



AGC of Texas

Highway, Heavy, Utilities & Industrial Branch



THOMAS L. JOHNSON
Executive Vice President

MINUTES JOINT AGC/TEXAS DEPARTMENT OF TRANSPORTATION COMMITTEE NOVEMBER 16, 2009

1. Words of Welcome

The Co-Chairs welcomed the attendees. Mr. Casteel stated that Mr. Saenz and Mr. Barton are at a special committee hearing with Representative Picket. (Note: Mr. Casteel is now the Co-Chair for the TxDOT side of the Joint Committee.) Attendees were AGC members including Bob Lanham (Co-Chair), John R. Weisman, Doug Pitcock, Tracy Schieffer, Robert Hall, Dale Stubblefield, Terry Bryant, Sidney Cox, Jim Andoga, Tim Creson, Dan Williams, Sam Clark, Jack Albert, Joe C. Ballenger, Howard Pebley Jr., Larry Johnson, Jack Traylor, Brad Everett, Bill Gibson, Barry Egbert, Harold Dean Martin, Dean Word III, Larry Hurley, and John Rempe; AGC staff Thomas R. Bohuslav, Paul Causey, Lee Taylor, A.P. Boyd, Jennifer Newton, and Tom Johnson; and TxDOT staff David Casteel (Co-Chair), Jeff Seiders, Russel Lenz, Carol Rawson, Toribio Garza, Randy Hopmann, Bill Hale, and Ken Barnett.

2. Review minutes from August 19, 2009 meeting

The minutes from the previous meeting were approved.

3. Discuss TxDOT lettings & financial forecasts

a. Discuss projects scheduled for letting proposition 12

TxDOT presented the Proposition 12 project selection process and the list of projects being recommended to the Commission (from the October commission meeting). Proposition 12 provided for \$2 billion in payments for non toll projects. Of the \$2 billion in payments, \$1.85 billion was to be for construction with \$90 million for ROW and \$60 million for engineering. Over 900 projects for \$9 billion were submitted for possible funding.

Proposition 12 Projection Selection Criteria

- Overall criteria were that projects needed to be ready to let in the near future.
- Corridor projects were selected through a density and crash rates analysis. Rehab and safety projects were selected based on pavement and safety improvement. Pavement presentation effectiveness focused on districts with bad pavements and fixing deep problems.

- Mobility projects were selected based on delay savings (TTI performed the analysis) TxDOT also used the Rider 56 listing of the Top 100 congested projects.
- Overall, 77 projects were picked with \$1.17 billion for corridor, \$325 million for rehab and safety, \$574 million for mobility and the remaining \$150 million for engineering for advancing other projects in the Top 100 most Congested Segments.

TxDOT responded to AGC questions about comments received by saying that they have received comments and are addressing.

b. Discuss Trends/Hold Em

TxDOT presented TRENDS, developed by TTI, which is used for long term forecasting. TTI stated that the advanced version of Hold'em should be available by end of the month. TxDOT stated that TRENDS has a subroutine for MPO's to develop forecast models as well.

c. ARRA update

TxDOT presented the status of Plan A Mobility (state selected mobility projects for ARRA). TxDOT stated they are substituting 2 projects in Houston for the SH 99 project, at \$165 million, that was removed from the ARRA list. The MPO selected projects were presented as well and the department stated they have given hard deadlines for final obligations of March 1, 2010, but told the MPOs they wanted obligations to occur by January 1, 2010. TxDOT further stated that all projects are to be let by September 2010.

TxDOT stated the second round of underrun lettings for ARRA rehab will be occurring as well.

A short presentation on ARRA status was given at the meeting in addition to these discussions.

d. Discuss UTP & MTP & Cash Forecast

TxDOT stated the FHWA has requested that TxDOT update their Unified Transportation Plan (UTP). It was explained that the Transportation Improvement Plan is a 4 year plan, the UTP is a 10 year plan, and the MTP is a 25 year plan. The UTP funding forecast has not been updated since 1994. The Texas Transportation Commission and TxDOT use the Unified Transportation Program (UTP) as a 10-year plan to guide transportation project development and construction.

