

THE TEXAS TRIBUNE

Liveblog: Trade & Transportation at The Texas Tribune Festival

by [David Muto](#) | September 22, 2012



We're liveblogging this weekend from [The Texas Tribune Festival's Trade & Transportation track](#), which includes panels on light rail in Texas, the future of trade and the upcoming legislative session.

Featured speakers include Phil Wilson, the executive director of the Texas Department of Transportation; Gordon Bethune, the former CEO of Continental Airlines; Texas Secretary of State Hope Andrade; and Deirdre Delisi, the former chairwoman of the Texas Transportation Commission.

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LIVEBLOG

8:25 a.m. **BY AMAN BATHEJA** Our first panel of the day, **An 83rd Legislative Session Preview** is starting in a few minutes.

8:29 a.m. **BY AMAN BATHEJA** Tribune Executive Editor **Ross Ramsey** will moderate the first panel featuring state Reps. **Drew Darby**, R-San Angelo, and **Larry Phillips**, R-Sherman, and state Sens. **Robert Nichols**, R-Jacksonville, and **Kirk Watson**, D-Austin.

8:37 a.m. **BY AMAN BATHEJA** Rep. Darby gets things started on a gloomy note. He says Texas has no more ability to borrow money for new roads and the current income stream (the gas tax) hasn't kept up. Texas has issued \$17 billion in debt for transportation since 2001, he said.

"We don't have enough money to cover the roads in their current condition," Darby said.

He compared himself and Rep. Phillips to Paul Revere.

"We're saying the potholes are coming," he said.

8:43 a.m. **BY AMAN BATHEJA** Sen. Watson says public doesn't understand how roads are funded and many lawmakers have allowed a misconception to persist that the state has enough money to meet its transportation needs.

He referred to state leaders' current approach to transportation funding as "debt, diversion and denial."

8:46 a.m. **BY AMAN BATHEJA** Sen. Nichols says Texas is rapidly approaching a fiscal "cliff" in which transportation funding for new projects is completely exhausted.

"The solution is not issuing another bond issue," Nichols said. "The solution is not doing what we've done in the past again."

8:50 a.m. **BY AMAN BATHEJA** Rep. Phillips is emphasizing the problem of diversions, gas tax money that goes to things other than road construction. It's become common practice for lawmakers to decry the gas tax diversions, even though they pay for things that need to be funded like the Department of Public Safety and the Department of Motor Vehicles.

"We as leaders have to communicate to the Legislature exactly what we're looking at so we can get past the diversion issue and get to the next step and identify opportunities," Phillips said.

Watson said it's an issue of political will.

"Everyone seems to be in agreement that we need to quote stop the diversions," Watson said. "It's just no one has the political guts to do it."

8:56 a.m. **BY AMAN BATHEJA** Rep. Darby recalled a study he and Rep. Phillips commissioned two years ago. It found that Texas traffic, on average, costs every household \$1,500 a year on waste of fuel and time stuck in traffic. That cost jumps to \$5,300 per household by 2030 if the funding system doesn't change, he said.

"The question became how much can we invest in transportation infrastructure today to bring down that cost curve," Darby said. A \$60 increase in the vehicle registration fee would bring down that 2030 cost to \$2,700, he said.

9:05 a.m. **BY AMAN BATHEJA** Sen. Nichols and Rep. Phillips have a disagreement of sorts on what qualifies as a diversion of transportation funding. Nichols notes the millions that go to fund the Department of Public Safety. Phillips disagrees that that counts as a diversion, noting, for instance, that DPS monitors vehicle inspections.

"We're going to have to get that diversion thing put to bed," Phillips said. Until then, finding a new approach to transportation funding won't be possible, he said.

9:07 a.m. **BY AMAN BATHEJA** Rep. Darby says the Farm-to-Market road system in Texas is in need of a lot of expensive repair work. The state is responsible for about \$1 billion of that work. County governments are responsible for another \$1 billion.

9:17 a.m. **BY AMAN BATHEJA** Nichols offers his proposal to pass a constitutional amendment

dedicating the sales tax from vehicle purchases toward road funding, to be phased in over a decade. While the revenue would be minimal at first, he said the Texas Department of Transportation would be able to book perhaps \$11 billion in road work very quickly because the agency would know that more money was on the way.

Rep. Phillips said he believed the House could get behind that proposal, as it would not be viewed as a tax increase.

