by collaborating with rural planning organizations.

Department Four-year Business Work Plan

Not later than August 31 of each odd-numbered year each department district shall develop a consistently formatted work plan for the following four years, beginning on September 1, based upon the unified transportation program and containing all projects and project work categories that the district plans to implement during that period. For each project and project work category listed the plan must contain:

1. A project schedule with funding for each development phase;
2. A right-of-way acquisition plan;
3. A letting plan;
4. A summary of past progress on the project and project work category.

The department shall use the work plan to monitor district performance and evaluate district employee performance. The department shall consolidate each district's work plan into a statewide business work plan and publish it in appropriate media and on the department's internet website.

The department shall develop performance measures for the work plan to evaluate:

1. Execution of the work plan;
2. The preservation of the transportation system investment;
3. The addition of new capacity to the transportation system;
4. Use of minority, disadvantaged, and small businesses to accomplish the work plan.

There are three distinct pieces in the project development process; project specific level of authority, financial forecasts and planning/programming documents. Each one is fairly straight forward within itself, however, when trying to correlate them together, difficulties can arise. Some projects take significantly longer than other projects making milestone based levels of authority difficult to fit into time based financial forecasts. However, through the development of statewide and metropolitan transportation plans, the UTP/PDP, and the TIP/STIP, costs from projects in all levels of authority can be reflected and accounted for.

The overall philosophy is that the amount of revenue available for programming is estimated for certain periods of time and project related costs are constrained to the available revenue. However, the process should allow for the flexibility to tightly constrain projects that are ready to let with currently available revenue but still allow for a larger pool of projects to be in development so that if additional revenue becomes available, there are enough projects ready to go. With that in mind, it is important to realistically estimate revenue availability in the near term while allowing for uncertainty in future revenue forecasts, positive or negative.

The first concept to consider is the project development process. The Level of Authority (LOA) for each project represents how far along the development process the project has progressed, or is authorized to progress. Five LOAs are proposed, Plan, Development 2, Development 1, Program, and Let. Each LOA can be thought of as identifying what types of development activities can occur at the current time. It should not be thought of as an indication of the amount of time before a project is expected to be implemented, but more in terms of meeting certain milestones in the planning, engineering or design processes or funding availability. Some projects may proceed through the LOAs in a year or less, while others may take 15 years. The time spent in each LOA, and the entire LOA process for that matter, is dependent on several factors such as the project type, project priority, and availability of funding. Because, however, every project is contained in one or more planning or programming document, which are organized in time increments, it can sometimes be conveniently misinterpreted that a project should automatically proceed to a more advanced LOA if funding for certain phases, such as ROW acquisition, engineering or early stand-alone construction elements, are expected to be implemented in the next few years. However, in these cases, the major project will still be identified with a certain LOA while just those early phases are separated out as independent projects. This will become more clear with a few examples shown later. The generalized concept is shown in Figure 1.

All projects that are contained in an adopted MTP/RTP are automatically in the **Plan** LOA. This would allow early planning activities, prior to NEPA initiation (if needed), to occur, such as fatal flaw analysis, toll feasibility, initial public involvement and local coordination efforts. For a project to move to the Development 2 LOA, NEPA must be initiated. In the case of exempt projects, documentation showing exempt status should be prepared and processed.

Once the NEPA process has been initiated, **Development 2** LOA is granted. Develop 2 status allows the full range of NEPA activities to proceed and be completed. Projects with Develop 2 status are not expected to go to construction within the next 10 years. However, if early ROW purchase is desired, or if funds will be spent on engineering or

other planning and project development activities, those portions of the project should be split off as independent projects with their own project code. The new independent project will be given a different LOA depending on when the expenditure is expected, but a link to the host project should still be maintained. Essentially, Develop 2 LOA can be considered a holding place for projects that require a fairly long development period (10 years or more) or for which funding has not been secured yet, but development activities are necessary.

Once the NEPA process has been initiated AND construction funding is expected within 10 years, **Develop 1** LOA is granted. Develop 1 status allows the full range of NEPA activities to proceed and be completed. The only difference between Develop 1 status versus Develop 2 status is that a commitment is being made that the project is expected to go to letting within 10 years. The larger host project may also be split into several independent project phases or stages in which each stage or phase may be classified under a different LOA depending on when their expenditures are expected to occur. It is also expected that once a project reaches Develop 1 status, its development progress will be monitored to ensure the project remains on schedule.

Projects with **Program** LOA considered to have a high degree of commitment and are shown in the 4 year TIP/STIP for construction or implementation. Projects with Program LOA should be well into the NEPA process (if required) with a ROD/FONSI imminent or received. Similar to Develop 1 LOA, projects with Program LOA should be aggressively monitored to ensure schedule and cost expectations.

Projects with **Let** LOA are projects that are listed in TxDOT's annual letting schedule. Because they are expected to proceed to construction or implementation within 12 months, the project must be cleared through the NEPA process and all preconstruction activities and agreements should be complete or imminent.

The second concept to consider is revenue estimation and forecasting. As inferred in the discussion of the planning/programming documents above, it is desirable to estimate short term revenue availability very accurately, and as one moves to intermediate and longer time frames, more flexibility should be allowed to account for more uncertain economic conditions and project cost estimates. For each time frame represented in the planning and programming documents, a single estimate of federal and state revenue should be developed by TxDOT and provided to each MPO and TxDOT district. A workgroup made up of representatives from TxDOT's financial division, planning and programming division, districts, MPOs, and potentially outside consultants to define the variables and parameters that will go into each forecast. Parallel to TxDOT's forecast of federal and state revenue, each metropolitan area and rural area should develop an estimate of local funds expected to also be available. These local fund estimates should then be shared with TxDOT for inclusion in a total revenue forecast to be used by TxDOT and MPOs for project selection and programming. This concept is shown in Figure 2.

For the short and intermediate range documents, the letting schedule, TIP/STIP and UTP/PDP, cash flow based forecasts should be developed. These cash flow estimates should take into account all anticipated revenue collections, federal reimbursements, as well as previously committed obligations that have not yet been expended. They should be based on the current economic conditions. For the annual letting schedule, they

should be developed every year at a minimum to ensure the proper scheduling of projects for that given year. For the TIP/STIP and UTP/PDP the estimates should be made and certified by TxDOT every two years to coincide with the state legislature's budget and appropriations cycle. Even though TxDOT will develop a new cash flow forecast every year, only one of the intermediate forecast will result in a significant change to the amount of available revenue, the TIP/STIP and UTP/PDP do not need to be updated to use the new forecast, but may be amended to account for minor changes to project scheduling and costs. If the resulting intermediate cash flow forecast results in a significant change to expected revenue, TxDOT may elect to update the TIP/STIP and UTP/PDP.

Lastly, let's look at the documents that are either required under federal regulation or the State administrative code. This is where the concepts of project development and revenue forecasting are merged together. Each document serves a separate purpose and may have different assumptions, but they should also provide a level of consistency within the process. Figure 3 shows how the time based concepts of financial forecasts and their relationship to the required documents. Figure 4 attempts to portray the process when adding the non-time based concept of Level of Authority to the process. [note that I have not attempted to create a new figure 4 due to the discussion we had at the end of the last meeting. My suggestion is to continue to use Tom's latest diagram until we can come up with a new version as a group]

Currently, TxDOT requires an annual letting schedule be developed. The letting schedule lists all projects expected to be let within the next year, month by month. It should reflect the actual amount of money that is expected to be available taking into account all costs, including current and future obligations relative to the expected cash flow. As such, it should be somewhat conservative and account for all funds being spent on construction, right-of-way, design, engineering, and planning for each project. This should be consistent with TxDOT's initiative to implement total project cost accounting.

The TIP/STIP is required under federal regulations to contain a listing of all regionally significant projects, including all projects utilizing federal funds, over the next four year period. Like the letting schedule, it should contain a realistic estimate of available revenue and should account for expenditures of funds for construction, ROW, design, engineering, and planning. As many projects in the TIP/STIP require local funds or local activities such as utility relocation, etc., local governments need to know that the inclusion of a project in the TIP/STIP generally represents a firm commitment. As such, it should be conservative in its estimate of available revenue so that extensive efforts aren't spent on a project that may not be ready within its scheduled time frame.

The UTP/PDP is a state requirement that represents an intermediate time frame in the project development process. It should cover a period of 10 years and include all of the projects, or phases of projects, covered in the TIP/STIP and letting schedule, plus those projects that will be ready for letting within 6 to 10 years. A project's inclusion in the UTP/PDP also represents a commitment to its continued development and carries with it an expectation that funding will be available in the expected time frame. This should give comfort to local governments and project developers that may be ready to expend significant effort on advanced development activities such as NEPA clearance, engineering and design. Because of this commitment, it should also be conservative in its estimate of available funding. It should be updated every two years as required by

federal regulation, but provisions should be made for annual amendments. It should utilize the financial forecast certified by TxDOT coinciding with the legislature budget and appropriations cycle.

The MTP/STP represents a long range blueprint the transportation system. It is federally required to cover a 20+ year timeframe. It is also required to be financially constrained to expected revenue. However, because it is difficult to predict revenue availability over such a long time frame, it is accepted that assumptions regarding revenue should be based not on detailed cash flow expectations, but more on historic trends, projected economic conditions, and potential new legislative initiatives at both the federal and state levels. The MTP/STP should be updated at least every four or five years (depending on air quality attainment status) as required by federal regulation. Provisions should be made for periodic amendments as desired by the MPOs (for MTPs) and TxDOT (for STP). They should use the revenue forecast available through TxDOT at the time of the update.

The Statewide Transportation Plan should identify statewide priority corridors and programs. It also should contain policies, provide investment strategies, and forecasts for the 20-30 year statewide multimodal needs. The STP should provide a framework for priorities which can be used by MPOs and RPOs in developing specific corridor and programmatic recommendations in the MTPs or RTPs.

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas as mobility, safety, security, intermodalism, environment, and funding strategies. This should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal Level of Authority is part of this stage in the process since there are no real projects or corridor recommendations identified. The Vision Plan should be unconstrained and identify transportation need and should include a similar analysis to the existing TMMP/TUMP efforts.

Examples:

Dale's example + others we come up with.

Financial Constraint for Planning and Programming Documents and Levels of Authority

Financial Forecast and Constraint for Documents

Letting

- Cash flow based forecast
- Use latest forecast adopted
- Update forecast and document annually (at a minimum)
- **Current** economic conditions and parameters
- Joint TxDOT/MPO workgroup sign off on assumptions
- Include MPO forecast of local revenue
- Move projects in/out of annual letting schedule
- Includes cost of all projects with Let LOA and phases of projects in other LOA that will occur in Year 1 and have Let LOA.

STIP

- Cash flow based forecast
- Use latest forecast adopted
- Update forecast and document every 2 years
- **Current** economic conditions
- Balance projects in years 1,2,3, and 4. Move projects in and out of each year and STIP as necessary.
- Provide for quarterly STIP amendments
- New STIP every 2 years
- Include MPO forecast of local revenue and project selection from TIP
- Includes cost of all projects with LET and Program LOA and phases of projects in other LOA occurring within 4 years, project phases should have Let or Program LOA.

UTP/PDP

- Cash Flow based forecast
- Use latest forecast adopted
- Update forecast every 2 years
- Update document annually
- Estimate **likely** economic conditions
- Include projects in TIP for first 4 years. Balance projects in years 4-10 based on estimated letting schedule for each year.
- Provide for annual amendments
- New UTP/PDP every 2 years
- Include MPO forecast of local revenue and project selection from TIP
- Includes cost of all projects with LET, TIP, and Develop 1 LOA and phases of projects in Develop 2 and Plan LOA occurring within 10 years, project phases should have Let or Program LOA.

MTP/RTP

- TRENDS Model based
- Update financial forecast every 2 years

- New MTP/RTP every 5 years (4 years for non attainment areas)
- **Projected** economic conditions based on historical and expected legislative initiatives
- Estimate opening dates for all air quality conformity years (if applicable) and within first 10 years based on estimated letting schedule. Estimate opening dates for years 11-20+ subject to priority in 5 or 10 year bands.
- Provide for updates to use currently available financial forecast. Allow for amendments without having to use new financial forecast.
- Include MPO forecast of local revenue
- Includes total costs of all projects in all LOA.

Levels of Authority**Plan**

- Project must be in MTP
- Pre-NEPA planning work

Develop 2

- Project must be in MTP
- Initiate NEPA
- Allow NEPA completion
- ROW preservation/Preliminary Engineering phases may be in UTP/PDP as independent projects

Develop 1

- Project must be in MTP
- Project must be in UTP/PDP (financial constraint)
- NEPA underway
- Allow NEPA completion
- Engineering/ROW/Construction phases identified in appropriate year
- Must have Project Development Strategy to indicate the project phasing in order to monitor development process

TIP

- Project must be in MTP
- Project must be in UTP/PDP
- Project must be in TIP (4 years)
- NEPA underway or complete
- Must have Project Development Strategy to indicate the project phasing to monitor development process

Let

- Project must be in MTP
- Project must be in UTP/PDP
- Project must be in TIP (1 year)
- NEPA complete (if construction in year 1)

Definitions

Update – New document. Resets document time frame and cycle clock.

Amendment – Changes to existing document that do not require air quality conformity analysis (in non attainment areas only)

Level of Authority – Status of a project that permits certain project development activities. May require certain milestones to be met before advancing to next level of authority.

Financial Constraint – Cost of all construction projects, or phases of projects, are balanced against the amount of revenue expected to be available for a given document in a given time frame. Only the project costs that are attributable to the specified time frame should be included.

Project Phase – Portion of a project that is expected to occur within a given time frame. For example, advance purchase of ROW may be shown in year 1 of a document while the construction phase may be in year 11.

Financial Forecast – An estimate of the amount of revenue expected to be available in a given time frame using specified assumptions.

Cash Flow – An analysis of costs and revenue for each increment of a given time period. Generally results in funding available after all costs, including finance costs, are taken out.

TRENDS – Revenue forecasting model used to develop planning level forecasts for mid to long term analyses.

Current Economic Conditions – Actual value of variable that affect the cost of projects or amount of revenue expected to be available. Examples are the gasoline consumption rate, construction cost index, inflation, etc.

Likely Economic Conditions – An estimate of the short term (2-10 years) value of variables that affect the cost of projects or revenue expected to be available.

