

## Watson, others grill TXDOT over funding shortfalls

By Kimberly Reeves

**Sen. Kirk Watson** (D-Austin) was front and center Tuesday among lawmakers grilling leaders of the **Texas Department of Transportation** at a joint hearing of the **Senate Transportation and Homeland Security Committee** and the **Senate Finance Committee**.

Watson lost patience with the transportation agency late last year, when TxDOT announced it would be necessary to cut more than \$1.1 billion in transportation projects across the state. One reason for Watson displeasure was the labor-intensive review of state mobility funding **CAMPO** had done to prepare the board for a contentious vote on toll roads. Now it's unclear just how many of those roads will be built in the near term, as TxDOT has begun asking regions across the state to cut billions in construction for projects planned to begin in the next two years.

The Senator led **TxDOT Executive Director Amadeo Saenz** through a series of questions: Yes, Saenz remembered a conversation last January about prioritizing Central Texas toll projects. He remembered that the agency's **Chief Financial Officer James Bass** testified before that committee in February, without mentioning any potential financial problems. He remembered discussions with Watson as late as September regarding state funding, never indicating a problem might be emerging.

When Saenz tried to reply that the agency was not fully informed of the shortfalls in federal funding until late fall, Watson cut him off, noting the different areas. Didn't they know about rescissions already? Inflation? Various cash flow issues?

Saenz admitted the agency had "over programmed" to be ready to have projects in queue if federal funding increased. Unfortunately, communication broke down between the forecasting division, which projected \$4.2 billion would be available and financing, which said there would be \$3.1 billion. The higher number went out to local regions. Bass said he knew about the discrepancy but the numbers had already been reported to regional authorities when he saw them.

Saenz said the agency had addressed the issue with his administration. The agency lost some control of the process when regions were given more authority to choose and finance their own projects, he said. To address the problem, both the forecasting and financial ends of the agency now report directly to Bass, who makes the final determination on numbers.

"If this is not a political effort on your part, what is it? Lack of competence?" Watson asked, adding that he found it difficult to trust the agency's numbers or its agenda.

Watson speculated that TxDOT was setting up the region so it would be pushed into private-public partnerships. If it came down to that, Watson said, he'd make

sure that those toll roads were stripped out of CAMPO's short-term Transportation Improvement Program, which determines the next three years of projects.

TxDOT officials took heat for failing to inform lawmakers early on about possible shortfalls, which Saenz blamed on late-breaking information from the federal government. Saenz also explained it was necessary to pull even more than \$1.1 billion in projects off the table because it was the policy of the agency not to put a project in its long-term plan if it could not provide for multi-year funding.

"We were made aware of what we were facing, and we tried to prevent what could happen," said **Texas Transportation Commission Interim Chair Hope Andrade** told the committee. "I know that everyone has been affected, but it would have been worse to mislead the public, letting those contracts and then not being able to pay for them."

Two directions and one action came out of the committee meeting. **Sen. Steve Ogden** (R-Bryan), chair of the Senate Finance Committee, wanted the commission to revisit its decision to shift construction dollars to maintenance. Unless safety issues are involved, the construction of new road projects trumps maintenance, Ogden said.

**Sen. John Carona** (R-Dallas), chair of the Senate Transportation and Homeland Security Committee, urged the commission to use the additional \$5 billion in bonding authority provided by the state's voters last November. Using those bonds may not be the wish of the **Governor's Office**, Carona said, but it was the desire of Senators.

"We expect to see that debt issued," Carona said. "It's no secret the Governor's not supportive of that, but the fact of the matter is this: Transportation Commission has to work with us and not against us. The tool of unissued debt is enormous, and we expect you to issue that debt."

Ogden also left little doubt that he would request an outside audit of TxDOT finances to clear up discrepancies between the claims of available funds provided by the **Legislative Budget Board** and the Texas Department of Transportation. Saenz said he would welcome the audit, and Bass said the agency already had gone back to rework its figures in order to make sure LBB and TxDOT were using the same financial assumptions.