

TxDOT: Open For Business

A GUIDE TO ACCELERATING TRANSPORTATION PROJECTS





You might not readily associate the phrase “open for business” with TxDOT. But because future transportation solutions across our state will be developed cooperatively among the Texas Department of Transportation, local communities and the private sector, that phrase now fits TxDOT’s new responsibilities very well. We know how much traffic congestion, safety and overall mobility issues can impact the quality of life for a community. We have some excellent options to help you meet your particular transportation needs and the qualified professionals to help guide and support you through the process. Our welcome mat is out, we’re “Open for Business” as the sign says.

The Texas economy is dynamic and growing every day. In fact, Texas accounts for the eighth largest economy in the world. In order to maintain the financial strength that improves our family and business lives, we must not lose sight of a key piece of infrastructure that keeps Texas’ economic engine humming — our multi-billion dollar transportation system.

In recent years, transportation issues began surfacing as top priorities for communities as they’ve looked to grow into the future.



Urban areas want to unlock gridlock on highways that crisscross major metropolitan centers in Texas. Rural leaders want to ensure that economic development opportunities associated with transportation system improvements do not take the fast lane past their communities. All are concerned about safe travel for their families and friends.

There are solutions to these transportation challenges. But the great demand for timely and efficient improvements across our great state calls for new problem-solving approaches, new ways of doing business.

In the past, TxDOT had the resources to manage the entire state's transportation system. Our future needs will have to be met through cooperative partnering between local communities and TxDOT.

The good news is that individual communities can now be in the driver's seat when it comes to deciding how best to meet local transportation needs. This brochure will explain the various transportation management and funding tools now available to local leaders.

Take just a few minutes to read through the following pages. We're confident that the information you'll find will help get your community on the road to implementing safe and reliable transportation solutions that will benefit citizens within your area as well as all Texans.

As always, TxDOT will be there as your guide. We are your biggest advocate in helping you implement sound, local transportation solutions for your community. We're open for business and ready to get to work with you.

WE ARE HERE

In 2003, sweeping transportation legislation sketched a new image of the future of transportation in Texas. It contained a variety of initiatives altering the highway planning processes and provided an opportunity for communities to select the transportation projects that best meet their needs.

With funding at the heart of all infrastructure needs, the new legislation added a variety of financial tools to the gas tax revenue in order to deliver the dollars Texas communities will need to be successful. It also supports the construction of toll roads to provide added highway capacity in those areas facing high levels of traffic congestion.

Given this new charge from state leaders, TxDOT developed five distinct goals to address Texas transportation needs:

1. Reduce congestion
2. Enhance safety
3. Expand economic opportunity
4. Improve air quality
5. Increase the value of transportation assets

The best example of the more global and multi-modal transportation responsibilities for TxDOT is in the implementation of "corridor systems" which are key to state and regional economies. Rail and highway corridors can link deep-water ports on the Gulf Coast to those on the other coasts and to Texas' own regional markets.

The new legislation also fundamentally changed the structure of rail regulation in the state. TxDOT plans to greatly enhance the role rail plays in moving people and freight in the state. Rail is one of the most energy efficient ways of moving cargo. As the price of gasoline and diesel fuel continues to be high, the benefits of moving a greater percentage of the state's cargo on rails increase.

THE TRANS-TEXAS CORRIDOR

The Trans-Texas Corridor (TTC) is a new system designed to complement the current highway infrastructure by adding a multi-billion dollar statewide network of transportation routes throughout Texas. It anticipates separate lanes for passenger vehicles, truck lanes, freight railways, high-speed commuter railways, and space for utility and telecommunications lines.

Major Texas cities are also investigating the feasibility of high-speed commuter rail. TxDOT will play a central role in ensuring that these new regional systems can eventually be connected into a statewide passenger rail system planned for the Trans-Texas Corridor.





And while Texas has several major urban centers, it is still a vast state with many productive rural areas feeling the transportation pinch as well. Those rural corridors are being addressed by expanding the current interstate and transportation systems.

The state's population and number of registered vehicles continue to rise. Based on current revenue, Texas can fund only about one-third of statewide transportation highway growth needs through traditional tax dollars. Consequently, new construction funding needs are being met through low-interest loans from the State Infrastructure Bank, Pass-Through Toll Financing with local communities and private sector investments.

