

## VIDEO & TRANSCRIPT OF HOUSE TRANSPORTATION COMMITTEE

January 31, 2023 | 8:00 a.m.

Chairman Howell ([00:00](#)):

Sweeney Sweeney. Okay, they're down in the front and of course our sergeant at Arms, Ruben Sanders, you all know Ruben and the committee intern who maybe have stuck in the weather. We're not sure, but she will be here normally. Paula Santiago and so glad for the staff and if you need anything from any of those people, please just let them know and they're very helpful. Glad to have the commissioner with us today, commissioner Eley. It's always good to see you and look forward to what you have to tell the committee this morning. And I will ask the committee while they're making their presentation, if you'd make notes, we'll let the commissioner and his staff finish their presentation and then we'll open it up at the end for q and a if that's okay. So without further ado let me ask first of all, any committee announcements or comments from the committee members? Seeing none commissioner Eley, you recognize sir,

Commissioner Eley ([01:11](#)):

I think we're all now. So thank you Chairman Howell and members of the committee it's pleasure to be here today to give you kind of a preview of what you'll many of you have already heard the governor speak over the last few weeks and we'll certainly be hearing a lot more over the coming days and also in the state of state next week. And so we wanted to come today to be able to run through a lot of about where we got to, where are today and why the governor is proposing what he's proposing. And so I really do want this to be more give and take today chairman, so we can answer questions. We have prepared a few slides in the presentation that I want to make sure that I think you all have and I'll run through those fairly quickly so that we've kind of all level set in being able to do that. When we think about government services that we provide as a state there's really not another department that really impacts every Tennessean the way transportation does. I mean if you think about whether it's our young people trying to get to school or college, whether it's our elderly trying to get to a doctor's appointment across town or whether it's a mom or dad trying to get to a soccer game at end of the day then every Tennessean really is impacted by okay, <laugh>.

Chairman Howell ([03:11](#)):

Speaker Marsh is technically Speaker Marsh is technically challenged. I identify with that myself by the way I forgot to mention a few, pardon my interruption. The presentation is on dashboard, so if you have your iPad with you, you can watch it on dashboard. Thank,

Commissioner Eley ([03:29](#)):

Yeah, thank you chairman. But as the governor said, as we also know we're falling behind and we've got this growing gap between where we are today and where we're headed just to keep up with our current level of service that we have. And so governor ask me earlier this year or last year to really do a scan of the country and look at what other states are doing that have already been where we are headed and we've looked at best practices and lessons learned and really the data is pretty definitive that we are facing and that we need to take action on sooner rather than later. I want to start really by looking at where we are with are with funding. And today with me here at the table, I've got Joe Galvao, our CFO that all of you are aware and familiar with and will Reed who has taken Paul's role as chief engineer and Paul is still helping us from a policy standpoint and as you know, has a lot of the institutional memory and we continue to depend on him, but Will has taken over the chief engineer role and happy to have him in this role.

Commissioner Eley ([05:16](#)):

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So with me today to answer any detail questions you may have I want to start though by looking at where we are with the Improve Act as we passed the Improve Act in 2017. We had, at that time it was about 962, it was 962 projects and we were looking at a 10 to 12 billion number. Those original numbers were I'll say high level estimates that had not really done the actual detailed design work involved with what that looked like. Now, fast forward a few years later to where we are now we we've still a lot of work to do. We've completed about 30% or so of the projects that were part of that original. You'll see this 1,037 number of projects. That's simply because the number of these projects were so large that we had to break 'em up into smaller portions. And also because just as time evolves some of them have changed and become additional projects themselves.

Commissioner Eley ([06:39](#)):

And so we still have one of these projects in our long-term plans and still intend to construct every one of these projects. I will tell you, and we'll get into this a little more later, we have many additional projects that have been added by this body as well as other community and public officials throughout the state who have requested projects over the last few years and projects that we know need to be done. And so I just want to acknowledge that we all know that there are a number of projects out there in addition to the Improve Act that we need to focus on in the coming years. So now let me turn it over to Joe real quickly to look at how the numbers are coming in from a primarily gas tax standpoint,

Joe Galbato ([07:48](#)):

Joe. Okay, thank you Commissioner. Good morning committee. One additional comment on the Improve Act. So you, we've mapped out the number of projects, but you'll notice of the 255 projects that have been completed that cost about 889 million, that's about 5% of the money. So 25 to 30% of the projects have been done, but 5% of the money, those are the quick hits, the quick Bridge projects, the heavy lifting is still to come on the financial side. Obviously we'll get into more of this when we talk about our budget with everyone, but the good news is on the federal side it seems that we've, from my previous 12 years here, we always come here about a continued resolution. We do not have a continued resolution. We have all of our FY 23 apportionment, so we are moving forward on that and it's just north of 1.2 billion from FH w a side.