It was presented that the previous amount, determined in FY 2009, known to be available for letting was \$28 billion with total revenue projected to be \$78 billion (2009-2018). The update to the total revenue for the plan from 2010 to 2019 is now expected to be \$74 billion. The most significant change in the projection is the reduction in fuel consumption. Previously fuel consumption was projected to

grow at 1.5 % per year. The new assumption is a growth in fuel consumption of 0.5% for the 1st year and 1% for years after. It was noted that fuel consumption in 2009 was down 2.2%.

With the new revenue projection, the amount available for letting for the next 10 years is \$23 billion. ARRA, SH 121, SH 130, Prop 14 and 12, and PTT, etc. will increase the amount available for letting to \$31 billion.

It was noted that this is a \$5 billion difference in 10 year projections, between last year and this year's projection.

TxDOT also stated that the 25 year plan is being developed using the CFO projections for the first 10 years and TRENDS for the last 15 years. It was stated that the TRENDS model for the last 15 years of the MTP forecasts only \$25 billion to be available for lettings. It was also stated that some of the models in TRENDS have a composite rate of fuel consumption of 34 mpg in 2035.

TxDOT stated that every point that pavement condition "good" or better score goes down cost \$750 million.

TxDOT stated the short term debt is capped at \$500 million and the current amount is \$270 million. TxDOT also stated numerous cost savings measure have been taken to move money to lettings. Measures include reducing FTEs, reducing equipment budgets and reorganizing for efficiency. Overall the department presented reductions of \$15 million.

e. Discuss UTP, MTP, & Cash Forecast

TxDOT presented Cash Forecast spreadsheets.

General Discussions

AGC asked several questions about the models and letting information.

TxDOT responded that the TRENDS model has 4 different scenarios for population growth.

AGC asked about the projected lettings and requested that the department provide the 90 day approved letting.

TxDOT responded they would work with AGC to provide the requested information. TxDOT further stated that a 12 month letting is approved in Austin and the districts have been asked to produce a 24 month letting list. TxDOT stated the 24 month list will be made available through the districts at the AGC Area meetings. TxDOT provided an example of the dynamics of funding for projects and keeping projects on the letting in that projects are being moved to later dates as funds are drying up.

4. Discuss proposed meeting dates for 2010

The 2010 letting dates for the Joint Committee meetings are as follows:

February 17
May 19
August 18
November 15

The Joint Committee took time for remembrances and a moment of silence for recently deceased Mr. Bill Miller, Balfour Beatty Infrastructure, Inc.

5. Discuss railroad right-of-entry (ROE) agreements**a. Contractor responsibility to obtain****b. Charging a premium to expedite**

AGC questioned why contractors have to get a ROE agreement. It was explained that contractors have less ability to achieve timely cooperation from the railroads. AGC stated they need time to get their agreements processed (credit days). They stated that in some cases, they have been unable to get the approved agreement back from the railroad. AGC stated that this requirement could never end in that utilities and cities may start requiring such instruments and that this could be extended to subcontractors.

TxDOT stated this was not something TxDOT wanted to do and it is in addition to the agreements the department signs. TxDOT stated that they began working in 2006 and 2007 to get standard requirements for each railroad so contractors could know what was expected at the time of bidding and to not allow bait and switching by the railroads. TxDOT presented it is probably not achievable for the department to get one agreement between all railroads. To date, ROEs have not been required for seal coats and pure overlay projects. TxDOT stated they could deal with the time issue. TxDOT clarified that the railroads are the owners of the property in the railroad ROW.

It was agreed that the department should approach the railroads for a joint resolution to the concerns.

6. Discuss Partnering

TxDOT presented a new special provision to invigorate partnering. The issue of escalation and established protocol was discussed. The special provision was reviewed and it was noted that a maximum of 15 days is allowed before issues can be escalated to the district engineer. The district engineer then has 7 days to make a decision. In addition, the department stated they will be tracking issues by district to determine possible solutions for future projects and for analyzing how issues are resolved. It was presented that everyone on the escalation ladder will be required to sign a pledge that establishes open communication and no retaliation or retribution.

AGC provided comments on the pledge; delete “the safest manner possible” and replace with “a safe, cost effective and timely manner” and complimented the department on the work.