Toll roads are another means to fund much-needed additions to our current transportation system in a timely manner.

Developing new highways as toll roads will stretch limited taxpayer dollars and accelerate construction of highway projects. That means Texans will see safer, smoother travel sooner rather than later. Another major benefit to toll roads is that only the users of the system pay for their development and maintenance. We should note however, that some toll roads may require some state funding.

While toll roads are relatively new to Texas, there are already successful toll projects currently operating throughout the state.



LOOKING DOWN THE ROAD

TxDOT's roadmap for tomorrow's transportation system includes you and your community. Our past success at building an 80,000-mile, world-class highway system is a sound foundation for meeting the mobility challenges of the next half century. But, it will not be easy.

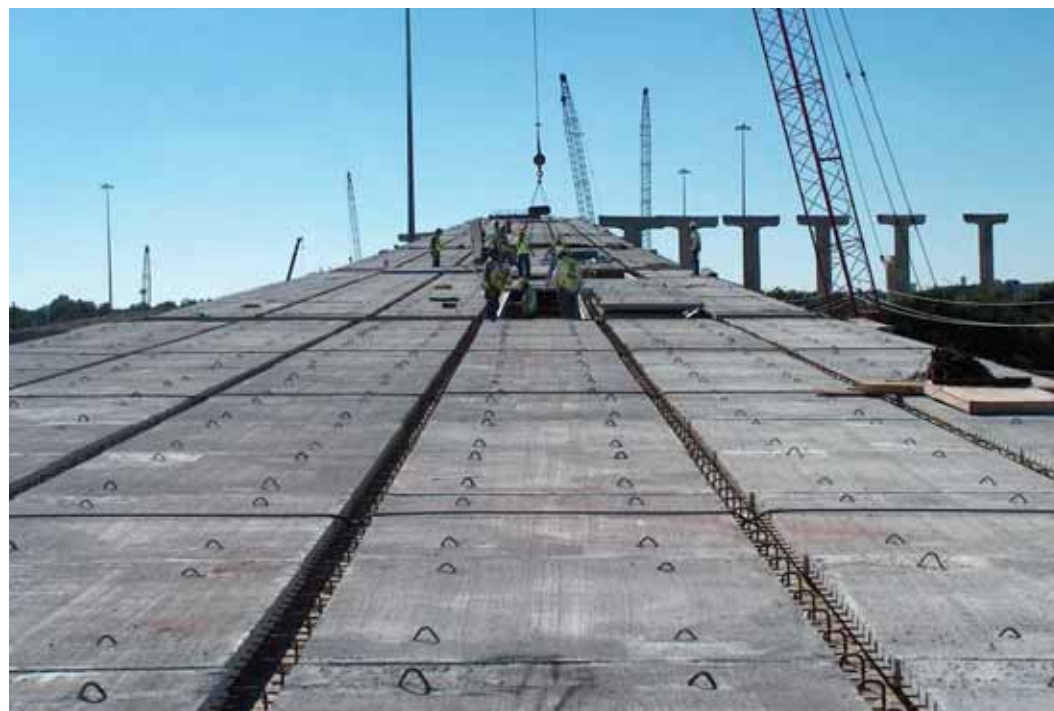
Texas' transportation system is at a crossroads in its history. Our citizens are seeing the pressures of a great system of highways taking on too much additional traffic. They know there is a need for change. And best of all, they are willing to help.

Together with TxDOT's know-how and the sheer determination of thousands of community leaders across this state, we will succeed in shaping the future mobility system of Texas. The safety of our current traveling families, the expansion of our flourishing economy and the promise for future generations of Texans depends on it.

There are five major categories of transportation solution tools from which communities can choose. They are:

- Regional Mobility Authorities
- Toll Roads
- Pass-Through Toll Financing
- State Infrastructure Bank Loans
- Comprehensive Development Agreements

These tools address how to fund major highway project improvements, offer a management system to locally handle your transportation issues, and most importantly, offer your community real solutions that can be implemented now.



OPEN *to* REGIONAL MOBILITY AUTHORITIES

A Regional Mobility Authority (RMA) is formed by one or more counties to manage and finance local transportation projects. An RMA can finance, design, construct, operate, maintain, acquire, expand or extend a project. Projects can be tolled or not tolled.