9:22 a.m. **BY AMAN BATHEJA** Ross Ramsey asks the panel about Gov. Perry's Budget Compact, a document he released this year that called for no new taxes and controlling spending growth. Ramsey asked whether that precluded any fee increases for transportation funding, such as an increase in the vehicle registration fee.

"I didn't read the word fee in that compact," Rep. Darby said.

9:30 a.m. **BY AMAN BATHEJA** Our first panel is now over. Great discussion. Next up is a One-on-One between the Tribune's **Evan Smith** and former Continental Airlines CEO **Gordon Bethune**.

9:53 a.m. **BY AMAN BATHEJA** Evan Smith asks Gordon Bethune if the airline business is a good business to be in. Bethune says things are better now than at the bottom of the recession, but it's still a low-margin industry.

"It's OK but it's still a crummy business," Bethune said.

Noting how ruthlessly competitive the business is, he added, "There's a sucker born every minute and they usually invest in the airline business."

10:05 a.m. **BY AMAN BATHEJA** Bethune said a gamechanger for Continental Airlines' culture was rewarding employees if Continental's flights were on time and the airline's customer base grew.

"If the investors win and make money, then you should win," Bethune said.

Flight attendants were friendlier to passengers and worked harder to leave passengers satisfied with their flight experience.

10:12 a.m. **BY AMAN BATHEJA** Bethune described what Sept. 11, 2001 was like for him at Continental Airlines board meeting in Houston. The board watched the second tower fall on TV. The airline had 158 planes in the air and wasn't certain that none had been hijacked.

"Until we counted down that 158 were safe, we didn't know," Bethune said. "Everyone had to land wherever the nearest airport was."

10:17 a.m. **BY AMAN BATHEJA** Smith asks Bethune if most airport security procedures these days are unnecessary.

"Absolutely," he says. He described much of the security procedures at airports as "kabuki."

He also said that some level of profiling makes sense at airports.

"The 80 year old grandmother is not my first choice as a terrorist," Bethune said.

10:20 a.m. BY AMAN BATHEJA Evan Smith tells Gordon Bethune that he usually doesn't check a bag when flying because he finds paying to check a bag "repulsive."

"I won't check a bag because I'm afraid they'll lose it," Bethune said.

10:25 a.m. BY AMAN BATHEJA Bethune says he wouldn't have merged Continental Airlines with United Airlines, if he had still been in charge. Continental Airlines' sterling reputation was too valuable and United Airlines' lesser reputation may drag it down, he said.

"I tried to merge with United but they wanted to run the company. I said 'Hell you can't run water,'" he said.

10:27 a.m. BY AMAN BATHEJA On American Airlines' current woes, Bethune says, "American is one of those foolish companies that thinks bankruptcy can fix your company." Bankruptcy doesn't make a "crummy company" great, he said.

The Fort Worth-based airline needs a cultural change, he said.

10:34 a.m. BY AMAN BATHEJA Bethune is not a fan of Houston's City Council.

Bethune brought up the council while talking about its recent decision to allow Southwest Airlines to host international flights at Houston Hobby Airport, even though George Bush International Airport is nearby. A city like Houston having two international airports doesn't make sense, he said.

Southwest "conned the Houston City Council into letting them fly from Hobby," Bethune said.

He predicted the move will lead to the city's overall decline and he made clear that Houston's city leaders didn't think the decision through properly.

"The people on the Houston City Council, they use slip-on shoes because tying your laces is difficult," Bethune said.

10:40 a.m. BY AMAN BATHEJA Smith asked Bethune if airlines killed high-speed rail in Texas. He said high-speed rail is a bad bet for Texas, noting that Amtrak loses millions of dollars serving the Northeast. Commuter flights will always be more competitive than rail in Texas.

"That's not the best way to invest your money," Bethune said. "You have high-frequency transportation that's really dirt cheap. At the end of the day, who can afford to buy those [rail] tickets? No one."

10:45 a.m. BY AMAN BATHEJA That's the end of our One-on-One panel with Gordon Bethune. Next up: The Future of Trade. Starts at 11 a.m.

11:10 a.m. BY ROSS RAMSEY Aman's panel is up and running on **The Future of Trade**. They're talking border enforcement, traffic and such with **Gene Garza**, with the Department of Homeland Security, **Nelson Balido** of the Border Trade Alliance, **Esther Rodriguez Silva** of Texas A&M's Latin American Initiatives, and Texas Secretary of State **Hope Andrade**.

11:13 a.m. **BY ROSS RAMSEY** Balido: The faster we can put people over that border, it's a windfall, more people in our malls, in our hotels, and so on.

