



# HB 20 – Initial Report

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Revenue Projections

Funding Categories & Allocations

Performance-Based Decision Making

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Legislative Report – September 1, 2015

## Introduction

The Texas Department of Transportation (TxDOT) is privileged to work with the House and Senate Select Committees on Transportation Planning, its stakeholders and customers to provide information and analysis to aid in the development of a performance-based planning and programming process as required by HB 20. TxDOT's mission is to work with others to provide safe and reliable transportation solutions for Texas. The Department views the reporting requirements of HB 20 as an opportunity to work with the legislature to better achieve its goals of maintaining a safe transportation system, providing relief from congestion and connecting Texas communities.

The timing of this collaborative process is critical. Over the past decade the lack of reliable and sustainable funding sources has hampered TxDOT's ability to achieve its goals through sound financial and project planning processes. Under Governor Abbott's leadership, the Texas legislature moved positively during the last legislative session to bring a substantial measure of certainty to TxDOT's financial and planning processes. Appropriations from Fund 6 to other state agencies, commonly referred to as 'diversions, were ended. The legislature also sent Proposition 7 to the voters of Texas, which if approved could provide up to \$3.0 billion annually in revenue in the next several years and potentially increase in the future. These measures, together with revenue derived from Proposition 1, as approved by voters in 2014, will help TxDOT and Metropolitan Planning Organizations (MPO) bridge the state's current \$5 billion annual transportation funding gap.

TxDOT appreciates that its call for additional funding has been addressed and fully understands that it must now ensure these resources are effectively and efficiently deployed to meet the state's transportation needs. TxDOT believes that with the addition of these resources, the opportunity exists to address the existing system's maintenance challenges and energy sector needs. This assertion assumes that Governor Abbott and the legislature will continue to look favorably on the allocation of funds to these initiatives as outlined in the current Unified Transportation Planning Program (UTP) and Proposition 1.

A major challenge TxDOT will need guidance and direction on is how best to deploy the additional funds for much needed congestion relief, connectivity and border-trade projects. Congestion is the most challenging of these issues to address. Congestion impacts quality of life and business productivity along the state's major urban corridors. A lack of connectivity impedes economic development throughout Texas; and a limited infrastructure in our border region hinders trade and freight movement. TxDOT has identified over \$80 billion key projects in our largest metropolitan areas, as well as statewide connectivity and border-trade projects that could start construction within the next five to ten years. In urban areas alone, the sum of these projects totals over \$60 billion.

Even with the additional revenue that has been provided, because of increasing population and congestion, a careful review of funding and planning processes must occur and a realization will need to be had that choices must be made regarding where best to deploy resources.

## **HB 20 Overview**

House Bill (HB) 20, as passed during the 84<sup>th</sup> Legislature, requires changes be made to several of the planning and programming processes that the Texas Transportation Commission (Commission), TxDOT and “planning organizations” use to prioritize and finance transportation projects. HB 20 also calls for TxDOT to provide information to the legislature on a number of factors. This report provides information on three factors:

- *“Department projections regarding the revenue needed by the department to maintain current maintenance, congestion, and connectivity conditions;”*
- *“The development of funding categories, the allocation of funding to such categories by formula, project selection authority for each funding category, and development of project selection criteria for commission, department, and district-selected projects;” and*
- *“Department rules and policies regarding the development and implementation of performance-based scoring and decision making for project prioritization and selection of commission, department, and district-selected projects.”*

Pursuant to HB 20, information on the following provisions will be submitted to the legislature by March 31, 2016 for review, study and evaluation, as well:

- *“The use and utilization of alternative methods of financing that have been authorized by the legislature for projects;”*
- *“Performance metrics and measurement tools used by the department to evaluate the performance of a department project or program;”*
- *“The department ’s collaboration with state elected officials, local governments, government trade associations, metropolitan planning organizations, regional mobility authorities, and other entities when adopting rules or formulating policies;”*
- *“Any proposed rule, policy, program, or plan of the commission or department of statewide significance;”*
- *“Any possible benefits of utilizing zero-based budgeting principles;” and,*
- *“Any other matter the committee [legislative] considers appropriate.”*

