

PROJECT SELECTION PROCESS



Miles and miles of Texas
The Texas Department of Transportation is responsible
for more than 79,000 miles of Texas highways.



ABOUT THE COVERS

Front (clockwise from top left): IH 35, Pecos River bridge, IH 635 and Hwy 183
Above: Devil's Backbone

A GREAT STATE REQUIRES GREAT TRANSPORTATION

Texas is famous for great roads, an efficient freight rail network, convenient air transportation and immense shipping capabilities. Texas' vast transportation system brings the world to Texas and affects our day-to-day choices about where we live, where we shop and how we access what we want. Thanks to great transportation, we can live and work where we choose, we can shop at stores and malls near and far, and we can obtain quality goods brought in from all over the world.

Even with all the advantages that our transportation system has to offer, it's likely that most Texans have experienced a transportation frustration – a busy intersection, a highway bottleneck or a rush hour traffic jam. When these stressful situations threaten our quality of life we are moved to take action to fix the problems. But how?

Many Ideas, Limited Funds

Hundreds of highway projects enter the Texas Department of Transportation (TxDOT) project selection process each year. Projects may be proposed by individuals, government officials, local or regional transportation planning committees or by TxDOT itself. This publication will explain the TxDOT project selection process for roadway improvement and bridge projects, which depend on planning and forecasting of funds.

Simplifying the Process

The project selection process was developed to make it easier to understand. This simplification effort is not just limited to project selection – TxDOT is focused on clarifying processes in all areas of the department, from allocating funds, to measuring success, to issuing reports.

GOALS AND STRATEGIES

TxDOT's mission is to provide safe, efficient and effective means for the movement of people and goods throughout the state, facilitating trade and economic opportunity.

TxDOT has a plan focused on five goals:

- Reduce Congestion
- Enhance Safety
- Expand Economic Opportunity
- Improve Air Quality
- Preserve the Value of Transportation Assets

To achieve these goals, the department has come up with four strategies:

- We will use all available financial tools to build transportation projects.
- We will empower local and regional leaders to solve local and regional transportation problems.
- We will harness market-based principals to maximize competition, reduce cost and guide investments.
- We will facilitate consumer-driven decisions that respond to traditional market forces.

TxDOT is developing short-, mid- and long-term tactics to accomplish our strategies. With limited funds for new construction, TxDOT has to look at all tactical options in support of our strategic decisions.

TxDOT: THE BASICS

HOW TxDOT IS STRUCTURED

TxDOT policies are set by the Texas Transportation Commission, a board appointed by and reporting to the governor. An executive director leads TxDOT and reports directly to the commission. Under the executive director are 25 regional districts and 26 offices and divisions.

TxDOT's regional districts are often the first point of contact for new transportation projects, since each district manages much of the planning, design and construction within its geographic boundaries. Based on policies established by the commission and administration, districts have the authority to make many decisions that impact local needs and priorities.

TxDOT's offices and divisions develop and implement transportation policy, manage statewide programs and provide expert support and services to the districts.

Plan It



This strategy includes all of the planning and environmental design for the state's highway projects. It also supports planning for transportation

modes such as rail, air, marine, pipeline, bicycle and pedestrian traffic. It includes acquiring right of way for transportation projects and providing relocation expenses when necessary. Funding and management of research programs that help save lives and money are also part of this strategy.

Use It



This strategy ensures that people are using Texas' transportation in the safest, most efficient ways. It includes issuing motor vehicle titles and

registration documents, providing grants to improve public safety, supporting public transportation outside of major metropolitan areas, regulating motor vehicle dealers, preventing auto theft and providing information to the traveling public.

Build It

This strategy oversees construction projects that add capacity to the state's transportation system, either through new projects or those which supplement the existing infrastructure. Projects in this category could include widening an existing tax-supported highway or toll road, constructing a new bridge or lengthening a runway at an airport.



Maintain It

This strategy ensures that existing transportation investments remain safe and usable. It covers the reconstruction, rehabilitation and maintenance of the state highway system, maintenance of highway signals and signage, support of the Gulf Intracoastal Waterway and operation of the ferry systems at Galveston and Port Aransas. It also includes emergency repair and restoration of damaged structures on the state highway system.