By taking control of local transportation needs, an RMA can help a community loosen the grips of gridlock and ease traffic congestion usually sooner than the state can. Less congestion also means safer driving conditions.

One of the best benefits of bringing transportation management to the local level through an RMA is that it can generate money for the community. For example, if an RMA develops a toll road, it can be financed by selling bonds and using the tolls collected to pay off the debt. Even after the toll road is paid for, the community continues to keep the toll revenue for use on other local transportation projects.

That way, no new tax dollars are needed to fund local transportation solutions and the money stays in the local area. Unlike the gas tax funds, these dollars are not filtered through Austin and Washington, D.C., to be redistributed to other areas and other purposes.

Under the old system, a community would have to work to get a project included in the state's

highway project plan and then wait for the funds to become available. That often took years just to get a project to a starting point.

Through an RMA, a project can get started much sooner and be locally owned and controlled.

Here's a short list of what an RMA can do for your community.

- Develop a transportation project
- Issue project revenue bonds
- Establish tolls
- Acquire property for transportation projects
- Use surplus project revenues to finance other local transportation projects
- Enter into agreements with private companies to build projects
- Apply for federal highway and rail funds
- Connect local projects to the state highway or rail systems
- Enter into contracts with other local governments
- Apply for loans from the State Infrastructure Bank
- Maintain a feasibility study fund
- Set highway speed and weight limits (consistent with state guidelines)

FORMING AN RMA

There are many benefits to forming an RMA for your area. Here is a quick starter list of how your local leaders can form an RMA for your community.

ELIGIBILITY

Any county or group of counties, including one that is part of an existing tollway authority, may petition TxDOT to form an RMA.

NOTE: In some limited cases, a city may form an RMA.

GEOGRAPHIC BOUNDARIES

RMA member counties do not have to be adjacent to one another, and service areas of RMAs may overlap. For example, an individual county may form its own RMA and also be part of another RMA. Counties may also be added later to an RMA with local and state approvals.

Counties formally create an RMA with approval from the Texas Transportation Commission.

1. An RMA brings decision-making authority regarding transportation project development to the local level.

2. An RMA can reduce the time it takes to implement much-needed transportation projects in a local community.

3. An RMA can build toll roads, which reduce congestion, enhance safe driving conditions and do not require additional tax dollars.

4. Accelerating transportation projects means expanding economic development opportunities sooner rather than later.

5. An RMA can seek a private sector partner to speed up transportation expansion without raising taxes.

6. Keeps locally generated funds in an area.





PROCESS FOR AN RMA APPROVAL AND ESTABLISHMENT

- County commissioners' court authorizes preparation of an RMA petition, adopts a resolution supporting RMA formation and approves submitting the petition and resolution to TxDOT.
- County and local supporters submit to TxDOT resolutions of support from metropolitan planning organization and other "affected" governmental entities.
- TxDOT reviews petition.
- If complete, county staff/consultants and TxDOT develop a public outreach plan.
- TxDOT conducts one or more public hearings to receive public input.
- Texas Transportation Commission takes action on the petition. If RMA formation is approved, the commission will adopt minute order designating size of RMA board of directors and will identify a candidate project.
- County commissioners' court adopts resolution forming an RMA.
- County commissioners' court appoints board of directors (2-year terms).
- Governor appoints the chair of the board of directors.
- RMA board convenes and begins process of establishing policies, acquiring startup funding and hiring staff and/or other professional support.

RMA ELIGIBLE PROJECTS

The vast majority of projects existing RMAs are planning and/or building in their communities are new toll roads. However, an RMA can construct various types of transportation projects to include:

- Tolled or non-tolled roadways
- Passenger or freight rail projects (tracks, locomotive equipment and facilities)
- Ferries
- Airports
- Pedestrian or bicycle facilities
- Intermodal hubs
- Border crossing inspection stations (except in Laredo)
- Automated conveyor belts for moving freight
- Air quality improvement projects
- Public utility facilities
- Acquisition, construction and improvement of public transit facilities and equipment

As you can see, there are significant benefits for local leaders to consider working with TxDOT to develop a Regional Mobility Authority. Efficient funding options without new taxes, local control and quicker paths to construction all add up to transportation solutions that promote safe and less-congested travel options for your community.