11:13 a.m. **BY ROSS RAMSEY** Balido suggests using tolling revenue from the bridges to pay for Customs.

11:16 a.m. **BY ROSS RAMSEY** Silva is talking about how trade is conducted and about the balance of trade. Says we have to motivate U.S. distributors to export. Local distribution channels in some of the countries to which we export, she says, are not well developed.

11:18 a.m. **BY ROSS RAMSEY** Now Silva is talking about local content in exports and imports. "It's a very sensitive topic. It should be an international dialogue... it can be misunderstood as protectionist."

11:19 a.m. **BY ROSS RAMSEY** Andrade says Texas has been number one exporting state for the last ten years; top markets are Mexico, Canada, and China, in that order.

11:20 a.m. **BY ROSS RAMSEY** Border communities are so different, with three million trucks coming through, Andrade says. "It doesn't mean that they're getting more money." Arizona gets more money than Laredo. "How do you justify that?"

11:24 a.m. **BY ROSS RAMSEY** Andrade: We've got so much going on. We've got to be ready for it. We've got to be competitive, or they'll go somewhere else (traders).

11:26 a.m. **BY ROSS RAMSEY** Is the Panama Canal expansion a big deal for Texas? Garza: The ports in Mexico are seeing an increase, the Texas ports are seeing some of it already (he's talking about inland ports — road and rail traffic).

11:29 a.m. **BY ROSS RAMSEY** Garza: We think our Gulf Coast ports are going to see more trade, too.

11:31 a.m. **BY ROSS RAMSEY** Panama will have an impact on volume and size both, Silva says. She's talking about the increased loads on roads in the U.S. Some ports are making improvements to infrastructure in advance of that trade.

11:33 a.m. **BY ROSS RAMSEY** Aman is asking the panelists about border violence and its effects on trade.

11:34 a.m. **BY ROSS RAMSEY** Garza says it's not. They have the Mexican Army there, working alongside the customs officers. "We have not really seen any effect" on trade, though he says a lot of downtown stores and restaurants along the border have been affected.

11:36 a.m. **BY ROSS RAMSEY** Balido says the U.S. buildup of Border Patrol, towers and other infrastructure has kept a lot of the cartel violence away from the border.

11:37 a.m. **BY ROSS RAMSEY** Balido says we should take a look at how to do more, without saying it's bad.

11:38 a.m. **BY ROSS RAMSEY** Andrade says there could be so much more opportunity in trade with Mexico; says companies are trading but it would be better if there wasn't so much fear of doing business there.

11:39 a.m. **BY ROSS RAMSEY** The perception is one that's so difficult to overcome. The violence is in Nuevo Laredo — not in Laredo.... but there is a negative perception there, Andrade says.

11:46 a.m. **BY ROSS RAMSEY** Garza says there has been a decrease in car travel into Mexico but an increase in air travel.

11:48 a.m. **BY ROSS RAMSEY** Andrade: As a state we have a responsibility to tell you (about dangerous places). We don't forbid you to go. Just be aware.

We have met with the director of tourism. The lines are open... What's good for Mexico is good for Texas. You just have to understand that we have to take care of our citizens.

11:49 a.m. **BY ROSS RAMSEY** Balido says a lot of it is about cartels and cartel violence. But he says he doesn't notice the dangers personally.

11:51 a.m. **BY ROSS RAMSEY** The panelists say the ports are getting ready for more traffic — dredging and talking about higher bridges (that bigger ships can go under), but it's expensive.

11:52 a.m. **BY ROSS RAMSEY** Andrade says people used to say the highway department (she was a commissioner) used to be criticized for thinking too big; "now they say they didn't build big enough bridges.

11:55 a.m. **BY ROSS RAMSEY** Balido, on enforcement on the Mexican side: I don't see major changes, but I see improvements. They're focused on quelling the violence.

11:55 a.m. **BY ROSS RAMSEY** He says there might be some major investment coming on the Mexican side on infrastructure at ports of entry.

noon **BY ROSS RAMSEY** And they're wrapping up. Off to lunch on UT's South Mall!

1:35 p.m. **BY AMAN BATHEJA** And we're back! Moderator **Scott Braddock** is starting the "**Paying for Roads: The Great Debate**" panel. Panelists are State Sen. **John Carona**, D-Dallas, Former Texas Transportation Commission Chairwoman **Deidre Delisi**, **Mike Heiligenstein**, executive director of the Central Texas Regional Mobility Authority and state Rep. **Joe Pickett**, D-El Paso.