Projected Economic Conditions – An estimate of the long term (10-20 years) value of variables that allow for future cost estimates and revenue projections.

Bands – Total cost or revenue within a specified time period, not disaggregated by individual year.

Reduction of funding Categories

The UTP Work Group has discussed and recommended reducing the number of funding categories to provide greater flexibility and to enhance our ability to communicate to the variety of audiences that we interact with. The general public, our legislators, and locally elected officials have a difficult time understanding what transportation funds are available for what purposes. A reduction in categories will simplify the explanation and provide confidence in funding expectations. It is recognized that any reduction in funding categories must be aligned with current federal legislation however; current thinking at the federal level is in-line with this recommendation.

The proposed Surface Transportation Authorization Act of 2009 includes recommendations to reduce the number of transportation funding categories. That recommendation is supported by the work group. Specifically the legislation proposes that:

The Federal role will be redefined and Federal surface transportation be restructured by consolidating or terminating more than **75** programs. The new bill would consolidate the majority of highway funding into four, core formula categories designed to:

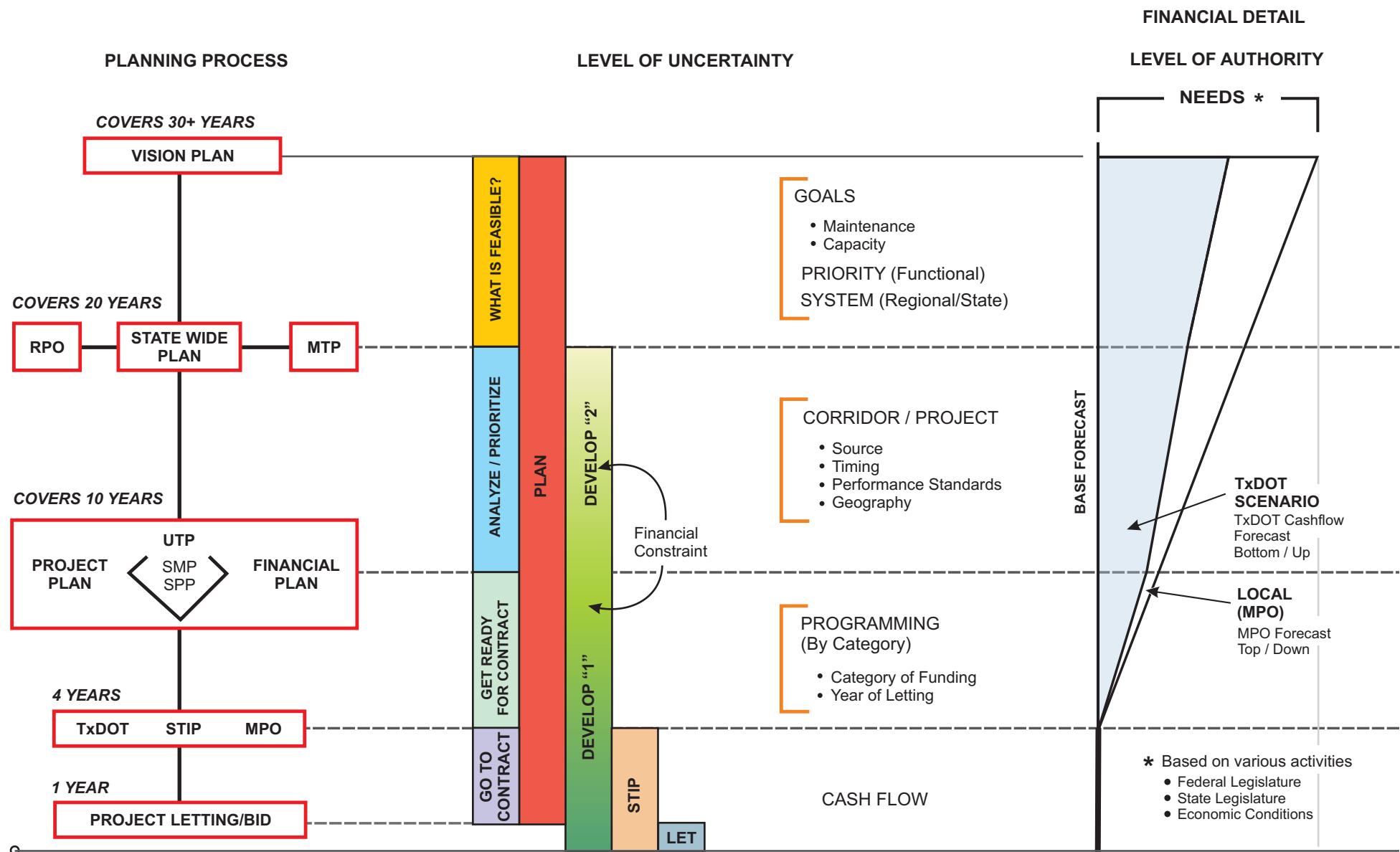
- 1) bring our highway and bridge systems to a state of good repair;
- 2) improve highway safety;
- 3) develop new and improved capacity; and
- 4) reduce congestion and greenhouse gas emissions and improve air quality.

Recommendation:

The work group recommends a reduction in funding categories aligned with adopted federal legislation however; with one added category:

1. Maintenance: to ensure that the current system assets are preserved,
2. Operations: to reduce congestion and develop new and improved capacity and improve system efficiency through operational improvements,
3. Safety: to ensure the safe operation of the transportation network and to reduce hazards met by the public and our commercial operators.
4. Environmental: to ensure funding for projects that will reduce greenhouse gas emissions and improve air quality,
5. Other: to provide Commission discretionary funding of statewide initiatives that will enhance the development of the Texas economy.

PROJECT DEVELOPMENT PROCESS



Attachment I
to the Final Report:

Meeting #8 Notes, August 3-4, 2009

UTP Work Group Meeting Notes

Monday, August 3, 2009

**Jody Ellington
Eduardo Calvo
Dale Booth
Ken Petr
Dan Lamers
Clay Smith**

**Tom Niskala
Robert Allen
Alan Clark
Joe Cantalupo
Brad McCaleb**

**Jack Foster
David Plutowski
Todd Carlson
Carol Court
Montie Wade**

Attachments referenced during meetings:

A – Draft Summary of Recommendations_

Joe Cantalupo

B – Legislative Rider 56

C – Project Development Process Chart

_Tom Niskala

D – Comments on Joe's Draft from Alan,
Clay, and Montie

E – Finance Division July 2009 Cash
Forecast_Lanny Wadle

M.Wade - *Began by reviewing Alan's comments to Joe's summary.* You can add your comments as we go, or you can mark up your copy as we go and we'll go over them all, if this is a method you think will work. *There was no comment.* We will proceed. Joe wanted to keep this short, but it needs to include anything important you want or need to say. How many tables do you want to use? On our last look we had two. I tried to see how uniform we were, without heading off in any new directions and I can give you those comments.

Lanny Wadle with Finance Division wants to discuss ranges for forecasts with this Work Group. This would be a good thing to do. Jack, do you know what this have to do with John Barton?

J.Foster – It looks like they may not dwell on financing very much, but I'm not sure. Maybe it has to do with Rider 56. This says that TxDOT will list the 100 most congested places in the state and what they plan to do about them. They won't get any funding until this is done. This is hugely important in the short term (due by Sept 1).

M.Wade - I thought it was about money and revisions too.

E.Calvo - They cannot give us official numbers yet.

J.Foster - They haven't adopted TRENDS yet.

A.Clark - I have been planning to make amendments to our TIP as soon as the forecast is given. We agreed that we would have estimates from the Department by August or Sept 1 to revise our

TIPs. If they give us a year that's all we have, but if we don't get the forecast until Sept. 1, most of us won't be able to turn our revisions in until November. Listing the 100 most congested corridors is interesting; we will have to look at our mitigations plans.

D.Plutowski - *Showed legislative rider document onscreen for review.* Barton was discussing the 2010 letting schedule this morning. We're going to work up a spreadsheet and get it to him today or tomorrow and he will email numbers to districts, knowing they may change and he will have to adjust them by (*date?*). They can start programming projects in DCIS.

Basically they are letting caps. I don't know if he plans to have this out this week. (*to Alan*)

We need to have the TEMPO joint meeting moved here on Wednesday morning at 8 a.m. in 200 instead of at the Greer. *Dan Lamers will talk to Dan Kessler.*

David Plutowski will cancel the Greer reservation and verify that room 200 is available from 8-10 a.m. If not, perhaps we will meet here.

M.Wade – I don't know if Joe will be able to be here today, but he volunteered to make us a straw document.

Let's talk about rider 56 and the congested road segments. The top 100 congested road segments will be listed and posted to a website. Districts will coordinate with MPOs on establishing the list. Funds shall not be distributed from the Department to any district that has a segment in it, unless the conditions for addressing the problems are met. Does this mean other segments don't get any money? Does this mean other areas will get their funding? The document doesn't say.

A.Clark – What are the 100 segments? What do they call a segment? What if your segments are less congested?

D.Booth - Does the congestion mitigation plan have to be fiscally constrained?

A.Clark – No, we need to know what is moving these projects forward in the environmental process. We may be working on a tolling element or transit element but not the highway. Some of these segments could be in the top 100, it depends how they define segment. We have congested areas in different stages of development.

M.Wade – Jack, are Tim Lomax and his folks working on this?

J.Foster – I don't know.

D.Lamers - I think Tim is working on this, based on our conversations. They have a map of what they consider to be the most congested segments based on their formulas.

A.Clark – You can't develop a project for one mile segments.

M.Wade – Remember, Tim gave us a formula for determining level of congestion.

A.Clark – He may have to go back to 2007 and use saturation counts. It's a good idea not to use TDMs. There should be something he can use, if it is on a big enough scale. TDMs give you information in two directions. I don't doubt that Tim can come up with something, but we just need to make sure it is in a format that makes sense. The idea of logical termini...

J.Foster – The only thing I remember hearing was in the summary where the Senator requested the top 100.

A.Clark – Does it say these segments have to be on the State System? I think we need to make sure we all go at this in the same way. It makes sense that they should be on the State System, but that may not be a requirement. The riders are a part of the Appropriations Bill (article that applies only to TxDOT).

M.Wade – Are you ready to look at the draft recommendations summary from the top?

Title

I thought the Group agreed that UTP was not comprehensive enough to describe the work group, so we used Restructuring the Texas Transportation Planning and Programming Process in our Progress Report. Joe felt we should stick with UTP. Alan agreed.

I changed bullets about restructuring of work group

Bottom of page-met Feb. through present (August)
Brad- met periodically beginning in February 2009

A.Clark – Should we add something about the minute order and the meeting last week? We might want to include discussion about the Commission's response to that. The background paper for last week's meeting talked about these things, so we might want to incorporate some of this language. The background paper states the Commission's desire to state all these things. This led to the formation of a second advisory committee. A lot of the same organizations that are represented in that group are also included in this Work Group. This should not appear to be a duplicate group though.

M.Wade - That group has more people who were appointed by these organizations to represent them. They are looking at comments from the legislature, the Commission, and from our work group. Look at last agenda item from the background paper of **last week's meeting**. Texas Transportation Commission Minute Order – agenda for July Commission meeting agenda item #11. 111891 passed on July 30, 2009

A.Clark – There was some discussion between the Commission and staff members about how to move this along.

J.Foster - That was Mary Meyland's plan and is not connected to this at all.

A.Clark - I don't know if there is a deadline attached to item 11.

Unknown - This group is similar to our group, and the (ours or theirs?) general timeline is one year (or by May 2010).

A.Clark - I think having two separate groups is going to be confusing.

M.Wade - Aren't they a rule-making group? Look at their charge: advise the Department and recommend rules... This is different from the document Alan received, which had much more detail.

D.Lamers – It sounds like, by the deadline we talked about of Aug 10, that they will take out recommendations as input along with public outreach comments and put them into this process.

A.Clark - Barton made a suggestion that the efforts of the two groups be merged, but that they not duplicate those of this group.

J.Cantalupo joined group and Montie recapped briefly, including the changes to the document title and the meeting schedule.

A.Clark - I suggested following recommendations from Sunset with Department work, then how the Work Group has been asked to address these issues: legislation, then Commission, then Department, and then Work Group.

M.Wade - This is a transition between the Sunset part and where we are today.

A.Clark - The next part talks about what we are charged to deal with, and it seems there are things we still have not talked about.

J.Cantalupo - What this draft was intended to do was to put together the pieces that Brad and Dan wrote. Now we can see what else we need to include. I think we should keep it brief unless the rest don't agree.

M.Wade - I added "refer to section 2, etc. to your bullet list, which will require adding other sections.

B.McCaleb – If we are cleaning this up so it can go out to someone else, then in the first paragraph, change "work" to "efforts" (redundancy) (at top page 2 before long bulleted list).

E.Calvo - We're looking at a process that goes from year 0 to 20+. Is this the place to say what is, "short term," "medium term," and "long term?" Can we define that now, so as we describe the other processes, it will help clarity?

A.Clark - I would like to balance funding with whatever year you are talking about. If it involves spending money it is in the Letting Schedule. We need make that clear.

E.Calvo - I agree that...

B.McCaleb - You are suggesting that we add a bullet that says we are including all levels, including short, medium, and long range time periods?

D.Lamers - I think that is what we meant when we made that recommendation.

Project Development

D.Lamers - We don't mention LOA. We need to define and include milestones and ...

A.Clark - We should talk about LOA here and not financial.

D.Lamers - Move financial further down.

A.Clark - Maintain the same structure of approach to describing each category, "Cradle to Grave."

Discussion about bulleted list

Discussion about structure of document

Decision to have an executive summary

Discussion to begin with the bulleted list as a summary or after a summary, then have the graphic.

Executive Summary

Charge

Bulleted list

Then begin recommendations report

A.Clark - I thought the bullets connected the charge to the recommendations. The fact that this isn't a literal summary according to what was in the report doesn't matter. As long as we can create a framework that walks them through these pieces, I'm fine with that.

Alan agreed to rewrite top of page 3, to introduce the rest of the report.

BREAK

Discussion about the graphic and what to call the processes:

Graphic-what can we move up? Our chart is too confusing, so we need to come up with something simple. We may not use a graphic, just have the discussion first.

What are we going to call the mid-range plan (10 years)? No consensus

For now call it the 10-yr project plan.

We cannot create a single graphic to depict all the parts of this summary.

