

Transportation Funding and Project Delivery:

Past Successes and Innovations Moving Forward

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Regional Perspective

4th Largest Metropolitan Area in the US

Ranked 3rd in Population Growth Between 1990-2000

- Current Growth Trend: Added ~850,000 in Population From 2000 to 2007 (highest growth rate in last 50 years)

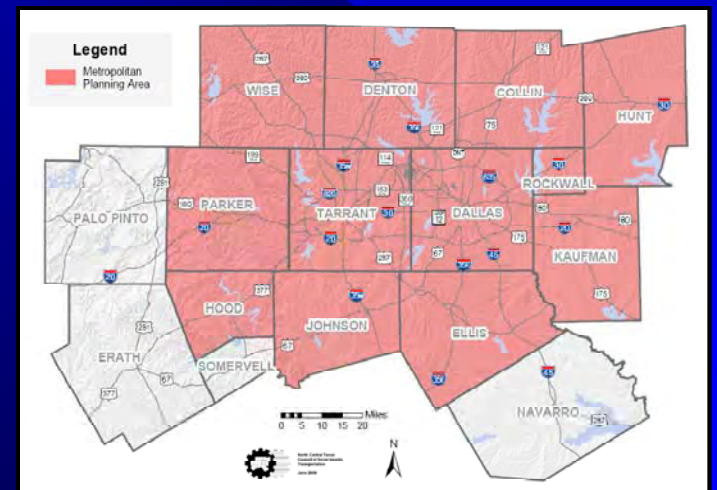
6 Million Persons in Year 2006

- Growing to Nearly 9 Million Persons by the Year 2030

Larger than 34 States in Population

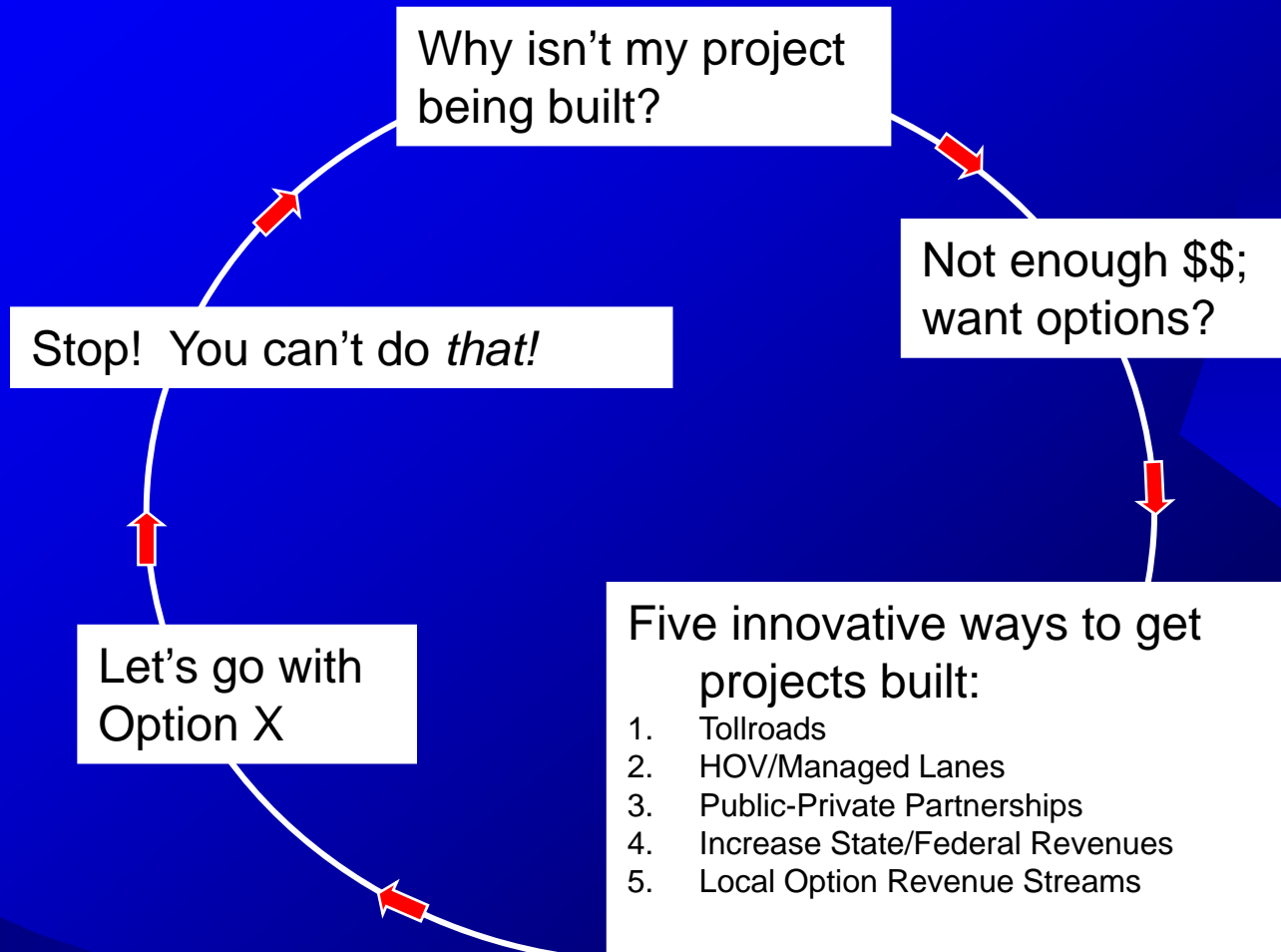
Larger than 9 States in Land Area

Represents over 34% of the State's Economy



The Transportation Funding Disconnect

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The Transportation Funding Cycle: New Partnerships

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Cycle is broken;
projects get built

Why isn't my
project being built?

Not enough \$\$;
want options?

Stop! You can't do *that*!

Let's go with
Option X

Five innovative ways to get
projects built:

1. Tollroads
2. HOV/Managed Lanes
3. Public-Private Partnerships
4. Increase State/Federal Revenues
5. Local Option Revenue Streams

Legislative Initiatives:

- Increased Revenue
- Public/Private Partnerships
- National Infrastructure Program (NextTEA)

Need For Innovative Funding in Transportation

Worsening Conditions

FEDERAL

Bankrupt Trust Fund
Rescissions
Falling Gas Tax Revenues
New Fuel Efficiency Standards

STATE

Diversions (35%)
Falling Gas Tax Revenues

LOCAL

Market Conditions Negatively Impact Bonding Capacity
Falling Sales Tax and Property Tax Revenue

OTHER

Construction Cost Inflation
Aging Infrastructure (46 years old)
Unknown Future of Public/Private Partnerships

Life Preserver Options

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FEDERAL

New Infrastructure Program
National Energy Policy

STATE

Increased Revenue: Constitutional Amendment,
Stop Diversions, Index Fuel Tax, Local Option Elections,
Recommit to Public-Private Partnerships

LOCAL

NTTA Builds Traditional Tollroads
TxDOT Builds Managed Lanes
Private Sector Builds Regional Loop

Why Innovative Finance Is Important

Gas Tax

Rule #1 – Law of Allocation

Rule #2 – Law of Inflation (Costs
Rising Faster than Revenues)

Rule #3 – Law of Silos

Toll Financing

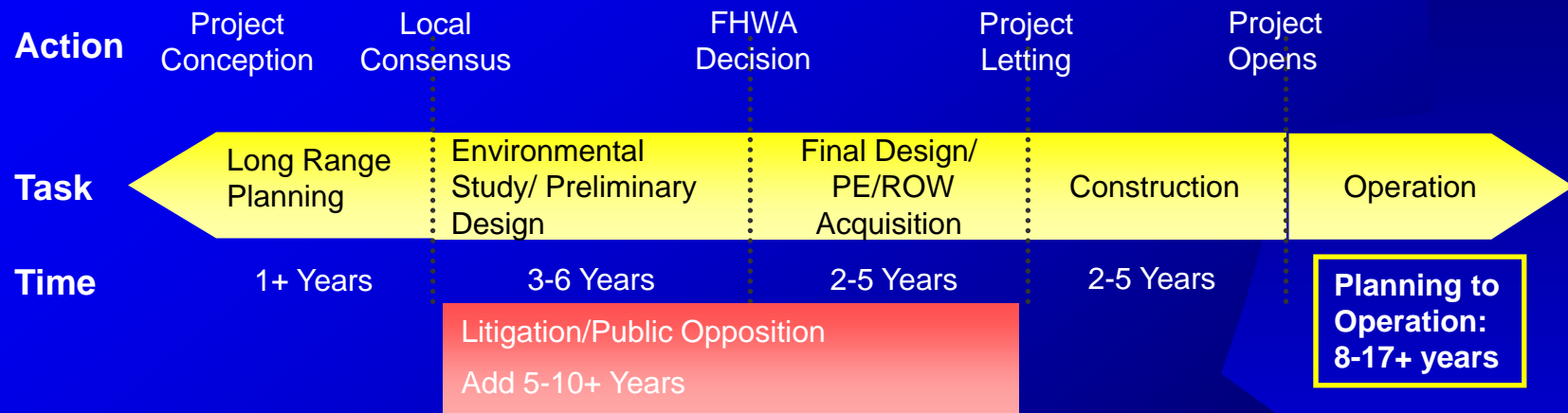
Rule #1 – Law of Competition (Leveraging
Innovation, Partnership, Risk/Reward)