1:38 p.m. **BY AMAN BATHEJA** Rep. Joe Pickett said transportation advocates need to publicize the funding crisis to the public and lawmakers better. Most Texans don't understand that the state is "maxed out on the credit cards."

Raising the gas tax is a nonstarter, he said.

"No one wants to raise the gas tax," Pickett said. "This isn't Democrat or Republican."

1:41 p.m. **BY AMAN BATHEJA** Sen. John Carona agreed with Pickett that roads funding is at a crisis level. He said it not only causes traffic jams but damages air quality and scares off businesses from moving to Texas.

He said part of the problem is that the state's leadership -- specifically the Governor, Lieutenant Governor and Speaker of the House -- have not led the way on addressing the problem.

"If they're not willing to lead on those issues, my 20+ years in the Legislature have taught me it's very hard to move forward," Carona said.

1:43 p.m. BY AMAN BATHEJA Heiligenstein pointed to Dell's decision to move a plant to Tennessee from Round Rock. He said Dell executives told him that the decision to pick Tennessee "primarily because of congestion not being addressed" in Central Texas.

1:52 p.m. BY AMAN BATHEJA Carona talked about a local option measure, in which communities like Dallas-Fort Worth or Houston raise local fees to pay for local transportation projects. He acknowledged it's not likely to pass in the Legislature any time soon.

Delisi said her concern about local-option plans is that it would lead to the public thinking the transportation problem is solved, when no money will have been raised for expanding rounds connecting the state's largest cities.

"If you can't get from Houston to Dallas, our transportation system is going to suffer," Delisi said.

1:57 p.m. BY AMAN BATHEJA Panelists got into a spirited debate about toll roads. Heiligenstein said the Austin area is warming to toll projects and dynamic pricing in which a toll road's price changes depending on the time of day and level of congestion.

Carona strongly disagreed.

"I think they embrace it because there isn't an alternative," Carona said. He suggested that too many toll road projects may be in the works. If drivers don't have a choice but to take the toll road, the toll becomes a tax, he said.

2:06 p.m. BY AMAN BATHEJA The panel touched briefly on the Trans-Texas Corridor and how the failure of that project may have soured lawmakers on tackling transportation more forcefully.

Delisi said she was disappointed more people didn't credit Gov. Perry with pushing transportation, unusual in American politics over the last decade, into the forefront rather than criticizing his project.

"I would have been happier to see more people stand up and defend the emphasis on transportation," Delisi said.

2:11 p.m. BY AMAN BATHEJA When Braddock asked about the Tea Party movement in Texas and whether they will push back on any efforts to raise revenue for transportation, Carona said that's a false assumption.

"They don't equate conservatism with doing nothing," Carona.

2:27 p.m. BY AMAN BATHEJA A member of the audience asked about the importance of private equity in funding major road projects in Texas.

Carona said private equity money is "expensive" and that too often TxDOT leans on private equity money to fund a project when there are cheaper approaches. TxDOT is ignoring

"I think it has a role but we have to be very cautious," Carona said.

Delisi noted that the two of the largest road projects in the state, I-69 and I-35 corridor expansions, costs \$12 billion. Private equity was needed for big-ticket projects like that to move forward, she said.

2:31 p.m. **BY AMAN BATHEJA** Things got personal at the end of the panel, as Carona accused Gov. Perry of politicizing the Texas Department of Transportation by appointing “cronies” to its leadership. He said Delisi, a former Transportation Commissioner, counts as one of those “cronies.”

Delisi said TxDOT's record over the last decade speaks for itself.

"One of the reasons txdot is ranked by CNBC as the best economy in the country is because of our infrastructure system," Delisi said.

2:45 p.m. **BY ROSS RAMSEY** We are about to get started with **Is Light Rail the Answer?** in the Trade and Transportation track. Moderator **Ben Philpott** of KUT-FM will be talking with Austin City Councilman **Mike Martinez**, DART Deputy Executive Director **Jesse Oliver**, and **John Sedlak**, manager of Rail Passenger Research at the Texas A&M Transportation Institute.

2:46 p.m. **BY ROSS RAMSEY** Martinez says light rail is a small component of the answer that includes "every other mode of transportation."

2:47 p.m. **BY ROSS RAMSEY** Martinez: We have to think differently about how we move people around. It's no longer about if Austin is going to grow as a major metropolitan area. It's about how.