Joe Galbato ([08:39](#)):

The state side is a little disappointing at this point. You probably all listen to our governor's hearing. We're coming out of Covid between fiscal 20 and 21 and between 21 and 22 we've been growing our state user fees at about 4%. And what we define the user fees are gas, diesel, the special petroleum and vehicle registration. In that hearing, we said that we didn't think we'd be growing at 4% this year in fiscal 23. And these numbers actually show that out. Gas, diesel, special petroleum, you can see that it's trending toward based on our projections that we're going to miss the budget by about 5 million. Actually as of yesterday morning, the department of Revenue collections are down by 4.4 million. So I think our 5 million is probably on point. The only bright spots appears to be right now vehicle registration. We seem to be, even though the legislature stopped the vehicle registration for one year the other fees on big trucks and whatnot still are giving more than we had thought. So that's the one bright SI side in this whole thing. So I think as we said in the governor's hearing, I think vehicle registration along with the other user fees will be growing anywhere between one to 3%. So we'll certainly be decreasing our growth. Let's go with that. I'll turn it back Commissioner.

Commissioner Eley ([09:59](#)):

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Good deal. So we like to think that our decisions are data driven. And so when you look at the data it really does paint a picture that we are in a place where we need to take action sooner than later. And many of you have seen various presentations, probably the slides on the left hand side, the bar charts, just to go through a couple of these quickly so that we're kind of all on the same page show kind of the bottom line, if you look at those charts, it shows population as a function relative to our actual lane miles. And you see that we're continuing to grow as we all know, at a high rate of increase 9% over the last 10 years. And then the bottom chart there is vehicle miles traveled and you see the one dip there that was in 2020 when we were in the pandemic.

Commissioner Eley ([11:03](#)):

We've already come back out of that and are back up to where we were before and actually exceeding. And so we know that we're on a path upward in this growth and that we know that our capacity or our lane miles is basically staying level on the next middle there shows the statewide and at the bottom there shows each of our urban areas red is not good and it shows congestion that we're seeing throughout the state in our urban areas. And I will say that we have done congestion studies that show that we have definitely it's no surprising anybody in this room congestion in all of our urban areas throughout the state and what we have seen as the norm that we will see if we do not do something that we will see delays of up to an hour longer to get between our large cities in the state coming years.

Commissioner Eley ([12:25](#)):

And we've also seen that what is now more a typical 30 commute from outside of one of our urban areas that could be as much as an hour and a half in the future if we don't take some action. And so on the far right hand side shows that this is really not just an urban issue. And I think that's a very important part of the governor's plan is to recognize that you see on the top right hand side is what the governor will not do. And one of the things that we think is important is that we don't prioritize only attacking these problems in the urban area, but that we also look at how we address rural congestion. This is showing on the right hand side there at the bottom rural congestion and what's happening not in just suburban areas but also more rural areas.

Commissioner Eley ([13:33](#)):

And we all know areas throughout the state where our original interstates that were built back in the seventies primarily are still in their original two-lane alignment and have never been expanded. Some of them have and we need to do more of it. And so part of the governor's proposal is a plan to be able to address that. I'll also say and I'll commend this committee, we've been able to maintain our assets in the state of Tennessee better than most states. If you look at any comparison our assets, our road assets, our bridge assets are in better condition than most states. But the issue is we're falling further and further behind now because we're not able to keep up in more and more of our funding is having to go just to maintain what we have rather than be able to increase capacity. So real quickly, I'm going to go through these quickly chairman and then turn it over to you.

Commissioner Eley ([14:52](#)):

But just to level set taser did their own study. We also did these congestion studies. I'm saying taser said we needed about 34 billion in needs. Our studies were showing 26 billion in the urban areas and the gas tax that we produce each year, both the state gas tax and the federal gas tax that our citizens pay generate the money for us to do a program of around 1.2 billion a year. And of that 1.2 billion over half of it, we need just to maintain the assets that we have. And so that leaves us around, give or take 500

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million a year in being able to do discretionary projects or new projects that I've talked to many of you about that we need done in your districts. And so if you divide that 500 by each of our regions, we've got four regions throughout the state that's 125 million and all of you've probably got a project in your district that could spend that just like that.