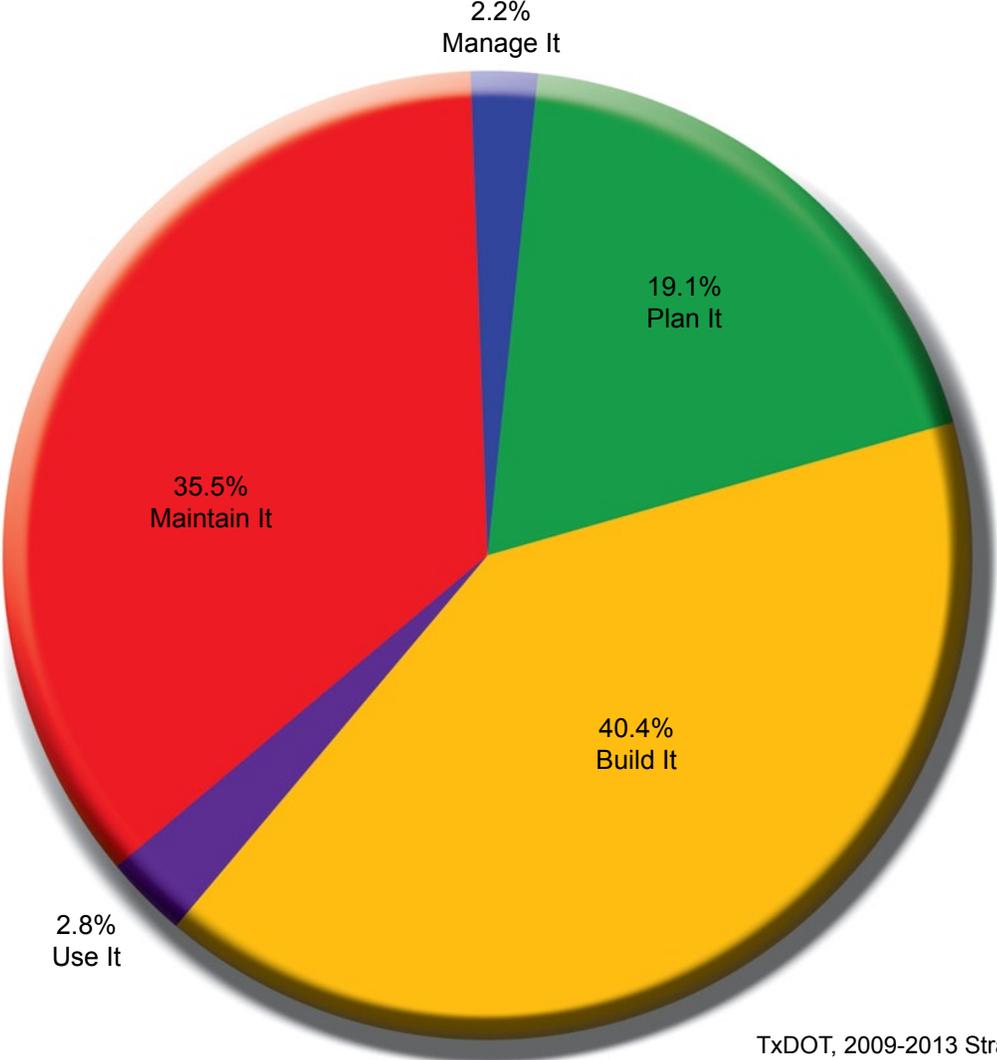


Manage It

This strategy covers administration, human resources, information resources, purchasing, training, fiscal services, legal services, occupational safety and other management services.



TxDOT BY THE NUMBERS



TxDOT, 2009-2013 Strategic Plan

1917

The year TxDOT was established

300

Airports in the Texas Airport System

423

Miles of Gulf Intracoastal Waterway in Texas

98

Safety rest areas maintained by TxDOT

112

Specialty license plates offered by TxDOT

20,059,065

Number of motor vehicles registered in Texas

3,800

Volunteer groups adopting a highway

665

Picnic areas in Texas

7,073

Transit vehicles including buses and vans operated in Texas

489,032,714

Average daily vehicle miles traveled on the state system

1,132,881

Acres of right-of-way maintained by TxDOT

6,216

Traffic signals maintained by TxDOT

79,974

Total road centerline miles maintained by TxDOT

293,000,000

Riders on public transportation systems in Texas

860

Traffic safety programs funded by TxDOT

50,189

Total bridges in Texas

THE PROJECT SELECTION PROCESS

ALLOCATION PROGRAM

TxDOT gives each district, and in some cases divisions, a set amount of money to select and fund certain types of local and regional projects. This delegated funding method allows districts and divisions flexibility to meet local needs.

