



STATE OF CONNECTICUT
GOVERNOR DANIEL P. MALLOY

Governor's Transportation Finance Panel Draft Meeting Minutes
May 18, 2015

Members in Attendance: Cameron Staples (Chair); William Bonvillian, Joan Carty, Oz Griebel, Paul Timpanelli, Stanley Mickus, Emil Frankel

Members by Phone: Beth Osborne; Bert Hunter

Other Participants: Garrett Eucalitto, OPM; Brian Tassinari, OPM; Eric Weinstein, DRS; Senator Len Fasano, Senate Minority Leader; Rep. Christopher Davis, Finance Committee Ranking Member; Commissioner Catherine Smith, DECD; Commissioner James Redeker, DOT; Robert Card, DOT; Rep. Tony Guerrero, Transportation Committee Chair; Rep. Tom O'Dea, Transportation Committee Ranking Member.

Item	Topic	Discussion
I.	Welcome and Comments, Cameron Staples, Chair	<p>Chairman Staples called the meeting to order at 9:40 a.m.</p> <p>Chair Staples welcomed panel members and announced that the next meeting will be held on June 23rd in New Haven. City Hall is being considered as a venue for the public hearing. Chair Staples will get back to members once a venue is finalized.</p> <p>Chair Staples stated that members received a lot of information from staff to digest. Chair Staples suggested carving out time for internal conversations and creating smaller working groups.</p>
II.	Approval of Minutes	Moved item to accommodate speakers.
III.	Panel Correspondence	Moved item to accommodate speakers.
IV.	Presentation by Senate Minority Leader Len Fasano	<p>Chair Staples welcomed Senate Minority Leader Len Fasano. Sen. Fasano expressed thanks that Governor Malloy is focusing on transportation within the State.</p> <p>Sen. Fasano introduced Rep. Chris Davis, Ranking Member of Finance, Revenue and Bonding Committee, to join him in his presentation.</p> <p>Sen. Fasano provided a presentation to the group on behalf of the Republican Legislators regarding a long-term plan to prioritize transportation in CT. The presentation was distributed to members.</p>

		<p><u>Key points addressed during Sen. Fasano’s presentation:</u></p> <ul style="list-style-type: none"> • The State needs a reliable funding source. • Tolling is not a viable option. • Tax increases are not necessary when transportation can be prioritized by using existing resources. • Reserve a set amount of the General Obligation (GO) Bonds to be used exclusively for transportation priorities. • Preserve current Special Tax Obligation (STO) bonds dedicated to transportation. • Coupled with \$600m in annual STO bonds, this results in a total of \$37.4b over next 30 years. • The plan does not shore up the Special Transportation Fund (STF), which is projected to have a deficit beginning in FY 2018. • Re-establish the Transportation Strategy Board to work alongside the CTDOT.
<p>V.</p>	<p>Invited Speaker: Rep. Christopher Davis, Ranking Member of the Finance, Revenue and Bonding Subcommittee</p>	<p>Rep. Davis stated that constituents have expressed opposition to the concept of tolls. Rep. Davis stated that the Republican plan offers a way to fund the project over a period of 30 years by using the GO bond funds. Rep. Davis proposed having a lock-box in place to ensure that the funds transferred to the STF would actually be used for the STF. Rep. Davis discussed that there are ways to ensure this from a constitutional standpoint.</p> <p>The meeting was opened for questions and dialogue. Chair Staples introduced members participating via phone. Beth Osborne commented that the funding issues do not have to do with Corporate Average Fuel Economy (CAFE), but rather the Vehicle Miles Traveled (VMT). Ms. Osborne asked a question about project prioritization, stating that several state legislatures have established a list of respective state priorities. Ms. Osborne asked if such a list has been compiled in CT. Sen. Fasano responded that CT used to have a Transportation Strategy Board which was disbanded. Sen. Fasano suggested that said strategy board be re-established; a priority list would be developed out of this board.</p> <p>Rep. Davis remarked that with the development of a strategy board, local parties and representatives of the private sector would have an opportunity to play a role.</p> <p>Emil Frankel commented on tolls and asked what assumptions were being made about federal assistance. It was agreed by the legislators and members that federal assistance is not a viable option. Sen. Fasano stated that the State needs to rely upon itself without the use of federal funds.</p> <p>Sen. Fasano suggested that the State consider the reality of what can be done (referenced I-95 in the 1950’s); he suggested the group determine how many jobs can be done at one time.</p> <p>Rep. Davis stated that the Republican plan calls for flexibility with the strategy board; transportation is evolving, so the state should try to avoid locking itself in a box.</p>