A.Clark – We need a graphic to show how LOA is used. We should develop another graphic that uses examples for major and minor projects and how they relate to the timeframe.

D.Lamers - If we try to use examples in the chart, it might be too complicated. If we have a graphic that shows the levels then we can give examples that explain how the LOAs would be used (or would apply).

A.Clark - It is an activity that has to be budgeted and examined to see how it measures up against the goals of your plan. The plan drives how much we are doing.

D.Lamers - The first thing you have to do to put a project in your TIP is to show how it fits into your plan.

A.Clark - We want something relatively simple. We can add the eligible activities and triggers (some are included in the early example). Timeframes apply differently to large and small projects because of the complexity in achieving various LOAs.

Discussion about whether a project can be moved into the TIP if it does not have environmental clearance (EC).

D.Lamers – We've done it.

A.Clark - I don't think it's likely to happen (achieving EC within the four years).

D.Lamers - It will work if it's a small project.

A.Clark - That's why I want a major/minor project set of categories--so we can indicate a more constrained set of rules to live by in the chart to explain that smaller projects may have more leeway in the process. The stakes are much higher with larger projects.

C.Smith – Our problem is when the city refuses to expend money until the project is in the TIP. Then we don't have the funds to do the environmental clearance until it's in the TIP. It creates a fiscal challenge to get things done and it keeps getting moved, so it actually takes seven years to complete even after it was added to the three-year TIP. My point is that one size doesn't fit all. We all have different challenges.

B.McCaleb - There is constant turnover of elected officials and we have to walk them through the process. At some point we have to sit down with the staffs that don't turn over as frequently. Then maybe they can educate the officials and answer their questions to some extent. This is where all the communication and transparency issues have come up.

C.Smith – This will help our city understand why their projects aren't getting let. If the city gets involved in moving the projects through the process, they will move faster. It is the mobility categorical exclusions, etc. that slow things down.

A.Clark - If we could explain what we mean by NEPA (and CEs); maybe we could avoid explaining the difference between large and small projects. We can put more detail on what needs to happen on the milestone side if we include it under the activities.

M.Wade – The latest UTP says you have to have substantially adequate acquisition of ROW before moving to Construct.

A.Clark - You can't buy ROW without achieving EC.

D.Lamers - I took out time periods on the ...

C.Smith, A.Clark and D.Lamers discuss total cost activity. The purchase of ROW will have to come down into Let to where the funding is available... Once they clear the ROW and once NEPA is cleared, it actually comes down into Let. The permitted activities are not the same as LOAs.

C.Smith – Some of this can be cleared up by understanding the terminology.

B.McCaleb - Under Let Authority (total project cost factors) permitted activities are: construction bidding and preliminary engineering

A.Clark - Utility relocation for really big projects is frequently in Let as a separate project.

D.Lamers - Isn't that just the distribution of funds?

C.Smith – That could be an activity under Let also.

A.Clark - We need to relate permitted activities and LOAs.

Unknown - Remember the “all of the above” applies to each successive level

A.Clark - We have to be able to justify how some activities can be at multiple levels.

D.Lamers - To get back to your concern of completing NEPA in the TIP, part of how I deal with that is to use a term of developing a project tracking process. If I risk putting a project in year three with the contingency of getting the NEPA done, I have to put a tracking process in place. Then I can show it to elected officials to assure them that I have a plan for getting this done.

A.Clark - I think we should permit this the way it reads is due to legislative review. Technically speaking, the NEPA process isn't complete. I have spoken to the feds and they're okay with it. That makes it easier to sell.

C.Smith – It's good to have a “preferred process” so if we try to do this and it doesn't work, they had guidance that advised them that this is a risky process.

A.Clark - We have been living in a world of “more is better” for the TIPS. Now we are in a world of “this is what you get and if you waste it you got nothing.”

M.Wade - If you put something into the three year TIP without NEPA, how are you going to convince anyone to invest in that?

D.Lamers - If I know we want to get to contract in three years (small projects), but we have to go thru NEPA, I can't prejudice the process by saying I know what it's going to look at. That biases the process. If I earmark \$40K for this, it is a huge risk. It forces the conversation about what we can and cannot do. I'm all for recommending a “preferred process.”

A.Clark - In the past there has been no penalty, and we could continually move projects backward. But now it's going to be different. We'll have one shot to use limited funds and we can't afford to take these chances.

D.Lamers - If we all have to deal with hard financial constraint, then we all have to live with them. If I take a risk putting something in a TIP and a higher cost prohibits it, the performance measure will show that. At the very least I will be embarrassed when I don't measure up to what other areas are accomplishing.

M.Wade - Regarding having two charts instead of one—I don't know what a second chart will have.

A.Clark – It will show permitted activities. You have to have money for them, so they have to be in the first year.

Unknown - Is Planning is divided up by CSJ?

C.Smith - There is a formula. They look at it all as project related. They look at allocations as project specific and what your requirements are. In the past your budget was discretionary regardless of activity. Today that money will be specific to the activities needed.

D.Lamers - That doesn't mean for you to spend \$10K on staff costs when you have NEPA that needs to be done. Do you have to identify you need \$10K for feasibility on this project?

C.Smith - To do any activity on that project, it has to be in my MTP, and then I can process expenses that are allocated. It's moving more and more to total cost.

D.Lamers - You have to turn in a budget for the funds you need and specifically for what activities you need them.

C.Smith - They are bringing us into restrictions on the projects I have submitted budgets for. They have to be identified in the long range plan (mobility).

J.Cantalupo - What do you do if you need to lay out a specific plan, then you have a school that has problems and you need to do a feasibility study?

C.Smith - It becomes part of our overhead or our budget.

D.Plutowski - That's where Strategy 111 comes in, and preliminary engineering strategy budget.

C.Smith - I would set it up as a program project.

J.Cantalupo - You have an ability to work on things not necessarily in the plan or the TIP?

C.Smith – We have in the past, but we're being reeled in now.

J.Cantalupo - How would you know if you go out and look at something, that you might have the cash flow to cover it?

C.Smith - I may need to defer other work if it is important enough, and we have to stay within our financial constraints.

J.Cantalupo - What if it grows from a \$50K job to a \$500K, and you don't have enough funds? You can do a study to see if it's warranted. Then you have to put it in the queue and see where it falls in priority.

A.Clark - We have to phrase all this as guidelines and recommendations, not as rules.

M.Wade - I suggest you may want to take off the part about using plan dollars and end at year 20. You're saying you don't want to use plan dollars on anything that is not in a plan.

C.Smith - Even the RPOs should have a 20-25 year plan.

D.Lamers - Plan dollars are project specific.

M.Wade - Allocation dollars are what I'm talking about.

A.Clark - There's a separate mechanism for coordinating these finds. I don't have an issue with this.

M.Wade - What time do you want to meet tomorrow? Lanny Wadle will be in at 9 a.m. to ask us about ranges of forecasts.

D.Plutowski - He wants to talk about range of forecasts. How far, in dollars or percentage; and how big is the funnel, and how wide?

E.Calvo - He lives in the short term cash flow world. He gets nervous when he hears us talk about longer cash flow periods. He wants to know how that affects what he is doing.

A.Clark - There needs to be a consistent series of assumptions.

We will meet tomorrow at 9:00 a.m.

Day Two Meeting Notes– 8/4/09

Jody Ellington	Robert Allen	Todd Carlson
Eduardo Calvo	Alan Clark	Carol Court
Dale Booth	Joe Cantalupo	Montie Wade
Ken Petr	Brad McCaleb	Lanny Wadle
Dan Lamers	Jack Foster	Trey Lusk
Clay Smith		Stuart Hanzlik
Tom Niskala	David Plutowski	

Lanny Wadle, Trey Lusk, and Stuart Hanzlik, from Finance Division, joined the Work Group to discuss cash forecast ranges. They handed out copies of the internal July 2009 Cash Forecast.

L.Wadle – When I spoke to this group earlier this year, we were running behind, but we have caught up and plan to stay on top of things. Even this July forecast is already outdated though, because the motor fuel tax (MFT) estimate is too high. We are estimating a $\frac{1}{2}$ percent growth in 2010 from 2009, and 1 percent after that. We don't want to estimate high and have to cut back. Maybe $\frac{1}{2}$ is even too high. 2010 will be cut by \$40-50M. When we cut the MFT it decreases the federal return also (\$40M vs. \$80M).

A.Clark - You're assuming less is going to the feds for MFT, so we get less back (70 percent, not dollar for dollar)?

J.Cantalupo – Isn't there a two year lag?

L.Wadle – Yes there is. We're not seeing that 2010 is going to be much better for MFT. Vehicle license fees were off in 2009 also. We're going to look into using Global Insights to see what they can do, but it won't make much difference. It's all a guess. Forecasting an increase for next year doesn't make much sense, but we think things are turning around. We hope so, anyway.

J.Cantalupo – How much is due to economic conditions?

L.Wadle – We have DMT (**diesel?**) too, but we think it's the economy, MFT and DMT.

T.Niskala - What about increases on the expense side?

L.Wadle – I'm not sure what they've done.

D.Plutowski - Currently we show a 4 percent increase in materials and labor.

C.Smith – There are a lot of hungry contractors out there.

L.Wadle – There is a lot of competition out there.

D.Plutowski - Clay is right; we've tipped below bid numbers.

L.Wadle - We're doing quarterly updates, but they're all our best guesses. Starting in December (wants us to think about this) we will put out our best guess using the best and worst case scenarios. What factors, changes, and assumptions should we use? On the worst extreme the Highway Trust Fund goes bankrupt and we get zero. At the other extreme, they pump millions of dollars into it. Where would you draw those scenario boundaries? At the credit union we shop interest rates and that's our standard. How would you shop those interest rates? What do you think will happen and what are the possibilities? Or should we SHOCK, not SHOP?

D.Plutowski - TRENDS is what this group is hearing about a lot. How does that affect the forecast?

L.Wadle - David Casteel said they're trying to get closer to our numbers at least in the short term. They're basing their forecast on population and other things that don't drive our forecasts.

C.Smith – There are a lot of forecasts we need: a one year, a three year, and a ten year. But when you work with the public you have to have a bigger picture too (a 25 year), even if it has a lot of uncertainty.

L.Wadle - There is a lot of uncertainty. We're basing these on the current MFT, and that's comfortable for the short term. We like to stay with the current law.

T.Niskala - That's the most realistic thing to do, with the understanding that it may change. A worst case scenario is the status quo with a slight reduction in MFT.

D.Lamers - If you're looking at a $\frac{1}{2}$ percent increase in fuel tax revenue, what goes into that? What are your assumptions? And is that what you're asking us to do?

L.Wadle - We're looking a three year growth on average. The last three years are not what we did in 2009 or 2010. We've dropped that to a $\frac{1}{2}$ percent. We will look at that to see if we're on target and change it if necessary. We didn't want to change the out years because it has been so steady. We can discuss your thoughts on how to adjust the forecast. I'm looking for your help in drawing the extremes and estimating how things will influence them. Do we do that for all ten years?

T.Niskala - TRENDS can add variables and it shows increment of change projected out.

L.Wadle - That might be a useful tool.

D.Lamers - Most of us are planners and don't deal with the revenue. But it seems that population drives a lot of this.

J.Cantalupo - What Dan and Tom are asking makes me wonder if you want us to weigh in on components like population and its following?

L.Wadle - It could be both, if you think those things are what we need to look at, we will do that.

J.Cantalupo - There are a lot of people out there looking at this. At some point we're going to be hit even harder and that may not show up in the DMT.

L.Wadle – It may not be significant in for next few years, but it will be in 25 years.

D.Lamers – The pinch point will be in the five-ten year timeframe. In 20 years it will work itself out.

L.Wadle - Do you think when they switch; the revenue won't change our forecast for a few years out?

A.Clark - There are folks that do this every day. In the short term I would determine the extreme on the worst case side, the factors affecting that, and develop scenarios. We should look at a scenario of a more rapid rate of MFT decrease. The other part I haven't heard mentioned is the policy side, with the basis on revenue and the tax rate itself. Federal policies will affect this also and will be hardest to forecast, and will have the smallest increment of impact. The defensible thing in the short term is to create the scenarios and what will support them: factors like housing, migration, etc. Scenarios that are unprecedented by historical standards may be a better way to go now. What are the major trends, electric vehicles vs. gas? I'd have someone look at those issues we are least familiar with so we have some unprecedented areas of forecast. It hard to envision increases in VMT, but it is price sensitive. The last part of risk analysis, what difference does it make as an organization, what we do under these conditions? I don't think it matters if our extremes are extreme or not, because we won't have policy and won't be able to make decisions any way. I would try to look outside the box, but not necessarily worry about having the "cone" stretched to those extremes. The TRENDS model will be a tool for you, but it has very linear thinking. We accept your expertise in determining these forecasts. This tells us what we should be worried about.

D.Lamers – What will you be using this alternative range for?

L.Wadle - I'm talking about a range that says this is where we are headed and it is also likely...on both sides.

J.Cantalupo - You are responsible for the forecast and you've heard us asking for a range (or wobble) and you want to know how much of a range?

L.Wadle - Yes, what were you thinking?

D.Lamers – It depends on what you’re using it for. To develop a project, more variance is acceptable in the long run. In letting, no variance is acceptable. It is more conservative. You have an excellent tool for the short range, TRENDS is excellent for the long range, and our dilemma is for the mid-term. In order for you to help us...look at page 4, the daily fund balance—you run some scenarios, and what will it take for you to reach this scenario? What amount of increase will it take? That could help you frame the argument. You worry about being too optimistic in front of legislators. On the other hand, you need to be able to say that if we are going to hit our budget terms, we will need this percentage of increase. Maybe that is a better way of saying the same thing so they realize the situation.

A.Clark - How may \$2-3B plans can the state pay for in the next ten years? If that is out of the question, we need to know what to tell our people, and we don’t want to spend our money planning for something that cannot happen. That type of scenario planning is extremely helpful. It tells us what options exist, like revenue structure tax options, etc., and things that are project specific.

J.Cantalupo - When we present numbers, we don’t back up far enough so they see the wave that is going to hit. When we are looking 20-25 years out, it’s really easy. We could drive you insane with all those scenarios, and I don’t think we should do that. There are too many minute differences that don’t really matter in the long range. In the long range, I think we should keep it simple so we can explain the uncertainty to our people.

T.Carlson - To back up a little, your multi-fund discount has 0-10 yrs. Why can’t we use that?