Along with the provisions listed above, a number of other key planning and programming provisions were enacted with the passage of HB 20. These include:

- Development and implementation of performance metrics and measures as part of the department’s planning processes;
- Development of ten-year funding use plans by MPOs and TxDOT districts;
- Adoption of rules by the Commission for project prioritization and performance-based funding processes; and
- Design-build contract award stipulations.

Through the course of working on these efforts, the department will also review its ten-year cash flow projections, and transportation funding categories and allocation formulas associated with the UTP.

## **Revenue Projections and Needs**

In accordance with HB 20, this section of the report provides information on the *“Department’s projections regarding the revenue needed by the department to maintain current maintenance, congestion, and connectivity conditions.”*

### *Revenue Projections*

One of the most important endeavours TxDOT undertakes is the forecasting of available funding. On Feb. 26, 2015, TxDOT presented an overview of transportation funding during testimony to the Senate Finance Committee. This overview included discussion of the challenges in providing accurate revenue projections without a stable, long-term transportation-financing source. Funding provided in “fits and starts” has made it difficult for state and local transportation officials to plan for and deliver crucial mobility projects. Other factors that make predicting future revenues difficult include uncertainty of the federal Highway Trust Fund (HTF), funding rescissions and increased fuel efficiency. TxDOT projects its future revenues using complex financial analyses that include historical trends, current statutes and events, and the Comptroller of Public Accounts’ Biennial Revenue Estimate. TxDOT’s federal highway reimbursement projections take into account the current federal highway authorization bill, continuing resolutions, rescissions and other federal requirements imposed on the use of those funds.

Like TxDOT, MPOs rely on sound revenue projections to accurately plan. Federal regulations require MPOs develop long-range plans known as Metropolitan Transportation Plans. These plans must be financially constrained based on anticipated funding levels. Several years ago MPOs and TxDOT formed a workgroup to create a financial model that would allow MPOs to test various financial scenarios while keeping their forecasting methods consistent. The model, known as the Transportation Revenue Estimation and Needs Determination System (TRENDS), was developed, validated and is maintained by Texas A&M Transportation Institute (TTI).