Commissioner Eley ([16:19](#)):

And so that gives you a feel for what we're up against in being able to address the needs. And then I would also say that our other challenge that is contributing to that is delivery. It takes us on average about 15 years, about 11 years in the actual development process of a project. When you go through the way it is can expand on that because we believe that we need to be able to build faster. And so 15 years is too long and we're going to recommend some policy changes to be able to do that. So what that brings us to, there's really three components of the governor's legislation that you'll be seeing next week. One is give us the authority to be able to do public-private partnerships. We're the only state in the southeast, one of the few the country where we don't have the authority to do public-private partnerships.

Commissioner Eley ([17:34](#)):

And what these public-private partnerships will allow us to do is to use partner with the private sector to design, build, finance, operate, and maintain these choice lanes that the governor's proposing where the lanes that we have now will continue general purpose lanes but we can do additional lanes that people have a choice to be able to get in to be able to get to where they're going in a certain amount of time that's guaranteed. And so that's the reason they're called choice lanes is it's a total choice as to whether you get in 'em or not. And we can get into more detail with that. But as I mentioned earlier, the governor asked us to look at other states. We've been to Texas, Florida Virginia, Georgia, all of those states have one thing in common that we don't have and that's these public-private partnerships that are doing these choice lanes.

Commissioner Eley ([18:47](#)):

I will say too that the evidence shows that by thinking outside the box and doing this, it helps the people in all lanes. Chairman Howell mentioned this in a previous meeting. By being able to manage that lane as an express lane, it also helps all the other lanes. And what we would recommend is that we allow transit buses in these lanes and what that allows the ridership we've seen in other states increase significantly for public transit. The amount of time it takes for those buses and the reliability has increased significantly as well. And so we need to use technology and we need to use this concept as a means to get more throughput through our existing resources, our existing assets so that we can get more done quicker as it relates, I've already mentioned this, we can get into more detail but it in q and a, but as I said it, it's taken us too long.

Commissioner Eley ([20:11](#)):

We think that if we move from our traditional way of building that we've done for 75 years as other states also have done in doing the right tool at the right time of more design build where we're bringing all of our resources together at the same time, then we can move more quickly and not have the 40% increase in price from the time we conceptualize a project to the time we're ready to build it. We'll TA we'll talk more about that. And the last component is electric vehicles. And we've done the studies we believe that when to when the average person goes to fill up their gas combustion engine, gas tank and what they contribute on an annual basis to our road system is around 275 to \$300 annually. And all

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we're, what we're requesting is to bring parity to that to where our electric vehicles are paying the same thing as our gas vehicles. And that would be kind of the third component of this legislation. So I know there's a lot of questions. I appreciate the interest of this committee. I've heard from many of you in look forward to working with you in the coming weeks to answer any and all questions that you have. Mr. Chairman, I'll turn it back to you.

Chairman Howell ([21:55](#)):

Thank you Commissioner members, I'm sure that you've been taking notes and hopefully you have some questions and this is a good opportunity to gain a better understanding of what the proposal is and my, please raise your hand if you have a question and Jeremy will put your name on the list. We'll take them in order but as we are beginning to take the list, let me just ask maybe this may be a question for Mr. Galvano, but you mentioned the decline in the revenue from our dedicated stream, the gas tax and it's down, I believe you said about a half million dollars or more or something like that. Of course this has served Tennessee well for a long, long time, but with the changes in the marketplace and the growth in EVs and hybrid vehicles is this going to be sustainable without some kind of proactive effort on the part of the state of Tennessee to maintain proper funding for tda?

Joe Galbato ([22:57](#)):

It's a good question chairman. And the number is as of today, collections of gas diesel special petroleum are down from year over year, \$4.4 million. It is going to require action on the state and the federal level. The EVs, as we've said before, we've taken a very high level look at the EV parity and as commissioners said that when we came up with the number, it was generally about \$300. We actually engaged with the University of Tennessee to have them do their analysis and they dug into all the F H W A U S D O T statistics and came back to 275. But roughly today we have 16 million purely electric vehicles that impacted 16,000, what did I say? Million? Oh no,

Chairman Howell ([23:45](#)):

16,000, sorry.