D.Lamers – I agree. Like Joe says, you can scenarioize this to death, but which way do you consider legitimate?

T.Niskala – It’s very usable, but it is based on assumptions. You want an optimistic scenario for planning purposes.

L.Wadle - We plan to keep our best guess as our main assumption, and vary the MFT to vary the range. It will all be at the local level too. Nobody could have predicted the economy tanking like it has even if we had an extreme.

D.Lamers - Our recommendation is that up to ten years we need a very realistic assumption, without a lot of variation. When we deal with the public, elected officials and legislature, they see it has a firm commitment when something is in the ten year plan. After that it’s very different. We need projects out there waiting in case we do have more money available. That’s the benefit of having a slight range of forecast. I don’t see a thing wrong with the forecast you have here. And I don’t know if I would kill myself thinking up scenarios just for the sake of allowing us to develop more projects. I don’t think that’s necessary, especially right now.

A.Clark - Right now there is a disconnect between the project development process and the revenue available. We need to make sure the scale of what we’re doing fits the funds available. Joe is right; we need to be able to explain to the local officials that this is real.

L.Wadle - I think I have the gist of what you are looking for, so we will go back and regroup and get some ideas. The ten year plan contains many legislative bills and sessions that we have no way to predict. One little thing can make our best guess not even close.

D.Lamers - I think the ten year forecast should be conservative. We need a baseline that is conservative but reasonable, and another that is more optimistic/pessimistic. I used the terms “likely” and “projected.” If you show us the “current” trend, and the “likely” trend, we can get the “projected” from TRENDS.

T.Niskala - Using Global Insights is a good idea.

T.Carlson - Is this multi cash forecast distributed?

L.Wadle – A less detailed version goes out externally, and this more detailed version is internal.

T.Carlson - Is the detailed available for distribution?

A.Clark - What would we do with that information? The number we really want is what our letting schedule is.

T.Carlson - If this is enough detail; that may not be necessary.

A.Clark - The piece that is missing is how do these numbers translate into what we can spend at the MPO level? That will make people very attentive to changes in your forecast.

L.Wadle - We are very close to having a forecast done through 2010 by district, and are working on having it through 2020. Then every summer we will go back and revise letting based on this.

B.McCaleb - Is there any kind of ratio between the expansion of mobility projects and the effect on maintenance costs as the system grows and expands?

L.Wadle - I don't know of anything in particular. We've been trying to allow maintenance to grow at 5 percent per year. A lot of the overall cost is maintaining the system. This will change as the system gets older. In the forecast, build goes down and maintenance goes up. All the growth may go into maintenance.

B.McCaleb - A lot of areas are doing maintenance instead of major build projects because they won't get the money to do a major rehab. We're trying to keep a system functioning that has reached the end of its life (bailing water out of a sinking ship). In our MTP discussions, there's a tendency to say that we have had a certain percent of funds the last few years and assume we will have the same in the future. We need to be accountable for the maintenance.

L.Wadle - There is no mobility in the forecast for 2009-2010 or 2011. We're having a hard time getting federal dollars met by the state. If a project requires a match we are out of luck.

M.Wade - The major question here is how did you make the decision about how much money goes into each category?

L.Wadle - We looked at the minimum according to federal legislature: bridges, etc., and put the rest in Category 1-Rehab. There is \$1.6B in fund 6.

D.Plutowski - The last place to put dollars is in mobility. We had to meet agreements.

J.Cantalupo - If you accept you can't do anything about the CDAs and mobility, the only way to get money is to take it out of maintenance.

Unknown - Prop 12 doesn't cost us anything (fund 6) and Prop 14 is going to cost us in debt service over the biennium.

D.Lamers - We will have some ability to do capacity projects under Prop 12, but it won't be sustainable.

J.Cantalupo - Why even say it's available to build period? What good is \$1.6B dollars to spend when we could spend \$6B just on maintenance?

D.Plutowski - That does not include Props 12 and 14.

L.Wadle - The problem is that Prop 14 can't be used for maintenance, it's all capital funding.

M.Wade - So it will be at least three to four years before funds are available. This will be the basis for what the existing UTP is. We will do a new UTP and it will be based on this forecast, when the final one comes out (with current MFT). When will the update be done?

L.Wadle - Hopefully it will be out this month or next.

A.Clark - We don't have new TIPs yet, and that requires a public meeting. So we won't have a new STIP until December or even January.

T.Carlson – Is it out of the realm of likelihood to ask that this forecast be distributed?

L.Wadle - We will send it quarterly to TEMPO and it will be translated into numbers that can be used for letting.

D.Lamers - We also need to make sure MPOs will not overreact and run out to redo their plans. This is just taking the temperature.

L.Wadle - These are all official and they all have an executive summary that explains this is...

T.Niskala - We're worried that if FHWA gets this, they will...

A.Clark - What is missing from my perspective is that the MPO has not been consulted on the letting schedule, and that is a function of a region. There needs to be a process that puts that in place. That's where the dialogue will be. We will update the TIP every two years and it will help to have a look at the ten year forecast. If we do that quarterly there should not be a big surprise. The legislature can always provide unexpected changes, but this will still help us set priorities, etc. I don't see a reason for FHWA to challenge it even if they have this.

M.Wade - Thank you to Lanny (we should receive this from the TEMPO group).

BREAK

M.Wade - Stuart Hanzlik will explain the July Cash Forecast Handout and answer questions.

S.Hanzlik - The Executive Summary is pretty much the same month to month. Items listed on the right side of the page could change.

Page 2 - Summary of all the other pages

Page 3 –

Page 4 - Shorter vertical lines represent balance low/high on any given day of the month

Short-term borrowing has a “cap” at \$500M. If the cap is reached and there is a negative balance, there could be a reduction in letting.

After we finish the forecast and review with Lanny, then we meet monthly with the CFO. If anyone wants us to change something, we will change it and then it goes to James Bass and to the quarterly meeting (Meyland, etc.). They will talk about the forecast and short/long term. It is also sent to governor, comptroller, and legislature, but they usually have no response to it. We are required to provide it, but they are not required to reply.

M.Wade - Who constitutes the FPG and who is the FPG Jr?

S.Hanzlik – The smaller one is meeting monthly with the letting manager. It is more of a working group, more detailed, making sure we are all on same page.

A.Clark - Which looks at expected lettings and cash flow out?

S.Hanzlik – It’s a cooperative process. We have been tweaking Scenario C. If something affects the short term 3 yrs or less, they can tweak the scenario.

D.Plutowski - We broke it down by letting caps and letting schedule, in the short term. Now that we are approaching the end of the year and actual lettings, we will revise Scenario C. We may get a Minute Order to update, but we haven’t gotten one yet.

A.Clark - Do you maintain comparisons to Scenario C for your forecasts?

D.Plutowski - We take it out to 2020, so yes we are.

A.Clark – It's an input, but are you using it for analysis to what problems you may have in particular timeframes? Can you modify it to meet your needs? Are you charged to do that? You can show the consequences, but can you make changes? How different is where we are compared to Scenario C?

D.Plutowski - Scenario C showed us having \$22B, but it's not that any more.

S.Hanzlik - This forecast started with Scenario C.

J.Cantalupo - We're waiting for estimates of how much money we are going to have.

T.Niskala - That will be august?

J.Cantalupo - That's what we were told last year. It's going to be based on the revised version of Scenario C.

D.Plutowski - I take that and break it down, and that's what you are waiting for.

J.Cantalupo - Tomorrow we're going to hear what we have overall but not broken down by district.

D.Plutowski – But it won't be out to 2010. By September we should have farther out.

J.Foster - \$26.2B is what I add up looking at this chart.

J.Cantalupo – It's not how much money we have but when we have access to it.

D.Plutowski - We are trying to get the breakdowns but it changes every month.

J.Cantalupo - We need to change our TIPs (STIPs), but we can't do that yet until we get the breakdown. But we're all in the same boat.

A.Clark - How does scenario C relate to one of the schedules in this report?

D.Plutowski - Scenario C has the 12 Categories and this report doesn't really get into it, but you can look at the State Highway Fund, which includes the 12 Categories. I've heard that James Bass is trying to move forward with this forecast.

A.Clark - It looks like we're about \$5B short of where we were when we rolled out Scenario C.

D.Plutowski - I don't know if that is correct, but it's close. Stimulus funds aren't calculated into the State Highway Fund. (Maybe only \$2.5B short). These are all forecasts because SAFETEA-LU is basically ending and we will be getting a new Bill.

T.Niskala - We will have to update our MTPs as best we can and probably revise in a few months.

D.Plutowski - When you look at the big picture, hopefully Prop ?? will allow for some mobility funds.

J.Cantalupo - It doesn't sound like it right now.

J.Foster - They will be letting \$900M in 2011 and 2012 besides what goes into the State Infrastructure Bank (SIB).

D.Plutowski – It's not guaranteed until legislature actually passes it.

D.Plutowski - Prop 12 will pick specific projects. (100 most congested roadways?)

J.Foster – That was asked for in response to the Sunset report and the Senator's request, not necessarily tied to Prop 12.

LUNCH

M.Wade - Clay won't be back.

A.Clark - We are not worried so much with the cash forecast as much as what it tells us about the letting schedule. We should be working off a prioritized list in the letting schedule. Project readiness is always an issue. Lanny's information was helpful because it gave us a peek into the future. We need to be able to put it into a format to tell our policy makers about without them losing their heads (good or bad). As we discuss things in the report, we need to look at issues related to our charge that need to be addressed.

Unknown - Performance measures-do we need to discuss or put them in a context? This is our chance to have some input.

M.Wade - Last week I got a draft copy of Tim Lomax and Mary Meyland's report. It is primarily economic development, not the type of PMs you will want to look at. Anything you do on PMs would not be lost because what they are doing is different.

J.Foster – What Tim was looking at was expanding economic opportunity as one of the five goals. I think they will look at what the Department goals should be (this fall). I don't think we need to delve into what those PMs should be.

M.Wade - Sharp just started some research and TRB is also coming up with a report. When those national initiatives are going on we probably don't need to waste time on this.

A.Clark - I think we just need to discuss how they replace to our process. Indicate that it is a process that should be in the chart. It's an active thing that needs to be done. Public involvement too—it's a process that needs to be identified in the process. This would just complete the work that we are doing.

Unknown - Project selection criteria-what does it have to do with this process and how does it affect what we are doing? Not what are they, but how do we deal with them in the process? The staff background paper mentioned it. If you read SB300 it says that, so I think it was a response to that because they think it makes things transparent and accountable.

M.Wade - Do you think the writers understand that each area has their own criteria?

D.Lamers - We could put a statement in here that each area has its own criteria.

B.McCaleb – I suggest that it is part of your local MTP, but it is up to your locals to decide.

M.Wade - If this is a federal requirement, you don't need to write rules.

B.McCaleb - It could be a statewide process that TxDOT could manage, and still have a local selection process. Then the state could compare it to their process.

A.Clark – Let's talk about where it fits into our process. I just want to list the topics that affect the project development process. I'd like to lay the groundwork for the next group to pick up the ball and move forward efficiently.

J.Cantalupo - for PMs, there are two things to consider. The Commission distributes funds to projects directly and it would be great to have selection criteria and performance standards as part of this process. That way we can work from the same level. If there is interest at the state level, PMs and selection criteria are a good idea. The state does what they need and each area does their own. We (CAMPO) don't want to be told what selection criteria to use to select our projects and how to allocate our funds.

D.Lamers - On one hand, we are talking about project selection criteria, and the state needs to be able to do that. Somehow the state needs to decide how to document need and how changes affect how they move money around and change funding percentages. It does no good to have selection criteria locally if there's no money in the fund. If the state says the roads have to be good or better and \$X amount is required to do it, then that is where we start locally with our selection criteria to decide how to use his pot of maintenance funds., etc.

J.Cantalupo - The way the legislation was interpreted, it implied that we were going to be told how to select our projects. We need to know what PMs they plan to use.

R.Allen - Elected Officials don't understand the most straight forward programs. They don't understand that funds are available on processes at the statewide level that affects how the district suballocates funds.

A.Clark - If the Commission has discretionary authority, I don't want them coming to me in February and telling me how I can select projects for my TIP. If we can make recommendations that preserve our core ... we need to know when and how those will affect the resources available. We suggest that a straw-man document be worked up for these processes to explain how they need to work within the project development process. We tried to distinguish between PMs and where they fit into this process.

B.McCaleb - We don't want to get into the idea of exactly what type of PMs we will use and what they will measure, but where we might use them and what benefit may be gotten.

D.Lamers - We don't need to define what they are or what they measure. They don't measure the project or our performance, but how well the projects move through the system.

A.Clark - How would any PMs information affect the process as it is on our chart and where? Some don't affect the process and others may. How and when would the use of these PMs affect funding and project selection?

E.Calvo – Volunteered to write something up on this topic (PMs and the process).

Unknown - How does public involvement affect this process? Different aspects fit into it at different points.

D.Lamers - What level of public involvement goes into the NEPA process?

T.Niskala – Volunteered to write something up on this topic (public involvement and the process).

Unknown - How can we make sure the public stays involved thru out this project?

D.Lamers – Communication with the public and with TxDOT is needed, even at the letting schedule level.

J.Cantalupo - Volunteered to write something up on this topic, starting with what was written up about the letting schedule earlier. (Communication and the process).

Unknown - Funding allocation is the state making decisions based on geography or on ... What would allow the most flexibility between urban areas? If the Department makes the decisions they can make sure all the money is used according to what pot they are in. We just need to know what the rules are that govern this process so we know what projects to select to put into the process.

Unknown - The selection criteria are a reflection of priority and the outcomes we want to create. But it doesn't matter how great a project is if you can't get it out the door to be let.

A.Clark - There needs to be an early expression of the projects that are ready for letting and what the priority projects are.

Unknown – The second part is the schedule, and the third part is what moves them forward.

M.Wade - When you prepare your TIP you prepare a one year and a three year plan for recommendation to the state.

A.Clark - At best the letting schedule is a suggestion. There is nothing that spells out what projects in the TIP will go to Let. The funds are not there, so they are scraping up whatever fits into the small pots of what's available.

M.Wade - When you prepare the TIP those projects are not involved in the 4 year statewide project?

A.Clark - The experience has been that there is no guarantee of that. We have been far less fiscally constrained than we should have been. The worry has been that the state would favor their projects first. But because there's no communication, we don't know that...

