

VIDEO & TRANSCRIPT OF SENATE SENATE FINANCE, WAYS, AND MEANS COMMITTEE - SB0273

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- Speaker 1: All right members, if there's no opposition, we will move around a little bit on the calendar to get some of the administration bills out and some that may have significant testimony. If that's okay with the leader, we will move down to item number 11, Senate bill 2 73 [00:00:30] being presented today by Senator or Chairman Massey. This bill Senate bill 2 73 is amended. Comes to us with an amendment from the transportation committee drafting code 4 7 90. Once we get this bill going, I understand we may have another amendment to consider. So with that explanation, chairman Massey, welcome to the finance committee and you're recognized.
- Speaker 2: Thank you chairman and thank you [00:01:00] Committee. It's an honor to be here with you today and an honor to be carrying the Governor's Transportation Modernization Act. Chairman, it's your pleasure. The New Amendment actually wraps in some of the house version and the Senate version and that just pulls everything together and rolls it all into one. If you'd like us just to go straight to that and I can explain that as it would be amended.
- Speaker 1: [00:01:30] Okay, let's get the bill properly before us. So the leader moves the chairman, second chairman, Yeager seconds. The motion. We have the bill properly before us as amended. Chairman Massey, if you'd explain finance amendment number one, drafting code 55 45.
- Speaker 2: Thank you Chairman. This is the Transportation Modernization Act when it comes to transportation and mobility in Tennessee, we are at a crucial juncture. We are fortunate [00:02:00] to live in a state with so much going for us, which is a direct result of our sound economic policies, high quality of life and ranking as one of the lowest tax states in the country. While this yields economic opportunity, it also presents challenges in our ability to move people goods and services more seamlessly across our state. This proposal modernizes Tennessee's transportation infrastructure and addresses traffic congestion, prolonged [00:02:30] project delivery DI timelines in deteriorating revenue stream. This will do so without raising taxes, without issuing road debt, and without spending disproportionate amount of funds in our urban areas at the detriment of our rural communities. Tennessee's growth is far outpacing our road funding with independent congestion studies identifying a 26 billion backlog of congestion related needs.
- Speaker 2: There's another group that have said it's [00:03:00] up to 34 billion, but to address this back backlog, TDOT only has about 500 million a year in annual new construction funds based on current revenue streams. At this rate, it would take 52 years to address these problems and that saying IFL and everything stays about the same, so we know how that goes too. Basically there's several parts to this bill. The first part this addresses [00:03:30] this legislation authorizes TDOT to partner with the private sector to design bill finance, operate and maintain new and additional lanes on existing interstates. And these are called choice lanes, although I did just have a suggestion we ought to change it to volunteer lanes. But for the volunteer state, this is very similar to pre-check TSA pre-check or the Disney Fast pass. Public. Public-private partnerships allow [00:04:00] the state to leverage private CH sector dollars to deliver large scale urban congestion

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mitigation projects, which frees up state dollars to invest in rural or suburban communities.

Speaker 2: Under a P three agreement, private firm may enter into a lease agreement with tdot, but note Tennessee will always own our roads and that's not debatable. P three s allow for accelerated project delivery, shared [00:04:30] risk, provide access to additional capital all without any obligations to the state. Choice lanes allow drivers to make a choice to use the existing free lane or pay or pay a user fee to enter the new additional lanes for a guaranteed minimum speed. In most states, it's about 50 miles an hour that you have to average. This is different from a traditional tow road where all drivers that enter the road must pay a user fee to [00:05:00] use that road. Much like the Sunshine Parkway in Florida, these are never charged on the general purpose lanes and the number of these free lanes are never reduced. Choice lanes provide additional capacity and heavily congested quarters benefiting those who use the choice lanes as well as those who decide to remain in the general purpose lanes.

Speaker 2: In the free general purpose Lanes data is shown in other states their traffic is reduced by 30% law [00:05:30] enforcement, emergency vehicles and transit drive free in these lanes, which is also proven to save time and money. Part two is this. This legislation will expand TDOT's existing alternative delivery tools including design, build and construction manager general contractor, which has proven to save both time and money. Next part, as you've alluded to in your earlier testimony, this legislation creates [00:06:00] parity between the DR what the drivers of combustible engine vehicles and their EV and hybrid counterparts pay in gas taxes. By in increasing the registration fee for EVs, it increases it to \$200 the first three years following passage and then to 2 74 by 2026. That's basically taken both the state tax and the federal tax and figuring that out by the average vehicles a car drives to [00:06:30] get to that 2 74 figure For hybrid vehicles, it's a hundred dollars fee will be set immediately following passage and then which figured that they probably use about a hundred and pay about 174 in gas tax.