## *Revenue Sources*

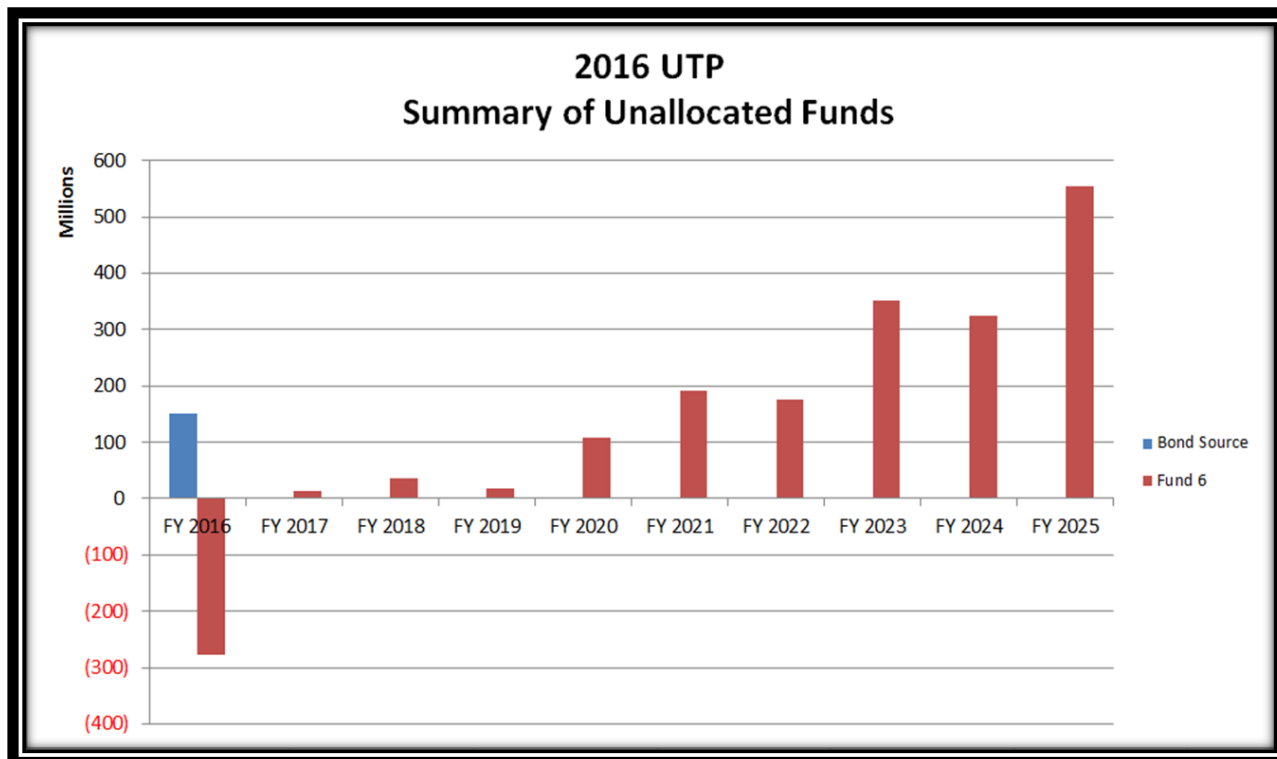
TxDOT and local governments throughout the state rely on a number of revenue sources to meet their transportation funding needs. These sources include federal reimbursements, state highway funds (Fund 6), bond proceeds (TMF, Prop. 12 & Prop. 14), concessions, fees, general revenue and miscellaneous funds.

The UTP, which includes a ten-year funding forecast, is the department's principal program for allocation of funding. Nearly all of the available funding in the 2016 UTP is allocated (See Figure 1). Only 5.3 percent of the total funding for the next 10 years – or approximately \$1.9 billion – is unallocated and available for new projects or programs and even these funds are not available until the latter years of the UTP.

It is important to note that the information provided in Figure 1 does not reflect all possible revenue sources that could be made available for investment in transportation infrastructure. Other funding sources not shown could include:

- MAP- 21 Extensions - Funding from future extensions is estimated to include between \$200 and \$400 million of new project capacity per year, but will be directed by Congressional action.
- “Fund 6 Diversions” - Funding that was previously appropriated to other state agencies is expected to provide over \$600 million per year.
- Proposition 1 – Will provide approximately \$1.2 billion in new funding in Fiscal Year (FY) 16. These funds are allocated to MPOs and TxDOT districts. Distribution is based on the following funding formula provided by legislation (Rider 44):
  - 45 percent for mobility and added capacity projects in urban areas;
  - 25 percent for projects that improve regional connectivity along strategic corridors in rural areas;
  - 20 percent for statewide maintenance and preservation projects; and
  - 10 percent for safety and maintenance projects in areas affected by energy sector activity.
- Proposition 7 – If passed, Proposition 7 is expected to generate approximately \$2.5 billion annually beginning in FY 2018. This number could increase to around \$3 billion annually by FY 2020 and is expected to grow after that. The use of these funds has not been determined. It will be influenced by the HB 20 process as well as future executive and legislative actions. It is important to note that a significant portion of Proposition 7 revenue could be directed to project development activities such as design, right-of-way acquisition, and utility relocations, and not entirely toward new construction.