Rule #2 – Law of Immediacy

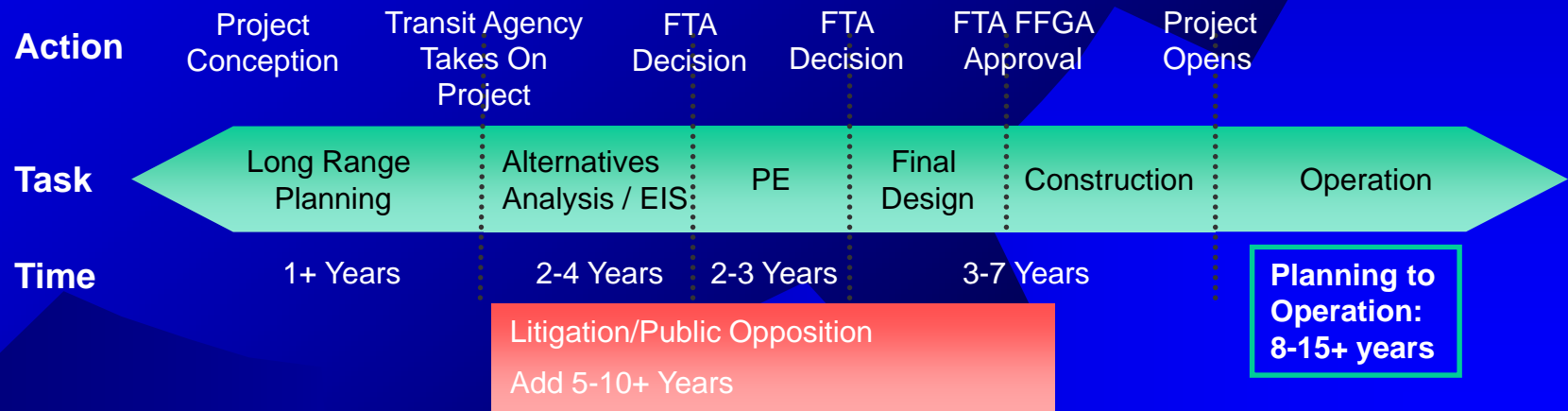
Rule #3 – Law of Fungibility

Project Delivery Schedules

Typical Roadway Project Development Process



Typical Transit Project Development Process



EIS: Environmental Impact Statement
FFGA: Full Funding Grant Agreement

Status of RTC Past Funding Initiatives

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	% Complete	% Under Construction	% Not Let
1992 Call For Projects	69%	3%	28%
1994 Call For Projects	72%	1%	27%
Texas Trans Commission/Regional Transportation Commission	56%	13%	31%
1999 Call For Projects	44%	17%	39%
2001 Land Use/ Transportation Joint Venture Program	71%	6%	23%
2002 Strategic Programming Initiative	42%	21%	37%
Regional Toll Revenue Initiative (2008)	2%	19%	79%

Innovative Funding

Local/Regional

RTC/Local Funds

Regional Toll Revenue

Credit Union Bank Concept

Removing Stovepipes Creates Innovation

State

Transportation Investment Act

Formula Allocation

National

Innovative Uses of Traditional Federal Funding

(Proposed) Metropolitan Mobility Authorities

Federal Funding Flexibility

Innovation with Local/Regional Funds

RTC/Local Funds

**Local Funds Made Available From Federal/
Local Funding Exchange**

Removes Federal Requirements:

- Federal and State processes designed to construct major highway and railway projects
- RTC/Local funds designed for sustainable development and air quality types

**Project Selected Through Competitive Calls
for Projects**

Built According to Local Design Standards

Solution? A Funding Swap

Place Federal Funds on Projects that Must Follow Federal Process

- On State Highway System
- Major Environmental Impacts

**Consolidates Federal Funds on Larger Projects,
Thereby Decreasing the Administrative Cost**

Lower Costs

Faster Implementation

Outcomes:

Sustainable Development Projects Using Traditional vs. Innovative Funding

	Traditional (2001 Call)	Innovative (2006 Call)
Average # of Years from Approval to Letting	3-4	1

Regional Toll Revenue

Funds Available from Tolloed Roadway Corridors

- **Examples:** SH 121, SH 161, PGBT Eastern Extension
- **Payments:** \$3.2 billion from SH 121, \$258 million from SH 161

