

Transportation Funding and Project Delivery

Past Successes and Innovations Moving Forward

20th Annual Building Professional Institute Conference

May 21, 2012

University of Texas at Arlington

Arlington, Texas



Adam Beckom, AICP
North Central Texas Council of Governments

The Transportation Funding Disconnect

Why is my project not being built?

Not enough \$\$;
Want options?

Stop!
You can't do that!

Five innovative ways to get projects built:

1. Toll roads
2. HOV/Managed
3. Public-private partnerships
4. Increase State/federal revenues
5. Local options revenue streams

Let's go to
Option X

The Transportation Funding Cycle

New Partnerships

**Cycle is broken;
projects get built**

Why is my
project not
being built?

Stop!
You can't do
that!

Not enough \$\$;
Want options?

Legislative Initiatives:

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

Let's go to
Option X

Five innovative ways to get projects built:

1. Toll roads
2. HOV/Managed
3. Public-private partnerships
4. Increase State/federal revenues
5. Local options revenue streams



Need For Innovative Funding in Transportation

FEDERAL

- Bankrupt trust fund
- Rescissions
- Falling gas tax revenues
- New fuel efficiency standards

STATE

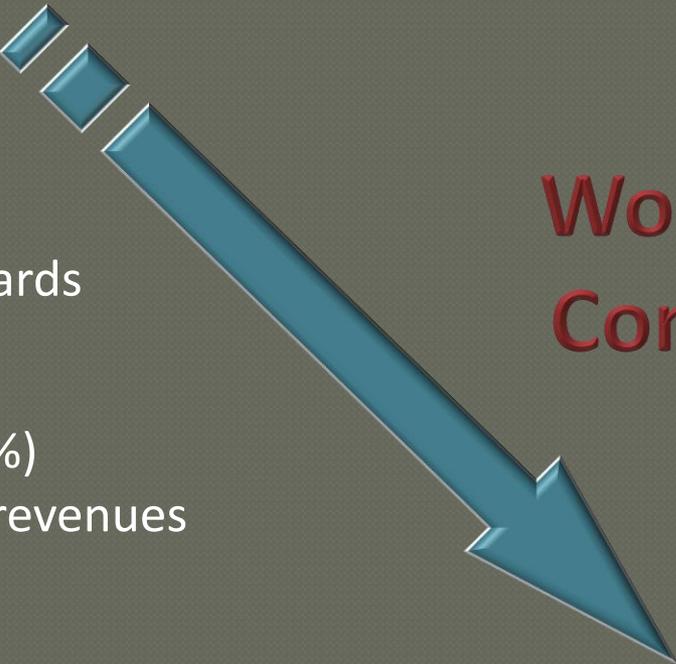
- Diversions (35%)
- Falling gas tax revenues

LOCAL

- Market conditions negatively impact bonding capacity
- Falling sales tax and property tax revenue

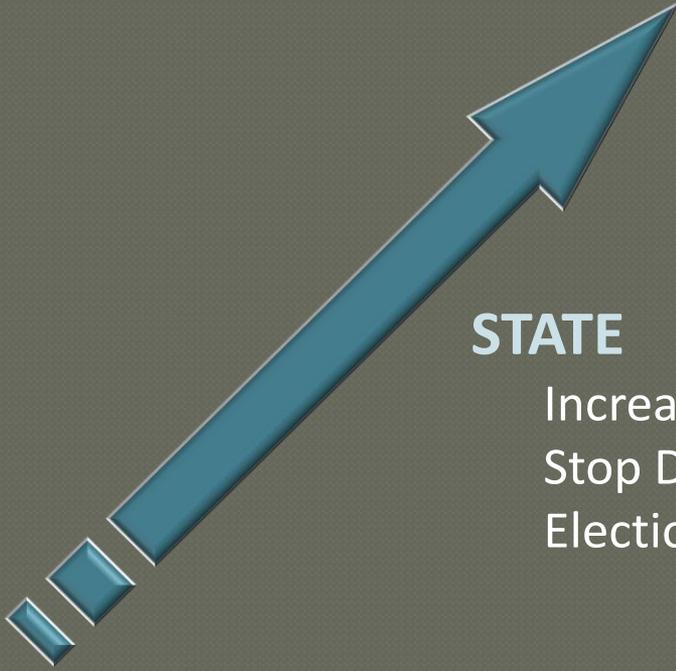
OTHER

- Construction cost fluctuation
- Aging infrastructure (over 45 years old)
- Unknown future of public/private partnerships