Speaker 2: So that equalizes that in year 2027 indexing will be added to the electric vehicle fee as well as the hybrid fee to ensure that inflation is counted for and there's caps in that. The bill will also provides [00:07:00] that the revenues from these fees are shared with county and city governments in the same manner as the gas tax is Right now our EV registration fee is not split with the counties and the cities. The investment in this, the bills establishes the transportation modernization fund to be funded by a proposed investment of 3.3 billion to fund critical infrastructure projects in rural and urban areas [00:07:30] of Tennessee. The funds would be allocated evenly amongst TDOT's four regions, 750 million each in. This basically is to adde address the congestion issues and then also 300 million investment in the state aid program which flows to counties for local transportation projects. Currently we have been putting in 21 million into this fund annually and in that hasn't changed in over 10 years. This will be put in the equivalent of 15 years [00:08:00] investment into one lump sum and it's basically figured it with the same formula. So I believe we need to make sure our state is responsive to the growing demands for additional transportation options brought on by our rapid growth and I believe Senate Bill 2 73 helps do that.

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- Speaker 1: Hey members, you've heard an explanation of a finance amendment. Number one rewrites the bill, so chair will entertain a motion on finance one moved by [00:08:30] the leader seconded by Chairman Yeager. Are there questions on finance one? I see none. All those in favor? Adoption of finance one say aye. Aye. Oppos. No, you adopt. Now we are back on the bill as amended. Are there additional questions on the bill? Senator Hinsley?
- Speaker 3: Thank you Mr. Chairman, could you explain how these public-private partnerships [00:09:00] are going to work and who's going to be responsible for those
- Speaker 1: You recognize?
- Speaker 2: Thank you Chairman and Senator Hinsley. Basically we will be setting up a modernization board that will work to contract with these private partnerships and take RFPs out. When we do this, the modernization board, we will have some legislative appointments. The governor will have appointments and the governor [00:09:30] and the commissioner of transportation will serve on this. So they will look at partnerships or groups that do this in other states. They'll look at their track record. There is in the bill it says that there's, if the federal ban of countries that you can't do business with will be, we will adhere to that, those big four and there's others on it, but China, Iran, North Korea, and [00:10:00] I always forget one. China, Iran, North Korea in Afghanistan, Russia, Russia, thank you. So just a small little country. But basically these companies do this, they do it on a lease basis.
- Speaker 2: There's performance bonds that we will set the standards that they have to abide by, they have to keep it paved. They will take the first revenue, obviously these are investors, they need to get a return on [00:10:30] their investment. So let's say the project is a 1 billion project and all this will be negotiated through TDOT and this modernization board and they bring it back to the legislature for us to look at as we're going through this process. But it's say it's an 80 20, so the investor will put up 800 million, we put up the 20% hypothetically and switch would be 200 million. We'll take [00:11:00] that same 800 million and do that on another project in an urban or a rural, I mean a suburban or a rural area that we might not get to if we only were addressing the worst traffic in our state. So it helps us leverage or basically double our dollars
- Speaker 1: And I'll come back to you, but let's do this. Let's go ahead and ask TDOT to come on upfront. This is a 3.3 billion proposal that we had before us, so I think the committee would do wise to [00:11:30] drill down to make sure that all answers, all questions are answered and so invite the commissioner and his team down and if there's no objection, we'll go ahead and go into recess. We'll continue to allow the sponsor to speak where she chooses to speak and yield to the commissioner where she chooses to yield to the commissioner. I'll give you an opportunity. Commissioner, is there anything you want to add to [00:12:00] Massey's response was pretty thorough and complete, but if there's anything you need to add to it.
- Speaker 4: Thank you Mr. Chairman. No, I think she did a great job. Okay. Actually I think she explained