Joe Galbato ([23:49](#)):

It's that time of year million we're in trouble. Million, 16,000,006, 16,000 electric vehicles. The impact to the state is somewhere around if they had been gas powered vehicles been about 3 million. The concern we have is, to your point, as electric vehicles are coming, we're not insane. We know they're coming drive electric, Tennessee thinks we'll have 200,000 by year 2028 and that's going to be close to a 40 billion drop. So yes, without some actions we are going to see some issues and like I said, I'm very concerned with the gas and diesel and the special petroleum being behind budget and just not actually delivering what we did last year. Yeah,

Chairman Howell ([24:35](#)):

Okay, thank you. Going to our list chairman Rudd, you was recognized.

Rep. Rudd ([24:42](#)):

Good evening gentlemen. Our good morning, not evening. It seems like I hadn't been to bed yet.

Rep. Rudd ([24:50](#)):

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I want to focus on the smart lanes, express lanes and how, cause I'm very familiar with 'em in other cities I've been to and as I said, tow the commissioner yesterday, my brother lives and Dallas. So I've been witnessing for over 20 years. But I think where you're conceptualize them is a little different than the way they're doing them. And I wanted to ans have a few questions. Is there any way possible that the, I'm focusing on I 24 right now since that's what I travel the s o v lanes and I am Sam V with a victor, not anything else but I wanted to see right now we use those in each direction two hours a day. Would there be anything that would prohibit us converting those two lanes to express lanes rather than building additional lanes to the side? Because some of the area, unless we are building new bridges, we can't add lanes. They're already maximized out to where the exit ramps are in the inside pillars. So is there any way we could convert those with the federal government, let us convert those without hurting us to have those two lanes be express lanes so they could open up both directions? Yes. One in the morning, one in the evening and then still pay to use them.

Commissioner Eley ([26:07](#)):

Yeah good question chairman. So one thing that I appreciate you bringing out is kind of the Texas experience and what they have done there. And I think it's important for the people of our state to understand that these are not what we think of as traditional toll roads to where you have to pay a fee to get into the toll road and a fee to get out on the other side and it's a toll from point A to point B that everybody on that road has to pay. These are, as I said earlier a choice that people have to be able on an existing roadway like I 24, that you point out to be able to get into one of these choice lanes, express lanes to be able to get to where they're going in a guaranteed time period. The other lanes are maintained. So this is additional capacity.

Commissioner Eley ([27:14](#)):

Now some states have the lanes that you're talking about, some states don't and different states are doing it different ways and what we're asking this body for in the legislature for in this session is the authority to be able to do these managed lanes. Once we get that authority, we know from the congestion studies that we've already conducted that there are needs pressure points in each of our four major urban areas that potentially could warrant being able to have these lanes. But we need to do the additional study that you're talking about to be able to delve in to say some states some of you been to Georgia they have a reversible lane, it goes in the morning and out in the afternoon and they do it that way in the center. Some states have utilized the HOV or the lane to be able the occupancy lane to be able to utilize these. And then what we will do is not take away from anything that we have. If we utilize that then the HOV people could utilize that lane and be able to continue to take advantage of that lane as well. But what we are looking to do is provide additional options for our people to have a choice to be able to do this and get to where they're going faster. And so that's how that would work. Sir, do you have a follow up

Rep. Rudd ([29:01](#)):

Commissioner? Can I Yes. Yeah. Regardless of whether we were to convert the HOV lanes or build a additional lanes on your private public partnership, how you're envisioning envisioning it. Would the actual building or conversion of lanes be a joint or would we convert it and then lease it back to them and so how would that be handled?

Commissioner Eley ([29:24](#)):

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Yeah, the benefit of this process that other states have enjoyed is that the private partnership will finance the building and the operations of these facilities. So they would design it, they would build it, they'd finance it and they would operate and maintain it over time. And so what that allows us to do <laugh> is to take whatever amount that contributes to our new project, our new construction. It allows us to take that similar amount of dollars and reallocate those and put them into other projects that we wouldn't otherwise be able to fund in Tennessee. And our plan, the governor's plan is to prioritize the dollars that we benefit from that and put those into expanding our rural interstates so that we can get some of those projects going that we hadn't otherwise been able to do.