THE UTP: UNIFIED TRANSPORTATION PROGRAM

The Unified Transportation Program (UTP) is an 11-year statewide plan for transportation project development. The UTP is divided into two documents: the Statewide Preservation and Safety Program and the Statewide Mobility and Supplemental Transportation Program.

The UTP is updated by the Finance Division and approved by the commission. The UTP sets policies that guide the funding of thousands of transportation projects. TxDOT has 12 funding categories in the UTP that encourage public participation.

There are a variety of ways that transportation projects can be selected. Projects involving local roads or improvements to existing highways are generally selected by TxDOT's districts and divisions. Other proposed projects are submitted by government officials, individuals, Metropolitan Planning Organizations (MPO) or regional transportation planning committees and TxDOT itself. The majority of the state's transportation programs are determined by local officials or TxDOT's districts.

Due to project planning and development requirements, projects are selected up to five years in advance based on anticipated funding.

Obtaining funds for projects is an ongoing process. Each project goes through three funding authorization stages: planning, development and construction. Since projects are authorized in multiple stages, a project will first receive approval for its planning phase. Once development is complete, the project must go through another approval process to receive funding for construction.

Various funding options that are available to fund these projects are:

- Motor fuel tax revenues
- Debt financing
- Pass through financing
- Toll equity
- Vehicle registration fees
- Public-private partnerships



There are five typical steps in the project selection process:

1. A Need is Identified

Every project starts with an idea or need. The impetus for a project can come from any number of sources at the community, state or federal level. Once a need has been identified, project supporters usually approach TxDOT's local district office or their local Metropolitan Planning Organization (MPO). Local authorities are especially familiar with the unique demands of their area and with the needs of the people who live there.

2. Building a Successful Financial Plan

Early in the planning process, the district staff devises a funding strategy for the suggested project. The availability of funding is a major factor in determining whether a project is selected. Projects can be financed through a number of sources, including local, state or federal funds. Many projects are funded through a combination of resources.

Local Funding

At the local level, the public and TxDOT district employees evaluate the project and work together to develop a strong proposal to gain funding and support. Local transportation professionals, including engineers, planners and environmental specialists, evaluate the project's viability and environmental

implications. Different solutions are evaluated and costs are estimated. As the proposal is created, the project's supporters work to gather broad-based community support for their idea.

State Funding

TxDOT has 12 project funding categories to simplify the project selection process. Projects fall under the Statewide Preservation and Safety Program (SPSP), which is supported by the department's *Maintain It* strategy, and the Statewide Mobility and Supplemental Transportation Program (SMSTP), which is supported by the *Build It* strategy.

Federal Funding

Federal funds come from the Highway Trust Fund, a pool of money generated by federal fuel taxes and other related fees from all 50 states and the commonwealths of the United States. As a "donor" state, Texas receives less than a dollar back for each dollar sent to the Highway Trust Fund.

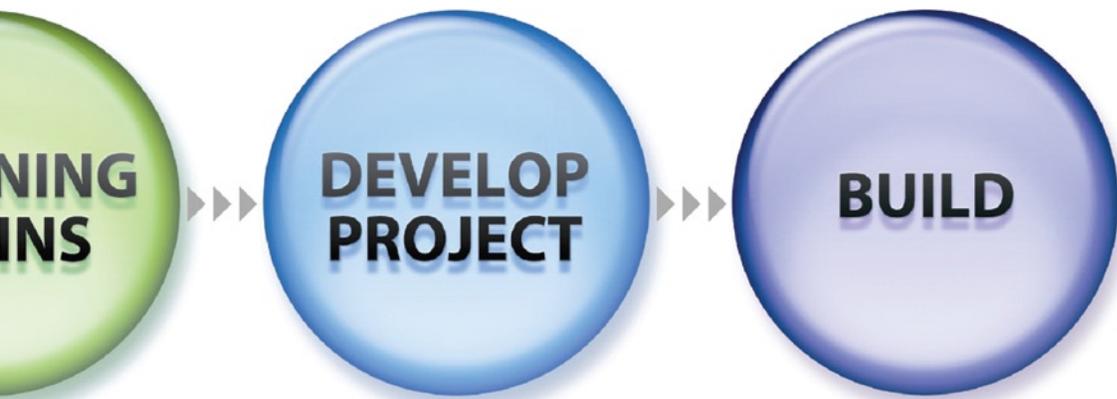
Money from the Highway Trust Fund is allocated to TxDOT based on formulas established by federal transportation legislation. The distribution of these federal funds throughout the state is based on criteria approved annually by the Texas Transportation Commission.