“We as Texans and as a region have choices.

The choice that we’re here to make as part of an RMA is that the glass is half full and that we can begin our projects sooner than later. That’s what we’re excited about and we hope to move forward.”

Jeff Austin III,
Chairman of the Board, Austin Bank
Tyler Area Chamber of Commerce





OPEN *to* TOLL ROADS

The construction of toll roads is really not new to Texas. But most people probably think that all highway travel in the past was free. Actually, every time you put gas in your car, part of the price per gallon you pay is a tax that goes to build and maintain highways.

Over the years, the gas tax has not increased but traffic on Texas highways has — dramatically. That means the current gas tax revenue can fund only about one-third of statewide transportation needs. The traditional tax-based method of financing roads is no longer sufficient to handle the state's mobility needs in a timely fashion.

THAT'S WHERE TOLL ROADS COME IN

Communities can work with TxDOT or through an RMA to develop toll roads to help meet their transportation needs now rather than waiting on more tax dollars to become available. The faster a community can address its traffic problems, the quicker it can get down the road to safer, less congested travel for its families and businesses.

BUT IT ALL COMES DOWN TO DOLLARS

Toll roads provide new funding opportunities for each community. The dollars collected from drivers using the toll roads will go toward paying for the project. After that, the community can then choose to lower the toll and put the money toward maintaining the highway, or it can leave the toll the same and use the revenue for maintenance and construction of other needed transportation projects in the area.

All this is done without raising taxes or sending locally generated funds out of a region to the state or federal governments.

So what factors are considered when developing a project as a toll project?

- *Construction Feasibility*

From an engineering perspective, is it a project that can be built?

- *Traffic Demand Trends*

Will there be enough traffic to support the toll road?

- *Availability of Tax-Supported Alternate Routes*

Are alternative, non-toll routes available?

- *Economic Strength*

How susceptible is the local economy to economic downturns? How many industries make up the employers in the local region?



Photo courtesy of Sterling Signs

So while the decision to implement a toll road program can be tough for any community, you might be surprised to know that other cities in Texas have been benefiting from tolls for years. In fact, there are many successful toll projects currently operating around the state. The most notable are the Sam Houston Parkway in Houston and the Dallas North Tollway in Dallas.

1. Toll roads are paid for by only the drivers who use the road and not by all Texas taxpayers. However, in some cases, some projects may use toll equity funding.

2. Choosing to build a toll road allows the project to be built immediately rather than waiting years for additional tax dollars.

3. Toll roads reduce congestion and enhance safe driving conditions on all roads for families and business travelers.

4. Travelers will not have to use toll roads; there will always be tax-supported or non-tolled highway options.

5. Toll roads will bring in revenues to help maintain existing highways and fund more transportation projects within the local area without additional taxes.



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PASS-THROUGH TOLL FINANCING

WHEN IS A TOLL
NOT A TOLL?
WHEN IT'S
PASS-THROUGH
TOLL FINANCING.

Pass-Through Toll Financing is actually a new financing tool the state created to allow local communities to fund upfront costs for building a state highway project. The state then partially reimburses the community over time by paying a fee for each vehicle that drives on the new highway.

This is another innovative option that lets local communities get a needed transportation project financed and built more quickly than the traditional state program could possibly accomplish. TxDOT can develop these types of agreements with a Regional Mobility Authority, regional tollway authority, county, city, public or private entity.

The best news is that the community gets money back from the state as travelers use the new project.

If use of the facility is high, the state will repay at a faster rate. If traffic is lower than projected, repayment will occur over a longer period. Either way, the state still pays for a portion of the project.

BENEFITS OF PASS-THROUGH TOLL FINANCING

The new highway can either be a toll road or non-toll road. This financing method more often applies to non-toll roads but the state will consider approving Pass-Through Toll Financing for a toll road. The community and state would work out the pay arrangements based on the balance of motorist tolls and bond money used to construct the project.

Here are the basic steps to go through in order to establish Pass-Through Toll Financing with TxDOT. We'll refer to the partnering group as the project developer.