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- Speaker 1: She read your talking points
- Speaker 4: Perfectly well. Very well. I don't think, I don't want to mess that up.
- Speaker 1: Okay. Very briefly, if you would commissioner, introduce yourself and your yourself and your team to the
- Speaker 4: Committee? Yes. Butch Lee, Tennessee, department of Transportation. Joe Goba to [00:12:30] my right, our cfo, Preston Elliot. Over there on the end is environment and planning and to my left here we'll read our chief engineer. Okay,
- Speaker 1: Sarah Hansley, you have the floor.
- Speaker 3: Thank you Mr. Chairman, I was asking about the public-private partnerships and how that would work and it seems like w if we're investing 20% we're what are we getting for that 20% if we're [00:13:00] these other companies and what type of companies would we be contracting with? I hear about countries we're actually looking to contract with different countries that would do this or companies or Yes sir. And then if we're investing 20%, well why are we investing anything if somebody else is going to be building the road and they're going to be receiving the funds from it.
- Speaker 4: [00:13:30] Thank you Chairman Hensley. So the reason that we would put those dollars, invest those dollars is because in return we're getting a billion dollar asset that we're only paying 200 million for because the public-private partnership will then use the revenues coming off of those choice lanes to pay for their initial investment of 800 million. So [00:14:00] what that allows us to do as Chairman Massey said, is to leverage the dollars that we have from a state standpoint to be able to get much more done and that's the way we're going to be able to do a lot of this rural work that we otherwise would not get to if we did not do that. To your next question about countries, no this is not entertaining a contract with the country. [00:14:30] This is going to be through our normal procurement process that the state does. As you know, the state has been contracting with the private sector with our road builders for many years, many years and do it, they do a great job. This is just a continuation of that type of contractual arrangement. They would have performance measures, performance surety, performance bonds in place to ensure that we get [00:15:00] what we're paying for and so it's a great way for us to leverage those dollars and get more for Tennesseans.
- Speaker 3: Thank you Mr. Chairman. So we contract with companies to build the roads, but will that be the same companies that would build these roads and then contract for them to collect fees? Is that the road building companies or is that [00:15:30] a different type of company?
- Speaker 4: Well, it would be open to any who were qualified and proposed. So this is, as long as they're not on that US treasury list of banned countries for us to do business with companies in those countries, then any legitimate qualified contractor would be able to do this project.

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- Speaker 3: How Mr. Chairman, how long do [00:16:00] we foresee these leases lasting? Lasting? You say we put 20% in and we are, they're building the roads, but how long are they going to have the lease for the roads and eventually I guess we would take over the roads then eventually or
- Speaker 4: Yeah, eventually it would revert back to us to the state. These are all long-term contracts where this is being done in Texas and in Florida that we have seen in [00:16:30] other states, but they're all usually in the 30 to 50 year timeframe and that is obviously because they're putting a huge amount of front money up in order to go ahead and build these roads before those dollars start coming in from the choice lanes and so they get paid over time through the use of that revenue from the choice lanes. That's how they are able to pay for that initial investment up front.
- Speaker 1: Okay. Chairman, [00:17:00] I'm going to let some others ask the question then I'll come back to you. Yeah, chairman. Senator Wally. I'm sorry,
- Speaker 2: Check. Can I just add one comment to that question? Oftentimes when they reach certain revenues there is some shared revenue sharing but they are actually going to be maintaining, covering potholes, making any safety repairs. So they will not just build it, they will have to keep it up to our standards that we set forth in our contracts with them also. So I [00:17:30] just wanted to add that. Okay
- Speaker 1: Sir. Wally,
- Speaker 5: Thank you Mr. Chairman and commissioner, thank you very much for what you do and for, I know you're going to be down in my district later this week. I appreciate that and that's really kind of the route I'd like to discuss as the state aid road investment as part of this bill. I don't need to tell you, but our roads are under some remarkable stress and in the minds of many have really deteriorated and I'd like you to talk a little bit more about how that will [00:18:00] be implemented with this remarkable amount of resourcing compared to what we typically do annually out to our rural areas for road improvements.
- Speaker 4: Yes sir. I'll let one of these guys add to this, but let me say on the front end, it is a substantial investment. This is as chairman said, like 15 times more than we have than we've typically invested in those numbers. We haven't added [00:18:30] to those in quite some years and so this'll be a huge investment, one of which we'll be able to give our counties more stability in knowing over the next few years they'll get this amount of money so that they'll be able to plan for those projects and know how to prioritize and what to do with those funds. And so I think it'll, it, it's a game changer for our counties and I think as we said about the EV over [00:19:00] time, those funds going to share being shared with our cities and counties similarly as our gas tax is now will make a fundamental difference in the long term sustainability of those funds. And so I think all of our cities and counties in rural areas will see that as well as our urban areas.
- Speaker 6: Sure, I'll add Senator. So it's the state aid road program so it will be divided just how it, it's today [00:19:30] one half will go equally among all 95 counties. The other 25% will

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go based on population, the other 25% on area. I wanted to point out, so what we put in our budget, we continued the state aid road and bridge program this year. So what that \$300 million will do in addition to the funds that we already put in on a normal basis with the match will be somewhere around 327 million. So as the commissioner mentioned, will it have the normal year as well as an additional 15 years for [00:20:00] every single county.

Speaker 5: And if I might Mr. Chairman, so let's just say this next year, what kind of increase will they be seeing and will there be the capability for them to begin contracting for the improvements on these roads with that glut of funding? Because that sounds like it's going to be a put road builders in real demand to get this underway. I got

Speaker 7: It if you like. Sure. [00:20:30] The program has been in place since the eighties and we have an annual program requirement for each of the counties. We've been in discussions with the various county association and others about how best to look at the needs So we have the opportunity, so a few years back, if you recall, 85 million was provided to the SHORLINE program and we worked with the short lines to figure out an adequate funding level that would allow for the program to kind of ease into the demand. [00:21:00] So not flooding the so to speak, but there's an opportunity there to get it to a level that's with the demand that's needed.