MPOs: METROPOLITAN PLANNING ORGANIZATIONS

Working in partnership with TxDOT, Metropolitan Planning Organizations (MPOs) help create short-, mid-, and long-term plans for effective transportation in and around urbanized areas. In addition to planning, MPOs authorize the use of certain federal funds in their areas.

MPOs are made up of representatives from various organizations. Members often include local officials, transit officials and state legislators. Though membership varies from MPO to MPO, all MPOs take their authority from federal transportation legislation. This legislation empowers MPOs to serve as a critical gateway for local participation in transportation planning and decisions. There are currently 25 MPOs in Texas, and they control hundreds of millions of dollars in funding each year.

See Web site for more information on MPOs:
<http://www.texasmpo.org>



There are five typical steps in the project selection process: (continued)

3. Planning Begins

Once a proposal is supported at the district level or by an MPO, it competes with similar projects for funding. Project selection authority rests with the commission and local officials. Because projects are often funded through a combination of funding categories at a variety of authority levels, funding can be a complex task.

Each year, TxDOT funds projects through a comprehensive plan called the Unified Transportation Program (UTP). With the UTP, the commission establishes the criteria and standards for different kinds of projects, thus relieving the commission of the task of approving thousands of projects individually.

A small percentage is left to the discretion of the commission. In evaluating which projects will receive this limited money, the commission takes into account whether a project has gained local support and if local funds have been set aside to aid in the project's completion. In addition, the commission considers the recommendations of MPOs and TxDOT's experienced engineers. In all cases, the commission attempts to advance those projects that will do the most good to help the people of Texas.

4. Project Development

Building a highway, bridge or other major transportation improvement is a complex, long-term process that involves the participation of both transportation professionals and the public. Local

priorities, determined in the communities, form the basis for how projects move through the TxDOT selection process.

Public Involvement is a critical part of the development process. Transportation planning, design and right of way acquisition are all primarily accomplished locally by TxDOT districts working with city and local officials. During this process, numerous public hearings and meetings give citizens many opportunities to offer input and be involved in decision-making.

Depending on a project's size and scope, project development can take many years. Once authorized by the commission, a project goes through an in-depth development phase that includes advanced planning, environmental planning and documentation and preliminary engineering. When planning and development are completed, the project must go through contract approval before it can be built. The commission makes the final decision authorizing construction, based on the availability of funds and local priorities.

5. Construction

Construction contracts are awarded through a competitive bidding process, and the lowest approved bid is submitted to the commission for approval. After the bid gains final approval, construction begins. Once a project is fully underway, construction oversight and maintenance are accomplished at the district level.

FUNDING AT A GLANCE

Determining funding sources can be a complicated process for any project. This chart provides a general overview of the TxDOT funding categories. Local TxDOT district offices are experienced with project funding and can offer more detailed information specific to a project.