Chairman Howell ([30:33](#)):

Alright, the list is growing so we'll try to move through these as quick as possible. Was it, you have another

Rep. Rudd ([30:39](#)):

Follow? It's one last question, a follow up. I'm trying to verify everything I can to get it confirmed to what I understand and no and other, once these lanes are built, it's my understanding at least it's how it's done in the, and like Texas that a person who wants to use these, I'll call 'em express lanes, lanes that they would buy like a sticker on their car and cameras would capture the sticker to allow them to be in the lane. And if you're not in the lane you get billed basically ticketed home for using it is and my brother in Texas, is that how it would be or how?

Commissioner Eley ([31:17](#)):

Yes sir. Most of 'em operate with a transponder. It's actually an electronic reader that shows that it sends a signal that lets you know were in that lane. And the way it typically works is you would sign up it's kind of like a debit card. You could choose to put a hundred dollars or some amount onto an account to where every time you went through it then it would just click that it picks up that you went through the lane and it would debit your account. So that's typically the way it works.

Chairman Howell ([32:00](#)):

Well let me just inject here. If you have questions that we're not able to get to here, the commissioner and his team are very amenable to coming by and talking to you and all you have to do is reach out to them. They'll be glad to come to your office. Absolutely, absolutely. And answer your question, we was there a follow up

Commissioner Eley ([32:16](#)):

From the next? I think Will had a will.

Will Reid ([32:18](#)):

Yeah, good morning. Thanks for the opportunity to be here. I just wanted to add on to one part of your question there chairman with regard to the actual physical construction as is with the scenario of how these choice lanes will actually be constructed and operated, there are a myriad of options out there, but as far as adding additional capacity, when I think about 24, 1 of the things that has to be looked at and think thought about is the fact that while building on the SI inside and putting new structure seems like well that's a tremendous amount of expense. You have to balance that with the right of way that would be required should you do a traditional type widening project. So not only is there cost associated

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with that, but the development potential of that corridor and the impact to residents and businesses that are along that corridor. So one of the things you see fairly frequently throughout the country is it's actually less expensive to build structure within the center of an existing corridor and go up or even under in some cases with these choice lanes. So that's one of the factors that you look at is what is the right of way impact depending on the scenario that you choose to use.

Chairman Howell ([33:31](#)):

Moving on Speaker Marsh, you're recognized sir.

Rep. Marsh ([33:37](#)):

Thank you Mr. Chairman. And I was fortunate to go to Dallas with a commissioner and look what Texas has done and what Will just said is we were looking at these roads and I thought about I 24 and I'm like there is no way I way to do this. So I asked their engineer, I said, how did you do this? He said, that's why we are engineers, we figure it out. And I was amazed how in the middle that there's no room but it went up on one stand and it was over the top and it was down below and it just made perfect sense that you didn't have to spend money buying the land, getting the EPA work done on it and buying all those people out and losing the property tax that the people were already collecting. So it's the question I wanted to ask was about the \$300 electric vehicle charge, is that three what you're saying \$300, is that the state's portion of the fuel tax or is that the state and federal portion?

Commissioner Eley ([34:37](#)):

That's the total. So what we were looking to do is to say what's the average Tennessee that goes to the gas pump, what's the cost to that person to be able to fill up their gas tank and what do they contribute on an annual basis through both the state and the federal to being able to build roads and maintain roads in Tennessee. So that's where we came up with that number. As Joe said, I mean we've continued to zero in and tried to get better data and we asked UT to help us,

Joe Galbato ([35:19](#)):

Right? And UT came up again with \$274 110, \$10 of that is federal. The other 164 is the state side.

Rep. Marsh ([35:31](#)):

Would you give the a hundred to a federal or we would just say that's the federal part that they would send back to us.

Joe Galbato ([35:36](#)):

We would keep it all up front. Well the reason we're including federal is because every gas power we look at a cash basis. So if you're an electric vehicle today, you pay a hundred dollars in state, nothing in federal. If you're a gas powered car in the state, you send 164 to the state, 110 to federal. We actually, because of, and you've heard me before, ad nauseum, the highway trust funds insolvent. So with all these general fund infusions, we actually get back more than we take in. We send them. So that's why we have to include the federal chairman. Thank you

Chairman Howell ([36:12](#)):

Representative Beck. You recognize.



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Rep. Beck ([36:16](#)):

Thank you. Excuse me.

Rep. Beck ([36:18](#)):

Thank you. Thank you Mr. Chairman. Thank you Commissioner Eley for being here. I was very excited in your presentation talking about transit buses, being able to take these choice lanes and also possibly where we use up the HO V lanes letting the high occupancy vehicles use the choice lanes also. But my question to you on these choice two questions real quick. Number one is who will control the price of the choice lanes understanding in Virginia the price has gotten out of hand up to \$20 a trip and has become not economical for the working man. So who would control the price of our choice lanes?