		<p>Chair Staples initiated discussion centered on the Republican proposal concerning school construction, noting that the proposal makes trade-offs, i.e., in future years it looks like there is a trailing off of schools. Discussion ensued. Sen. Fasano offered to send the Chair a copy of how they arrived at their figures.</p> <p>Mr. Griebel announced that regarding the transportation strategy board, the group is looking at establishing an authority (similar to that of the CT Airport Authority). Mr. Griebel emphasized that the private sector will need to be engaged. He asked Sen. Fasano if “lock-box” legislation currently exists, and Sen. Fasano responded yes.</p> <p>Chair Staples requested a motion to approve minutes of April 28, 2015 meeting. Bill Bonvillian made the motion. Mr. Griebel seconded. All members were in favor. The minutes were adopted.</p> <p>Chair Staples introduced Garrett Eucalitto to provide a brief overview of the materials provided to members in advance of the meeting.</p> <p>Mr. Griebel asked for clarification regarding whether the meeting in June will be dedicated to a public hearing only and questioned whether the group should meet afterward.</p> <p style="text-align: center;">The meeting recessed at 10:40 and reconvened at 10:54.</p>
VI.	<p>Invited Speaker: Commissioner Catherine Smith, Department of Economic and Community Development</p>	<p>Chair Staples welcomed Commissioner Catherine Smith of CT-DECD.</p> <p>Cmsr. Smith expressed thanks to the members for taking on this critical issue and indicated that her office stands ready to assist the panel in any way. Cmsr. Smith stated that transportation is an area of great focus for the different businesses and different regions within the state, stressing that improving infrastructure is very important and an interest to all. Cmsr. Smith stated that the younger population believes in transit and spoke briefly about efforts being made by the DECD, DOT & OPM around trans-oriented development (TOD). Cmsr. Smith emphasized the importance of an infrastructure that will support businesses and the speed with which they operate. Cmsr. Smith commented that she is 100% supportive of the Governor’s proposal.</p> <p>Cmsr. Smith briefly mentioned broadband investment. She indicated that offshore investors exist that have both interest and capacity to help extend the State’s dollars by investing as public-private partnerships (P3’s). Cmsr. Smith provided members with a summary of a recent conference attended by many off-shore companies. She offered to provide the group with contacts from that conference. Cmsr. Smith also suggested speaking to Canada regarding its experience with P3’s.</p> <p>Mr. Timpanelli asked Cmsr. Smith to talk further about broadband investment and whether she is suggesting that it be part of the groups charge. Cmsr. Smith indicated that 46 communities issued a RFP this year, in which approximately a dozen responses were received. The State is currently assessing need and how we might think about deploying broadband across the State. Discussion</p>

ensued. Cmsr. Smith indicated that she is not suggesting that it needs to be a part of the ultimate discussion with the group, but that it does need to part of our infrastructure expansion in the State. It will become an absolute necessity for businesses very soon.

Mr. Timpanelli asked if there is currently any substantive date relative to the cause-and-effect relationship between broadband investment and traffic mitigation and/or congestion reduction. Cmsr. Smith stated that she is not sure if such a study has been done, but will look further into it.

Mr. Griebel initiated a discussion around value capture and asked Cmsr. Smith to offer any input/comments on this as the panel continues. Mr. Griebel asked what the opportunities of value capture are (impact fees, tax increment financing, etc.). Discussion ensued. Cmsr. Smith mentioned that she is happy to participate in these evaluations and considerations about the value capture and stated that her office stands ready to participate in any kind of assessment, mentioning that some states are a little bit ahead of CT on some of this work. She has economists on her team capable of evaluating the impact of some of these investments, and she is happy to serve in this capacity if helpful to the group.

Mr. Griebel asked Cmsr. Smith to comment on the how she thinks the CT Airport Authority (CAA) has worked and if there are any lessons to share as the group considers establishing a similarly empowered authority, as opposed to the previously disbanded advisory board. Cmsr. Smith discussed the CAA at length, remarking that one of the CAA's greatest strengths is its clear decision-making and authority.

Mr. Timpanelli asked if DECD has a survey or other information on P3's pursued in the U.S. and the kind of revenue streams that have justified these kinds of projects, in an effort to understand the variety of revenue-streams used to sustain such projects. Cmsr. Smith stated that DECD does not have surveys per se; however, legislation passed a couple of years ago allowing the agency to start with 5 possible pilots, none of which have been taken advantage of yet. DECD did some analysis at the beginning of that process and Cmsr. Smith suggested that she and Mr. Eucalitto could look for this. Cmsr. Smith also noted that not many P3's have been done in CT. Discussion ensued. Cmsr. Smith stated that she will look to see what *has* actually been done and suggested talking to Canada regarding any success that country has seen in using P3's. Stan Mickus expressed interest in learning more about Canada.

Regarding increasing commuting options for people traveling to work, Joan Carty asked if DECD has analyzed or mapped the job centers in CT, what options people currently have, and what connectivity might increase those options. Cmsr. Smith indicated that DECD does not have a formal study on this and would defer to DOT. Cmsr. Smith stated that employers tend to do these studies individually, but indicated that this might be something the State would want to undertake moving forward.

Chair Staples thanked Commissioner Smith for addressing the group.