Figure 1: Unallocated Statewide Discretionary Funding in the UTP



### Revenue Needs

Calculation of the current \$5 billion annual funding gap was based on extensive work conducted by an independent committee commissioned specifically to determine the state’s transportation funding needs. It was determined that Texas could maintain 2010 congestion and highway condition levels if TxDOT were to receive \$11.8 billion annually for highway investments. TxDOT’s base budget for highway investment from ongoing revenues averages \$6.7 billion per year, leaving the estimated \$5 billion per year shortfall. Of the \$5 billion, \$1 billion is needed for roads in areas affected by energy development. Another \$1 billion is needed to maintain the state’s highway infrastructure. The remaining \$3 billion per year is needed for congestion relief, connectivity and border-trade projects.

An important factor used in the determination of the \$5 billion per annum estimate was the assumption the financing and project delivery tools in place at the time would continue, allowing TxDOT to use alternative financing to leverage traditional investment sources authorized by the legislature to deliver projects. Table 1 illustrates how TxDOT and local governments have used these tools to bridge the gap between project costs and traditional funding sources. It lists ten projects totalling over \$17 billion in capital costs that were delivered with just over \$4 billion in public funding through the leveraging of bonds and private investment. Together, these investments covered approximately 75 percent of the total project costs. This is equivalent to nearly an addition \$13 billion in transportation infrastructure.

Table 1: Leveraging Funds through Alternative Project Delivery

Project	Year	Total Capital Costs	Public Funding	Portion of Project Leveraged
Central Texas Turnpike System (CTTS)	2002	\$3,140,000,000	\$880,000,000	72%
SH 130 Segments 5 & 6	2006	\$1,367,000,000	\$0	100%
LBJ Managed Lanes	2009	\$2,980,000,000	\$762,000,000	74%
North Tarrant Express (NTE) Segments 1 & 2W	2009	\$2,110,000,000	\$594,000,000	72%
SH 99 (Grand Parkway) Segments F1, F2 & G	2013	\$2,930,000,000	\$0	100%
IH 35E Managed Lanes	2013	\$1,360,000,000	\$1,070,000,000	21%
North Tarrant Express (NTE) Segment 3E	2013	\$1,510,000,000	\$211,000,000	86%
SH 183 Managed Lanes	2014	\$1,010,000,000	\$692,000,000	31%
SH 71 Express	2014	\$139,000,000	\$90,000,000	35%
SH 288 Harris County	2015	\$815,000,000	\$17,000,000	98%
<b>Total</b>		<b>\$17,361,000,000</b>	<b>\$4,316,000,000</b>	<b>75%</b>

Note: Above figures do not include long-term maintenance.

Through a variety of mechanisms, including tolls, bonds and other private investment, these projects increased the capacity of public funds to deliver major highway projects. The use of these mechanisms was further supported by the state's ability to make large, upfront investments of public funds as part of the project financing packages. Many of these projects include long-term maintenance agreements that greatly reduce the need to use TxDOT maintenance funding. Additionally, these tools have allowed TxDOT to support the efforts of local entities to deliver projects such as: the Katy Freeway Managed Lanes, Sam Rayburn, Chisholm Trail/SH 161, SH 360, CCRMA SH 550, SH 365 and US 183/Bergstrom Expressway. They have also allowed local entities to deliver projects such as SH 121/183 and segments of the Sam Houston Tollway through public-public partnerships.

## *Looking Ahead*

As efforts are made toward implementation of HB 20, a careful review should be made of not only the state's current transportation conditions and needs, but how we got to where we are today, and where we are likely to be in the next 10 to 25 years. Many circumstances have changed since the current \$5 billion annual funding gap was determined. TxDOT, in collaboration with planning organizations and the legislature, will revisit this estimate and update it to meet transportation needs as they exist today.

Thanks to efforts made by Governor Abbott and enacted by the Texas Legislature, measures have been provided to help bridge the current \$5 billion annual funding gap. Provisions in both Propositions 1 and 7 direct that these fund sources cannot be used on toll roads. As a result, the ability to fully address transportation needs with a reduced utilization of the toll roads must be reviewed, as well.

