



# TESTIMONY

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**Texas Department of Transportation  
and  
The American Recovery and Reinvestment Act**

**Testimony before the  
House Select Committee on Federal Economic Stabilization Funding**

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## **INTRODUCTION**

This testimony provides a summary of HR 1: The American Recovery and Reinvestment Act. The Texas Department of Transportation (TxDOT) will focus on the Texas transportation summary. This testimony will address the history of how TxDOT has identified projects to receive possible stimulus funding; a breakdown by mode of how much Texas could receive and strings attached to that funding; and a discussion of how the Texas Transportation Commission will move forward with selecting actual projects that will receive the funding and a timeline for getting those projects funded.

## **BACKGROUND**

When President Obama signed HR 1, "The American Recovery and Reinvestment Act" on February 17, 2009, Texas became poised to see an infusion of \$2.6 billion dedicated to transportation projects around the state. This funding includes dollars for highways and bridges, transit, aviation, and rail projects.

The primary purpose of HR 1 is to create and sustain jobs. Some are questioning whether or not investments in transportation infrastructure projects will provide an immediate benefit to the economy. A quick analysis of the level jobs that would be created from a \$2.6 billion investment in transportation infrastructure in Texas based on the types of projects that will be funded with these funds, more than 23,000 direct jobs and more than 69,000 total jobs would be created through this program. TxDOT would also be making monthly payments to contractors of approximately \$75 million during the peak of this program, and the vast majority of the investment would be paid out within three years.

## History of Developing Project List

As the potential for an economic recovery plan began to take shape late last year, a great deal of attention was focused on how Texas was preparing to respond if the opportunity became a reality. TxDOT's early response to national surveys indicated that the State could deliver more than \$6 billion of projects within 180 days. Similar to most states, TxDOT's response was based heavily on the ability to deliver many pavement and bridge preservation, maintenance and rehabilitation type projects. As this information was reviewed by state elected officials, transportation planning entities, and by Texas Transportation Commission; staff was challenged to work cooperatively with industry partners to identify and develop ways of expanding the potential to include more projects with longer lasting impacts to the state's economy in our stimulus package.

Working with state transportation partners we have collaborated to develop a unified approach to identifying and prioritizing projects for Texas. Simply stated, the goal is to identify and prioritize projects that put Texans to work now, and that provide long-term benefits to the communities they serve. To identify the universe of all eligible candidate projects TxDOT asked MPOs, transit authorities, toll entities, FHWA partners and local TxDOT staff to work together to identify projects that are ready to go to contract now, meaning all environmental requirements have been met, design work complete, and sufficient amounts of right of way secured to allow construction to begin, or a development agreement to be executed.

From this exercise projects valued at more than \$15 billion of construction costs that meet the requirements of the stimulus program as it is currently defined were identified. Approximately \$9 billion worth of these projects are for new construction or expansion projects that will provide significant congestion relief and expanded economic opportunities. This industry collaboration has positioned Texas to take full advantage of the economic recovery and reinvestment program to the maximum benefit to our state. The challenge will be how to select the projects that will ultimately be funded from this long list of possibilities.

## FUNDING LEVELS AS SET OUT BY HR 1

### Highways

Estimated Texas share is \$2.25 billion

**Funding:** The conference report contains \$27.5 billion in formula grants to states for highways and bridges. The highway and bridge total for Texas is estimated to be \$2,250,015,000. Of that, approximately \$1.68 billion will be selected by the Texas Transportation Commission (a minimum of \$175 million of this amount must be spent in rural areas), and \$500 million will be selected by the state's Metropolitan Planning Organizations (MPOs), and another \$67.5 million will be set-aside for transportation enhancement projects (e.g. hike and bike trails).

<b>Estimated Funding Sub-allocations to the eight largest MPOs (also known as TMAs)</b>	
Central Area (Austin)	\$29,196,497
Corpus Christi	\$9,514,791
El Paso	\$20,991,780
Houston	\$123,740,323
Hidalgo County	\$16,934,952
Lubbock	\$6,546,325
Dallas-Fort Worth	\$143,906,889
San Antonio-Bexar	\$42,974,905
<b>Total for Large MPOs</b>	<b>\$393,806,462</b>

