

12 Financial Plan

Federal regulations require Metropolitan Transportation Plans to be financially constrained. According to 23 Code of Federal Regulations, Part 450, Section 450.322, the financial plan must “demonstrate the consistency of proposed transportation improvements with already available and projected sources of revenue.” Revenue projections are required by the regulations to reflect the existing situation and historical trends.

TRADITIONAL FUNDING SOURCES

Federal and State Funding

The Texas Department of Transportation offers project funding through 12 categories. Projects now fall under the Statewide Preservation Program (SPP), which is supported by the department’s “Maintain It” strategy, or the Statewide Mobility Program (SMP), which is supported by the “Built It” strategy. **Table 12-1** provides a general overview of the 12 TxDOT funding categories.

The Tyler Area MPO is eligible for funding in the following categories:

1. Preventive Maintenance and Rehabilitation
3. Urban Area (non-TMA) Corridor Projects
4. Statewide Connectivity Corridor Projects
6. Structures Replacement and Rehabilitation
8. Safety
9. Transportation Enhancements
10. Supplemental Transportation Projects
11. District Discretionary
12. Strategic Priority

TABLE 12-1 OVERVIEW OF TXDOT FUNDING CATEGORIES

Funding Category		Starting Point	Project Selection By	Summary / Restrictions	Usual Funding		
#	Name				Fed	State	Local
MAINTAIN IT							
1	Preventive Maintenance and Rehabilitation	TxDOT District	TxDOT Districts	Preventive maintenance and rehabilitation of the existing state highway system including interstate main lanes, structures, signs, markings, striping.	90% 80% 0%	10% 20% 100%	0% 0% 0%
6	Structures Replacement and Rehabilitation	TxDOT District	TxDOT Bridge Division	Rehab of bridges on and off the state system, replacement of existing highway-railroad grade crossing or railway underpass	90% 80% 80%	10% 20% 10%	0% 0% 10%
BUILD IT							
2	Metropolitan Area (TMA) Corridor Projects	TxDOT District	MPOs in consultation w/ TxDOT	Mobility and added capacity projects for TMA MPOs	80% 0%	20% 100%	0% 0%
3	Urban Area (non-TMA) Corridor Projects	TxDOT District	MPOs in consultation w/ TxDOT	Mobility and added capacity projects for non-TMA MPOs	80% 0%	20% 100%	0% 0%
4	Statewide Connectivity Corridor Projects	TxDOT District	TxDOT Commission	Mobility and added capacity projects which serve the mobility needs of statewide connectivity	80% 0%	20% 100%	0% 0%
5	Congestion Mitigation & Air Quality Improvement	TxDOT District	MPOs in consultation w/ TxDOT	Addresses attainment of air quality standards in non-attainment areas	90% 80% 80%	10% 0% 20%	0% 20% 0%
7	Metropolitan Mobility / Rehabilitation	TxDOT District	MPOs in consultation w/ TxDOT	Transportation needs within MPOs with populations of 200,000 or greater	80% 80% 0%	20% 0% 100%	0% 20% 0%
8	Safety – Federal Hazard Elimination Program	TxDOT District	TxDOT Commission / Federal Safety Indices	Safety related projects	100% 90% 90% 0%	0% 0% 0% 100%	0% 10% 0% 0%
	Safety – Federal Railroad Signal Safety Program	TxDOT District	TxDOT Commission / Federal Safety Indices	Installation of automatic RR warning devices	100% 90% 90% 0%	0% 0% 10% 100%	0% 10% 0% 0%
9	Transportation Enhancements	TxDOT District	TxDOT Commission	Projects that enhance the traveling experience	80% 80%	20% 0%	0% 20%
	Safety Rest Area Program	TxDOT District	Maintenance Division	Projects to renovate, build, relocate safety rest areas	80%	20%	0%