Commissioner Eley ([37:08](#)):

That's a great question. Representative Beck, the state always is in control of the pricing of these lanes. So that's a great point in and to ensure that the state always has that authority there would be a board that would be in effect upon passage of this legislation. And so that is the governing board, if you will, to ensure and they would develop a pricing formula structure to where when we started moving toward doing an rfp, all this would be done by the way, on a competitive basis to where anybody who is a legitimate proposal could be able to propose on this and they would understand the rules of the pricing formula and that would be considered in their overall proposal as to what they would offer to be able to do this for. And so the state would always have that ultimate control over what that pricing is. Do

Chairman Howell ([38:26](#)):

You have a follow up you

Rep. Beck ([38:27](#)):

Recognize? Yes, Mr. Chairman commissioner seven years ago Senator Hek and I passed a bill for buses on shoulders to, as we all know is with mass transit you've got to pass the traffic congestion in order for people to say I should be on the mass transit. And that's been a very successful program in Minnesota and other states. I don't think we've ever utilized it. Do you have any knowledge of us moving forward on that? Yeah,

Commissioner Eley ([39:09](#)):

Well I think honestly this will be one of the largest contributors to public transit that we could ever offer and that we've been talking about bus rapid transit in Tennessee for years and this is rapid transit to be able to allow the local transit buses to be able to get in these lanes. And not only that we would be able to dictate the terms of the contract or the proposal to ask for carpooling or park and ride those kind of assets that would be part of these corridors as we built them. So every place that these have come into being has experienced more reliability for public transit because they know they can get to where they're going on a reliable timeframe. They've increased ridership and they've reduced the overall travel time just like they would anybody that is in 'em. But it's been a boon in every other state. That's the numbers I was showing here ridership in Florida's up four times. I mean Georgia 10% increase. I mean it's a great asset for public transit and gets people, all people where they're going faster

Rep. Beck ([40:46](#)):

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You recognize. Fantastic, thank you for that. One last question and how much did the infrastructure bill bring to Tennessee from the feds? Number one and number two is I'm very concerned about maintenance. It, it's great to get our grass cut every now and then so we would really appreciate some attention to that.

Commissioner Eley ([41:11](#)):

Yeah, well thank you. Couple things and then I'm going to let Joe answer that. But the governor, the and I both have been in businesses where maintaining what we have is paramount because we all know that our maintenance and not taking care of what we have is not saving us money. It's costing us money. We're going to have to pay for it sooner or later. So he's a big believer and I'm a big, big believer in maintaining what we have. That's part of what we're dealing with here as we move forward because we only have a certain amount that we can spend through our current resources with the gas tax, we're spending a bigger and big, bigger percentage each year just maintaining what we have. So all these projects that we all know need to happen in order to continue getting our people where they need to be and jobs and so forth or are going to continue to lessen over time if we don't take some action. And so you want us, yeah, I'll

Will Reid ([42:25](#)):

Just add to that if we talked about earlier you the slide where we had the pie that showed the 500 million right here as that, if that 1.2 does not increase and our maintenance cost increase, which they are right now, we are going through our planning process now we're putting more dollars into mowing litter as well as paving. And I think everyone would agree after last winter that's something that we need to pay attention to As those dollars grow, the red circle decreases because the pie is finite. So we're seeing that continue year in and year out. And one of the other reasons that's very important is most of our maintenance activities are not eligible for federal aid. We are about 50 50 in terms of how we spend our dollars in our program, state versus federal. The majority of our federal dollars go to what we call our heavy construction program, which is a lot of what's in the red there. So as maintenance costs increase for our state dollars, we get dangerous close to the ability to match the federal dollars that we want to draw down from the federal government heavy construction program. So that balancing act becomes more difficult as more money has to be spent on state of good repair. And that's a core issue for us. We're going to do that just to understand that as that pie shrinks, that puts us in a more difficult position to be able to match those federal dollars.