- Project developer completes a proposal and submits it to local TxDOT district office
- District office reviews and acquires any additional information needed for the application
- District office submits proposal to TxDOT's Finance Division in Austin
- Staff reviews proposal
- Proposal summary is presented to the transportation commission for consideration/approval to begin negotiations
- TxDOT staff negotiates terms with project developer
- Transportation commission authorizes final terms

In addition to building a project, the community may want to operate and maintain the constructed project as well. Pass-Through Toll Financing can provide for those types of arrangements.

“I will conclude by saying that we in Mount Pleasant and Titus County feel that this will be an excellent example of a small, growing rural county and city making this new Pass-Through Toll Financing concept work. We are a major regional crossroad community that will work with you at TxDOT to make this a successful joint undertaking.”

Mike Fields,
Commissioner of Titus County

1. Pass-Through Toll Financing speeds up transportation project construction by allowing local communities to fund their own projects, knowing they will be partially reimbursed by TxDOT.
2. Reimbursements are made based on use of the project. However, if traffic volume is less than projected, the term of the agreement will be extended until reimbursement is made.
3. Reimbursements can be for more than the current project estimate if TxDOT determines that there will be a financial benefit to the state by building a project sooner.
4. If a project comes in under budget, the project developer is not required to repay TxDOT the difference between the actual costs and the amount of the designated agreement.
5. A public or private project developer can access pass-through toll financing.





OPEN

to STATE
INFRASTRUCTURE
BANK LOANS

Another avenue communities can choose to get transportation projects moving forward is the State Infrastructure Bank (SIB).

The SIB operates mainly like a revolving loan fund and offers eligible customers a range of loans and credit enhancement products at typically lower-than-market interest rates.

So why would a community want to borrow money for local transportation projects previously paid for by the state? The answer is fairly simple.

The state's funding for new projects has dwindled significantly over the last several years and communities are waiting longer and longer for those state-funded projects. That means more traffic congestion, less safe driving conditions and reduced economic development possibilities.

So borrowing money from the State Infrastructure Bank means your community's transportation needs can now be addressed. Community leaders have also found that some transportation projects can be economic generators that increase tax revenues, which in turn can be helpful in paying back the project loan.



BENEFITS OF STATE INFRASTRUCTURE BANK LOANS

ARE YOU ELIGIBLE?

Any public or private entity authorized by law to construct, maintain or finance a transportation project is eligible to apply for a SIB loan.

For a project to be eligible for financial assistance, it can be on or off the state highway system and be included in the Statewide Transportation Improvement Plan. In most cases, residential city streets and county-maintained rural roads will not be eligible. But there are exceptions.

Many phases of a project can be funded through a SIB loan. They include:

- Planning and preliminary studies
- Feasibility, economic and environmental studies
- Land acquisition for right-of-way
- Survey, appraisal and soil testing
- Utility relocation
- Engineering and design
- Construction
- Inspection and construction engineering

SIB financial assistance can include loans, as well as a variety of credit enhancements such as lines of credit, letters of credit, bond insurance and capital reserves.

Loans may be funded directly from SIB funds or through the sale of revenue bonds.



1. Local communities can get projects funded by the State Infrastructure Bank now rather than having to wait for the state to allocate funds, which sometimes takes years.

2. By advancing a transportation project's schedule, communities get economic development returns much sooner.

3. The community may receive enough revenue from an increased tax base to easily pay for the financial assistance from the SIB. That way the community gets the project completed much faster with little or no additional costs.

4. Many communities can access capital funds at lower-than-market interest rates.

5. Many aspects of a project, from planning through construction, qualify for assistance from the SIB.



HOW TO APPLY

All financial assistance from the SIB will be outlined in a loan agreement between TxDOT and the applicant, also referred to as the project sponsor.

Local governments must first contact their TxDOT district office. District staff will determine whether the project is eligible for a SIB loan. If the project is eligible, the district staff will assist the local government in completing the SIB application. TxDOT will also notify all legislators representing the area of the application to keep them informed of these important project applications.

The application will generally include:

- A description of the need for the project
- An overview of the project
- Total estimated cost for the project
- Amount of funds requested
- Source of repayment
- Latest bond rating of the applicant
- Other information as needed



The application is then forwarded to TxDOT's Finance Division in Austin. Reviews are typically completed in 45 days and sent to the transportation commission for preliminary approval. After the first commission approval, TxDOT will negotiate the terms of the agreement and return it to the transportation commission for final approval.