Funding Available from Up-Front Concession

Payments, Excess Revenue Payments, Revenue Sharing Agreements, Earned Interest

Competitive Project Selection with Consensus Building Through RTR County Task Forces

Funding Initiatives Occur as Funds Become Available

Credit Union Bank Concept

Local Governments and Regional Transportation Agencies Eligible

Borrow Funds from Regional RTR or RTC/Local Accounts

Funds Must Be Repaid With Interest

Examples:

Lancaster Frontage Roads (loaned federal dollars, repaid with local dollars)

Parker County Bond Program (loaned start up costs, to be repaid once election is successful and bonds are issued)

RTR Loans (SH 161, PGBT Eastern Extension ROW, Trinity Parkway Engineering, etc.)

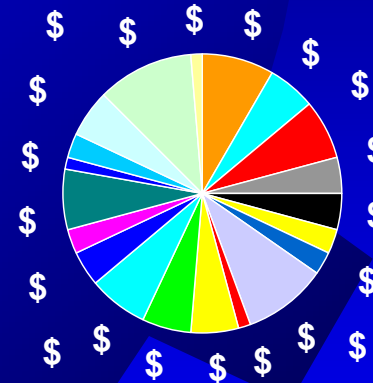
The Origin of Stovepipes

Historical Revenues



Pieces of the pie are large enough to meet needs

Current Conditions



As the total size of the pie and each piece get smaller, needed projects become more difficult to fund

Removing Stovepipes Creates Innovation

**Fund Major Passenger Rail Expansion Effort (\$257M)
with RTR Funds (i.e., proceeds of SH 121 Tollroad)**

**Multimodal Transportation Improvements at Alliance
Airport:**

**Move State highway and rail line in order to extend runway
Funded with RTR, State, and Local Dollars
To be repaid with FAA Dollars (over 8-10 year period)**

**Let More Projects Now With RTR vs. Federal Funding
While Prices are Low:**

**Forego 20% match by State
May construct projects for at least 20% less due to economic
conditions**

How to Eliminate Stovepipes

A Dallas-Fort Worth Example

State Highway 121
Concession Payment



\$80 million loan for rail
relocation project



Gas tax funding allocated to SH 114/
FM 156 (no throwaway projects)



Alliance Airport runway
extension able to proceed



FAA to repay investment
\$10 million per year

Innovation with State Funds

Transportation Investment Act

DRAFT

Stops the Diversions of Transportation Resources Over Time

Indexes Gasoline and Diesel Taxes

**Increases Gasoline and Diesel Taxes by
10 Cents/Gallon – Directs Revenue Only to
Transportation**

**Authorizes Local Option Elections for Mobility
Improvement Fee or Motor Fuels Taxes**

**Constitutional Amendment to Allow Additional State
and Local Option Taxes to be Used for Roads, Rail
and Transit Projects**

State Initiatives

Texas State Legislature Passed Governing Legislation

- HB 3588
- HB 2702
- SB 792 (Updated Above Bills)

Allows For Innovative Financing

- Public-Private Partnerships
- Toll Bonds

Statewide Working Group

- Metro Corridor Funding
- Established Formula Allocation

Intended Outcomes

Establish Formula Allocation Up Front

Ensures No Loss of Funding

Encourages Implementation of New Funding Tools

Allows for Funding and Construction of Previously Unfunded Projects

- Expensive Projects
- Might Have Received Funding in the 2020+ Timeframe

Future Excess Toll Revenue

Innovation with Federal Funds

Innovative Uses of Traditional Federal Funding (STP-MM and CMAQ)

Defederalization of Projects

- Review “overmatched” federal projects
- Remove one or several project(s) from federal process and fund 100% locally
- Thereby reducing local match in remaining projects (60/40 => 80/20)

Use STP-MM and CMAQ in Same Corridor

- Highways – STP-MM for mainlanes, CMAQ for HOV/Managed lanes
- Arterials – STP-MM for widening, CMAQ for intersection improvements, signals, etc.