Joe Galbato ([43:55](#)):

And you asked about the budget. So I, the initial thrust from 21 to 22 was about 280 million over what we had before if you wanted a breakout. So on that side, the FH W as I said before is about 1.2 billion. The F FAA is about 13 million. It's really just for the general aviation airports and the F FAA is upper a little over a hundred million. So I hope that answers your

Chairman Howell ([44:22](#)):

Question. If I could just tag Go ahead. It does, thank you. Go ahead. If I could just tag onto that as I understand it before we move on to chair Lady Hazelwood, you're next. As I understand it, if this bill passes and the P three funds are indeed approved to bring those resources in, it would free up TDOT's budget to then spend potentially money on public transportation. So I think that's a good thing, especially for the large metro areas. And correct me if I'm wrong on that commissioner.

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Commissioner Eley ([44:52](#)):

No, it would free up dollars for us to spend on the projects it transit aviation if we needed it for our general aviation airports, whatever the needs would be.

Chairman Howell ([45:05](#)):

Yes, chair Lady Hazezy wood, you're next.

Rep. Hazlewood ([45:09](#)):

Thank you Mr. Chairman and good morning commissioner and team or deputy governor. I never know which one of your titles I should use. A couple of questions that are different areas. First of all understand now that by statute we can only have five design bill projects in Tennessee and so part of this legislation would remove that level, that number. But in other conversations with you, I've heard you say that a large majority of the projects in Tennessee would still be done in our traditional process. Can you help us understand Yeah, which ones would be where and how that mix would be?

Commissioner Eley ([45:53](#)):

Yeah, that's a good question. So if you think about the history of the building process the traditional method of building transportation projects was what we call design bid build. And I'm going to will add to this because his engineering acumen is obviously better than mine. But what we have seen is that as time has gone on the complexity of these projects has certainly changed because the urban nature that we're having to build, in many cases, originally when we were building a lot of our assets they were in corn pasture. And so it was a fairly easy engineering process. And so now it's gotten much more complicated and therefore our method of being able to deliver that project is more complicated. Other states have had much more success with design build where all of that's being done at the same time it speeds up the process. And so why don't you address that? And

Will Reid ([47:04](#)):

I think the critical thing is it's about having the right tool for the right job. Not every project is conducive to a design build model. Just like not every project is conducive to the traditional design bid build model. It's really about us having the ability to, when we go to solve a problem if we need a Phillips head screwdriver, we don't have nothing but in the toolbox. That's really what it's about. And we have problems of all types across the state that we need to be able to solve. And the reality is the design bid build model has been very successful for this state. It has. We're very proud of the condition that our infrastructure is in. We appreciate y'all's huge contribution to that. We didn't get here by accident. The design bid build process is a very good one. It's a low cost process.

Will Reid ([47:58](#)):

But when you look at projects that are of significant risk, that's what this is about is being able to deal with risk. Take four 40 for instance, delivering that project in 703 days would not have been possible in the design bid build environment. A proc project like that would call or would take up to four years. It's just the difference in the type of tool. It's an assembly line type of mentality versus a NASCAR pit stop, which is I think one of the graphics that we show. And again, I just want to make the point that it's very important that we have the flexibility to choose the right tool for the job at hand.

Chairman Howell ([48:40](#)):

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You recognize,

Rep. Hazlewood (48:42):

So would I be correct in assuming that for more complicated projects, urban projects specifically you, you'd be looking at design build whereas maybe in other areas where it was a less complex project, we would stick with the design bid build. Would that be kind of how the, it

Will Reid (49:01):

Would fall? I think that would, in general, that would probably be the case. But again, I would say it really depends on the risks associated with a project. For instance, if you have a tremendous amount of utility impact on a project to us that equates to risk. If you have a lot of structures on a project that is risk for us. If you have a stretch of, you could have a stretch of urban interstate that has neither of those, it may not be conducive to the design bid, build MO or design build model, rather. Again, it has to be looked at on a project per project basis. And as far as the limits are concerned, one of the things that we're looking at is that decision needs to be made early on in the scoping phase of the project by only having five opportunities in the design build the way the legislation is now. We are very limited in making that decision early on in the process because there are literally thousands of needs out there that we have to sift through all the time to make a decision. So it's really important that we have the flexibility to make that decision early.

Rep. Hazlewood (50:08):

You recognize, and one final question on a different subject, follow up to other questions here earlier about the EV fees. I live in the corner of the state and so I have as lots of tians do we have border states very close by. And when I look at the rates in some of those states versus what they're already charging versus what we are proposing, the 300, I think Georgia's maybe a hundred and I, I've forgotten the numbers, but are we looking at I think two issues that's being competitive, if you will with our surrounding states? And also the fact that Tennessee is we've sort of made ourselves the home for mm-hmm EV vehicles, A lot of 'em are being produced in my county. A lot of 'EM will be produced in West Tennessee. So I just want us to make sure that we've taken that into account and that we're not damaging an industry that we're attempting to grow here.