Loans have been approved for as little as \$45,000 and as much as \$144 million for a major toll road project. The maximum pay-back period is 30 years and the repayment of the loan typically begins one year after the loan funds are dispersed. However, certain projects such as toll roads or projects that have income-generating capabilities that will be used as the primary source of the loan repayment may have deferrals of up to five years.

So how long does the whole loan process take? For larger loans, the entire approval process can be completed in about six months. For smaller loans the process takes less time. Once the final loan agreement is approved by the local government and TxDOT, the funds can be transferred within days.

“The purpose of the SIB program is to attract new funding into transportation, to encourage innovative approaches to transportation problems, and to help build needed transportation infrastructure.”

James Bass, Chief Financial Officer
Texas Department of Transportation





OPEN *to* COMPREHENSIVE DEVELOPMENT AGREEMENTS

The private sector will also play a major role in developing Texas' transportation system. Major private companies from around the world are looking to bring their resources to the state to help Texas travelers realize the future of safer, smoother, and more efficient transportation sooner.

A Comprehensive Development Agreement (CDA) is the tool

TxDOT uses to enable private investments in the Texas transportation system. It provides a competitive selection process for developing regional projects or much larger undertakings like the Trans-Texas Corridor. A public-private partnership like a CDA opens the door to accelerated financing, design, construction, operation and/or maintenance of a project.

HOW ARE PRIVATE COMPANIES SELECTED?

There are some detailed steps private companies must go through to earn TxDOT's business. To begin the process for selecting a private company to work on a TxDOT project, a Request for Qualifications is issued. In the proposals, companies describe their technical and engineering experience, and provide a conceptual strategy explaining how the project could be completed. At times, companies may be asked to submit a financial plan as well.



BENEFITS OF COMPREHENSIVE DEVELOPMENT AGREEMENTS

TxDOT thoroughly reviews each proposal and scores companies on financial strength, experience, management stability, technological capability, and many other business factors that would enable the company to successfully complete the project. A “short list” is created and those companies making the list are invited to submit detailed proposals. In the end, the best company offering the best value for Texas is selected. TxDOT then enters into negotiations with the company to finalize the CDA.

“This is a change in the way major transportation assets are built and paid for in Texas. Private investment, not taxpayer dollars, will be where we look first for funding.”

Ric Williamson
Chair, Texas Transportation Commission

1. A CDA brings private investment to public transportation projects. That stretches current tax dollars.
2. A CDA requires fewer contracts for each phase of a project which speeds up completion schedules and gets roadways open to the public sooner.
3. Competitive bidding in the CDA process gets the public a good value for its investment.
4. Even with an unsolicited proposal, TxDOT must issue a request for competing proposals to bring cost-reducing competition to the project.
5. An RMA can use CDAs.

UNSOLICITED PROPOSALS

State law does allow private entities to submit ideas for transportation projects. These are called “unsolicited proposals.” An unsolicited proposal is evaluated in the same manner as the request for proposals and qualifications process described in the previous section.

Just because an unsolicited proposal is submitted doesn’t necessarily mean that TxDOT has to accept the offer. To ensure a fair and competitive process, TxDOT must issue a “Request for Competing Proposals and Qualifications.”





OPEN

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GETTING STARTED

TxDOT is “Open for Business” and we’re ready to help you improve traffic flow and safety in your community. The first call you make is to your local TxDOT office. Our transportation professionals in your area know about these mobility tools and will be your partner through the process.

We want to thank you for your interest and commitment to improving the transportation network in your community and the entire Lone Star State.