VII.	15 Minute Break	Bypassed.
VIII.	Review of Follow-Up Items from last meeting	<p>Chair re-introduced Mr. Eucalitto to identify materials provided to members. Mr. Eucalitto referred to the Table of Contents. Items were put together by DOT, DRS, OPM, and DMV.</p> <p>Mr. Griebel asked what exactly the panel's charge by the Governor is, regarding the 5 year ramp-up and wants clarification on when the \$600m will kick in. The group re-examined "Table 8" of the OPM presentation from the previous panel meeting. Mr. Tassinari explained that 2018 is when the fund turns negative; and thus, when the State will need to begin generating revenue. The ramp-up is the first 5 years of the overall 30 year plan. Mr. Tassinari explained to the members items 9 and 11 of the Table. Mr. Eucalitto described the baseline forecast.</p> <p>In the Governor's plan currently before the legislature, the 5 year ramp-up is set to start in 2016; current revenue streams would allow the plan to go forward in FY 16 and FY 17 without any incremental resources, after which the STF will need additional revenue to retain a positive operating balance each year.</p> <p>Griebel stated the group should come back with a recommendation on how to come up with the \$352m shortfall in 2020.</p> <p>Mr. Griebel asked the Chair whether the panel should inform the public that they are seeking two kinds of comments: (1) what do you think should be done in the short-term, and (2) what do you think should be done in the long-term?</p> <p>Mr. Frankel reiterated his request to take a granular look at the projects, specifically which projects might be revenue-projects, and which of them are susceptible to value-capture or public-private partner relationships. The panel discussed the approach they would take and agreed to work closely with the CT-DOT. The group plans to flesh this out further with the DOT.</p> <p>Commissioner Redeker stated that they can provide a report of projects by type/category, over the past 30 years.</p> <p>It was agreed that a meeting would be held to discuss the various topic areas and categories of materials provided by DOT. Chair Staples suggested members digest the materials and set up conference calls, so that they can break down the information into subject areas/categories for discussion and further information-gathering.</p> <p>The panel will likely meet after the hearing to further discuss the task at hand.</p> <p>Chair Staples indicated that the July session will center on tolling among other related topics. Outreach has been made to the treasurer's office with regard to financing. They are planning to review presentations, possibly at the July meeting.</p> <p>Mr. Griebel suggested subgroups be established to look at the short-term</p>

issue.

Mr. Griebel suggested creating an organized structure for the upcoming public hearing and discussed various ways to do so. Chair Staples emphasized the importance of clearly informing the public prior to the hearing what the panel's charge/role is, as well as, what it is not.

Mr. Bonvillian asked Mr. Eucalitto for assistance regarding some of the details around GO bonding (i.e. what areas might not necessarily be funded, What *does* happen on community colleges, what happens on local road contributions, etc.). Mr. Eucalitto stated that OPM can get this information.

Mr. Eucalitto introduced Robert Card who briefly spoke about Town Aid Road, and explained that TAR is a GO bond item, not a STO bond item.

Chair Staples asked for more information about benchmarks and agreed upon amount of bonding. Mr. Eucalitto stated that OPM can provide follow-up on this.

Mr. Frankel asked for further detail around the oil company tax. Mr. Tassinari explained this tax. There are a couple of competing statutes related to this. Right now 90% the revenue received goes to the STF by statute, but at the same time there is a dollar amount in statute guaranteed to the STF. Currently with oil company tax receipts coming in below the dollar amount in statute, the GF needs to make up for the difference.

Chair Staples introduced and welcomed Rep. Tom O'Dea, Ranking Member of the Transportation Committee, who joined the meeting briefly. Rep. O'Dea pledged his support in working with Rep. Guerrero, Ranking Member Toni Boucher, and Senator Leone. Rep. O'Dea stated that the most important issue is funding. Rep. O'Dea expressed appreciation to the panel members' efforts and stated that he looks forward to providing support and working with the members going forward.

The meeting recessed at 11:45 and reconvened at 12:04.

Chair Staples welcomed Rep. Tony Guerrero, Chairman of the Transportation Committee. Rep. Guerrero remarked that transportation is a very important issue, stating that no matter what the State does here, raising the gas tax alone is not a viable option. Rep. Guerrero expressed that he is a major proponent of electronic tolling and suggested the group review the Cambridge Report. Rep. Guerrero stressed the importance of having a transportation lock-box in place. Rep. Guerrero reiterated that raising the gas tax is not going to happen. He also suggested watching a 60 Minutes segment on infrastructure. Rep. Guerrero also remarked on the current costs of construction. He also mentioned that Congress is asking states to think outside the box. Rep. Guerrero applauded members for taking on this important initiative. He expressed concern that businesses not coming to the state is directly related to the length of time it takes to commute between towns and cities.

		<p>Mr. Griebel asked about what implications improved transportation options might have on job creation for the State and asked Rep. Guerrero to comment on public-private sector relationships. Rep. Guerrero responded that the proposed transportation improvements suggest huge implications on job creation, comparing this hypothetical scenario to what took place in the 1980's.</p> <p>Chair Staples thanked Rep. Guerrero.</p>
IX.	Open Discussion and Deliberation	N/a
X.	Next Meeting Date	Chair Staples announced that the panel's next steps include a June 23 rd public forum in New Haven, with the exact location TBA. A conference call was scheduled for Tuesday, May 26 th from 10-11a.m.
XI.	Other Business	Members further discussed logistics and ways to raise awareness for the upcoming public forum.
XII.	Adjournment	Chair Staples declared the meeting adjourned at 12:23 p.m.