FUNDING AT A GLANCE				
	FUNDING CATEGORY	STARTING POINT	PROJECT SELECTION	USUAL FUNDING
MAINTAIN IT	1 - Preventive Maintenance and Rehabilitation	TxDOT District	Projects selected by Districts. Commission allocates funds through Allocation Program.	Federal 90% State 10% or Federal 80% State 20% or State 100%
	6 - Structures <small>Federal Highway Bridge Program (HBP); Federal Railroad Grade Separation Program (RGS)</small>	TxDOT District	Projects selected by the Bridge Division as a statewide program based on HBP and RGS program eligibility. Commission allocates funds through Allocation Program.	Federal 90% State 10% or Federal 80% State 20% or Federal 80% State 10% Local 10%
	8 - Safety <small>Federal Highway Safety Improvement Program, Federal Railway-Highway Crossing Program, Safety Bond Program, Federal Safe Routes to School Program, and Federal High Risk Rural Roads</small>	TxDOT District	Projects selected statewide by federally mandated safety indices and prioritized listing. Commission allocates funds through Statewide Allocation Program. Projects selected and approved by commission on a per-project basis for Federal Safe Routes to School Program.	Federal 90% State 10% or Federal 90% Local 10% or Federal 100% or State 100%
BUILD IT	2 - Metropolitan Area Corridor Projects	TxDOT District	Projects selected by MPOs in consultation with TxDOT. Commission allocates funds through Allocation Program.	Federal 80% State 20% or State 100%
	3 - Urban Area Corridor Projects	TxDOT District	Projects selected by MPOs in consultation with TxDOT. Commission allocates funds through Allocation Program.	Federal 80% State 20% or State 100%
	4 - Statewide Connectivity Corridor Projects	TxDOT District	Projects selected by commission based on corridor ranking. Project total costs cannot exceed commission approved statewide allocation.	Federal 80% State 20% or State 100%
	5 - Congestion Mitigation and Air Quality Improvement	TxDOT District	Projects selected by MPOs in consultation with TxDOT and funded by Districts' Allocation Program. Commission allocates money based on population percentages within areas failing to meet air quality standards.	Federal 80% State 20% or Federal 80% Local 20% or Federal 90% State 10%
	7 - Metropolitan Mobility/Rehabilitation	TxDOT District	Projects selected by MPOs in consultation with TxDOT and funded by District's Allocation Program. Commission allocated money based on population.	Federal 80% State 20% or Federal 80% Local 20% or State 100%
	9 - Transportation Enhancements	TxDOT District	Local entities make recommendations and a TxDOT committee reviews them. Projects selected and approved by commission on a per-project basis. Projects in the Safety Rest Area Program are selected by the Maintenance Division.	Federal 80% State 20% or Federal 80% Local 20%
	10 - Supplemental Transportation Projects <small>State Park Roads, Railroad Grade Crossing Replanking, Railroad Signal Maintenance, Construction Landscaping, Landscape Cost Sharing, Landscape Incentive Awards, Green Ribbon Landscape Improvement, Curb Ramp Program, Coordinated Border Infrastructure Program, Comprehensive Development Agreements and Congressional High Priority Projects</small>	TxDOT District, Texas Parks and Wildlife Department, Other (federal allocation)	Projects selected statewide by Traffic Operations Division or Texas Parks and Wildlife Department, local projects selected by district. Commission allocated funds to districts or approves participation in federal programs with allocation formulas. Coordinated Border Infrastructure Program funds are allocated to districts according to the federal formula.	State 100% or Federal 80% State 20% or Federal 100%
	11 - District Discretionary	TxDOT District	Projects selected by districts. Commission allocates funds through Allocation Program.	Federal 80% State 20% or Federal 80% Local 20% or State 100%
	12 - Strategic Priority	Commission	Commission selects projects which generally promote economic opportunity, increase efficiency on military deployment routes or to retain military assets in response to the federal military base realignment and closure report, or maintain the ability to respond to both man-made and natural emergencies. Also, the commission approves pass-through financing projects in order to help local communities address their transportation needs.	Federal 80% State 10% or State 100%

Maintain It. These categories are part of the SPSP - Statewide Preservation and Safety Program

Build It. These categories are part of the SMSTP - Statewide Mobility and Supplemental Transportation Program

Allocation. A designated share of funds that is distributed to the districts, Metropolitan Planning Organizations or for a specific purpose.

THE FUTURE OF PROJECT DEVELOPMENT

COMPREHENSIVE DEVELOPMENT AGREEMENT

A Comprehensive Development Agreement (CDA) is a contract between TxDOT and a consortium of designers, engineers and construction contractors. The consortium may perform any or all of the design, construction, operation, maintenance or financing for a transportation project. Based on a project's overall needs, competing consortiums submit proposals and TxDOT selects the one offering the best long-term value for the state.

CDAs accelerate needed highway improvements by allowing the state to hire one entity to do all of the work on a project – much of it simultaneously – rather than the traditional process in which the state divides project development into separate phases.