District Name	District Engineer	Mailing Address	Phone/ Fax Number
Abilene	Russel W. Lenz	4250 North Clack Abilene, Texas 79601	(325) 676-6800 (325) 676-6901
Amarillo	Mark E. Tomlinson	P.O. Box 7368 Amarillo, Texas 79114-7368	(806) 356-3200 (806) 356-3206
Atlanta	Robert H. Ratcliff	701 East Main Street Atlanta, Texas 75551-1210	(903) 796-2851 (903) 799-1229
Austin	Robert B. Daigh	P.O. Drawer 15426 Austin, Texas 78761-5426	(512) 832-7000 (512) 832-7149
Beaumont	John A. Barton	8350 Eastex Freeway Beaumont, Texas 77708-1701	(409) 892-7311 (409) 898-5801
Brownwood	Lynn G. Passmore	2495 U.S. Highway 183 North Brownwood, Texas 76802	(325) 646-2591 (325) 643-0306
Bryan	Bryan Wood	1300 North Texas Avenue Bryan, Texas 77803-2760	(979) 778-2165 (979) 778-9709
Childress	Terry Keener	7599 U.S. Highway 287 Childress, Texas 79201-9705	(940) 937-2571 (940) 937-7154
Corpus Christi	Craig Clark	P.O. Box 9907 Corpus Christi, Texas 78469-9907	(361) 808-2300 (361) 808-2375
Dallas	William L. Hale	P.O. Box 133067 Dallas, Texas 75313-3067	(214) 320-6100 (214) 320-6117
El Paso	Charles H. Berry Jr.	13301 Gateway Blvd. West El Paso, Texas 79928-5410	(915) 790-4200 (915) 790-4259
Fort Worth	Maribel P. Chavez	P.O. Box 6868 Fort Worth, Texas 76115-6868	(817) 370-6500 (817) 370-6787
Houston	Gary K. Trietsch	P.O. Box 1386 Houston, Texas 77251-1386	(713) 802-5000 (713) 802-5075
Laredo	Mario Medina	1817 Bob Bullock Loop Laredo, Texas 78043	(956) 712-7400 (956) 712-7401
Lubbock	Randy Hopmann	135 Slaton Road Lubbock, Texas 79404-5201	(806) 745-4411 (806) 748-4380
Lufkin	Dennis R. Cooley	1805 North Timberland Drive Lufkin, Texas 75901	(936) 634-4433 (936) 633-4378
Odessa	Lauren Garduño	3901 East U.S. Highway 80 Odessa, Texas 79761-3522	(432) 332-0501 (432) 498-4656
Paris	Bobby Littlefield, Jr.	1365 North Main Street Paris, Texas 75460-2697	(903) 737-9300 (903) 737-9226
Pharr	Mario Jorge	600 West U.S. 83 Expressway Pharr, Texas 78577-1231	(956) 702-6100 (956) 702-6110
San Angelo	Walter G. McCullough	4502 Knickerbocker Road San Angelo, Texas 76904	(325) 944-1501 (325) 947-9235
San Antonio	David B. Casteel	P.O. Box 29928 San Antonio, Texas 78229-0928	(210) 615-1110 (210) 615-5998
Tyler	Mary M. Owen	2709 West Front Street Tyler, Texas 75702	(903) 510-9100 (903) 510-9127
Waco	Richard Skopik	100 South Loop Drive Waco, Texas 76704-2858	(254) 867-2700 (254) 867-2890
Wichita Falls	Larry Tegtmeier	1601 Southwest Parkway Wichita Falls, Texas 76302-4906	(940) 720-7700 (940) 720-7848
Yoakum	Lonnie Gregorcyk	403 Huck Street Yoakum, Texas 77995	(361) 293-4300 (361) 293-4372



OPEN

to

MEETING THE CHALLENGE

THE TEXAS TRANSPORTATION CHALLENGE

TEXANS HAVE A PROBLEM

The Texas transportation system has not kept pace with the needs of a rapidly increasing population.

*Over the past 25 years
in Texas...*

- Our population increased 57%
- Use of our roads grew 95%
- State road capacity grew only 8%
- Congress transferred \$7 billion in Texas gas tax payments to other states
- The state moved \$10.8 billion in transportation funds to other uses

Over the next 25 years in Texas...

- Our population will increase an additional 64%
- Use of our roads will increase an additional 214%
- State road capacity will grow only an additional 6%
- Congress will transfer an additional \$7.5 billion in Texas gas tax payments to other states
- The state will use an additional \$13.5 billion in transportation funds for other pressing needs



TEXAS MOBILITY NEEDS ARE SIGNIFICANT

Planners have identified \$188 billion in needed projects to achieve an acceptable level of mobility by 2030. We estimate that only \$102 billion will be available to meet those needs. We are left with a significant funding gap of \$86 billion if we are to adequately meet the state's future transportation mobility challenges.

