

Chapter 10: Fiscal Constraint

A key component of transportation planning is identifying the resources needed or available to implement the solutions identified through the planning process. Solutions that cannot be implemented for lack of funds are null, thus, a comparison between projected resources and needed resources is critical. Determining funding shortfalls is imperative in the process of determining innovative and non-traditional methods of securing revenue. The result is an achievable plan that provides local elected officials and TxDOT a realistic, effective, foundation from which decisions related to or affected by transportation funding can be made.

The Metropolitan Transportation Plan (MTP) is a comprehensive, multimodal blueprint for transportation systems and services, and is aimed at meeting the mobility needs of the McAllen Metropolitan Area. The MTP serves as a statement of the methods the region intends to invest in the transportation system over the next 25 years. The MTP (identified as the Hidalgo County Metropolitan Transportation Plan: 2004 Update) includes (both long and short-range policies) strategies, and projects that lead to the development of an integrated inter-modal transportation system that facilitates the efficient movement of people and goods. The MTP guided the expenditure of more than \$ 1.5 Billion dollars of federal, state, and local funds which are expected to be available for transportation improvements through the year 2030. The MTP is required to be financially-constrained and balanced in order to anticipate revenue streams over time. One of the most important aspects is the identification and analysis of the financial resources available to implement recommendations. Due to the financially-constrained requirement, the MTP does not address or quantify unmet funding needs, and does not typically look beyond what can be already achieved with the amount of available funding –thus creating a realistic, yet constrained outlook.

This process of financial constraint and resource identification was made a required part of the planning process and is included in federal planning regulations. 23 CRF Part 450.322 states:

“the plan shall include a financial plan that demonstrates the consistency of proposed transportation investments with already available and projected sources of revenue...All cost and revenue projections shall be based on the data reflecting the existing situation and historical trends.”

This section/chapter documents the methodology, consistent with federal requirements and good planning practice, used to determine projected revenue sources that can reasonably be expected to be available to the Pharr District and the Hidalgo County Metropolitan Area, which compares expected revenue sources to the prioritized transportation needs.

Unless otherwise stated, district-wide financial constraint was based upon historical availability of funding in each specific category dating from FY 1991 through FY 2006 (Current Priority 1 commitments are made only through FY 2006). Funding levels for financial constraint for the three metropolitan areas and rural portion of the Pharr District have been generally apportioned to each area by population. This follows the federal model of determining urbanized boundary areas and of apportioning funding based on urbanized area population.

According to the FHWA Interim Guidance, sub-allocation of available funding for short range planning (for the Transportation Improvement Program [TIP]) is not allowed. Instead, needs should drive short-range planning. However, for longer time frames, estimating reasonable funding availability by sub-allocating a district’s apportionment to the various areas is appropriate.

Funding projections are based on historical trends for the TxDOT Pharr District since the passage of ISTEA and emphasis on funding of NAFTA related projects, both of which significantly raised funding levels available to the TxDOT Pharr District. Once draft-funding levels were determined, final funding levels were slightly revised to reflect more realistic projections where population distribution was not a reliable indicator of future funding.

Such exceptions include:

- funding categories for specific corridors which have been mostly completed

- funding categories where an unreasonable skew in funding apportionment would result from strict distribution by population
- funding categories where distribution by population resulted in an unrealistically low projection
- slight rounding off to include whole project estimates or whole corridors

In these categories, TxDOT and the MPO concurrently reviewed all projects, assessed reasonable constraints and mutually determined the appropriate financial constraint. Lump Sum allocations were made where it is impossible to predict future needs. Such categories include Bridge Replacement and all rehabilitation and preventive maintenance categories.