<b>Estimated Funding Sub-allocations to the seventeen small and mid-sized MPOs</b>			
Abilene	\$5,042,456	Longview	\$3,677,699
Amarillo	\$8,446,978	Midland-Odessa	\$9,921,637
Brownsville	\$7,809,328	San Angelo	\$4,144,018
Bryan-College Station	\$6,241,771	Sherman-Denison	\$2,645,946
Harlingen-San Benito	\$5,218,121	Texarkana	\$2,297,302
Jefferson/Orange/Hardin County	\$11,963,474	Tyler	\$4,781,150
Killeen-Temple	\$11,301,752	Victoria	\$2,898,490
Laredo	\$8,271,454	Waco	\$7,216,807
		Wichita Falls	\$4,682,318
<b>Total for Small &amp; Mid-sized MPOs</b>			<b>\$106,560,701</b>

<b>Estimated Funding Sub-allocations to the TxDOT Districts for Rural Areas</b>				
Abilene	\$3,855,172		Houston	\$25,188,856
Amarillo	\$5,489,266		Laredo	\$5,005,087
Atlanta	\$5,311,124		Lubbock	\$5,950,279
Austin	\$12,483,018		Lufkin	\$6,999,552
Beaumont	\$7,315,941		Odessa	\$3,209,480
Brownwood	\$3,358,922		Paris	\$6,561,999
Bryan	\$5,689,265		Pharr	\$6,024,816
Childress	\$734,117		San Angelo	\$867,879
Corpus Christi	\$7,366,170		San Antonio	\$12,914,739
Dallas	\$10,729,506		Tyler	\$8,782,393
El Paso	\$1,612,586		Waco	\$5,212,261
Fort Worth	\$13,347,634		Wichita Falls	\$4,147,470
			Yoakum	\$6,479,850
<b>Total District Allocations</b>				<b>\$174,637,381</b>

**Use It or Lose It:** The first 50 percent of all highway and bridge funding not sub-allocated to the MPOs or rural areas (estimated to be \$775 M) must be obligated in 120 days from the date the states receive their apportionments (expected to be later this month) and the second 50 percent as well as any sub-allocated funding must be obligated within 12 months of that date.

Highway funding can be mixed among modes, meaning that it can be spent on transportation modes other than roads (e.g. freight and passenger rail, ports, transit, etc.).

**Surface Transportation Discretionary Grants:** The conference report also contains \$1.5 billion for grants to be distributed based on a competitive selection by the Secretary of Transportation for projects ranging from \$20million to \$300million. No more than 20 percent of these funds may be granted to a single state (the upper limit for Texas in this case would be \$300 million). The call for projects must be made within 90 days of enactment and applications must be submitted within 180 days after the publication of the program call. Selection of all projects must be made within 1 year of enactment.

Also contained within the discretionary grant program is the opportunity for the Secretary of Transportation to designate funds for TIFIA, a federal credit program for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation may provide three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit. While it has no calculable

value to Texas at this stage, if the program does receive funding select Texas projects would be eligible.

### **Transit**

Estimated Texas share: \$372 million

Note: TxDOT disburses funds to the rural providers (\$50 million).

**Funding:** For transit, Texas is estimated to receive \$371,806,104. The urban recipients will receive approximately \$301,055,797, the smaller rural recipients will receive an estimated \$42,181,107, and another \$28,569,200 will be available to cities through a high growth and high density state formula. For the rural recipients that gets the total number closer to \$50 million.

**Use It or Lose It:** The first 50 percent of all transit funding must be obligated in 180 days and the second 50 percent must be obligated in 12 months.

### **General Aviation**

Texas share to be determined.

**Funding:** For aviation, the Federal Aviation Administration will receive \$1.1 billion nationwide in discretionary funds that Texas will work to access. Under normal federal funding, Texas is a block grant state. Under the stimulus program Texas will have to compete with other states. FAA makes the final determination.

**Use It or Lose It:** The first 50 percent is to be obligated in 120 days and the second 50 percent in 12 months.

### **Rail**

Texas share is undetermined.

**Funding:** Amtrak: \$1.3 billion to improve the speed and capacity of intercity passenger rail service. High Speed Rail and Intercity Passenger Rail Grants: \$8 billion to advance the development of high speed rail and to improve the intercity passenger rail service in corridors across the nation.

**Use it or Lose It High Speed Rail:** Within 60 days the Secretary of Transportation must submit a strategic plan to Congress that describes how funds will be used to improve and deploy high speed passenger rail systems. Within 120 days of enactment the Secretary shall issue interim guidance to grant applicants covering terms, conditions, and procedures until final rules are issues. Funds will remain available through September 2014.