Funding Category		Starting Point	Project Selection By	Summary / Restrictions	Usual Funding		
#	Name				Fed	State	Local
10	Supplemental Transportation Projects – State Park Roads	TxDOT District or TPWD	Tx Parks & Wildlife	Construction and rehabilitation of roadways within or adjacent to state parks	0%	100%	0%
	Supplemental Transportation Projects RR Grade Crossing Replanting Program	TxDOT District	Traffic Operations Division	Replacement of rough railroad crossing surfaces	0%	100%	0%
	Supplemental Transportation Projects RR Signal Maintenance Program	TxDOT District	Traffic Operations Division	Contributions to RR Companies based on number of crossings	0%	100%	0%
	Supplemental Transportation Projects Construction Landscape Programs	TxDOT District	TxDOT District	Landscape, aesthetic, and environmental improvements	0%	100%	0%
	Supplemental Transportation Projects Landscape Cost Sharing Program	TxDOT District	TxDOT District	Allows the department to execute joint landscape improvement projects through partnerships	0%	100%	0%
	Supplemental Transportation Projects Landscape Improvement Program	TxDOT District	TxDOT District	Landscape projects for non-attainment air quality or near non-attainment areas	0%	100%	0%
	Supplemental Transportation Projects Supplemental (Federal)	Federal allocations	Varies	Federal programs such as Forest Highways, Indian Reservation Highways, Federal Land Highways and Ferry Boat Discretionary	100% 0% 0%	0% 20% 100%	0% 0% 0%
11	District Discretionary	TxDOT District	TxDOT District	Projects selected at district's discretion	80% 80% 0%	20% 0% 100%	0% 20% 0%
12	Strategic Priority	TxDOT Commission	TxDOT Commission	Projects must promote economic development, provide system continuity with adjoining states, increase efficiency on military deployment routes	80% 0%	20% 100%	0% 0%

Local Funding

Local funding is received primarily from sales and property taxes.

The City of Tyler is the only local agency with annual construction dollars dedicated to roadway projects. In 1996, citizens of Tyler approved an additional one-half cent in sales tax to be

collected to fund capital improvement with the city. City ordinance allows for 35 percent of the one-half cent sales tax collected to be used on street and traffic projects.

Smith County is another source of local funding. The majority of its funds are received from road and bridge fees. The county road department is responsible for the construction and maintenance of county roads, bridges, drainage structures, signs and traffic control devices.

NON-TRADITIONAL FUNDING SOURCES

With continued growth and development occurring across the state, traditional funding sources are no longer adequate to keep up with transportation needs. New legislation gives local authorities more power and provides them with innovative techniques to finance needed transportation projects. This allows projects to be planned and built at a much faster rate. The non-traditional funding techniques include the following methods:

Texas Mobility Fund

Voters approved Texas Constitutional Amendment 15 in 2001 enabling the State Legislature creation of the Texas Mobility Fund in order to accelerate completion of TxDOT projects and improvements. The fund allows the state to issue bonds backed by dedicated revenue sources. HB 3588 authorizes certain transportation related fees such as motor vehicle inspection fees and driver's license fees to be moved from the state's General Revenue Fund to the Texas Mobility Fund. The TxDOT Commission administers the fund as a revolving fund program to advance projects by spending, granting, or loaning funds for highway improvements including toll roads.

Bonds

In 2003, voters approved Constitution Proposition 14 to authorize the state to borrow money on a short term basis of two years or less. In 2007, voters approved Constitution Proposition 12 authorizing the state to borrow up to \$5 Billion in general revenue bonds for highway improvements. Bonds allow the state to borrow money to build projects today and pay for the projects over time. This allows the public to enjoy the early benefits of projects for the additional financial cost of projects. When construction costs rise faster than interest rates, it is financially advantageous to borrow funds to accelerate projects.

Toll Roads

A toll road had the ability to generate project revenue, which means projects can be fully or partially financially self sufficient. Toll roads have the ability to start sooner and finish quicker, reducing construction delays and opening earlier when compared to conventional developed pay as you go roads. Toll equity allows state funds to be combined with other funds to build toll roads. Toll Conversion allows the commission to transfer segments of any non-tolled state highway to a county or regional toll authority for operation and maintenance providing local authorities another option that can accelerate maintenance and expansion improvements.

Regional Mobility Authority (RMA)

The state partners with counties to establish RMAs, which are political entities formed to allow an individual county or multiple counties to work together to develop and implement a regional approach to transportation needs. They have extensive authority over transportation projects in their communities giving local governments a greater ability to provide mobility and safety benefits to citizens. RMAs receive funding for initial project development from the sale of state bonds. They may also seek a loan or grant from TxDOT. The types of projects may include highway, rail, aviation, and pedestrian facilities, and may be tolled or nontolled. Additionally, RMAs can purchase right-of-way and lease portions for use by businesses including hotels, restaurants, and gas stations.