Speaker 8: I would just add if I could senator, that from the contracting's perspective we are very sensitive to the fact that putting these kind of dollars on the street needs to be a metered approach to be able to address the demand that's going to be there. Just to give you an example, just [00:21:30] in getting materials, getting the labor to address this kind of these dollars on the street, we're being very deliberate about how we plan to do that without being presumptuous that this body and others will approve this package. But we definitely understand that we are going to have to work closely with industry partners as well as local governments to make sure that not only this money that's going to state aid but the additional funding for [00:22:00] the program as a whole really works as a system approach because that's what we want. If you look at the state aid program at its core it is about roads that connect and work with the state system. So it's in all of our best interests for the state of Tennessee, those program, that program works hand in glove with TDOT's program in general.

Speaker 5: Thank you Mr. Chairman, if you would pick any of my eight counties, this is a hypothetical when it's convenient and just maybe [00:22:30] give me how it might look. I'd appreciate it prospectively. Thank you Mr. Chairman.

Speaker 1: Senator Lamar, chairman, I'm sorry you're

Speaker 2: Recognizing Thank you. My office plans on getting out your figures to each member as long as you, I mean fortunate to have this passed out a committee today. We will get you the figures. I have them all right here and we will make sure we get those to each of your offices for your counties.

Speaker 1: Okay, thank you chairman. Senator Lamar.

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Speaker 9: [00:23:00] Thank you Mr. Chairman. Good evening gentlemen. Thank you so much for coming today. I am very excited to see some more modern plans coming to Tennessee to update our roles. I think it's been pretty public on the fact that I support choice lanes and I go so far to say I hope to see Tennessee have toll roles one day, but my question has nothing to do with that. My question is about the public-private partnerships and how the RFPs and contracting will be distributed. [00:23:30] I know many of these projects at large par of these projects would take places in urban cores with large minority populations. So my question is what are the parameters around giving out these rfv RFPs and how much can we guarantee that these RFPs will be given out to minority owned and local owned businesses?

Speaker 4: Yes, thank you Chairman Lemore, that's a great question because it's important certainly for us as we [00:24:00] delve into this and all of that will be worked out in the RFP itself and the contractual process as we move forward. But we have already in place a strong program within tdot. I'm going to let CFO Galvao talk more about that but we already have a strong process in place now where we've actually had very good progress over the last [00:24:30] few years, but we're going to continue to make that effort as part of this process just to ensure exactly what you said about trying to get more minority and disadvantaged businesses to be able to take part in these contracts.

Speaker 6: Sure. And I will chime in. So we are very committed to the DBE program so we have increased our percentage over time and what we had our legislative folks send to you. So just for [00:25:00] numbers, in 2017 our DBEs earned 39 million last year they didn't earn 39 million, it was closer to 83 to 84 million. So we are very committed to moving this forward and because these will be happening in all these urban areas, we will have DB participation in all these. But again, each contract will dictate what percentage and we're at.

Speaker 10: Okay, one more. You got it.

Speaker 9: Thank you Mr. Chair. I'm glad to hear that. So [00:25:30] just to make it clear, can we guarantee a certain percentage of the contracts go to minority owned businesses? Can we put those parameters in place as a guarantee?

Speaker 6: So what we will have is, and again each project will be specific to what what's in that area. When we look at a project, we look at the ready, willing, enabled DBS in that area. In certain areas we have many more dbs, we may have many more dbs available in the Memphis [00:26:00] area than we do in the Knoxville area. So to put a minimum statewide would not be prudent, but we do have an overall goal and we're close to 10%. We've increased that over time. But again, it will be project specific chair and I think that's the most prudent way to progress.

Speaker 9: Thank you and thank you Mr. Chair.

Speaker 1: Let's say Chairman Yeager.

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Speaker 10: Thank you Mr. Chairman. I don't have any questions yet but I do have a comment [00:26:30] if you'll allow me to make that I'm I plan to support this program and here's why. I have the largest district in the state and one of the most rural districts in the state where roads are very important and I also know that we have some very serious gridlock in every one of our metropolitan areas of this state. I invite anybody to drive through Nashville during the rush hour. If you don't [00:27:00] leave that I know that we have to address these problems but we cannot address rural road needs and fix the gridlock using the conventional revenue streams that we have relied on so well over the years. And so Mr. Chairman, I just want to thank the commissioner and his staff and the governor for thinking outside [00:27:30] of the box and with a visionary plan that comes up with a way to fix these problems in the larger cities but preserve money for rural Tennessee.