**Worsening
Conditions**

Life Preserver Options



FEDERAL

New Infrastructure Program

STATE

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

LOCAL

Partnerships to Build Traditional Tollroads and Managed Lanes

Why Innovative Finance is Important

■ Gas Tax

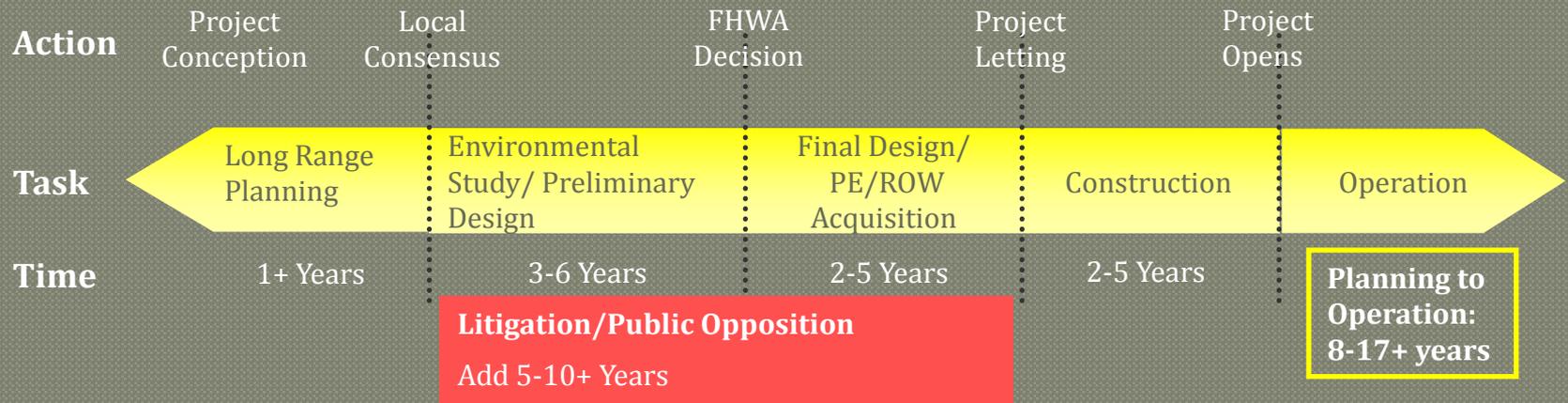
- Rule #1 – Law of Allocation
- Rule #2 – Law of Inflation (costs rising faster than revenues)
- Rule #3 – Law of Silos

■ Toll Financing

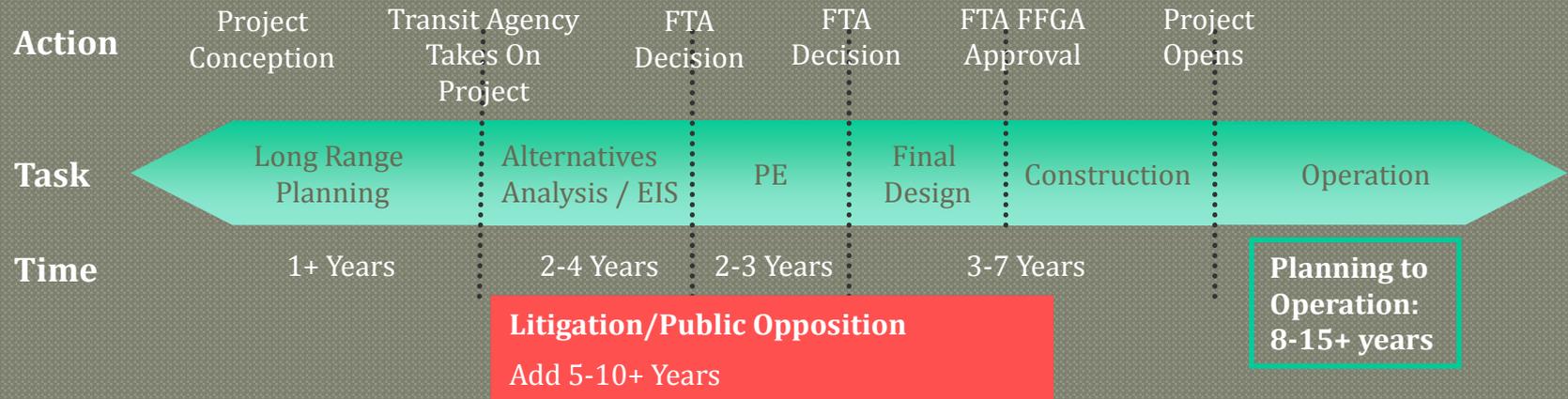
- Rule #1 – Law of Competition (leveraging innovation, partnership, risk/reward)
- Rule #2 – Law of Immediacy
- Rule #3 – Law of Fungibility

Project Delivery Schedules

Typical **Roadway** Project Development Process



Typical **Transit** Project Development Process



Status of RTC Past Funding Initiatives

	Funding Initiative	% Complete	% Under Construction	% Not Let
Traditional Methods	1992 Call For Projects	91%	2%	7%
	1994 Call For Projects	99%	0%	1%
	Texas Transportation Commission/ Regional Transportation Council Partnership	66%	18%	16%
	1999 Call For Projects	76%	15%	9%
	2001 Land Use/Transportation Joint Venture	77%	6%	17%
	2002 Strategic Programming Initiative	71%	15%	14%
	2003-2004 Partnership Program 1	55%	30%	15%
	2005 Partnership Program 2 – Transit	23%	28%	49%
	2005 Partnership Program 3	28%	31%	41%
Innovative Methods	2005-2006 Sustainable Development CFP	47%	23%	30%
	2006 Partnership Program 3 - Local Air Quality	47%	18%	35%
	2007 Regional Toll Revenue	13%	34%	53%
	2009 Sustainable Development CFP Regional Toll Revenue	0%	0%	100%
	2011-2012 Regional Toll Revenue/Proposition 12v2	0%	17%	83%
	Unweighted Average	50%	17%	33%

