

**Written Testimony of Leslie Jutzi, I-35 Advisory Committee
And Director of Governmental Affairs & Community Relations, The Allen Group
To the 2030 Committee on Transportation Needs
August 21, 2008
Dallas, Texas**

Chairwoman Delisi, Dr. Walton, Mr. Marcus and esteemed members of the 2030 Committee, distinguished officials, and members of the public. I am honored to be here today, representing The Allen Group, to comment on the most pressing transportation needs affecting North Texas. There could not be a timelier topic than this for North Texas. I would also like to congratulate Transportation Commission Chairwoman, Deirdre Delisi for empanelling such a Committee. Her foresight in establishing this most esteemed Committee is reflective of her leadership and her desire to make sure that TxDOT is a relevant part of the solution to the State's transportation issues.

I will start my testimony by stating that The Allen Group is delighted to be in Texas. Richard Allen is an innovator who spots trends and anticipates goods movements prior to them occurring. He has a reputation nationally and internationally as a visionary and this is what has enabled him to focus upon an intersection in Dallas on its South side as the key to economic vitality for not just Texas, but for the United States and North America. It is because of his vision and the City of Dallas policies that heretofore encouraged private investment within the region that The Allen Group currently holds 6,000 acres in Southern Dallas County and is creating the premier inland distribution center: the Dallas Logistics Hub. The Hub capitalizes on the Central and South American trade moving South to North and the growing China and Pacific Rim trade moving West to East via ship, rail, and truck with all converging in South Dallas County along the I-35/I-20/I-45 corridor. This is why Richard Allen has created an international, Master-Planned development in four cities in South Dallas County.

The Hub is designed for 60 million sf of light industrial, commercial and retail development and is anticipated to have a \$68 billion impact to the North Texas Region's economy over the course of the next 25 years. It will generate jobs, wealth, economic expansion, and new facilities such as colleges, schools, and hospitals all in South Dallas County. This is an area of the County that has

been overlooked for years. The North Texas Region has typically grown North, East and West and, specifically, the transportation funding emphasis has been on projects in North Dallas and Southern Denton and Collin Counties in North Texas. However, Southern Dallas County developers represent roughly 20% of all land South of I-20 to the Dallas County line between I-35 and the Trinity River. The Developers at full build out have the ability to add more than 100 million sf of development space in this area. This is equal to \$3.5 billion of private investment in 2008 dollars. The volume of this development space is more square footage than the entire Tarrant County Industrial Market, including Alliance. It is also 25% of the total Dallas County Industrial Market. If it was its own market, it would be ranked 38th in the nation right now in terms of square footage. The Allen Group appreciates the ability to play a vital role in the economic stimulus of this Region of the Metroplex, but your Committee and TxDOT have the most important role to play.

Transportation infrastructure and economic stimulus are TxDOT's job because transportation means economic development. It is not simply a matter of moving people: there must be recognition that there is also an issue of providing access to properties with jobs. With the access to jobs, there will be better schools, more colleges, hospitals, and other opportunities.

The decisions that the Transportation Commission and TxDOT make will provide the most important economic development stimulus in the State of Texas. With a population that is growing from 24 million statewide to 51 million by 2040, the transportation mobility issues focusing upon the movement of goods and people more efficiently is imperative so that we may avoid a scenario whereby we sink as a State under the weight of congestion. To be successful, we must understand the effect of transportation decisions on economic development, and in order to continue to promote the business opportunities in Texas, businesses must be assured of reasonable mobility within the state and a system that links transit, aviation, and seaports.

We all know of the transportation congestion along I-35 and the fact that there needs to be a parallel route to alleviate the back up. We are all aware of the need to expedite Loop 9 and to complete SH 161 and the Trinity River. We recognize that I-20 is the major East/West route throughout the United States and, yet, it is not a designated Corridor of the Future. However, the

only way that Texas will be able to address the mobility issues along these routes is if it addresses its transportation funding issue.

Texas is not unique in that transportation funding is one of the most vexing economic development issues facing the State. However, if the State is to be successful and continue on its upward trajectory in terms of growth and prosperity, it must address transportation funding now. The public is insistent that improvements are made to the State's roads, rail, airports, seaports, and highway systems. In order to appropriately fund such a system and ensure that it includes the links to transit, aviation, freight rail, and seaports, your Committee must be bold and open minded in its thinking.

Several funding options have been explored within this region, including: indexing the gas tax to the Consumer Price Index; segregating the State Highway Fund ("Fund 6") for true transportation projects; raising the gas tax; raising vehicle registration fees; developing more toll roads; and consideration of other revenue mechanisms to raise funds for essential transportation projects. No matter what variety of options are chosen, it is important that you are able to justify a funding recommendation that will both maintain the system and provide for its expansion to meet the future transportation needs in the year 2030. We can all agree that there is room for legitimate differences of opinion regarding how to fund the system, but the most important thing that you must do is use your judgment and wisdom to set forth a variety of options that will successfully fund the system.