Speaker 10: I've got nine counties and one thing my constituents expect, they like to see the sheriff out on parole, they want good roads and good schools. That's all they ask for because roads are a vital network [00:28:00] in my rural district. Roads carry the school buses, roads contribute to economic development. If you want an ambulance, you don't want it held up by a bad road or a closed road. Roads are very important and this plan will provide needed help to fix our roads where the help is needed in my rural and all of our rural districts. So I'm happy to support the program. I'm glad you've come up with this because [00:28:30] and because we couldn't tax our way out of this, we're not going to borrow money way out of this and this is a great alternative that will solve some problems. Thank you Mr. Chairman.

Speaker 1: Thank you Chairman Yager. Chairman Stevens.

Speaker 11: Thank you Mr. Chairman, if we could turn to page 19 of the amendment and just help us walk through the bonding and as I redid it, section E two talks through other indent [00:29:00] incurred by the state for the payment which the user fees are pledged. And so just walk us through it was my understanding that essentially the state will not have a debt in this.

Speaker 4: I think that's Yes sir.

Speaker 11: So if you could just help us understand that

Speaker 4: That's the important thing of that language is that this not is not considered debt of the state. The private company that finances these public-private partnership, [00:29:30] they may have debt, they probably will have debt as part of their financing package. It doesn't really matter to us as long as they build what we ask 'em to build and they maintain it and operate it the way they say they will maintain it and operate. So I think that language is put in there specifically to be clear to the general assembly as well as the taxpayers that the state itself will not be incurring any bond debt or any debt [00:30:00] as it relates to this process.

Speaker 1: Chairman Stevens

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Speaker 11: One other. Sorry. Thank you Mr. Chairman. Going back to the 300 million state aid, the language says grants but will there be any matching requirement on the local side?

Speaker 6: Yes. Yes is it's the normal program that we have. It's 98% yeah. [00:30:30] Funded the 300 million that we do and that's why you see in our budget package 6.1 million that is the local match of the 2% sir.

Speaker 11: And it also contains language about restricting SUP planning or any state or other local money for building, maintaining, improving with. Will you be providing guidance to the locals on how they can be sure that they're not going to lose [00:31:00] any money because it looks like they were not maybe not planning on doing something now they are correct. It has to be in addition to

Speaker 6: Correct the whole ideas. We will implement maintenance of effort language to make sure that, because the last thing we want to do is put our stuff in and have it supplant and then they were going to do it anyway. That would defeat the purposes.

Speaker 11: Yeah. Thank you.

Speaker 1: Let me let just go back to that just a second. The grant program that you alluded to, the 300 million, it's still going to require [00:31:30] a local match. Do I understand that correctly? Correct. Can you drill down a little deeper on that? I mean I'm to mean the objective here is to get money out to the localism a little bit concerned about communities that might have infrastructure challenges but not have the capacity to meet the match.

Speaker 6: Well I mean at this point we structured it exactly how the state aid road program is today. If you'll remember this body [00:32:00] reduced the match on the road program used to be 25% and the bridge program was 20%. This body reduced it to 2% for both the bridge and the road program. And as Preston alluded to a minute ago chair, the whole idea is not to throw this money out next year but to bring it through more timely so that all that 6 million match doesn't happen all at once. I dunno if that helps

Speaker 4: [00:32:30] You have something to

Speaker 11: Add but

Speaker 8: I was just going to add that there is something to be said for having that local participation, that local skin in the game if you will, versus just putting those dollars out there. And we have an entire division at TDOT whose sole job is to, we call it the local programs division. Their role is to help local communities where grants are given, administer those and make sure that they do cross all their [00:33:00] T's and dot all their i's. That's a big part. We help the counties a lot in our state aid bridge program. Preston can speak to that. So we devote a lot of resources to helping those communities ensure that they know how to manage the funding as well as get the projects on the ground.

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Speaker 7: One other point, if I may, we do allow for in-kind so there is an opportunity for that.

Speaker 1: I just want to be sure that mean it's sig a significant increase in what we do and I [00:33:30] I think the committee sees the value in that but we don't have communities that are left out because they simply don't have the capacity to meet the match that would be required. I just want to be make clear on that. Okay, well Senator Stevens and then Senator Wally.

Speaker 11: Thank you Mr. Chairman. And one other thing I think it's important also to note is that the funds, if you look down further, the funds that are put [00:34:00] into this will not revert. And so if a local government does have trouble coming up with their matching requirement, these funds are still going to be available and they can do some more longer term planning. I think now getting head nods Yes. Do some more longer term planning to be able to make sure they draw down those funds.