STATE AND FEDERAL ROADWAY FUNDING CATEGORIES

| CATEGORY NUMBER | CATEGORY | DESCRIPTION |
|-----------------|---|--|
| 1 | Preventive Maintenance and Rehabilitation | Rehabilitation and preventive maintenance of the existing State Highway System. Interstate Highway System main lanes, frontage roads, structures, construction of HOV lanes, rehabilitation of signs, pavement markings, striping, etc. Funds may be used for the construction of interchanges, but may not be used for the construction of new SOV lanes. |
| 2 | Metropolitan Area (TMA) Corridor Projects | Mobility (added capacity) projects on major State Highway System corridors located in Metropolitan (TMA) MPOs. |
| 3 | Urban Area (Non-TMA) Corridor Projects | Mobility (added capacity) projects on major State Highway System corridors located in Urban Areas (non-TMA) MPOs |
| 4 | Priority Rural Corridor Projects | Mobility (added capacity) projects on major State Highway System corridors located in Rural Areas not represented by an MPO |
| 5 | Congestion Mitigation and Air Quality Improvement Program | Addresses attainment of national ambient air quality standard in the nonattainment areas (currently Dallas-Fort Worth, Houston, Beaumont, and El Paso). Funds cannot be used to add capacity for single-occupancy vehicles. |
| 6 | Structures Replacement and Rehabilitation | Replacement or rehabilitation of eligible bridges on and off the State Highway System (functionally obsolete or structurally deficient). Replacement of existing highway-railroad grade crossings, and the rehabilitation or replacement of deficient railroad underpasses on the State Highway System. Specific locations evaluated by cost-benefits derived index (benefits such as improved traffic flow, accident/fatality reduction). |
| 7 | Surface Transportation Program (STP)—Metropolitan Mobility/Rehabilitation | Transportation needs within Metropolitan Area boundaries with populations of 200,000 or greater. Projects selected by Metropolitan Planning Organizations (MPOs). |
| 8 | STP—Safety – Federal Hazard Elimination Program | Safety-related projects on and off State Highway System. Projects are evaluated using three years of accident data, and ranked by Safety Improvement Index |
| 8 | STP—Safety – Federal Railroad Signal Safety Program | Installation of automatic railroad warning devices at hazardous railroad crossings on and off State Highway System, selected from statewide inventory list which is prioritized by index (number of trains per day, train speed, ADT, type of existing warning device, train-involved accidents within prior five years, etc.). |
| 9 | STP—Transportation Enhancements | Projects above and beyond what normally is expected for transportation – 12 general activities as outlined in SAFETEA-LU. Projects recommended by local government entities, reviewed and recommended by committee, selected by Texas Transportation Commission. |
| 10 | Miscellaneous—State Park Roads 1992 | Construction and rehabilitation of roadways within or adjacent to state parks, fish hatcheries, etc., subject to Memorandum of Agreement between TxDOT and TP&WD. Locations selected and prioritized by TP&WD. |
| 10 | Miscellaneous—Railroad Grade Crossing Replanking Program 1992 | Replacement of rough railroad crossing surfaces on the State Highway System (approximately 140 installations per year statewide). Project selection based on conditions of the riding surface (highway, railroad, and drainage) and cost per vehicle using the crossing. |

| CATEGORY NUMBER | CATEGORY | DESCRIPTION |
|-----------------|--|---|
| 10 | Miscellaneous—Railroad Signal Maintenance Program 1992 | Contributions to each railroad company based on number of crossings and type of automatic devices present at each crossing. |
| 10 | Miscellaneous—Construction Landscape Programs 1992 | New landscape development projects such as typical right-of-way landscape development, rest area/picnic area landscape development, and erosion control and environmental mitigation activities. |
| 10 | Miscellaneous (Federal) 1992 | Federal programs such as Forest Highways, Indian Reservation Highways, Federal Lands Highways, and Ferry Boat Discretionary. |
| 11 | District Discretionary | Miscellaneous projects on State Highway System selected at the district's discretion. |
| 12 | Strategic Priority | Commission-selected projects which promote economic development, provide system continuity with adjoining states and Mexico, or address other strategic needs as determined by the Commission. |
| | Private/Toll Bonds | Innovative funding secured through private/public partnership sources, such as through the Comprehensive Development Agreement (CDA) process, or through successful attainment of debt in the form of toll bonds. |
| | RTC/Local Funds | Innovative funding secured through exchange of federal funds for local funds on specific projects. |

FEDERAL TRANSIT FUNDING CATEGORIES

| TRANSIT CATEGORY | DESCRIPTION |
|--|--|
| Section 5307 - Urbanized Area Formula Program | Provides Congressional discretionary funds for new transit start-ups, rail modernization, bus fleet, and other major transit projects (including Small Starts and New Starts Program). |
| Section 5309 - Capital Program | Provides for the distribution of capital assistance and operating assistance (under specific guidelines) to transit operators in the Urbanized Area. |
| Section 5310 - Elderly & Persons with Disabilities Program | Provides transportation services for elderly and disabled persons through purchase of service or through capital expenditures. |
| Section 5311 - Nonurbanized Area Formula Program | Provides for the distribution of capital, operating, planning, and administrative assistance to state agencies, local public bodies, nonprofit organizations, and operators of public transportation services outside the Urbanized Areas of the State. |
| Section 5316 - Job Access Reverse Commute | Provides for local programs that offer job access and reverse commute services to provide transportation for low income individuals who may live in the city core and work in suburban locations. |
| Section 5317 - New Freedom | To encourage services and facility improvements to address the transportation needs of persons with disabilities that go beyond those required by the Americans with Disabilities Act. Provides a new formulate grant program for associated capital and operating costs |