J.Cantalupo – The problem is there's no recommended order. The state sets a letting schedule based on what they know about the projects. We've just never had the need to be part of that process because it all got done some way. Now we need to be more involved so we understand the process before we select projects.

A.Clark - Then if they have to make adjustments, they can come back to us and let us know they have to make changes. We cannot prepare the local officials if we have no idea what is going on. We are not criticizing; we are just stating that there needs to be more communication all the way down the line. We should all be on the same side, not us vs. them.

J.Cantalupo - Right now we don't have a process to reassign funding based on priority.

M.Wade – Let's focus on the process. You develop a four year process that Jack can incorporate into the STIP. Where does the letting schedule come in?

J.Foster – The letting management and the districts.

D.Lamers - We recommend projects for each year, but basically we give them the list of projects and ask them to let us know when they will be let.

J.Cantalupo - There has to be a way for us to communicate regularly with those who set and maintain the letting schedule. We know what is ready to go, and they know what funding is

available. The coordination should be a part of the process, not something that requires spontaneous initiation.

A.Clark - If our financial information is good, this will be less of a problem. Changes in the letting schedule shouldn't require such big changes.

M.Wade - If you had to take a project out of your one year letting schedule, you won't have a pool of projects to pull from.

J.Cantalupo - I thought every district was given a certain amount of letting funds for that district.

A.Clark - I understand, if the state has a certain amount of safety funds, ... I don't know that having more influence over the letting schedule is going to give us any more control over what gets into it.

E.Calvo - We really need to align the TIPs, because half the projects aren't going to be let. If we have milestones, we need to be accountable for making sure our projects hit them. We are responsible for making sure our projects can be ready to let when the money is available.

D.Lamers - It works fine if the annual element of the TIP fits the funds available. The only time the communication is so vital is if there is a change in the money or in the projects on the list.

M.Wade – If you have 25 projects that come into the TIP and they take 150 percent of the funds available, how do they select the ones that will go to let?

E.Calvo - Sometimes the communication only occurs between the state and the district, and the region (MPO) only knows when a project gets kicked out.

J.Cantalupo - CAMPO gets a list of our projects and the letting capacity. What went into the letting capacity decision? How did you go about putting them in the order they chose?

B.McCaleb - Maybe it is a discussion between programming and the TP&Ds?

J.Cantalupo - We don't want to be in the middle of the process, we just need to know how the decisions are made so we can answer to our local officials. How can we explain when we don't understand ourselves?

M.Wade - Dan said if everyone would stick with their first year letting, they would go with your decision.

A.Clark - Presumably not, because that hasn't worked for us. Sometimes whether that state says "cash flow," they really mean "obligation authority." I don't care what order my priority projects are let, as long as they are let in that year. But they don't always occur according to what we determine as priority.

Unknown - Did we mention tracking in our document? If not, we need to mention it.

D.Lamers - I mentioned that a project should be tracked in the Develop 1 Authority. But we can beef that up.

Unknown - Project TRACKER should be implemented at Develop 1 Authority.

M.Wade - Bob wrote up something about project tracking goals and what it means to different areas.

Other new things

**Draft for Vision Plan – Dan*

**TMMP/TUMP – Tom*

**Statewide Plan – Dan*

Final editing/diagrams

A.Clark - Do we want to use a case study or sketch out a major/minor project example?

D.Lamers - **Clay put together a chart to summarize*, but I think we have room for several examples. He is working on adding other stuff to that, and I will let him know what we're doing.

E.Calvo - MPOs monitor ENV at local level, even as the state is doing the NEPA process.

A.Clark - I don't know if project tracking will reflect that, but we should find out or recommend it.

K.Petr – Project tracking should be started in Develop 1 and possibly have a different structure.

D.Lamers - Clay was starting to sketch out another summary diagram. He wants get rid of Develop 2 and lump it into Plan. I like the distinction because of the NEPA Process.

A.Clark - Another reason to leave it separate is that the statewide plan goes out to 25 yrs.

T.Niskala will work with C.Smith and other sketches to adapt flowchart.

D.Lamers - Is everyone comfortable with the triggers and levels of authority? We have one single forecast with different assumptions at each length of time (timeframe) one year, four year, ten year, and twenty year.

E.Calvo - Use Lanny's forecast out to year ten, and then his forecast could pick up the TRENDS model.

A.Clark - I think we need two different graphs: one for revenue and one for letting capacity. They could even be two separate lines on one graph.

***D.Booth** – I will write up a process overview paragraph to go with his graphic.

D.Lamers - See page four for changes. On Figure 3, I will add Vision Plan and change UTP to 10-yr plan/process.

Unknown – We don't want a project listing but a statement of goals.

*Ed –performance measures (place and role in process) (PMs for project development?)

*Tom-Public Involvement

*Alan-Project selection criteria/project prioritization

*Alan-Funding allocation (role or impact on Project Development Process)

*Joe-development of letting schedule

*Bob-project tracking

M.Wade – What about the reduction of categories issue- we did not make a recommendation in this summary. If we want to make one, we need to go back to what is in our progress report document.

See notes from 7/8-9 p.14

Maintenance and Rehabilitation, Safety, Capacity, Environmental and State Discretionary divided between Commission and Districts

Next meeting

1 p.m., Monday, August 31st - all day Tuesday, September 1st

Attachment J

to the Final Report:

Meeting #9 Notes, August 31-Sept. 1, 2009

UTP Work Group Meeting Notes

Monday, August 31, 2009

Eduardo Calvo
Dale Booth
Dan Lamers
Tom Niskala
Alan Clark

Joe Cantalupo
Bob Appleton
Robert Allen

David Plutowski
Wayne Wells
Jack Foster
Carol Court
Montie Wade

Attachments referenced during meetings:

- A – Edited Draft Summary of Recommendations_ Joe Cantalupo
- B – Outline – Montie Wade
- C – Project Development Process Chart _Tom Niskala

M.Wade - *Began by discussing Commission meeting and the outcomes and the effect on this Work Group.* Their goal is to have rules drafted by November of this year. Maybe their rules will not be so specific. Maybe we can get something done in time to have some impact on this. My thought is they will write rules as specific as SB13.

A.Clark - SB300 doesn't talk about how the pieces fit together, so I think we should discuss how this process works, in as much detail as we want. I don't know if SB300 will work and will the committee come back to this and decide things need to change? Our question should be, "Do all the pieces work, and how do they fit together?" SB300 doesn't leave a lot to the imagination.

Regarding forecasts, the first two years should be specific should be part of the code. The Letting Schedule isn't based on appropriations, it is based on the cash flow and what that will allow.

I don't know if SB300 says what it intends to say and this committee wants us to go down the list to see what needs to be expressed in the rules.

M.Wade - Amadeo suggested that we look at the Sunset Report and start going down the list.

A.Clark - I think they will just pick up this language and put it in the code. The HB says we should have PMs but doesn't say what to do with them. That's what we should talk about is how these pieces are going to be used. What are the benefits? Maybe we could use roll-playing?

M.Wade - I'm more concerned that Mary Meyland's group has made a presentation to the Commission and we are no longer running on a parallel track. They recommended that the Statewide Plan be a 20-year list of projects that is fiscally constrained. Jack and I told them that our group was not in complete agreement. After the meeting, Mary said this is where they are

going, and this has already been presented to Commission. Amadeo asked how we were going, and said they are going with the 20-year plans for projects. This seems to insinuate that's what is happening, and you may want to take this under consideration. Michael Miller does not think this is the way to go, and he's not comfortable with it because the public needs to know that this is all you can do in a 20-year period.

A.Clark – I think you need to say what is NOT on there, and what the public and MPOs will not be getting. It's not inconsistent, we just haven't spoken to the first 10 years. I think it is like a pendulum swinging. We will break it down until people get it and, by the time we have more resources, we can work with a better understanding of the process.

T.Niskala - Use the MTP as a process.

A.Clark – If someone feels a need, they can carry the planning threshold out further...

J.Cantalupo – If the TIP is amended, it isn't approved until the STIP is amended and accepted. Are we boxing ourselves in here by making our Plan (MTP) like the TIP?

A.Clark – We don't have to update the TIP every other year.

D.Booth - Are you concerned that if we have a 20-year plan, every time you have to amend it there will have to be an update?

J.Cantalupo - Nobody's TIP is approved until the STIP has been approved. Our Board approves the TIP, but until the feds review and approve the STIP, we don't have the go-ahead. What if there is a difference between the TIP and the STIP? For instance, where did they get funding?

D.Lamers - Amadeo will find out that a Plan is not the same as a TIP. They will find all sorts of inconsistencies in our TIPS when they go to combine them. Our Plan stays as general as it can, but we get specific when we do our Environmental Process. But some plans are very detailed from the beginning.

M.Wade - But your plan is based on the funding available.

D.Lamers - DCIS will have 10 different plans that combine to create this one project. If the State pulls from DCIS data, it won't look like the Plan our Policy Board adopted two years ago.

M.Wade - Amadeo is also concerned that people read the Plan to say that the last 10 years have been programmed.

T.Niskala - Could we have two 10-year plans that combine to create a 20-year list of projects?

A.Clark - let's be careful what we call them. Don't use the term "projects" for instance. If it looks like the feds want it to, we may be able to satisfy their comments too.

Unknown - Alan said it very well when he said we're silent on our second 10 years. I think we whisper, but we don't want to broadcast it. We need to have language that stresses caution in the second 10-year list, even though we agree there should be a 10-year priority list.

A.Clark - The most dangerous part is that our process subjugates the process rather than supporting it.

No comments from Wayne or Jack

E.Calvo - I have a question. Who sets the overall rules and priorities? Joe Pickett complains about this all the time. Where are we now? Is the legislature saying they are going to create the rules, etc?

M.Wade - Part of it was that they wanted RPOs set up. And I believe the HB says they will set the goals and the locals will choose their projects based on the goals.

E.Calvo - Right now we have these five goals the legislature set for TxDOT.

M.Wade - Yes, they want a business plan for 20 years, and you can't do this if you don't have a list of projects. Amadeo's hands are tied. When the work group writes the rules, I don't know how flexible they will be. If logic prevails, then they will be flexible because they will realize all the regions are not the same. They want us be specific enough to write actions plans for each goal. This group is not the legislature and I think they are flexible enough to allow each area to write their own project selection criteria.

E.Calvo - But who writes the policy?

M.Wade - HB 300.

A.Clark - Under Develop and Plan, I think SB300 reads just the opposite of what the Pickett Bill was saying in that it seems to curtail MPO's power in their process to make decisions. I don't know why Pickett went along with that language.

D.Lamers - I think this was written by people who don't understand code and the purpose. I have faith in our representative. We don't know how much this group is going to affect what the rules are going to be.

E.Calvo - Is this 20-year plan supposed to be updated every year?

M.Wade – No.

E.Calvo - How often then?

A.Clark - HB300 says the forecast should be redone every month.

D.Plutowski - (handout) Title 23 is very general in comparison to HB300. STA Act – State vs. fed oversight says they want to give MPOs a much stronger oversight regardless of what HB300 says.

A.Clark - I think they distinguish between amounts...

D.Lamers - They can say we have to update the plan every five years, but every MPO can update their plan as often as they deem necessary. It will be up to the State to figure out a way to plan for that.

D.Plutowski - Talked about the proposed letting caps that David Casteel handed out, but it is already being revised. It is only Fund 6.

M.Wade - is everyone in favor of going thru the latest draft?

All – Yes.

Reviewed the Draft Report

A.Clark - Referred to his flowchart and how it determines the layout of the report. Goals identify needs for additional investment and to the issues of how the investment winds up in those places (measure equity?)

Resource Allocation reflects the goals and actions to allocate those resources to specific things.

Project Implementation defines how our process...

Performance Measures...

E.Calvo - Part of the complexity of PMs, is who sets the goals? We have statewide goals that allocate resources, then that breaks down to regions and you select projects. What are you going to measure and at what level? Do you measure all the regions at the state level?

J.Cantalupo - I don't think you use the measures at the regional level as you do for statewide. In NJ they developed a system that worked by having a few statewide goals and then each region set their project selection criteria of reaching the statewide goals.

E.Calvo - If you look at Maryland, it is the complete opposite of Texas. We are so large and diverse, it will be more challenging to come up with something that works for everyone.

J.Cantalupo - If you set statewide goals that are outcome-based goals, then you have regional that are upward-based.

A.Clark - I feel no responsibility for safety because we don't get any money from the state for safety. They do all the picking. On the other hand I can't hold the Commission responsible for

projects that we picked and the feds funded. The more areas of geography we have, the more flexibility we will need in the goals. Each region will have its own specific areas of focus. If they give us a huge rulebook of guidelines, measures and goals, we won't be able to use it.

J.Cantalupo - Or explain it to the public. Your chart could go in before Section III.

A.Clark - It could also be used in your Executive Summary.

D.Lamers - Project Selection and Project Implementation are regional responsibilities.

A.Clark - Statewide Goals and PMs have to be robust and all-encompassing. At the regional level we will focus on the areas where we want funding. But it will all be under the statewide umbrella.

D.Lamers – The state will have to figure out how to measure all the regions statewide on their performance in helping the state reach their goals (i.e. reduction in fatalities).

A.Clark - We are more or less constrained depending on how the state interprets these goals and measures. We have to come up with a way to show the best value for the goals and the measures. We need to make sure we simplify, not complicate the process. If we could think in terms of case studies, they can be used to exemplify these things.

A.Clark - Do we want to connect the planning and programming documents to the two 10-year plans?

C.Smith – I suggest having Plan I and Plan II, then Develop, Program and Let Authority

The group agreed to leave it as is, but add some items to the charts 1 and 4 and use Clay's graphic as Figure 6

M.Wade - I suggest we include Tom's chart.

The group agreed to put it right before Clay's chart, after Dan's Figure 4.

Other items for editing the draft recommendations report:

Make sure all charts and text are in agreement.

Make suggested changes to Figure 1.

Alan will write up a recommendation that TxDOT provide an explanation of category funding to include as part of resource allocation or in miscellaneous recommendations.

Alan had previously wanted to include explanation of statewide goals and measures.

Discussion regarding the TUMP and TMMP.

Add Public Involvement Process to Section IV.

Discussion about Dale's chart (Figure 2).

Needs more clarity and explanation, but a good visual explanation of The Relationship between Cash Flow and Letting.