Speaker 1: So Wally,

Speaker 5: Mr. Chairman, I just wanted to follow up on the point you were making about the investment of the locals. One of the concerns I have, as we said, I'm dealing on another totally different issue around water and [00:34:30] wastewater infrastructure and depreciation and those kinds of matching that our rural communities are very challenged in many cases distressed communities are having to deal with. And if we are going to be putting out this kind of 15 times the regular, I'm wondering if we can expect them to come up with 15 times the match over the course of that. So I just think it bears consideration [00:35:00] if we need to make adjustments to push this money out because it's just like I found with wastewater and water when you have to calculate depreciation in all of a sudden what looks promising is no longer promising to communities that can't afford that.

Speaker 1: Well let's take a moment to digest that. I mean because this is the last stop on the journey for this piece of legislation barring something coming up on the floor, I guess the committee would look for feedback from both the sponsors [00:35:30] of the legislation as well as from TDOT about whether

Speaker 1: Another approach is more amicable to everyone so that we are sure that this money gets out to the communities that particularly and one of the things that I've heard back home from the smaller communities that on many of the gro program programs and some of my rural colleagues might agree with me on this is they simply, they don't even apply for 'em because they just can't compete for them. And I know these aren't competitive grants, but I think the objective here is to push [00:36:00] these resources out to these local communities and while having skin in the game is important, we want to be sure that people don't take the money simply because they just don't think they can meet the match. Any comment on that or what you might consider doing there?

Speaker 4: Yeah chairman, I think the main thing there that we were looking at is making sure that we were able to award the amount that they were able to know and see what they were getting on the front end [00:36:30] and that then we could work with them to plan

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over a several year time period to be able to accomplish what they were looking to accomplish in their county. And so I feel like we can work with them over time as chairman Stevens said, there's not a time period that they have to do this with. They'll, they'll be able to receive those monies over several years and what [00:37:00] I think that Commissioner Bryson and the governor wanted to do is to not create another government program. This is an existing program that we have the state aid program within TDOT that has worked well and so we thought utilizing that program that is already existing rather than to create another one. What we also found through the federal stimulus package as from [00:37:30] your work chairman on F S A G, is that sometimes we were challenged just pushing money out that then was not utilized for necessarily the right reasons and this ensures very clearly what these dollars can be used for and how what's the appropriate use.

Speaker 1: Okay, and we've been granted some additional time from the next committee so we've got a few more minutes that we can work [00:38:00] on this going before I get back into the sequence of people who've asked to be recognized, any more comment on this road program that we've been discussing or Senator Hale?

Speaker 12: Thank you Mr. Chairman. We might want to ask someone from the counties to come up in this conversation that's taking place. That's

Speaker 1: A good thought. That's a good thought. Anybody here? They're hanging out here this week and as you're coming forward, [00:38:30] I think what the committee is trying to ascertain in this dialogue is that all the counties have the capacity to reach these assets and to use these resources. If you'd identify yourself for the committee, please

Speaker 4: Hit

Speaker 1: The green button.

Speaker 13: There we go. Okay. Brett Howell, director of the Tennessee County Highway Officials Association. Just to [00:39:00] let you know, our association voted formally to support this program including the 300 million that you're talking about. We have been in conversations with TDOT about the maintenance of effort issue that's been discussed now we're comfortable with that. One of the important things to remember is the current state aid road program is offers us a great [00:39:30] deal of flexibility but also constraints and controls over time. If we're not able to spend all of our appropriation in any one year, we're allowed to roll that over. That's the same concept. We just are looking at a larger pool. We also are greatly supportive of the concept of being able to plan over time. This gives us that [00:40:00] ability, Mr. Chairman

Speaker 1: Members, any discussion on this particular subject? Thank you for that clarification. I think that's really helpful to particularly members who represent some really rural areas and both on this committee and really throughout. So thank you for the time there. Let's see, moving down my list. Senator White, you recognize,

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Speaker 14: Thank you Mr. Chairman. In this public-private partnership, if the private company goes [00:40:30] bankrupt, goes out of business, whatever the circumstances is, what is Tennessee? I know we get the roads, but what are we going to try to find another partnership at a private company? Are we going to try to maintain it? What's going to happen if that partnership does not work out? Yeah,

Speaker 4: You can add to this, but let me start. We number one, we will always be covered in protected the state. We'll be in this. It's a contractual arrangement just [00:41:00] like our other arrangements with the private sector that build our roads. Now we always require that performance bond that says exactly what they have to do and that bond is backed by surety company and they would be responsible if the contractor walked away or the operator walked away and they would then be responsible for what the remedy [00:41:30] was to be able to do that. In this case it would be fairly minimal impact on the state because someone else could come in and operate and maintain that fairly easily. And so we don't anticipate this being an issue. There's plenty of people that out there that can do this work and so we don't anticipate it being a problem. We'll always be protected. You want to