Commissioner Eley (51:11):

Yeah. Well first of all, I agree. I agree with you totally in that we cherish the EV industry, the manufacturing industry in this state. We are we've been blessed than fortunate to be able to have some of the best manufacturers in the world to be able to come here to Tennessee to produce their product. And so we in no way want to negatively impact what they're doing. And I think most people recognize that people who are buying electric vehicles are doing so in many cases to avoid the gas purchases and those kind of things. But we recognize that we don't like to be the highest in anything. And so we're continuing to work, as Joe said, on the actual number to make sure we get it right. But again, what we are seeking is simply parody between the general, the person in our state who's putting money into their gas car and what the same amount of expense that we're putting out from the state of Tennessee into our road system and the amount of damage that all vehicles due to our roadways and making sure that that's fair and equitable between everybody that drives a car no matter what that might be.

Commissioner Eley (52:50):

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But we certainly we've invested together as a state of, as hundreds of millions of dollars with these companies to incentivize them to come to Tennessee. And so that certainly demonstrates our support of that industry. I think

Chairman Howell ([53:13](#)):

A committee, we have one minute left and we've got a long, long list. So I'm going to go to Chairman Russell and then ask the commissioner and his team in the interest of making it a priority that everyone's questions get answered. Would you be agreeable to coming back at a later time and finishing this conversation?

Commissioner Eley ([53:36](#)):

Yeah,

Chairman Howell ([53:36](#)):

Absolutely. We might. Yes sir. If your schedule allows well I think we could do

Commissioner Eley ([53:40](#)):

It. My schedule

Chairman Howell ([53:41](#)):

Next

Commissioner Eley ([53:42](#)):

My schedule will allow. Okay.

Chairman Howell ([53:44](#)):

Next Tuesday morning. So that's on the record. We'll try to do that because I think it's important that everybody's questions get answered on this issue and there may be some questions on other issues involving tdot. So we'll have an hour to do that next time. But we'll finish with Chairman Russell.

Rep. Russell ([54:01](#)):

Thank you Mr. Chairman. And I want to say thank you to all the TDOT employees that may be watching. They do an outstanding job. My questions in reference to the funding of the Improve Act since we went from 2017, which it was going to solve all of our problems to fix these 962 Roads and bridges to 2019, we don't have enough money to fund it. I think that's pretty important to look at. So what guarantee can T make that these remaining projects will be completed and not kicked down the road, like State Route 3 22 in men, Monroe County was for 30 years, that was supposed to have been done under the MCR gas tanks.

Commissioner Eley ([54:37](#)):

Well, you, you've hit on I what I think is the reason we're sitting here, <laugh> frankly we have projects in the Improve Act and there's a lot of reasons from inflation and how these projects have expanded the length of time these projects are taken. All of that time is money. And so I'm not going to sit here and make excuses for that. What I'm trying to do, <laugh> is to offer some solutions. But I can tell you that

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we have a finite amount of revenue coming into this state that we can invest in roads. And we have a thousand projects thereabouts in the Improve Act, some of which have already been delivered. But a great many of 'em still have not. And in addition to that, we have a number of new projects that have evolved since then. Transportation is changing every day. Development in your districts is changing every day and the needs are changing every day.

Commissioner Eley ([55:48](#)):

And so we've got a number of other projects that have been added actually since the Improve Act, some of which probably have prioritization over some of those that were in the Improve Act. And so that is the major challenge that we have before us. And what we're trying to accomplish by this is to be able to create a mechanism where we can get additional financing and revenue stream to be able to partner with the private sector to do that and yet then be able to use our dollars to do additional projects that we would not otherwise be able to do. And so your question is exactly the basis for the solution that we're trying to accomplish with this program.

Chairman Howell ([56:38](#)):

Chairman Russell, if you don't mind, we're five minutes past our time, the chairman for the next committee's in the room. So that's our signal to quit. So I will say that you will be the first one on the list next time followed by Chairman Whitson. And we'll take this conversation up. Yeah, next Tuesday morning at eight o'clock if that's convenient for you, commissioner and your staff. Thank you all for coming. A good conversation. Good. Thank you all. Thank you. And we are adjourned.