TxDOT will explore these areas in greater detail in response to HB 20's requirements to address the use of alternative methods of financing authorized by the legislature. Furthermore, HB 2612 passed during the 84<sup>th</sup> Legislative Session requires TxDOT to report, by Sept. 1, 2016, on the debt service on bonds issued for toll projects and outline a plan to eliminate state supported toll roads in the state.

## **Funding Categories**

*This section of the report provides information on TxDOT's "... development of funding categories, the allocation of funding to such categories by formula, project selection authority for each funding category, and development of project selection criteria for commission, department, and district-selected projects."*

The Commission and TxDOT use the UTP as TxDOT's ten-year plan to guide transportation project development. As projects are developed, TxDOT works with its local partners to examine how a project improves safety, reduces congestion or connects Texas communities.

Projects are programmed into 12 funding categories. Funding for many of the categories is based on formulas agreed to by local authorities such as MPOs and elected officials. The UTP authorizes projects for construction, development and planning, and includes projects involving highways, aviation, public transportation, and state and coastal waterways.



## *Allocation of Funds*

The distribution of funding by category is approved by the Commission annually with the objective of ensuring that the UTP's program of projects is aligned with the department's transportation goals. More than half of available resources in the UTP are dedicated to preservation, maintenance and safety categories. The largest portion of the remaining category funding is dedicated to congestion and mobility needs. With funding uncertain, the department has maintained historic funding levels in core areas.

HB 20 requires that *"the commission by rule establish a performance-based process for setting funding levels for the categories of projects in the department's unified transportation program."* This approach ensures that funding addresses key performance measures such as safety, system preservation, congestion relief and connectivity.

## *Category Descriptions and Details*

In 2001, the Commission tasked the department with simplifying project planning and delivery processes. At the time, the department had been using 34 funding categories in the UTP, each of which had its own formulas. Local officials found it difficult to understand how TxDOT funded projects.

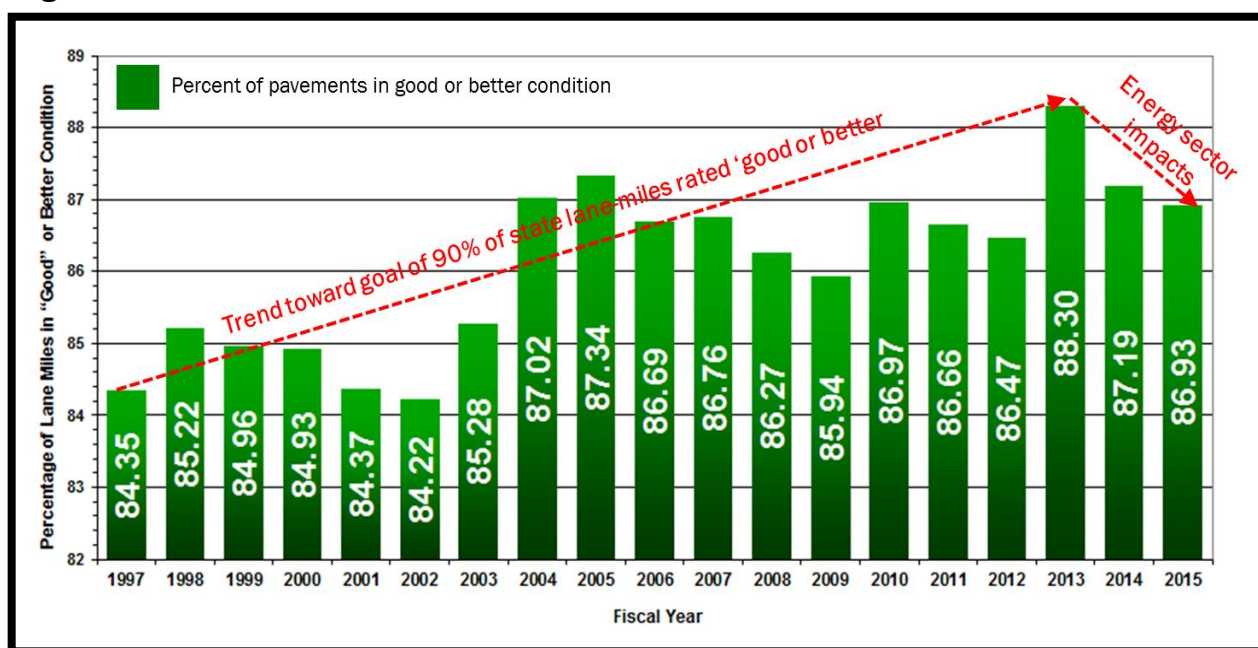
After receiving public comments on allocation methods, TxDOT increased transportation decision-making authority among districts and local community leaders. MPOs and numerous local officials partnered with the department in simplifying the UTP. They agreed to 12 funding categories.