***Use it or Lose It Amtrak:*** Funds shall be awarded no later than 30 days after enactment. Projects should be completed within 2 years. No more than 60 percent of the funds provided for non-security items may be used along the Northeast Corridor. Funds will remain available through September 2010.

### **MAINTANCE OF EFFORT**

The legislation requires that no recipient spend less than it already had planned to spend on transportation on the date of HR 1 enactment. Within 30 days of enactment, the Governor shall certify to the Secretary of Transportation that the state will maintain its effort with regard to state funding for the types of projects that are funded by the stimulus legislation. This includes a statement identifying the amount of funds Texas planned to expend from state sources during the period beginning on the date of enactment through September 30, 2010, for the types of projects that are funded in the legislation.

All funds can be considered 100 percent federal. No matching requirements are required. Please note, that these funds are a reimbursement from the Federal government, the State must expend the dollars first, then recoup the cost. Previously committed local participation and funding from other sources for projects being considered for funding from this program would allow for the "leveraging" of these resources to maximize the value of these projects for creating jobs and improving the economy. TxDOT, through discussions with the MPOs has determined that it is important to maintain these local commitments and retain them for funding any project selected to receive funding from the ARRA.

### **MOVING FORWARD WITH ACTUAL PROJECT SELECTION**

At its regularly scheduled meeting on February 26, the Texas Transportation Commission is scheduled to identify projects that will receive stimulus funds. The state's transportation needs are far greater than any single infusion of funds could hope to meet. The Commission will evaluate projects that are ready to start in the time allotted by the bill and also meet the following set of criteria agreed to by TxDOT staff and local transportation officials:

- Projects that improve the safety of the transportation system.
- Projects on corridors of statewide significance or regional priority.
- Projects that leverage or pool resources.
- Projects that create long term economic benefit to the communities and region they serve.
- Projects in areas that are economically distressed.
- A fair and equitable distribution of projects around the state.

TxDOT is anticipating that FHWA will allot funds to each state on or around March 2, 2009. Once that occurs the 120-day 50% minimum obligation clock will begin. Within the next 50-80 days, projects selected to meet the 50% minimum obligation must have ROW in place, be

environmentally cleared, and be listed on a local and statewide transportation plan approved by the FHWA.

In order to meet the 120 day requirement, by the 110th day of the process TxDOT must have reviewed all of the completed plans submitted for these projects, making certain the environmental approval process is complete, and that the ROW is purchased or available for use. No later than the 110<sup>th</sup> day, TxDOT will submit a request for a letter of authorization for these projects to the FHWA. This will allow the FHWA their normally required 10 days to approve these requests.

This will be an ongoing process throughout the 120 day period and projects will be processed for bidding as soon as they are ready during this period rather than waiting to take bids on all of these projects at the end of this time period. The same process will apply for the remainder of the funding to be obligated, before or around March 2, 2010.

## **CONCLUSION**

In conclusion, as we continue to prepare for this unique opportunity there are a few main points that need to be addressed. First, the needs Texas has for investments in transportation infrastructure far out weigh the resources that this program will be able to provide. Second, Texas is prepared and will deliver a program that uses every dollar sent to the state regardless of the conditions that are placed on the use of these funds. Third, the transportation industry is prepared to move quickly to respond to the program once it is finalized. And finally, TxDOT and local partners have and continue to work together to rise to this challenge in a cooperative and effective manner.

**Estimated Summary of Funding for Highways and Bridges from the  
American Recovery and Reinvestment Act**

Total for Highways & Bridges =	\$27,500,000,000
Special set asides for Indian tribes, federal lands, etc. =	<u>- \$840,000,000</u>
Total Remaining to be distributed to the states =	\$26,660,000,000
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Texas' Apportionment 8.44% of national total =	\$ 2,250,015,146
3 % set aside for Enhancement Projects =	\$ 67,500,454
67 % sub-allocated to Commission =	\$ 1,507,510,148
30 % sub-allocated across the state based on population =	\$ 675,004,544
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Total to be Distributed by Population =	\$675,004,544
Large MPOs (populations > 200K) =	\$393,806,462
Small MPOs (> 50K, but < 200K) =	\$106,560,701
Non-MPO Areas (> 5K, but < 50K) =	\$134,206,990
Non-MPO Areas (< 5K) =	\$ 40,430,391