TxDOT stated they looked at other states requirements for best practices. TxDOT agreed to the proposed changes and stated the department will include education and promotion of the new provision in Change Order Seminars to be scheduled.

7. Discuss Cost Reduction Task Force

a. Update list

AGC stated it is a good time to look at cost reduction ideas again.

TxDOT agreed and proposed a joint task force for this issue. In addition, the department is looking at setting policies requiring implementation of specific cost savings measures. The department presented several actions already taken including new pavement design parameters for more practical designs and elevating the decisions for key cost items to the district engineer.

b. Review single source asphalt issue

AGC stated that for the 8 seal coat projects in the October letting, 50% included single source asphalt. The November letting for 10 seal coat projects had 70% single source asphalt. AGC stated that significant savings can be made by providing for alternates. AGC proposed that the department look at underseals as well.

TxDOT presented a draft spreadsheet for requirements for optional and alternate asphalts and requested that the department work with AGC to further refine the requirements.

c. Possible Joint Task Force

TxDOT agreed to a joint task force to review and develop additional cost savings measures and refine alternate asphalt requirements. The alternate asphalt task will be assigned to the AGC Seal Coat Committee.

8. Discuss payment of asphalt by the gallon on seal coat items

AGC presented that the department should use asphalt by the gallon instead of by the ton. AGC further stated that any swell that occurs is a wash for all contractors.

TxDOT stated that almost all the uses of asphalt by the ton are for large projects. It was discussed that it was believed that some districts only spot check for the rate and do not strap every load. TxDOT stated we need to be emphasizing quality. Strapping every load is important to address quality. TxDOT will discuss internally and with the AGC committees.

9. Discuss Memoranda form David Casteel

- a. Good memo on RAP**
- b. Use of RAP**

AGC complimented the department on the memo.

TxDOT stated that they have to provide some RAP to counties and cities and maintenance sections. TxDOT stated that 65 thousand tons of carbon generation could be reduced using an average of 25% RAP, 2% to 2 1/2% shingles, and warm mix at current usage amounts.

It was discussed that it is probably cheaper for TxDOT to buy new materials than to have to handle RAP several times.

- c. Contract Time on Change Orders (COs)**

AGC complimented the department on the memo.

10. Discuss proposed ethics and compliance programs

- a. Proposed regulation**
- b. Existing regulations**

AGC stated that they are uncomfortable with the rules for suspension and debarment and hope to have good meeting on December 9 to address issues.

11. Discuss EPA actions

- a. Construction storm water permit – effluent limitation guidelines**
- b. Coal/Fly Ash –hazardous classification (green house gases)**

These items address considerations by EPA to classify fly ash as a hazardous material and implement effluent limits for storm water during the construction phase. AGC expressed their appreciation for the TxDOT letters and expressed concern that in 2 years, EPA storm water requirements will be implemented in TCEQs program. AGC requested that TxDOT work jointly on these issues. AGC members also mentioned proposed EPA rules for storm water requirements after project completion.

12. Discuss Alternate Pavement bids

TxDOT presented the results of the initial Phase 1 implementation for alternate pavement designs (flexible versus rigid) in the plans. The department presented a chart that has 3 categories for implementation, colors being tied to the chart. The department is implementing the yellow area of the chart.

- Green Low volume and load projects where there would be no benefit to requiring alternate pavements.
- Yellow Head to head bids with no discount with a district option to include life cycle cost.
- Red High volume and load projects with greater risk where LCC should apply.

TxDOT is developing LCC procedures for the orange area of the Chart shown at the meeting and alternate designs without LCC is used in the yellow area of the Chart. It was noted that 81% of state highways are in the green area, 15% in the yellow area, and 4% in the orange area of the Chart. It was stated that the alternate pavement in the plans requirement applies to new and total reconstruction only and that there are exceptions for minimum pavement cost at \$5 million dollars and considerations for continuity of pavements. The department stated they expect to implement a policy for Phase 1 very soon.

13. Items from the floor

AGC stated they had a problem with EBS when they updated to Explorer 8.

TxDOT stated the issue had to do with uploading Explorer 8 and that contractors need to backup their digital certificates so they can reload when these types of updates occur.

Contractors stated that EBS has been great.