These categories provide greater flexibility and more input. Local leaders can select projects or influence the formulas used to determine funding. In addition, an annual update of projects in the UTP reflects local needs and changing priorities of the state. Following is a discussion of each of the twelve categories as defined in the UTP.

### *Category 1 – Preventive Maintenance and Rehabilitation Projects*

This category provides funding for preventive maintenance and rehabilitation on the existing state highway system. Each TxDOT district receives an allocation of funding based on the approved funding formulas for this category. Project selection authority resides with each district, which selects and manages projects based on a performance-based list of priorities developed in concurrence with their MPOs and local officials. Funding is also allocated in this category for energy-sector maintenance and rehabilitation projects.

Figure 2: Statewide Pavement Condition, FY 1997-2015



Source: TxDOT Condition of Texas Pavements, PMIS Annual Report FY 2011-2014

The department’s pavement management and project selection process improved pavement conditions from 1997 through 2013 as the department strived to achieve a goal of 90 percent of the pavement on state maintained highways being in good or better condition (See Figure 2). Unfortunately, energy sector activities have eroded the gains made by the department in improving pavement conditions, suggesting the need for increased investment in order to address this decline.

### Category 2 – Metropolitan and Urban Area Corridor Projects

The funding allocated in Category 2 goes solely to the states 25 MPOs. The projects focus on mobility and adding capacity. Project selection criteria for this category involve the MPOs, working in consultation with TxDOT districts, to identify and prioritize projects that are important to their region and the state. Projects are generally selected based on locally developed criteria and needs along with responding to state wide strategic objectives.

### Category 3 – Non-Traditionally Funded Transportation Projects

Category 3 includes projects that qualify for funding from sources not traditionally part of the SHF such as state bond financing (Proposition 12, Proposition 14, & Texas Mobility Fund), regional revenue, concession funds and local participation funding. Project selection criteria in this category varies based on specific fund sources and program areas, but has historically been guided by legislation, commission approved minute orders, strategic initiatives, innovative financing and leveraging opportunities, along with local participation and support for projects.

### *Category 4 – Statewide Connectivity Corridor Projects*

This category addresses mobility and added capacity projects on major state highway system corridors that provide statewide connectivity between urban areas, and rural mobility needs throughout the state. Project selection criteria has involved commission direction on specific projects, but more recently under Proposition 1 through formula allocations to districts, where project selection is based on engineering analysis of corridor types and MPO and local support. Project selections under this category generally focus on mobility, connectivity, and strategic corridors.

### *Category 5 – Congestion Mitigation and Air Quality Improvement Projects*

This category addresses the attainment of the National Ambient Air Quality Standard in the state’s non-attainment and maintenance areas, which are currently Dallas, Ft. Worth, Houston and El Paso. Allocations are distributed to MPOs in these areas using an agreed upon formula that is aligned with federally specified criteria. Project selection criteria under this category are based on selection and ranking by the MPO, in consultation with the TxDOT districts. Each project is evaluated to quantify its air quality improvement and congestion mitigation benefits.