In the spring of 2004, the county judges of Gregg and Smith counties, along with the mayors of Longview and Tyler, began a dialogue of how the two counties and cities could pool their resources and cooperatively unite for the good of both areas. From that discussion the North East Texas Regional Mobility Authority (NET RMA) was formed. In the summer of 2006 four additional counties (Cherokee, Harrison, Rusk and Upshur) joined the NET RMA, marking the first time that any RMA in Texas had grown beyond its original founding members. The NET RMA made history a second time in summer 2007 when six more counties joined: Bowie, Cass, Panola, Titus, Van Zandt, and Wood. The Board of Directors consists of 18 chairpersons from the member counties.

Comprehensive Development Agreements

A Comprehensive Development Agreement enables private investments in the Texas transportation system. This is a project delivery method that rolls the design and construction of a toll road project into one comprehensive contract, instead of the traditional method of having individual contracts for separate phases of a project. This results in faster delivery of the project and greater cost certainty with a lump sum price and may include the design, construction, right-of-way acquisition, utility adjustment, environmental permitting and mitigation, and operation & maintenance phases of a typical project.

TxDOT does not have the general authority to enter into Comprehensive Development Agreements (CDAs) after August 31, 2009. However, the department could enter into a CDA on or before August 31, 2011 for several previously exempted projects around the state. These exempt projects include a CDA that does not grant the private entity the right to finance the project, e.g., a design-build project that does not include private financing. Regional Mobility Authorities have the same CDA authority as TxDOT and will maintain CDA authority.

Pass-Through Toll Agreements

A Pass-Through Toll Agreement is a partnership between a developer and TxDOT where roadway construction is funded with a per-vehicle or per-vehicle mile paid by TxDOT to the developer. It is not a toll road. Instead, any toll that would typically be paid by a motorist is instead paid for or "passed through" to TxDOT. A local government or private entity makes a transportation improvement and is reimbursed from the state based on the number of vehicles using the highway. This allows the local area to implement projects quicker while providing for project repayment under TxDOT's funding category 12.

State Infrastructure Bank

The state infrastructure bank (SIB) was authorized by the state legislature in 1997 to allow TxDOT to offer various loans and credit enhancement products for highway projects. The overall goal of the SIB program is to provide innovative financing methods that will add to the list of options available to assist communities with meeting their infrastructure needs. The SIB program allows borrowers to access capital funds at or lower-than-market interest rates. SIB loans are available that can help pay for various phases of a project. The SIB operates as a revolving loan fund, where the account balance grows through the monthly interest earned and repaid principal and interest payments. In Texas, SIB financial assistance can be granted to any public or private entity authorized to construct, maintain or finance an eligible transportation project. Projects must be eligible for funding under the existing federal highway rules (Title 23); this usually requires a project to be on a state's highway system and included in the statewide Transportation Improvement Plan.

HISTORICAL TRENDS IN FUNDING

Historically transportation improvement projects in the Tyler MPO boundaries have been funded by federal, state, or local dollars. In some instances, a combination of these funding sources was used to complete projects. Historically spending from 1995 to 2009 is summarized in **Table 12-2**.

Over the past five years state and federal funding in the region totaled over \$180 million. For the "Maintain It" construction categories (cat 1 and 6), approximately \$31 million, or 17 percent of total funding was expended in the region. A review of the "Build It" construction categories showed an 83 percent or \$149 million was expended in the area.

Over the past five years the City of Tyler has spent approximately ___ million on street and traffic projects and ___ million on maintenance and rehabilitation of the existing system. Funding dollars were generated by the city's One-Half Cent Sales Tax.

The roadway networks in the cities of Lindale and Whitehouse are primarily composed of state or county facilities. Traditionally, neither city is in the business of constructing or maintaining area roads. However in the last five years, the City of Lindale did construct the first phase of Centennial Boulevard. The roadway created access to previously undeveloped properties and in turn generated more tax revenue when several national retail chains and hotels located along it. With the construction of Centennial Boulevard and miscellaneous pavement repairs, the City of Lindale spend roughly \$2 million since the last MTP update.