Traditional, tax-based methods of financing roads are no longer sufficient to handle the state's transportation needs in a timely fashion. The future depends on funding tools that maximize funds by using strategic partnerships with local communities and private businesses. In the past, Texas highways have been funded by a combination of federal, state and local funds. In the future, tolls and bonds will also pay for roads.

The following represent some innovative concepts and projects that will keep Texas' transportation system one of the safest and most efficient in the world.

Trans Texas Corridor

The Trans-Texas Corridor (TTC) is a proposed multi-use, statewide network of transportation routes in Texas that will incorporate existing and new highways, railways and utility right of ways. Though specific routes for the Trans-Texas

Corridor have not been determined, two corridors are in various stages of development, I-69 and a parallel route to I-35.

As envisioned, each route may include:

- Separate lanes for passenger vehicles and large trucks
- Freight railways
- High-speed commuter railways
- Infrastructure for utilities including water lines, oil and gas pipelines, and transmission lines for electricity, broadband and other telecommunication services

Plans call for the TTC to be completed in phases over the next 50 years with routes prioritized according to Texas' transportation needs. TxDOT will oversee planning, construction and ongoing maintenance, although private vendors will be responsible for much of the daily operations.

A REAL-WORLD EXAMPLE: SH 130

More than ever, local traffic, long distance motorists and truckers compete for space on Interstate 35 between Austin and San Antonio.

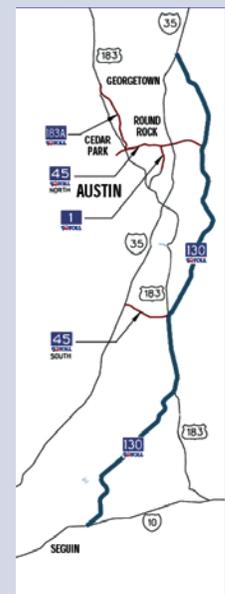
One solution to the escalating traffic congestion lies in SH 130, a 90-mile stretch from IH-35 north of Georgetown to I-10 in Seguin. SH 130 will be a four-lane divided facility with major interchanges at IH-35, US 79, SH 45 North, US 290, SH 71, US 183 and I-10.

TxDOT awarded the first 51 miles of this design/build project to Lone Star Infrastructure to design, build, maintain and partially finance the project to accelerate completion of this new roadway. The last 40 mile stretch was awarded to the SH 130 Concession company.

Using traditional funding sources, planners conservatively estimated

it would take close to 20 years to build this project. To speed project development, SH 130 will be financed as a toll road. Funding the project with bond sales means that SH 130 and other sections of the Central Texas Turnpike System were completed in less than half the time.

In April 2008, the section from SH 71 to US 183 opened to the public. The final section, US 183 to I-10 is scheduled for completion in January 2012.



Regional Mobility Authorities (RMAs)

Regional Mobility Authorities (RMAs) construct, maintain and operate turnpike projects. RMAs give local governments more control over the highway facilities within their jurisdiction and generate new revenue streams for projects.

One or more counties may create an RMA by sending a request to the commission. Generally, approval will be based on sufficient public support and on an assessment of how a turnpike project might improve mobility in the region. Once created, an RMA is managed by a locally appointed board of directors and a chairperson appointed by the governor.

RMAs receive funding for initial project development from the sale of bonds. They may also seek a loan or grant from TxDOT. Any surplus revenue generated by an RMA can be used to reduce tolls, or to fund other transportation projects within the region.

Texas Mobility Fund

The Texas Mobility Fund, approved by Texas voters in 2001, allows the state to issue bonds secured by future revenue. This allows the acceleration of mobility projects throughout the state.

The Mobility Fund is administered by the Texas Transportation Commission as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition and expansion of state highways.

In 2003, the Texas Legislature began capitalizing the fund and, to date, the Texas Bond Review Board has approved \$6.4 billion of bonds through one or more issuances from the Mobility Fund.

Toll Equity

Toll equity allows state funds to be combined with other funds to build public and private toll roads. By issuing loans and grants, TxDOT can participate in the acquisition, construction, maintenance or operation of a toll road built by an RMA, an existing toll authority or private-sector investor. The organization building the road then issues debt to finance the remaining cost of the project, saving TxDOT the cost equal to that debt. The primary purpose of toll equity is to make the best use of TxDOT funds by leveraging other sources of project funding, particularly proceeds from bonds. The money that TxDOT saves can then be used for other needed projects.