### *Category 6 – Structure Replacement, Bridge Rehabilitation and Railroad Grade Separation Projects*

TxDOT is responsible for the inspection of bridges and railroad crossings throughout the state. Based on these inspections, candidate projects to replace or rehabilitate bridges and construct grade separations at railroad crossings are identified by the districts and TxDOT’s Bridge division with consultation and input from MPOs and local officials. Project selection criteria are made by TxDOT’s Bridge Division using a performance-based, data driven process that includes cost-benefit criteria.

Table 2: National Performance Results and Proposed Targets for Bridge Condition

<b>TxDOT Recommended Performance Measures for Bridge Conditions Under MAP-21</b>	<b>Current Statewide Measures*</b>	<b>Proposed Statewide Target</b>
% Structurally Deficient Deck Area on NHS Bridges - Based on total NHS Deck Area	1.7%	1.3%
% Structurally Deficient Deck Area on non-NHS Bridges – Based on total non-NHS Deck Area	1.8%	1.4%
Count of Bridges (Entire Inventory) with Cyclic Maintenance Needs	28,026	28,000
% Bridges (Entire Inventory) by Deck Area with Cyclic Maintenance Needs	54.1%	53.4%
Count of Bridges (Entire Inventory) with Preventative Maintenance Needs	23,268	25,000
% Bridges (Entire Inventory) by Deck Area with Preventative Maintenance Needs	44.3%	45.3%
Count of Bridges (Entire Inventory) with Rehabilitation or Replacement Needs	933	780
% Bridges (Entire Inventory) by Deck Area with Rehabilitation or Replacement Needs	1.6%	1.3%

\* Latest reporting year (2014).

### Category 7 – Metropolitan Mobility and Rehabilitation Projects

For transportation planning and funding purposes, a metropolitan area with a population over 200,000 is defined as a Transportation Management Area (TMA). Based on the 2010 Census, Texas has 11 TMAs (Austin, Brownsville, Corpus Christi, Dallas/Ft. Worth, El Paso, Hidalgo County, Houston-Galveston, Killeen/Temple, Laredo, Lubbock, and San Antonio). TMAs receive federal funding based on their population. This funding is used for increased capacity and rehabilitation of area transportation facilities. In 2012, the Midland-Odessa MPO requested, and was granted TMA status by the governor and Secretary of Transportation; however, the MPO is not eligible to receive TMA allocation funding under federal rules.

Funds in this category are allocated under federally specified criteria and project selection is made by MPO's in consultation with TxDOT district and local officials. Funding can be used for a broader range of projects than traditional state fund sources.

### Category 8 – Safety Projects

This category includes the Highway Safety Improvement Program, Safety Bond Program and Systemic Widening Program. Projects for all three programs are selected statewide. For each, a call for projects is sent to the TxDOT districts and proposals are evaluated for eligibility. Projects are selected for funding based on the federally approved Safety Improvement Index (SII), which is a benefit/cost ratio.

Table 3: Texas Highway Fatalities

	Texas Highway Fatalities				
Calendar Year	2009	2010	2011	2012	2013
# of Fatalities	3,118	3,060	3,067	3,413	3,385
Texas Fatality Rate*	1.34	1.31	1.29	1.44	1.38
National Fatality Rate*	1.15	1.11	1.10	1.14	1.09

\*Fatalities per 100 million vehicle miles of travel.

TxDOT's Traffic Operations Division manages project selection in this category. The division uses a federally prescribed, data-driven program to ensure projects offering the greatest potential for reducing accidents and savings lives are prioritized. Beyond highway conditions, many other factors contribute to the rate of highway fatalities, including distracted driving and driving under the influence. As shown in Table 3, Texas' rate of highway fatalities has been approximately 16 to 26 percent higher than the national average over the past five years, raising consideration for the potential need for more investment in highway safety programs.