A.Clark - I still think we need some example scenarios added at the end of the report.

End of Day 1 Meeting

Tuesday, September 1, 2009

Eduardo Calvo
Dale Booth
Dan Lamers
Tom Niskala
Alan Clark

Joe Cantalupo
Bob Appleton
Robert Allen

David Plutowski
Wayne Wells
Jack Foster
Carol Court
Montie Wade

D.Lamers – The Executive Summary looks like Introduction. It needs to have the key points of the report in it. It needs to sum up things like the financial forecast. We could come up with an Executive Summary that is about one page, then go into this introduction

Also, do we need TRB-like findings that state the obvious about the critical elements of this planning process through this level? It needs to be developed in this manner for the benefit of legislators. The financial part is largely the problem.

M.Wade - That's exactly what we had in here in the progress report. In a couple of places we might be able to jog our memory. One place was on page 4 – the bulleted list. Then over on page 5, skip strategy; on page 7 is Work Group Issues Under Consideration. These might help come up with a short bulleted list.

E.Calvo - Are we done? Once we do the full report, we should extract the key points and then complete the report.

M.Wade - Yes, then we should get the report in the order you want and edit it.

T.Niskala – On pages 7-8 – Work Group Issues Under Consideration. We could change the wording and clean it up.

Discussion about structure of executive summary

J.Cantalupo - If this is evolving into an explanation and the key points for ...

D.Lamers - Joe had the right idea in the beginning to keep this short and concise. We can just spend 15-20 minutes to pick out the key points and then one of us can write it up into a one page Executive Summary.

J.Cantalupo - We also talked about including Project Tracker into a Public Involvement Process (PIP) section and put at the end.

T.Niskala - Use the wording about the financial forecast.

J.Cantalupo - Use correct language

1. Financial issues (Comprehensive Financial Forecast/reduced funding categories)
2. Communication issues (Commission-Legislature/TxDOT/MPOs/RPOs)

J.Cantalupo – Findings - start with that.

1. Finding: Financial Planning and Project Development are not integrated

Lack of fiscal guidance at all areas of the planning process

A revised project development process is needed/replace the UTP

Agreement to take the Findings and Recommendations as amended in the meeting as the Executive Summary (ES). Edit the ES to be the Intro/Overview, and move a combined Project Tracker/Performance Measures/PIP at the end of the Report, before the Assumptions and Other Recommendations. Then clean up the rest and revise graphics.

Check for consistency of references and use of MPO/RPO, etc.

Check to make sure all graphics are in agreement with text and that it is all consistent.

Check for reasonable transition

Check for redundancy

Make changes to Dan's graphics as directed

Summary of Work Group Critical Findings and Recommendations

Revise existing Executive Summary to make an Introduction/Overview

Combine sections IV and V to make one section IV which includes Project Tracker, Performance Measures and Public Involvement.

Dale and Alan will send revised graphic

Alan will write up large major/minor project examples

Alan will create his graphic

Ed will rewrite Performance Measures piece

We will meet one more time.

Restructuring the Texas Transportation Planning and Programming Process

Work Group Summary of Findings Revised August 25, 2009

I. Executive Summary

The Sunset Advisory Commission (SAC) was created by the Texas Legislature and is the legislative body that reviews the policies and programs of more than 150 government agencies on a rotating basis every 12 years. The SAC questions the need for the agency under review, examines the potential duplication of services or programs with other state agencies, and considers new and innovative changes to improve the operations and activities of each agency being reviewed.

The SAC issued its staff review of Texas Department of Transportation (TxDOT) policies and programs in June of 2008, in advance of the 2009 legislative session during which the sunset of TxDOT was considered. Some key recommendations of the report included:

- Requiring TxDOT to redevelop and regularly update the long-range Statewide Transportation Plan describing total system needs, establishing overarching statewide transportation goals, and measuring progress toward those goals.
- Requiring TxDOT to develop a transparent, well-defined, and understandable system of project programming within TxDOT that integrates project milestones, forecasts, and priorities.
- Requiring TxDOT Districts to develop detailed work programs driven by milestones for major projects and other statewide goals for smaller projects.
- Requiring TxDOT, with input from transportation partners and policymakers, to develop a system to measure and report on progress in meeting transportation goals and milestones.

As part of its response to the issues raised by the SAC staff report, TxDOT formed the Restructuring the Texas Transportation Planning and Programming Process Work Group, to evaluate the effectiveness of TxDOT practices in developing and managing the project development process and the Unified Transportation Program (UTP). More specifically, the Work Group was asked by TxDOT to identify best practices for the planning and programming process, evaluate existing practices, and suggest recommendations for developing a new process that is transparent, easily understood, streamlined, and predictable. Additionally, the Work Group was authorized to review and comment on any area of planning and programming it believed was warranted.

The Work Group included members from the TxDOT Administration, the TxDOT Transportation Planning and Program Division, the TxDOT Finance Division, TxDOT Districts, and selected Metropolitan Planning Organizations. The Work Group was supported and facilitated by Texas Transportation Institute staff. The Work Group began meeting periodically in February of 2009, with members contributing additional time between meetings to develop and review additional material as needed.

As part of its efforts to address the need to improve understanding, accountability, and transparency between transportation agencies and the general public, the Work Group identified several issues that it sought to address through its documentation and revision of the project development process and in the other recommendations that it made. These issues are listed below, as a summary of Work Group recommendations presented by category. The importance of continuous public involvement throughout the entire planning process is essential. Individual audiences and expected communication techniques must be effectively utilized.

Planning Process

- Develop a statewide multimodal transportation plan and provide regular updates;
- Develop a planning process that sets priorities and identifies authority to perform designated work;
- Develop process that is less complicated and more understandable. Create a model for a new and better process that is adaptable to changing financial conditions;
- Create a priority-based, financially constrained plan with adequate flexibility to adapt to changing circumstances;
- Include corridor preservation as part of the planning process;
- Use total project cost to manage limitations and incorporate deadlines;
- Improve coordination to insure delivery of priority projects year to year;
- Develop a total project cost process and address cash budgets for right-of-way (ROW) and construction; and,
- Include a statewide vision plan without financial constraint, based on concepts similar to those in the TMMP/TUMP, to identify needs and goals and estimate possible benefits achievable at a higher level of funding.

Project Development Process

- Simplify the project development process by reducing the number of funding categories;
- Create a project development process that is fully multimodal; and
- Identify and define various levels-of-authority within the project development process.

Project Concurrence

- Identify audiences, improve techniques, and increase opportunities for public involvement;
- Improve coordination between the TxDOT Administration and Districts, and the MPOs; and,
- Manage over-programming to allow the availability of projects to let if others are delayed while staying within established priorities.

Financial Planning

- Provide regular financial forecasts to support the project development process;
- Reflect a range of forecasted funding, particularly to address uncertainty in the out years;
- Include financial guidelines for short range (years 1 - 4), mid-range (years 5 – 10), and long-range (years 11- 26) time-frames of the project development process;
- Include a consistent baseline (provided by the State) for key assumptions while maintaining flexibility;
- Establish an understandable process for the allocation of resources to address the needs and goals identified; and
- Assure equity of resource distribution in a manner that everyone understands.

Implement Communication, Transparency, and Accountability

- Establish new, or document existing, funding formulas;
- Identify audiences for the document proposed for the planning process;
- Develop appropriate communication tools for the audience to effectively participate; and,
- Integrate performance measures and accountability into the process.

The purpose of this report is to present the revised project development process being recommended by the Work Group for consideration by TxDOT. The report includes the following:

- Definitions of terms used to define and describe the revised project development process (Section II);
- A narrative describing the revised project development process (Section III);
- A graphic representation of the revised PDP (Section III);
- A narrative describing the role of project tracking and Project Tracker (Section IV);
- A narrative describing the how public participation interfaces with the planning process (Section V);
- A list of assumptions made in developing the revised PDP (Section VI); and,
- Other recommendations (Section VII).

II. Definitions of Terms Used

Update - Changes to an existing planning document such as the TIP or MTP/RTP, etc. that require creation of a new document. An update resets the document time frame and cycle clock.

Amendment - Changes to an existing TIP, UTP, and MTP/RTP/Statewide LRP that does not require air quality conformity analysis (in non attainment areas only) and do not require creation of a new document.

Level of Authority - Status of a project that permits certain project development activities. Certain milestones may have to be met before advancing to next level of authority.

Financial Constraint - Cost of all construction projects or phases of projects, balanced against the amount of revenue expected to be available for a given document in a given timeframe.

Project Phase - Portion of a project that is expected to occur within a given timeframe. For example, advance purchase of ROW may be shown in year 1 of a document while the construction phase may be in year 11.

Financial Forecast - An estimate of the amount of revenue expected to be available in a given time frame using specified assumptions.

Cash Flow - Analysis of costs and revenue for each increment of a given time period. Generally results in funding available after all costs, including finance costs, are taken out.

Total Project Costs-

TRENDS - TEMPO/TxDOT revenue forecasting model used to develop planning level forecasts for mid- to long-term analyses.

Current Economic Conditions - Actual value of variables that affect the cost of projects or amount of revenue expected to be available. Examples are the gasoline consumption rate, construction cost index, inflation, etc.

Likely Economic Conditions - An estimate of the short term (2-10 years) value of variables that affect the cost of projects or revenue expected to be available.

Projected Economic Conditions - An estimate of the long term (10-20 years) value of variables that allow for future cost estimates and revenue projections.

Bands - Total cost or revenue within a specified time period, not disaggregated by individual year.

III. Proposed Project Development Process

There are three distinct areas to the proposed project development process: project specific Level of Authority, financial forecasts, and planning and programming documents. Individually, each of these is fairly straight forward. However, when trying to correlate them, difficulties in understanding how they relate often arise. For example, some projects take significantly longer than other projects, making milestone based levels of authority difficult to fit into time based financial forecasts. However, through the development of statewide and metropolitan transportation plans, the UTP/project development process, and the TIP/STIP, costs from projects in all levels of authority can be reflected and accounted for.

The overall Work Group philosophy is that the amount of revenue available for programming should be estimated for certain periods of time, and project related costs are constrained to the available revenue. However, the process should allow for the flexibility to tightly constrain projects that are ready to let with currently available revenue, while still allowing for a larger pool of projects to be in development so that if additional revenue becomes available, there are enough projects ready to go. With that in mind, it is important to realistically estimate revenue availability in the near term while allowing for uncertainty in future revenue forecasts, positive or negative.

Level of Authority

The first concept to consider in the project development process is the Level of Authority (LOA). The LOA for any given project represents how far along the development process the project has progressed, or is authorized to progress. Five LOAs are proposed:

- Plan
- Develop 2
- Develop 1
- Program
- Let

Each LOA can be thought of as identifying what types of development activities can occur at the current time. Unlike Letting or TIP Authority, **Develop or Plan Authority should not be thought of as an indication of the amount of time before a project is expected to be implemented, but more in terms of meeting certain milestones in the planning, engineering or design processes or funding availability.** Some projects may proceed through the LOAs in a year or less, while others may take 15 years or more. The time spent in each LOA, and the entire LOA process for that matter, is dependent on several factors such as the project type, project priority, availability of funding, environmental development complexity, complexity in mode choice analysis and right of acquisition complexity.

Project Phasing/Incremental Project Implementation

Every project is contained in multiple planning and/or programming documents. These planning and programming documents are, for illustrative purposes, organized in time increments. Larger projects are often advanced in segments or phases. Therefore, it can sometimes be misinterpreted that the entire, larger project should automatically proceed to a more advanced LOA if funding if certain phases, such as ROW acquisition, engineering or early stand-alone construction elements, are advanced to the TIP or let level of authority. However, in these cases, the major project will still be maintained in the Develop 1 or Develop 2 LOA while just those early phases are separated out and advanced as “independent” projects. The generalized concept is shown in Figure 1.

Notes from Alan: UPT vs. UTP? Do we want to create two lists for “permitted activities” and “milestones necessary to advance” under Develop 2 and Program? The two categories would separate “major” from “minor” projects as minor projects presumably could have far less project development to complete, therefore could enter Develop 2 without NEPA, Schematics, ROW, and Agreements completed. The same is unlikely to be true for “major” projects as there is insufficient time for these activities once in Develop 2. Having said that, projects requiring agreements with TxDOT and other local governments take a minimum of 6 months to a year. Many require up to two years. Therefore agreements should be complete before receiving “let” authority. Should we provide more detail for Develop 2? Perhaps some examples at least? All projects that are contained in an adopted MTP/RTP or fiscally constrained Statewide Long Range Plan.

“Plan” Level of Authority

All projects contained in an adopted MTP/RTP or the financially constrained Statewide Long Range Plan are automatically included in the **Plan** LOA. This would allow early planning activities, prior to NEPA initiation (if needed), to occur, such as fatal flaw analysis, toll feasibility, initial public involvement and local coordination efforts. For a project to move to the Develop 2 LOA, NEPA must be initiated and the type of environmental document to be developed must be approved by the FHWA. In the case of exempt projects, documentation showing exempt status should be prepared and processed.

“Develop 2” Level of Authority

Depending on the ability of the project to meet fiscal constraint, **Develop 2** LOA may be granted once the NEPA process has been initiated. Develop 2 status allows the full range of NEPA activities to proceed and be completed. Projects with Develop 2 status are not expected to go to construction within the next 10 years. Funding for NEPA activities (such as consultant services) will require the availability of contracting dollars for the letting year or consultant contract period. Some post-environmental project development activities (such as early ROW purchase, continued engineering, public outreach, or other planning and project development activities) may be performed or initiated in the Develop 2 phase. However, those portions of the project should be split off as separate “projects” or activities with their own project code as their expenses must also be constrained to funding available for the letting year or relevant contract period. However, it needs to be noted that right of way activities including the purchase of right of way shall not begin until environmental clearance has been received from TxDOT and/or the FHWA. The new related project will be given a different LOA depending on when the expenditure is expected, but a link to the host project should still be maintained. Essentially, Develop 2 LOA can be considered a holding place for projects that require a fairly long development period (10 years or more) or for which construction or implementation funding has not been secured yet, but development activities are necessary.