2:49 p.m. **BY ROSS RAMSEY** Oliver: It's made a big difference... You can't have just one mode of transit... Light rail alone have about 37 million passenger trips per year. Buses carry a similar load.

2:50 p.m. **BY ROSS RAMSEY** Oliver says light rail is still relatively new to Texas. What we've come to see are backside advantages, not only in its primary purpose, but what it creates in our cities, for people, for creating access.

2:51 p.m. **BY ROSS RAMSEY** What can you say to people who are still stuck on Central Expressway in Dallas? Oliver: "They'd be even more stuck on Central."

2:52 p.m. **BY ROSS RAMSEY** Expansion of roads and of transit solutions have helped ease traffic, but Oliver says "we'll fill up our freeways again" as the population of drivers and cars grows.

2:54 p.m. **BY ROSS RAMSEY** Sedlak says these rail systems aren't the entire answer. "It's got to be a holistic approach."

DART has had really excellent results; Houston has, too, with a very short line.

"We're making good headway but we have a long way to go."

2:56 p.m. **BY ROSS RAMSEY** Sedlak says cars have been our primary means of transportation, and it's difficult to reestablish public transit or rail transit in a place that's built for cars. For instance, we lack a lot of sidewalks in our cities — places to get to and to wait for public transportation.

2:57 p.m. **BY ROSS RAMSEY** Martinez points to a big suburban shopping center in Austin — Southpark Meadows — as an example. If you took public transportation there, you'd have to walk and

walk to shop there. It's built for people in cars, with giant parking lots between the stores.

2:58 p.m. **BY ROSS RAMSEY** Martinez says Austin "is striving to be like Dallas" when it comes to transit. "I'm really proud of what they've done."

2:59 p.m. **BY ROSS RAMSEY** Oliver says light rail has brought life back to the inner city. "Transit-oriented development is now a byword," he says.

3 p.m. **BY ROSS RAMSEY** Around the stations, you get redevelopment. There has been like an 8-to-1 return in public spending on light rail in terms of development around the stations.

3:02 p.m. **BY ROSS RAMSEY** DART is funded by a one-cent sales tax, enough to make up 70 percent of its total budget, Oliver says.

3:03 p.m. **BY ROSS RAMSEY** Sedlak on funding: Part of the solution is leveraging with other governmental entities to leverage the investments in light rail systems. You have to leverage your local funds, he says.

3:07 p.m. **BY ROSS RAMSEY** Martinez said Austin's existing rail was built for point-to-point runs on existing rail lines and right of way. Now the city wants to spend \$550 million for 5 miles of urban rail. "That's more than \$90 million for 32 miles of suburban rail, but that's different." He says the urban rail would be more heavily used, and would serve a different purpose.

3:09 p.m. **BY ROSS RAMSEY** Rail and system planning in Houston has been called a combat sport, Sedlak says. That, after Martinez and Oliver talked about failures at points along the way to borrow money for new projects.

3:13 p.m. **BY ROSS RAMSEY** Martinez says the argument that light rail doesn't pay for itself misses the mark. He says not a single highway in this country has ever paid for itself. Police and fire departments don't, either.

3:13 p.m. **BY ROSS RAMSEY** Oliver: I tell drivers, every person on transit is one less car in front of you.

3:15 p.m. **BY ROSS RAMSEY** What we see happening time after time is this debate over technology (monorail, buses, etc.). Transit officials have to view themselves as mobility managers, Sedlak says. It's a delicate balance that has to take place.

3:16 p.m. **BY ROSS RAMSEY** We're not going to be able to build ourselves out of congestion. We have to be really smart, Sedlak says.

3:24 p.m. **BY AMAN BATHEJA** Oliver says DART is hearing from area cities that want to connect with its network. A pilot program with Mesquite is in the work.

"We're talking to a lot of cities about it," Oliver said. "You may be surprised that even Tyler which is 90 miles away is trying to connect to the Dallas system so they can get their people to DFW Airport."

3:35 p.m. **BY AMAN BATHEJA** A member of the audience noted that all the talk has been about local funding and regional efforts. What involvement does the state of Texas have in all of this, he asked?

"You'll notice there's no state officials on this panel," Martinez said, drawing a laugh.

Sedlak noted that TxDOT helped develop some transit in Houston, by planning related road projects.

"Their contribution may come up in different ways than purely financial," Sedlak said.

Oliver said TxDOT and DART have worked together on HOV lanes in Dallas.

"This year TxDOT has offered to take over the operation, policing and maintenance of those lanes at no cost to us," Oliver said.