Smith County Road and Bridge Department also saw an increase in funding in the last five years. Between 2005 and 2009, the county spent slightly over \$40 million on its roads and bridges. Included in that total amount are all labor and material costs occurred by the department's three divisions: Administration, Labor, and Equipment Division.

In terms of public transportation, Tyler Transit received nearly \$10 million in federal, state, and local funding in the past five years. Roughly \$5.6 million was from federal funds, \$1.4 million from state funds, and \$2 million from local sources. Another \$660,000 was collected through toll credits.

TABLE 12-2 HISTORICAL AND PROJECTED FUNDING, TYLER MPO/SMITH COUNTY

Funding Sources	Historical (1995-1999)	Historical (2000-2004)	Historical (2005-2009)	Projected 10 Year (2010-2019)	Projected 15 Year (2020-2034)
Federal & State					
Build It	\$ 49,781,925	\$ 56,772,403	\$ 149,241,411	\$ 27,150,000	\$ 55,775,000
Total Mobility (Construction 3,11,12)			\$ 101,551,580	\$ 15,000,000	\$ 37,500,000
Non Mobility Categories					
Cat 8 - Safety			\$ 35,666,077	\$ 11,500,000	\$ 17,300,000
Cat 9 - Enhancement			\$ -	\$ 650,000	\$ 975,000
Cat 10 - Miscellaneous			\$ 361,374	\$ -	\$ -
Cat 11 - District Discretionary			\$ 11,662,379	\$ -	\$ -
Total Non Mobility			\$ 47,689,830	\$ 12,150,000	\$ 18,275,000
Maintain It (Cat 1 & 6)	\$ 53,067,396	\$ 65,966,856	\$ 31,168,623	\$ 40,000,000	\$ 60,000,000
Total Federal & State	\$ 102,849,321	\$ 122,739,259	\$ 180,410,033	\$ 67,150,000	\$ 115,775,000
Loop 49					
Gov't Earmarks (TxDOT/MPO/City)			\$ 37,900,000	\$ 53,250,000	\$ -
NET RMA (Toll Revenue, Bonds)			\$ -	\$ 110,840,000	\$ 85,000,000
Local Funding					
City of Tyler Construction	\$ 7,280,000	\$ 13,634,148		\$ 90,621,309	\$ 147,573,324
City of Tyler Maintenance/Rehab	\$ 7,790,000	\$ 8,910,006			
City of Whitehouse Maintenance/Rehab	\$ 2,100,000	\$ -	\$ -	\$ -	\$ -
City of Lindale Maintenance/Rehab	\$ 360,000	\$ -	\$ 2,000,000	\$ -	\$ -
* Smith County Maintenance/Rehab	\$ 25,000,000	\$ 29,832,820	\$ 40,075,978		
Transit Funding					
Tyler Transit Federal	\$ 1,760,000	\$ 3,335,789	\$ 5,673,808	\$ 13,028,084	\$ 31,441,776
Tyler Transit State	\$ 1,300,000	\$ 1,802,662	\$ 1,448,279	\$ 3,258,951	\$ 10,677,518
Tyler Transit Local	\$ 350,000	\$ 605,172	\$ 2,148,001	\$ 6,038,515	\$ 13,339,357
Toll Credits (Transit)	\$ -	\$ -	\$ 659,125	\$ 1,680,412	\$ 4,174,293
Total Transit	\$ 3,410,000	\$ 5,743,623	\$ 9,929,213	\$ 24,005,962	\$ 59,632,944

* Includes Road and Bridge Labor & Material and Equipment

PROJECTED FUNDING AVAILABILITY

Although the Tyler MPO has traditionally seen a trend of upward growth across all funding sources, the recent economic recession was considered when developing projected funding for the next 25 years. Projections were developed for expected federal, state, and local funding for the 10-year short-term strategy (2010-2019) and the 15-year long-term strategy (2020-2035).

Federal and State Funding

In the past MTP a straight line projection of historical expenditures were used to arrive at a 10-year and 15-year forecast of funding. However, recent cuts in state and federal funding prevent the use of that mythology here. Through close coordination with local TxDOT staff, a more realistic and conservative funding projection was derived.

As shown in Table 12-2 federal and state funding is projected at roughly \$67 million in the short-term and \$115 million in the long-term. These funding dollars are broken down into two main types: "Maintain It" and "Build It" funds.