TEXANS CAN'T WAIT ON CONGRESS

During the past 25 years, federal leadership has distributed transportation funds with little regard for population shifts among states. Although the Interstate Highway System was essentially completed by the late 1980s, Congress has continued to transfer massive amounts of federal transportation funds from high-growth states to low-growth states. The federal government has transferred more than \$7 billion in federal gas taxes paid by Texans to other states' transportation needs. Texas will never see that money.

Congress currently transfers up to 13% of every Texas federal gas tax dollar to other states.

To generate enough cash to expand our transportation system as needed, those transfers would have to end. At the same time, Texas would have to receive transfers from other states equal to 80% of our federal gas tax payments or essentially a 180% return on our federal gas tax payments over the next 25 years. That doesn't include maintenance and other costs. Congress is not going to take federal transportation funds away from 49 other states to help Texas.

Congress is not going to solve our problem.

TEXAS FUNDING RESOURCES ARE STRETCHED

The state gas tax only pays for 32% of our current state transportation budget. To generate enough cash to expand our transportation system as needed over the next 25 years, the state gas tax would have to be increased by 600% to \$1.40 per gallon. The prospect of a gas tax increase is unlikely. The state gas tax alone is not going to solve our problem.

WHY TEXANS NEED A NEW APPROACH

We can't count on Congress or state government to restore the funds already transferred to other purposes. Those funds are gone. Given other challenges in federal and state government, we also cannot expect leaders to take funds away from other areas of government or raise taxes in the future to address our problem. Texans need to look beyond our traditional resources to find new solutions to meet the Texas transportation challenge.



TxDOT HAS A PLAN

The TxDOT Plan calls for faster completion of transportation projects with additional money to get the job done right.

THE TxDOT PLAN IS FOCUSED ON FIVE GOALS

1. Reduce congestion
2. Enhance safety
3. Expand economic opportunity
4. Improve air quality
5. Increase the value of transportation assets

THE TxDOT PLAN IS BASED ON FOUR STRATEGIES

1. We will use all financial options to build transportation projects. The Governor and the Legislature have authorized new revenue tools, including safety bonds, the Texas Mobility Fund, toll equity, and toll debt, to build postponed projects. TxDOT is using these new revenue tools and leveraging existing tax collections using public debt to build projects sooner at a lower cost. TxDOT is inviting the private sector to participate in financing our transportation projects. TxDOT is matching private sector capital with public sector capital to pay for long-term solutions.

2. We will empower local and regional leaders to solve local and regional transportation problems. New financial options at the local and regional level include the use of pass-through toll financing, the creation of Regional Mobility Authorities, and the stability of the Texas Metropolitan Mobility Plan. To protect the public's interest, TxDOT is connecting measurable results with defined authority to plan and approve transportation projects. TxDOT is separating planning and execution of local projects, regional projects, and state projects. TxDOT is reaching out to local and regional leaders to be our partners in this effort.

3. We will increase competitive pressure to drive down the cost of transportation projects. The Comprehensive Development Agreement project delivery method is being used to encourage cost effective solutions to long-term transportation problems. TxDOT is implementing processes to encourage more competition among companies that already do business with the department. With new financial options available, TxDOT is inviting firms to relocate to Texas and compete for TxDOT projects.

4. We will demand consumer-driven decisions that respond to traditional market forces. New mobility opportunities are found through the Rail Relocation Fund, optional toll lanes and toll roads, and consumer-friendly commuter rail systems. TxDOT is making its asset investment decisions based on short-term, mid-term, and long-term solutions. TxDOT is considering transportation solutions other than roads and highways. TxDOT is giving consumers a choice.

THE TxDOT PLAN IS THE FUTURE OF TRANSPORTATION

Consumers Drive Our Decisions. The public must remain engaged in shaping transportation opportunities by identifying needs and taking advantage of transportation options. Consumer choices will determine our success.

Business Resources Outline the Options. The private sector must step forward to bring their talents, ideas, and financial resources to the table. We won't solve this problem alone; public-private partnerships are essential.

Local and Regional Leaders Partner with TxDOT. The TxDOT Plan requires strong and consistent commitment and leadership from local and regional officials. Our future depends on effective leadership and bold action. The entire TxDOT organization is committed to the success of this plan. It is our present and our future and we are moving forward.

Texas Moves Forward.



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