Figure 1
LEVELS OF AUTHORITY

LOA	PERMITTED ACTIVITIES	MILESTONE NECESSARY TO ADVANCE
Plan	Pre-NEPA Feasibility Initial Coordination	Notice of Intent (NEPA)
Develop 2	NEPA Schematics ROW Maps	Financial Constraint (Inclusion in UPT/PDP)
Develop 1	NEPA Schematics ROW Maps Agreements	Financial Constraint (Inclusion in TIP/STIP)
Program	NEPA	Financial Constraint (Inclusion in Letting Schedule)
Let	Agreements	NEPA Complete

“Develop 1” Level of Authority

Once the NEPA process has been initiated and construction funding is expected within 10 years, **Develop 1** LOA is granted. Develop 1 status anticipates that the full range of NEPA activities have or will be completed, and detailed engineering design to begin (Plan, Specifications and Engineering activities-PS&E) within the next 6 years. The significant difference between Develop 1 status and Develop 2 status is that a commitment is being made that the project is expected to go to letting within 10 years. Once the environmental finding has been received, the detailed engineering design should begin. The larger host project may also be split into several independent project phases or stages in which each stage or phase may be classified under a different LOA depending on when their expenditures are expected to occur. It is also expected that once a project reaches Develop 1 status, its development progress will be monitored to ensure the project remains on schedule.

“Program” Level of Authority

Projects with **Program** LOA considered to have a high degree of commitment and are shown in the 4 year TIP and STIP for construction or implementation. Major Projects with Program LOA should have completed the NEPA process or have a NEPA decision pending. Minor projects (expected to qualify for a Categorical Exclusion or FONSI) should be entering the NEPA process (if required) with a ROD/FONSI imminent or received. Similar to Develop 1 LOA, projects with Program LOA should be aggressively monitored to ensure schedule and cost expectations. Project monitoring is critical for any project without a completed environmental decision; as unanticipated changes to required environmental mitigation can substantially increase project scope and cost.

“Let” Level of Authority

Projects with **Let** LOA are projects that are listed in TxDOT’s annual letting schedule. Because they are expected to proceed to construction or implementation within 12 months, the project must be cleared through the NEPA process and all preconstruction activities and agreements should be complete or imminent.

Each of these LOAs is summarized below.

Plan

- Project must be in the MTP
- Pre-NEPA planning work is permitted

Develop 2

- Project must be in the MTP
- NEPA can be initiated
- NEPA can be completed
- ROW preservation and preliminary Engineering phases may be in UTP as independent projects

Develop 1

- Project must be in the MTP
- Project must be in UTP
- NEPA must be underway
- NEPA can be completed
- Engineering/ROW/Construction phases must be identified in the appropriate year

- Project development strategy to indicate the project phasing in order to monitor development process must be completed

TIP

- Project must be in the MTP
- Project must be in the UTP
- Project must be in TIP (within the four years)
- NEPA must be underway or complete
- Project development strategy to indicate the project phasing in order to monitor development process must be completed

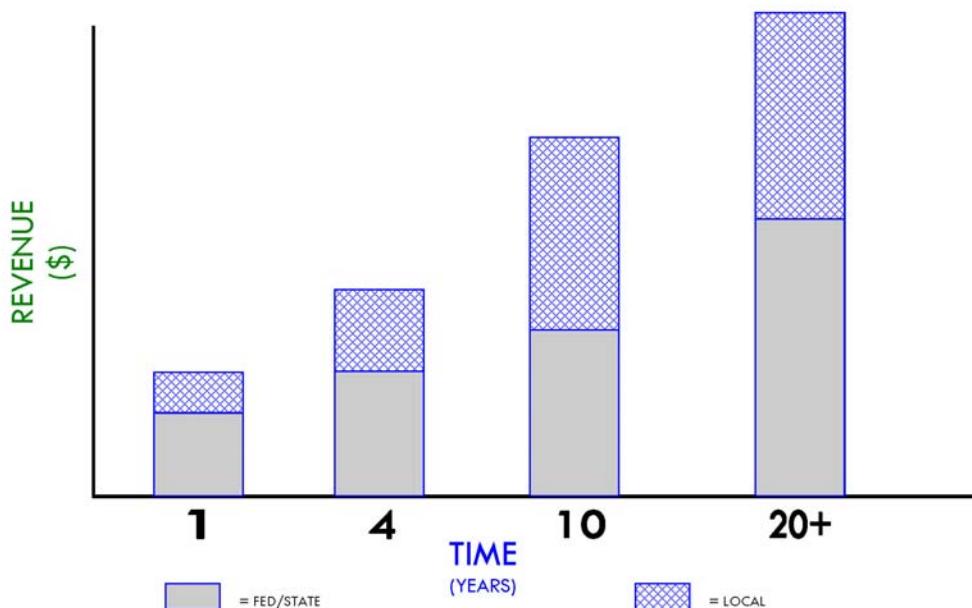
Let

- Project must be in the MTP
- Project must be in the UTP
- Project must be in TIP (within year)
- NEPA must be complete

Revenue Estimating and Forecasting

The second concept to consider is revenue estimation and forecasting. As inferred in the discussion of the planning and programming documents, it is desirable to estimate short term revenue availability very accurately, and as one moves to intermediate and longer time frames, more flexibility should be allowed to account for more uncertain economic conditions and project cost estimates. For each time frame represented in the planning and programming documents, a single estimate of federal and state revenue should be developed by TxDOT and provided to each MPO and TxDOT district. To define the variables and parameters that will go into each forecast, a work group would be created, made up of representatives from TxDOT's financial division, planning and programming division, districts, MPOs, and potentially outside consultants. Parallel to TxDOT's forecast of federal and state revenue, each metropolitan area and rural area should develop an estimate of local funds expected to also be available. These local fund estimates should then be shared with TxDOT for inclusion in a total revenue forecast for use by TxDOT and MPOs in project selection and programming. This concept is shown in Figure 2.

Figure 2
REVENUE FORECASTING



For short and intermediate range documents, the letting schedule, TIP/STIP and UTP/project development process, cash flow based forecasts should be developed. These cash flow estimates should take into account all anticipated revenue collections, federal reimbursements, and previously committed obligations that have not yet been expended. They should be based on the current economic conditions. For the annual letting schedule, they should be developed every year at a minimum to ensure the proper scheduling of projects for that given year. For the TIP/STIP and UTP/project development process the estimates should be made and certified by TxDOT every two years to coincide with the state legislature's budget and appropriations cycle. Even though TxDOT will develop a new cash flow forecast every year, only the intermediate forecast will result in a significant change to the amount of available revenue, the TIP/STIP and UTP/project development process do not need to be updated to use the new forecast, but may be amended to account for minor changes to project scheduling and costs. If the resulting intermediate cash flow forecast results in a significant change to expected revenue, TxDOT may elect to update the TIP/STIP and UTP/project development process.

Translating Cash Forecast to Letting Capacity

By convention, TxDOT planning documents describe projects in terms of total cost. These single dollar values are listed chronologically in the year the project will let out to bid.

TxDOT cash flow is analyzed and projected differently. Cash flow is analyzed and projected in terms of periodic revenue and payments over the multiyear life of construction contracts, both existing and proposed. The figure below provides a tabular and graphical depiction of how future project payments are compared to future revenue (fund 6 only) and translated to project cost for use in planning documents.

In Figure 3, each curve represents this multiyear payout for contracts let in a given year plotted cumulatively over previous year's lettings. When total payments for all contracts active in a given year are set at or near projected revenue for that year, the difference in these curves translates to a projected "letting capacity" or "letting volume" for a given year or years. In analytic terms, the integrated area between any two curves represents the project letting capacity for that time frame.

Payout Grid for July 2009 Cash Forecast - Reflects State Highway Funds only (does not include Bonds, CDA's, ARRA, SH 121 or SH 130 funds)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total Project Expenditures	Additional Expenditures after FY 2019
Existing Projects (FY 2009 and Earlier)											181,733,435	
Projects Let in FY 2010	17,139,313	36,553,666	48,498,530	60,163,520	32,135,250	0	0	0	0	0	15,949,610	15,949,610
Projects Let in FY 2011	66,200,894	70,450,988	20,415,423	20,820,827	0	0	0	0	0	0	22,786,165	165,930,034
Projects Let in FY 2012	4,339,759	80,519,292	22,856,034	15,162,271	0	0	0	0	0	0	23,177,761	13
Projects Let in FY 2013		69,615,915	1,139,857,115	308,873,041	84,056,163	86,173,067	22,110,752	0	0	0	23,468,681	16
Projects Let in FY 2014			70,760,565	1,176,814,276	94,061,463	96,173,067	2,210,752	0	0	0	23,826,931	13
Projects Let in FY 2015				70,259,887	1,167,734,308	354,616,117	95,169,984	3,237,940	0	0	2,396,932	242
Projects Let in FY 2016					71,345,893	1,198,275,559	364,994,119	102,738,670	3,237,940	0	3,135,872	1
Projects Let in FY 2017						761,21,606	1,224,813,302	304,299,670	70,583,995	0	91,011,646	
Projects Let in FY 2018							794,899,858	1,231,288,319	311,680,264	2,389,565,465	22,040,711,392	
Projects Let in FY 2019								1,241,814,300	1,241,814,300	422,590,732	159,213,341	
Total FY Payments	1,851,837,207	1,943,535,242	1,924,059,172	2,181,130,961	2,102,229,331	2,301,732,787	2,431,232,490	2,492,118,795	2,493,301,683	2,430,320,225	801,528,773	

Letting numbers and resulting payout will change when Admin adopts new FY 2010 - FY 2020 Transportation Plan

July 2009 Cash Forecast Letting Amounts	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
10,000,950,033	1,570,480,108	2,285,168,113	2,317,788,114	2,349,668,114	2,382,988,114	2,403,068,114	2,427,988,114	2,463,068,114	2,493,068,114	(1,692,21,98,341)

July 2009 Cash Forecast Letting Amounts	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
10,000,950,033	1,570,480,108	2,285,168,113	2,317,788,114	2,349,668,114	2,382,988,114	2,403,068,114	2,427,988,114	2,463,068,114	2,493,068,114	(1,692,21,98,341)

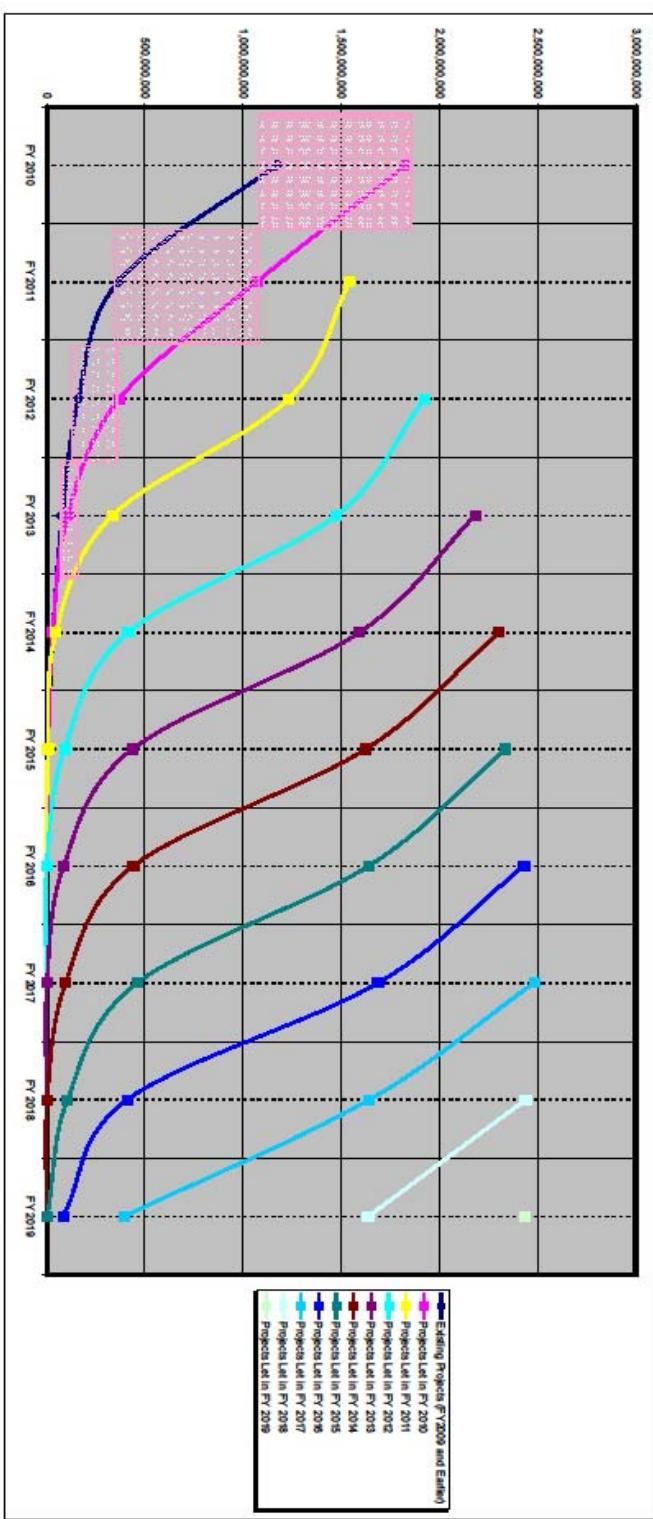


Figure 3

By way of example, the letting capacity for FY 2010 (Fund 6 only) is the difference between the FY 2010 project curve and the existing projects curve. This is shaded in the table and on the graph. By comparison letting capacity for the STIP period would be the area between the FY 2013 project curve and the existing projects curve.

Planning and Programming Documents

Planning and Programming documents include those that are either required under federal regulation or the State Administrative Code. This is where the concepts of project development and revenue forecasting merge together. Each document serves a separate purpose and may have different assumptions, but they should also provide a level of consistency within the process. Figure 4 shows the time based concepts of financial forecasts and their relationship to the required documents. Figure 4 attempts to portray the process when adding the non-time based concept of Level of Authority to the process.

PLANNING / PROGRAMMING DOCUMENTS

Document	Project Listing (LOA)	Revenue Forecast
MTP/RTP	Plan Develop 2 Develop 1 Program Let	20+ Years Projected economic conditions
UTP/PDP	Develop 1 Program Let	10 Years likely economic conditions
TIP/STIP	Program Let	4 Years current economic conditions
LETTING SCHEDULE	Let	1 Year current economic conditions

Figure 4.