Pass Through Financing

Pass through financing allows toll fees to be paid by TxDOT instead of by individual motorists. As with a traditional toll road, a fee is incurred for each vehicle that drives on the road.

Annual payments are made by TxDOT to the entity that built and possibly maintains the roadway.

Pass through tolls are a cost-effective way to support road construction without placing a financial burden on motorists. Because TxDOT does not pay the tolls until after the road is built and vehicles are actually using it, this strategy alleviates the initial investment and possibly the maintenance costs associated with highway construction.

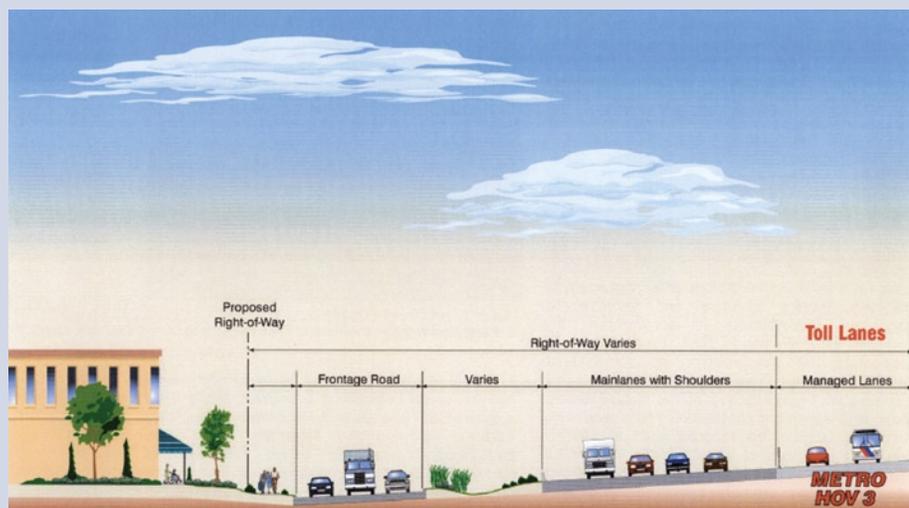
INNOVATIVE FUNDING MEANS A FASTER SOLUTION: THE KATY FREEWAY

In early 2003, the Federal Highway Administration approved plans for the reconstruction of the Katy Freeway. This plan involved the complete reconstruction of approximately 23 miles of highway. Major construction began on June 4, 2003, and a ribbon cutting event took place on October 28, 2008, which opened additional lanes and a tollway in the median.

The expanded capacity of this corridor will handle projected traffic volumes for the year 2020 and the severe congestion experienced on this corridor is expected to decline.

Innovative financing is an integral part of the Katy Freeway solution. The project used a toll equity plan that combined state and federal funds supplemented with funding from the Harris County Toll Authority (HCTRA) and other local contributions.

This project, as predicted by planners, was completed in five years - half the time it would have taken to complete under traditional financing methods.



PROJECT SELECTION: PUTTING GREAT IDEAS IN MOTION

Understanding TxDOT's project selection process gives Texans insight about the roads we drive every day. Learning how projects are prioritized and how funding is structured lets Texans know they can participate in the process, make suggestions and propose changes when they encounter a transportation problem.

By working with local officials and simplifying the business process, TxDOT has made great progress in streamlining project selection. Even so, for projects ranging from local road improvements to huge corridors, the road from idea to usable structure is not always a direct one. Projects must endure the twists and turns of collaboration and public preference. They have to survive the bumps of criticism and revision. While the journey can seem difficult, thorough planning and development help

ensure that transportation improvements will enhance the quality of life for Texans.

Because budgets are limited and projects are many, TxDOT continues to seek innovative, creative ways to stretch funds farther and do the most good for the people of Texas.

TxDOT will continue to choose projects that will reduce congestion, enhance safety, expand economic opportunity, improve air quality, and preserve the value of transportation assets.

Looking ahead TxDOT is currently working on the implementation phase of the Windshield Project, which provides real-time information via the Internet. The Windshield Project will allow the public to view the status of highway construction projects throughout the state of Texas.

For more information, contact your local TxDOT district office.
You'll find a complete list of contact information on our Web site at
http://www.txdot.gov/local_information/



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