Speaker 8: Add, I can't say it much better than that other than [00:42:00] to add that it's similar to what the process that would take place today. In the event that a contractor defaults onto one of our other projects, there is a bond and the surety would take over. That would be the same type situation. Thankfully, while we have had that situation a few times over the years, it's not something that happens a lot. We are very blessed to have a good indu or good contracting industry in Tennessee that has done a very good job for a long time, but it does happen. [00:42:30] But to the commissioner's point, there are safeguards in place from a bonding standpoint that allow us a process to address that should, should a contractor default.

Speaker 1: Speaker Hale you? I had you on my list. It was You have any, okay. Chairman Yarborough.

Speaker 15: Thank you Mr. Chairman and commissioner, appreciate you being here today and really appreciate being able to talk to you as much as we have since last year on this. I [00:43:00] mean think there's no question that the improvements have been made along the way as we discussed. I really appreciate the fact that we've tried to address some of the issues that I thought were a little too potentially negative towards the electric vehicle industry and I think this does an important thing in making sure that the local governments actually get to share in that revenue on a go forward. And I appreciate that. I want to voice two concerns and then I have a one, I have two questions for you. [00:43:30] I mean, first given where we are on a transportation challenge is I don't think that this is as comprehensive and as sort of transformative a plan as I would want it to be with this investment of state dollars, federal infrastructure dollars that are at hand.

Speaker 15: And I mean I think that it gets a little overly focused on being a highway plan and that's a concern I have. [00:44:00] A second concern I have is on equity. I mean I appreciate that we're trying to be equal between the regions, but the giving 25% to each of four

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regions. I think the smallest population or region is 16% of the population and the largest is 35% of the pop state's population end up being literally one region gets double per capita what the largest does. And I think [00:44:30] that that does not actually make much sense. But moving to a couple questions. The first is just having worked on this with Senator Keran on P three P three s, public private partnerships in the past. One of my concerns is whether this legislation will facilitate and if so, how it will do so investments in not just roadways [00:45:00] but in transit and multimodal and actual regional planning that addresses congestion.

Speaker 4: Okay, let me take your first comment first about equity. Because population is only Senator Arbor only one way to manage this. We're looking within those regions that we have throughout [00:45:30] the state, the four regions. We're also looking at vehicle miles traveled. We're also looking at the amount of roadway they have. And so population is one consideration, one factor, but there's a number of factors that go into that. And we've got some have more counties, some, so all of those things feed into trying to get something reasonable that impacts all four regions of our state fairly [00:46:00] evenly. And so that's the thinking behind that. As you kind of said before, and as you've said, transportation is about access, it's about mobility. To get to your second point, and it's also about connectivity between regions and connectivity between the system. And as will pointed out earlier, we think of what we're trying to accomplish as a system because it all has [00:46:30] to work together.

Speaker 4: And so what we're envisioning here is that these choice lanes will create the opportunity for us to embed components of transit and mobility and intermodal ways of transporting people throughout the regions. And so we know from the congestion studies that we have have already done that. We can be looking up to an hour longer in between major cities [00:47:00] in Tennessee right now if we do not do something. And so this is a vehicle for us to work with the regions. We also know that that congestion knows no county lines and we know that we've got to create relationship and partnership with our partners around different parts of the state, both on the transit side as well as other forms of mobility. [00:47:30] And so we'll continue to do that. Water waste water is an important part. Water barging is an important part. Aviation obviously. So making sure that we're creating a system where we can move our goods and services across the state of Tennessee is what we're trying to do with this. And I think this is the best opportunity that we've had in a long time to be able to embed those kinds of things. Park and ride, we [00:48:00] went to visit one of these roads in Virginia a week or so ago and they had put bike trails next to one of these roadways that were part of this. They also, I think had I put the number down here, 4,000 new parking ride parking spaces as part of that process that they embedded in that RFP for the public-private partnership [00:48:30] to

Speaker 1: Do. Excellent. Commissioner, I'm going to bring us here. I'm going to ask you one, you'll get one last question then I'm going to bring us to a close. I think we've had a good thorough discussion of the bill. Senator Yarborough, Senator Yarborough to recognize last question. Then we're going to go back into session. We'll allow the sponsor to close and we'll move on.