Currently, TxDOT requires an annual letting schedule to be developed. The letting schedule lists all projects expected to be let within the next year, month by month. It should reflect the actual amount of money that is expected to be available taking into account all costs, including current and future obligations relative to the expected cash flow. As such, it should be somewhat conservative and account for all funds being spent on construction, ROW, design, engineering, and planning for each project. This should be consistent with TxDOT's initiative to implement total project cost accounting.

Transportation Improvement Program and Statewide Transportation Improvement Program

The TIP and STIP are required under federal regulations to contain a listing of all regionally significant projects, including all projects utilizing federal funds, over the next four year period.

Like the letting schedule, it should contain a realistic estimate of available revenue and should account for expenditures of funds for construction, ROW, design, engineering, and planning. As many projects in the TIP and STIP require local funds or local activities such as utility relocation, etc., local governments need to know that the inclusion of a project in the TIP and STIP generally represents a firm commitment. As such, it should be conservative in its estimate of available revenue so that extensive efforts aren't spent on a project that may not be ready within its scheduled timeframe.

Unified Transportation Plan

The UTP or project development process is a state planning requirement that represents an intermediate time frame in the project development process. It should cover a period of 10 years and include all of the projects, or phases of projects, covered in the TIP and STIP and letting schedule, plus those projects that will be ready for letting within 6 to 10 years. A project's inclusion in the UTP or project development process also represents a commitment to its continued development and carries with it an expectation that funding will be available in the expected timeframe. This should give comfort to local governments and project developers that may be ready to expend significant effort on advanced development activities such as NEPA clearance, engineering, and design. Because of this commitment, it should also be conservative in its estimate of available funding. It should be updated every two years as required by federal regulation, but provisions should be made for annual amendments. It should utilize the financial forecast certified by TxDOT coinciding with the legislature budget and appropriations cycle.

Metropolitan Transportation Plan and Statewide Transportation Plan

The MTP/STP represents a long range blueprint the transportation system. It is federally required to cover a 20+ year timeframe. It is also required to be financially constrained to expected revenue. However, because it is difficult to predict revenue availability over such a long time frame, it is accepted that assumptions regarding revenue should be based not on detailed cash flow expectations, but more on historic trends, projected economic conditions, and potential new legislative initiatives at both the federal and state levels. The MTP/STP should be updated at least every four or five years (depending on air quality attainment status) as required by federal regulation. Provisions should be made for periodic amendments as desired by the MPOs (for MTPs) and TxDOT (for STP). They should use the revenue forecast available through TxDOT at the time of the update.

In addition, the STP should identify statewide priority corridors and programs. It also should contain policies as well as provide investment strategies and forecasts for the 20-30 year statewide multimodal needs. The STP should provide a framework for priorities which can be used by MPOs and RPOs in developing specific corridor and programmatic recommendations in the MTPs or RTPs.

Vision Plan

The Vision Plan may contain broad, statewide, conceptual transportation goals and needs. It should articulate the State's goals related to strategic areas as mobility, safety, security, intermodalism, environment, and funding strategies. This should set the direction for funding allocation to the various strategic areas and assist with the establishment of priorities across the strategic areas. No formal Level of Authority is part of this stage in the process since there are no real projects or corridor recommendations identified. The Vision Plan should be unconstrained and identify transportation need and should include a similar analysis to the existing TMMP/TUMP efforts.

Examples:

Dale's example + others we come up with.

Each of these LOAs is summarized below

Letting

- Uses a cash flow based forecast
- Uses the latest forecast adopted
- Assumes forecast are updated and document at least annually
- Reflects current economic conditions and parameters
- Assumptions are jointly approved by TxDOT and an MPO workgroup
- Includes MPO forecast of local revenue
- Includes cost of all projects with Let LOA and phases of projects in other LOA that will occur in Year 1 and have Let LOA.

STIP

- Uses a cash flow based forecast
- Uses the latest forecast adopted
- Assumes forecast are updated and comment at least every 2 years
- Reflects current economic conditions and parameters
- Balances projects in years 1, 2, 3, and 4, with projects moving in and out of each year and the STIP as necessary.
- Assumes quarterly STIP amendments and a new STIP every 2 years
- Includes MPO forecast of local revenue and project selection from TIP
- Includes cost of all projects with let and Program LOA and phases of projects in other LOA occurring within 4 years, project phases should have Let or Program LOA.

UTP

- Uses a cash flow based forecast
- Uses the latest forecast adopted
- Assumes forecast are updated at least every 2 years
- Includes estimate likely economic conditions
- Includes projects in TIP for first 4 years, with project balanced in years 4-10 based on estimated letting schedule for each year.
- Assumes annual amendments and a new UTP every 2 years
- Includes MPO forecast of local revenue and project selection from TIP
- Includes cost of all projects with let, TIP, and Develop 1 LOA and phases of projects in Develop 2 and Plan LOA occurring within 10 years, project phases should have Let or Program LOA.

MTP/RTP

- Uses a TRENDS Model based forecast
- Assumes an updated financial forecast every 2 years
- Assumes amendments as needed and a new MTP/RTP every 5 years (4 years for non attainment areas)

- Uses projected economic conditions based on historical and expected legislative initiatives
- Estimates opening dates for all air quality conformity years (if applicable) and within first 10 years based on estimated letting schedule. Estimate opening dates for years 11-20+ subject to priority in 5 or 10 year bands.
- Provides for updates to use currently available financial forecast. Allow for amendments without having to use new financial forecast.
- Includes MPO forecast of local revenue
- Includes total costs of all projects in all LOA.

IV. Project Tracking

Project Tracker currently serves as the gateway to all of TxDOT's project-related information. Users can locate projects by county, state/federal legislative member and those funded under the Stimulus Program and by Prop 14 bonds. It is available through the TxDOT internet web site. Updates are made as projects progress through design and construction. TxDOT will update the Project Tracker once per month. The original intent was to post the status on the internet of all projects in design. However, TxDOT is now updating the database from which Project Tracker pulls its information so that it includes projects constrained within the cash flow of fiscal years 2010 and 2011, a backlog of design projects similar in volume to the two-year cash flow, and another backlog of advance planning projects. Depending upon the implementation of Proposition 12 funds, Toll and Pass-Through Toll projects, and work done by others, this project database may grow again. The next large update will be as TxDOT implements a Critical Path Method Schedule for each project to monitor project progress and milestones. Data and schedules change as the information is updated. When projects are very large and very complex, shifts in funding and regional priorities can affect their status.

The Work Group believes that the logical time to begin tracking most projects is when a commitment is made that the project is expected to go to letting within 10 years. This relates well to the document's previous discussion of Develop 1 Level of Authority and the new UTP document. Projects at this level begin to generate considerable interest from the general public and elected officials. Updating progress during this stage would provide for considerable insight into the project development process. It would also assist in another recommendation of the group which is the communication with and involvement of planning organizations as projects progress from the UTP into the STIP and then eventually into the Letting Schedule.

Project Tracker could also be used to document the transportation planning community's project development business work plan. It shows past progress and future target dates. Tracking projects with this tool could provide measures of performance as actual dates compare to planned dates and with comparisons of the progress of similar projects across the state.

There will be a period of transition as projects found in previous UTPs and MTPs migrate into what may be more appropriate funding statuses and or completion schedules. Consideration of a means to document to the public the potential "disappearance" of locally popular, but less feasible long range projects is necessary to maintain transparency.

V. Public Involvement and the Planning Process

Public Involvement refers to the full range of activities used to engage our respective communities in the transportation-planning process and to assure that the process is inclusive, transparent, and accountable. The “public” includes diverse interests from elected officials, community leaders, cognizant environmental agencies, impacted organizations, and individual citizens.

The MPO’s public involvement process is designed to ensure early and continuous opportunities for the public to express its views on transportation issues and to become active participants in the transportation planning and decision making process.

The principal planning responsibilities of an MPO include the development of a 20+-year Long Range Transportation Plan that is unconstrained financially, and a Metropolitan Transportation Plan (MTP) for the urbanized area that is fiscally constrained within the projected federal and local funds available. Opportunities for the public to identify projects and priorities are an essential part of making these long-range plans responsive to community needs.

The MTP serves as the foundation for the Transportation Improvement Program (TIP), which identifies those projects that have a high probability of going to contract or construction constrained by the available funding. Public input is essential to identify the projects of highest priority particularly in this time of limited resources.

By Federal and State law, all regionally significant multi-modal transportation improvement projects (regardless of funding source) must be included in and be consistent (to the maximum extent feasible) with the MPO’s Transportation Improvement Program and Metropolitan Transportation Plan in order to be eligible for Federal-aid and State funding. Therefore, the MPO’s Transportation Improvement Program is the primary plan that guides all state and federally funded transportation improvements in the urbanized area.

Under federal regulations, the MPO is encouraged to consult with other planning officials responsible for other types of planning activities that are affected by transportation in the area (including state and local planned growth, economic development, environmental protection, airport operations, and freight movements). In addition, the MPO’s metropolitan planning process will provide consistency between transportation improvements and planned growth and economic development patterns through the Metropolitan Transportation Plan update process.

The MPO planning process provides citizens, affected public agencies, representatives of public transportation employees, freight shippers, providers of freight transportation services, private providers of transportation, representatives of users of public transportation, representatives of users of pedestrian walkways and bicycle transportation facilities, representatives of the disabled, and other interested parties with a reasonable opportunity to comment on the Metropolitan Transportation Plan and TIP and major revisions.

VI. Assumptions

- The revised PDP assumes that updates to the financial forecasts will be provided by TxDOT more frequently than they currently are. This must be done with the understanding that these updates not serve as triggers for or otherwise affect the MPO timelines for updating metropolitan planning organization (MPO) long range plans (LRPs) or transportation improvement programs (TIPs). This is an especially critical assumption or non-attainment areas that must follow a more deliberate timeline and process for updating their LRP and TIPs than other MPOs do.
- The revised PDP assumes that financial forecasts used by the MPOs will be based on or start from the financial forecasts developed by TxDOT. As such, the revised PDP also assumes greater participation by the MPOs in the development and review of the financial forecasts.
- The revised PDP assumes that TxDOT will carry through on its desire to allocate total project costs funding to each MPO. The MPOs are assuming that current funding formulas will be used and that any changes made will be in consultation with the MPOs as has been done in the past.
- The revised PDP does not integrate the Texas Metropolitan Mobility Plans or the Texas Urban Mobility Plans. The Work Group views these documents as very valuable but believes they are most useful if they exist to inform the planning process instead of being part of it.

VII. Other Recommendations

- **Increase the financial resources to the MPOs to facilitate the implementation of the revised PDP.** The assumption that total project cost funding will be distributed to the MPOs by formula will require the MPOs to take a more active role in how the financial aspects of their LRPs and TIPs are developed, managed, and maintained. This will require additional staff and financial resources to accomplish, especially for smaller MPOs. Any discussion about revising the PDP process needs to include a discussion of how to increase the financial and technical resources made available to the MPOs.
- **Reduce the number of funding categories.** The UTP Work Group has discussed and recommended reducing the number of funding categories to provide greater flexibility and to enhance our ability to communicate to the variety of audiences that we interact with. The general public, our legislators, and locally elected officials have a difficult time understanding what transportation funds are available for what purposes. A reduction in categories will simplify the explanation and provide confidence in funding expectations. It is recognized that any reduction in funding categories must be aligned with current federal legislation however; current thinking at the federal level is in-line with this recommendation.

The proposed Surface Transportation Authorization Act of 2009 includes recommendations to reduce the number of transportation funding categories. That recommendation is supported by the work group. Specifically the legislation proposes that:

The Federal role will be redefined and Federal surface transportation be restructured by consolidating or terminating more than 75 programs. The new bill would consolidate the majority of highway funding into four, core formula categories designed to:

- Bring our highway and bridge systems to a state of good repair;
- Improve highway safety;
- Develop new and improved capacity; and
- Reduce congestion and greenhouse gas emissions and improve air quality.

The work group recommends a reduction in funding categories aligned with adopted federal legislation however; with one added category:

1. **Maintenance:** to ensure that the current system assets are preserved,
 2. **Operations:** to reduce congestion and develop new and improved capacity and improve system efficiency through operational improvements,
 3. **Safety:** to ensure the safe operation of the transportation network and to reduce hazards met by the public and our commercial operators.
 4. **Environmental:** to ensure funding for projects that will reduce greenhouse gas emissions and improve air quality, and
 5. **Other:** to provide Commission discretionary funding of statewide initiatives that will enhance the development of the Texas economy.
- **More closely involve the MPOs in the development and management of letting schedules.** One of the issues raised by the Work Group is that MPOs do not have a clear understanding of how letting schedules are developed or managed and/or that they are not clearly or consistently tracking how and when roadway or transit projects funded through their Transportation Improvement Programs (TIPs) are implemented. This is partially because project letting schedules developed and maintained by TxDOT are not regularly developed or otherwise shared with the MPOs and partially because MPOs have mostly concentrated on the planning and programming aspect of projects and not so much on project development or implementation aspects.

As the importance of using cash flow as a tool to manage letting schedules becomes more common and important, there is some concern that MPOs priorities are not being implemented as they should because of how letting schedules are developed and maintained. While there is general agreement that TxDOT needs to manage the letting schedule to maximize the use of funds and to maximize project delivery, the lack of understanding of the how these schedules are developed and managed is creating several issues for the MPOs and TxDOT:

- It makes the tracking of projects in any organized or efficient way very difficult, if not nearly impossible. This creates difficulty when it comes to managing projects in the TIP, which in turn makes it difficult to demonstrate fiscal constraint when TIPs are amended or developed. This can lead to possible issues with the development and approval of the Statewide TIP and ultimately affect project delivery, and complicate the development of updated projects lists for amended or new long range transportation plans.
- It makes communications with local governments much more difficult, especially with regard to how implementation expectations are communicated. While local

governments can easily check on the status of a project, delays become much more an issue because of a lack of familiarity with how the letting schedule was developed, how it is managed, and why.

- It makes the management of transportation networks used for mapping and travel demand modeling more difficult.

The work group recommends that TxDOT amend change its letting scheduled development process to include:

- A monitoring process that allows the MPOs the opportunity to track the progress of scheduled lettings; and,
 - An amendment process that allows MPOs to help set priorities as changes to the letting schedule are needed because of changes to projects or changes in viable funding.
- **Project Tracking. NEED A RECOMMENDATION TO SUPPORT WHAT BOB WROTE ABOUT PROJECT TRACKER**

Joe's Draft

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