Regional Programs

Set Aside from Larger Funding Programs

Regional Level Initiative

Limited Funding and Duration

**Allows for Implementation of Specific Initiatives or
Project Types**

**Funding Available for New or Immediate Needs as
They Arise**

**Examples: ITS, Bike/Pedestrian, Congestion
Management for Special Events**

Proposed Metropolitan Mobility Authorities

Proposal: MPO-Selected Federal Funding Transferred Directly to MPO's

National Discussion Ongoing (NextTEA)

Precedent Set by:

- Decentralization within States
- Creation of Systems to Manage Regional Funding (RTR Information System)
- Dissatisfaction with Lack of Transparency/ Accountability

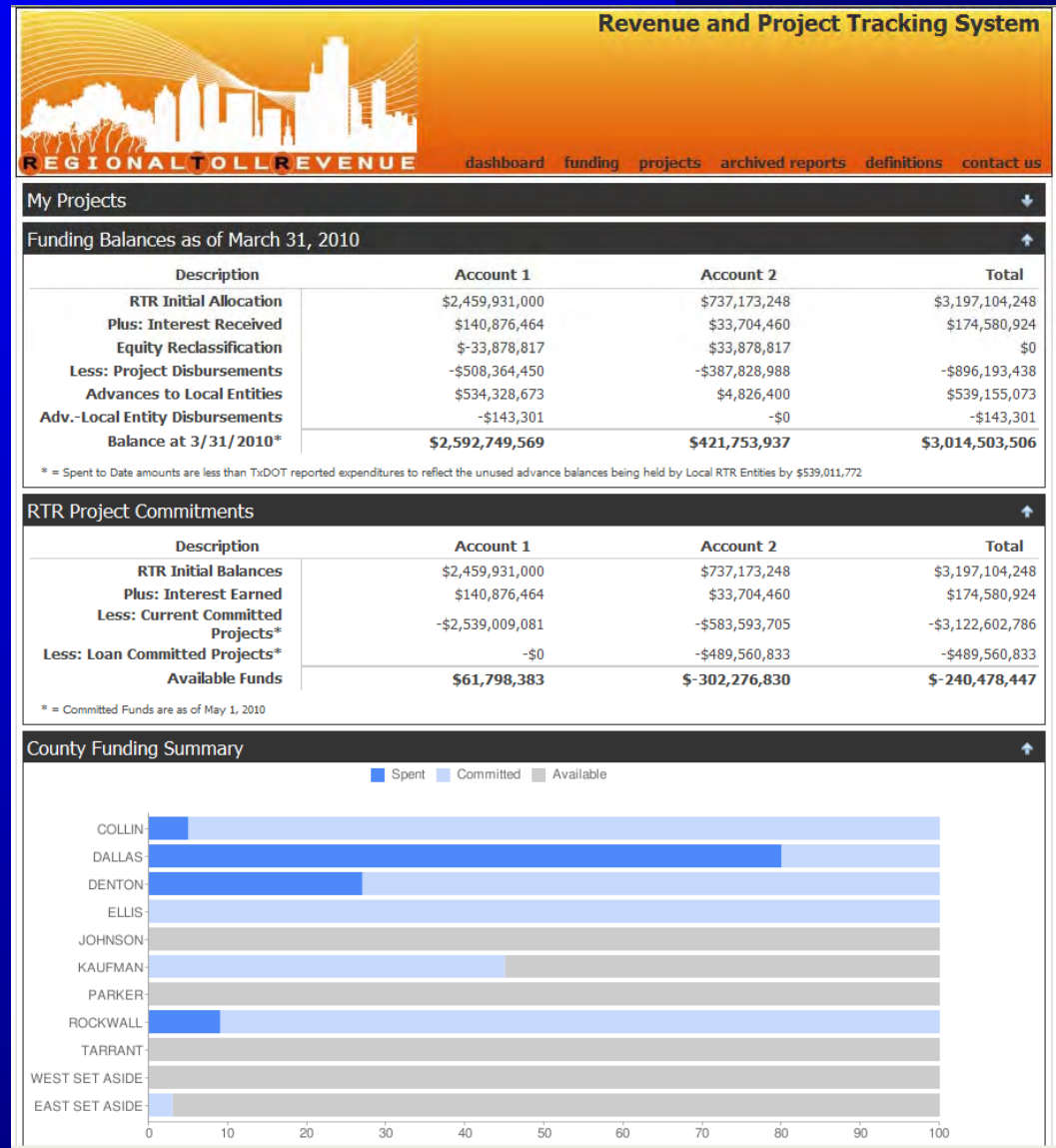
Will Involve Increased Responsibility and Transparency for MPO's

Revenue & Project Tracking System

Online Tracking of Projects, Funding, and Expenditures

Provides Transparency and Accountability

Website: <http://www.nctcog.org/trans/rtr/>



Conclusions

Successful Strategies Involve:

- Political Will
- Risk-Taking and Courage
- Partnerships
- State, Regional, and Local Coordination and Cooperation
- Providing Accountability and Encouraging it from Partners
- Introducing Pilot Programs to Test the Waters
- Intense, Open, and Honest Communication With the Public

Contact Information

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