North Texas is on the verge of tremendous economic growth. I have been told that the Texas population was 10 million in 1960, which was a lot of people then, but not a lot of people now. Steven Murdock, the former Texas demographer, projects that our population will reach approximately 51.7 million by 2040. The industrial and commercial developers are willing to pay their fair share to fund future reasonable transportation solutions, but such funding needs to be equitably divided and appropriately implemented with a view towards both current needs and areas that are not overly developed now but will become so quickly.

Because of its complexities, transportation funding is not a problem that is going to be solved quickly without cooperation and examination of all reasonable funding options. Due to the importance of this funding mechanism for our State, we suggest that the Committee have a continuing oversight role in the development of this funding mechanism. This is helpful to TxDOT and will allow the Committee ample opportunity to set forth a solution and guide its implementation.

We pledge our support to assist you in addressing these transportation funding problems and to recommend solutions to ensure its success. We must all work together to address these issues for the future of the citizens of this State and for our Country.

Thank you.

My name is Grady Smithy. I am in my 19th year as a member of the Duncanville City Council and spent 13 years of the 19 as a member of the North Central Texas Council of Governments Regional Transportation Council. I am the Transportation Representative for the Best Southwest Chamber of Commerce. I am the last of the founding members of the Dallas Regional Mobility Coalition and its Secretary. My remarks here today are my own – not attributable to any of these organizations.

Firstly, we must stop the diversions from Fund Six to non-highway purposes. Before we can come to any increase in funds to Fund Six we must be assured that they will go to transportation purposes.

Secondly, we need to come up with a reasonable mix of taxes and fees to fund urban mass transit programs in our metro areas. The mix should include both taxes and fees – but not large increases in vehicle registration fees – 19% of all vehicles on Dallas County roads are currently unregistered or fraudulently registered. That number will at least double if we add \$100 or more to the registration fees. I favor sales tax for mass transit since 73% of Duncanville citizens surveyed agreed to a half cent sales tax increase for commuter rail.

Thirdly, we are beating a dying horse when we talk of increasing gasoline taxes – this is at best a short term fix. We need to transition as soon as possible to a vehicle miles traveled system with a pay at the pump system. We also need to increase trucking fees –

one fully loaded 40 foot trailer does as much damage to the road surface and subsurface as 10,000 passenger vehicles. The ICC will not let us charge trucks from out of state any more in road use taxes than we charge Texas trucks.

Fourthly, we desperately need a parallel reliever route to I-35 from San Antonio and the South to the Red River on the North. The I-69 solution that TxDOT agreed to will not work on I-35 which carries two-thirds of all the NAFTA trade coming from Mexico. That route needs to be tolled. It is unconscionable to ask Texas gas tax payers to continue to subsidize the true costs of delivery of all this NAFTA trade to all the other States in the USA.

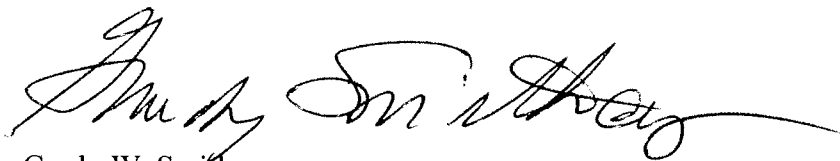
Fifthly, as a member of the Special Study Committee on Public Private Partnerships I am thoroughly convinced that we must find a way to preserve some competition. A good example why we must do that is an expansion of the yields of the State Highway 121 and 161 projects. The 121 project netted \$3.3 billion from the Metroplex to use in near neighbor near time projects. The 161 project with half the length of 121 and substantially the same traffic projection will net only \$164 million. Testimony before our committee indicated that it was worth at \$500 million more than the NTTA bid of \$1.2 billion which yields the \$164 million. While I have great respect for the good work done by NTTA. I hate to see Dallas County roads users lose half a billion dollars because of curtailment of competition by Senate Bill 792 which granted NTTA the right of first refusal on any projects in our area. Since NTTA is having difficulties in selling its 121 bonds. I hope

we will have a chance to see competition bring the additional half billion for Dallas County drivers. It would make up for the lose of 121 when the proceeds were distributed by origin destination rather than the toll tags by county.

Finally, the southern part of Dallas County has been the last to develop but its taken off now. I-20 is a national hazardous materials route for all the transitive nuclear waste from all 25 states east of the Mississippi. We need continuous service roads through Dallas and Tarrant Counties to allow traffic to go around hazmat spills or traffic accidents on I-20. Dallas Mayor Tom Leppert's Southern Dallas developmental task force has recognized the need for these continuous service roads for safety, traffic incident management and economic development.

Thank you for this opportunity to provide my thoughts on future transportation needs.

Sincerely,

A handwritten signature in black ink, appearing to read "Grady W. Smithey". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Grady W. Smithey

Councilman, District 4

City of Duncanville