The "Maintain It" categories are projected to account for \$40 million or 60 percent of total funding in the short-term and \$60 million or 52 percent in the long-term. The two highway construction programs that comprise the "Maintain It" strategy are Category 1 – Preventive Maintenance and Rehabilitation and Category 6 – Structures Replacement and Rehabilitation. Federal regulations do not require maintenance projects to be individually listed in the MTP.

Funding for the "Build It" categories is projected to account for roughly \$27 million in the short-term and \$55 million in the long-term. Funding for the "Build It" categories was further broken down into "mobility" which accounts for the majority of capacity and intersection improvement projects and includes funding from Categories 3, 11, and 12.

Lump sum categories were also identified for Category 8 – Safety, Category 9 – Enhancements, Category 10 – Miscellaneous, and Category 11- District Discretionary (non-capacity improvements). A more detailed discussion of these categories is provided below.

Category 8 – Safety

Category 8 – Safety funding is projected to equal \$11.5 million in the short-term and \$17.3 million in the long-term. Funding for this category can be used for a variety of safety related projects which are not individually listed in the plan including access management projects, safety light, signs, and railroad warning devices.

Category 9 – Enhancements

Category 9 – Enhancement funding is project to equal \$650,000 in the short-term and \$975,000 in the long-term. These projections are significantly lower then those developed in the last MTP, where were \$1.7 million and \$5.8 million, respectively. Funding from this category can be used for projects above and beyond what normally is expected for transportation enhancements as outlined in TEA-21. Funding from this category is typically used for bicycle and pedestrian improvements and enhancements. To obtain funding for bicycle and pedestrian facilities, the City of Tyler or other local agencies will need to nominate and sponsor projects and compete on a statewide basis for funding.

Category 10 – Miscellaneous

No funding is designated Category 10 – Miscellaneous during this MTP update. Funding from this category can be used for miscellaneous projects including state park roads, railroad grade crossing replanking, railroad signal maintenance, and landscape programs.

Category 11 – District Discretionary

No funding is designated Category 11 – District Discretionary (non-capacity improvements) during this MTP update. Funding from this category can be used for a variety of projects at the TxDOT Tyler District's discretion; however, this lump sum category reflects funds that may be used for non-capacity improvement projects not individually listed in the plan. Historically Category 11 funding has been used for overlay, roadway reconstruction, underpasses and resurfacing projects in the Tyler MPO.

Local Funding

The City of Tyler and its One-Half Cent Sales Tax is expected to generate over \$90 million for short-term and over \$147 million for long-term transportation projects. As previously mentioned, the sales tax was adopted in 1996 to aid in the construction of capital improvement projects, including streets and traffic improvements. The City of Tyler is the only local entity with projected funds for added capacity transportation improvements.

Maintenance and rehabilitation funding on a local level was projected based on input from the local entities. Like most of the other funding categories, the community leaders see little to no funds being available for local system preservation. **Table 12-2** summarizes the projections from the cities of Tyler, Whitehouse, and Lindale.

NET RMA Funding

Loop 49 is the toll road facility located in the southern part of the City of Tyler. In the past all sections of the roadway was constructed by TxDOT using traditional or Proposition 14 funding. In total, TxDOT provided over \$91 million for the construction of Segments 1, 2, 3a, and 5. Planning and/or PS&E development are underway for segments 3b, 4, and 6; however, the NET RMA will be the source for funding of these future projects. The NET RMA expects to use bond and toll revenues to build the segments, as well as maintain the entire facility. In the short-term it is estimated the NET RMA will spend over \$110 million for Segments 3b and 4 and \$85 million in the long-term funding scenario for Segment 6. Loop 49 is being constructed as a two-lane toll road, but its ultimate section is a 4-lane, divided section. Construction of the ultimate section is not planned before 2035.

Public Transportation Funding

Tyler Transit predicts it will receive a total of \$22 million in funding for the short-term, which includes \$13 million in federal funding, \$3 million in state funding, and \$6 million in local funding. For the long range period the agency is expecting to receive \$31 million in federal funding, over \$10 million in state funding, and \$13 million in local funding. Additionally, Tyler Transit expects \$5.8 million of funding from toll credits over the next 25 years.