CFP = Call for Projects; RTC = Regional Transportation Council

Innovative Funding

- Local/Regional
 - RTC/Local funds
 - Regional Toll Revenue
 - Credit union bank concept
 - Removing stovepipes creates innovation

- State
 - 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 (Federal Call)	Innovative (RTC/Local Call)
Average # of years from approval to letting	3 - 4	1

Regional Toll Revenue

- Funds available from tolled 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 Regional Toll Revenue 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.)

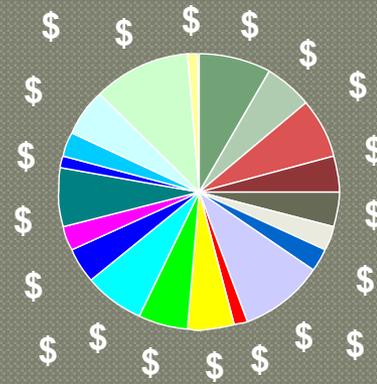
The Origin of Stovepipes

Historical Revenues



Pieces of the pie are large enough to meet needs

Current Conditions



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

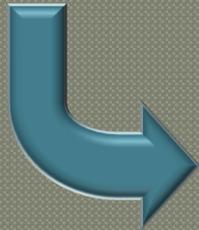
Removing Stovepipes Creates Innovation

- Fund major passenger rail expansion effort (\$257M) with RTR funds (i.e., proceeds of SH 121 toll road)
- 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

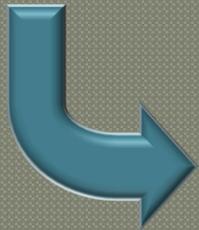
How to Eliminate Stovepipes

A Dallas-Fort Worth Example

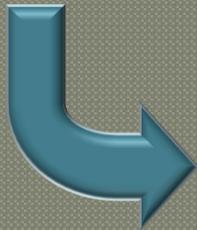
State Highway 121
Concession Payment



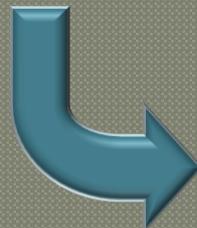
\$80 million loan
for rail relocation project



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

State Initiatives

- Texas State Legislature passed governing legislation
 - HB 3588
 - HB 2702
 - SB 792 (Updated above bills)
 - SB 1420
 - SB 19

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

* STP-MM, Surface Transportation Program-Metro Mobility
CMAQ, Congestion Mitigation and Air Quality Improvement Program

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


Revenue and Project Tracking System

REGIONAL TOLL REVENUE

[dashboard](#)
[funding](#)
[projects](#)
[archived reports](#)
[definitions](#)
[contact us](#)

My Projects ↑

No Projects have been added to My Projects.

Funding Balances as of March 31, 2012 ↑

Description	Account 1	Account 2	Total
RTR Initial Allocation	\$2,459,931,000	\$737,173,248	\$3,197,104,248
Interest Received	\$173,919,642	\$41,542,697	\$215,462,339
Equity Reclassification	\$14,496,039	\$255,167,008	\$269,663,047
Project Disbursements	-\$1,038,429,700	-\$510,946,132	-\$1,549,375,832
Advances to Local Entities	\$647,869,790	\$31,088,242	\$678,958,032
Local Entity Disbursements	-\$154,840,642	-\$0	-\$154,840,642
Balance at 3/31/2012*	\$2,102,946,129	\$554,025,063	\$2,656,971,192

* = Spent to Date amounts are less than TxDOT reported expenditures to reflect the unused advance balances being held by Local RTR Entities by \$524,117,390

RTR Project Commitments ↑

Description	Account 1	Account 2	Total
RTR Initial Balances	\$2,459,931,000	\$737,173,248	\$3,197,104,248
Interest Earned	\$173,919,642	\$41,542,697	\$215,462,339
Current Committed Projects*	-\$2,664,869,185	-\$509,511,281	-\$3,174,380,466
Loan Committed Projects*	-\$0	-\$477,560,833	-\$477,560,833
Available Funds	-\$31,018,543	-\$208,356,169	-\$239,374,712

* = Committed Funds are as of May 1, 2012

**Negative Available Funds are Committed Loans to be paid back in near term.

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

Adam Beckom, AICP

Senior Transportation Planner

Transportation Project Programming

North Central Texas Council of Governments

Phone: 817/608-2344

Email: abeckom@nctcog.org

www.nctcog.org/trans/tip