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Speaker 15: Thank you Mr. Chairman. Thank you commissioner. Appreciate that sort of commitment that transit and and multimodal is going to be baked into this. Inherently these projects [00:49:00] affect regional planning, county planning, local planning and lots of stakeholders. But the legislation, at least as I read it presently is relatively, I you'll pardon the pun, doesn't have as many guardrails as some people might want on the process help. Can you help me walk through how you envision making sure that the planning process before solicitations get issued or during solicitations and during awarding, how [00:49:30] we're going to make sure that we're actually incorporating that sort of transit focus or regional planning focus and the cities that are affected. Because I know sometimes we struggle with that. I mean look at the Broadway bridge. Yeah, I think you have some conservation locally, but how do we make sure that we're doing that process in the actual warding of projects?

Speaker 4: Someone can add on here, but let me tell you the short version is that there is a very [00:50:00] concrete established process. I mean all of these roads will be on our interstates and they require the environmental process that we have to go through in the normal fashion, which is kind of an arduous process, but an important process. And that requires us working the department, working with our partners in other counties in the NPOs and the TPOs. So we'll continue to have that in place [00:50:30] to ensure that collaboration, if you will as we go through this process. Preston, you want to add

Speaker 7: Anything? I think you hit it exactly right. One thing to note is that the environmental process through the NEPA process will have to do probably the highest level of environmental review, which will require a whole host of evaluations, not only on the planning side but on things of equity and inclusion. So it'll be pretty extensive.

Speaker 1: Okay. Alright. I'm going to thank you gentlemen for your presentations Committee members, thank you for your engagement. I think all committee members [00:51:00] that chose recognition had an opportunity to ask one or more questions. I'm going to bring us back into session. We are back on the bill. Members of the bill is in its proper form. It has finance amendment number one attached to it, which makes the bill. We are on Senate bill 2 73 as amended. I'm going to allow first the chairman of transportation to speak and then I'll allow the prime sponsor to the leader to close on the bill. Chairman.

Speaker 2: Thank you chairman and committee. I think it's been a great [00:51:30] discussion. I think it's been a partnership working with the department on this and it's it's exciting project. Like I say, I will get you more information as far as the county roads and the match, exact match and everything else too. But it's gotten overwhelming support from chambers, from planning organizations, from highway road superintendents and folks around the state because people recognize this is a chance for a [00:52:00] generational change. Yes, we could do more. We will continue to do more. This will be the first step, but we want to get this going and then we'll leverage this to do bigger and better things. So I would request a positive vote. Thank you.

Speaker 1: You're welcome. Letter Johnson.

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Speaker 16: Thank you Mr. Chairman and members. I wanted to express my gratitude to Chairman Massey for the yeoman's work she has put in she and her staff on this bill members. It's [00:52:30] not often that we deal with something of this magnitude. This is a big bill and chair. Lady Massey said it in the right way. This is a generational, transformational type of piece of legislation that we're contemplating here. This is something that will yield and reap benefits for our kids and our grandkids. We've done a good job in this state of making it a wonderful place to live and people know that and they're moving here and that is creating stress on our infrastructure system. So [00:53:00] I applaud the governor and all the folks at TDOT for bringing a bold, innovative solution to a very, very big problem. That's that again, if we could do what government does in a lot of instances, Mr. Chairman and kick the can down the road, no pun intended, but we're not doing that. We are addressing that and I'm grateful and I think we'll all benefit for that. So Chairman Massey, thank you for your leadership on this and all the hard work you've put into it. Thank you Mr. Chairman.

Speaker 1: Thank [00:53:30] you leader. All right, members, we're on Senate bill 2 73 as amended by the finance committee. Mr. Clerk, take the vote.

Speaker 17: Senator Hale aye. Votes. Aye. Senator Hensley No votes. No. Senator Johnson. Aye. Votes Aye. Senator Lamar Aye. Votes. Aye. Senator Powers Aye. Votes. Aye. Senator Stevens Aye. Votes? Aye. Senator Wally Aye. Votes? Aye. Senator White Aye. Votes Aye. Senator Yeager Aye. Votes? Aye. Senator Yarborough aye votes? Aye. Chairman Watson Aye votes. Aye. Mr. Chair, you have 10 ayes. [00:54:00] One no.

Speaker 1: Senate bill 2 73 as amended by the finance committee is recommended for passage to the committee on the calendar. Thank you Chairman. Before we bef Thank you. You're welcome. Be before we adjourn, Senator Walle, you have an announcement? Just

Speaker 5: One quick thing, Mr. Chairman. I would very much like the members of the committee to welcome from BOL Oliver, Tennessee, our mayor, Julian Mck, and members of our council and staff. They've come in here and I just would like you to make 'em feel at home. Thank y'all very much for being here.

Speaker 1: [00:54:30] All right, members, I want to thank you. Special thanks to the state and local committee for giving us additional time this morning. With that, seeing no further business for the committee, we stand adjourned. Good job everybody.