### *Category 9 – Transportation Alternatives Program Projects*

The Transportation Alternatives Program (TAP) provides funds to local communities to enhance their current transportation system. Project selection follows federal TAP program eligibility requirements. Eligible projects include pedestrian and bicycle facilities. TMAs receive federally mandated suballocations of TAP funding based on their population. The TMAs develop their own project selection criteria based on federal guidelines, and conduct calls for projects. TxDOT manages funding and project selection for all other areas of the state (population less than 200,000) with input from MPOs and local partners.

### *Category 10 – Supplemental Transportation Projects*

Category 10 includes smaller federal and state-specified programs. These include funding for: 1) construction and rehabilitation of roadways in or near Texas Parks and Wildlife and Texas Historical Commission facilities; 2) landscape projects through the Green Ribbon Landscape, and Landscape Incentive Awards; 3) curb ramp improvements through the federal Curb Ramp Program; 4) projects to improve traffic at or across the Texas-Mexico border; and 5) projects on or close to federal lands within the state. Formulas for these programs vary; however stakeholder input is sought to ensure local/user needs are met.

### *Category 11 – District Discretionary Projects*

Funding in this category is distributed in accordance with legislative appropriation rider or through commission approved allocations. Districts, which manage project selection, must adhere to prescribed requirements for fund allocations. In addition, selected projects must have the concurrence and support of the area MPO.

### *Category 12 – Strategic Priority Projects*

This category involves project-specific selection by the Commission for strategic priorities, and includes commission approved suballocations and distributions of funds to MPOs and districts for specific programs. Where applicable, allocated funds are distributed based on existing category formulas and programs. Historically, this category has afforded a measure of flexibility in selecting critically needed projects that address congestion, mobility and connectivity challenges in the major urban corridors that cannot be solved through the use of funds allocated to the MPOs and districts alone or even with local government support. They include projects with specific importance to the state, such as those that promote economic opportunity, increase efficiency on military deployment routes, and maintain the state's ability to respond to disasters. Without Category 12 support, it is likely these projects could not be built.

### *Category Summary and Ten-Year Funding Levels*

Table 4 provides a brief description of the UTP's 12 funding categories and their ten-year funding levels provided in the 2016 UTP. Appendix A provides more detailed information on the funding categories and their formulas where applicable.

Table 4: UTP Project Development and Selection

Category	Description/Use	2016 UTP 10-Yr. Funding Level*	Decision Factor
1 – Preventive Maintenance & Rehabilitation	Address maintenance & rehabilitation needs on existing state highway system.	\$12,576,703,000	Formula/Allocation Program/Utilizes 4-yr pavement preservation process; projects selected by districts w/ local input.
2 – Metropolitan & Urban Area Corridor	Focus on mobility & adding capacity in metropolitan/urban areas of state.	\$2,364,770,000	Formula/Project Specific/Projects selected by MPOs in consultation w/TxDOT districts.
3 – Non-Traditionally Funded	Includes projects funded through state bond financing (Prop. 12 & 14, TMF) regional revenue, concession funds & local participation funds.	\$5,511,940,000	Non-formula/Project Specific/Funding administered through past bond programs, local funding contributions & private funds committed to projects.
4 – Statewide Connectivity Corridors	Address statewide mobility & added capacity projects on major state highway corridors that provide connectivity between urban and rural areas.	\$603,418,000	Non-formula/Project Specific/Funding distributed to districts or projects in response to various state and federal programs.
5 – Congestion Mitigation Air Quality	Address attainment of National Ambient Air Quality Standard in non-attainment and maintenance areas (Dallas, Ft. Worth, Houston & El Paso).	\$1,603,430,000	Federal Program/ Formula/ Allocation/ Projects selected by MPOs in consultation w/TxDOT districts/Funding levels guided by federal requirements.
6 – Structure Replacement & Rehabilitation	Addresses bridge rehabilitation & replacement, grade separation and railroad crossing projects.	\$3,000,000,000	Non-formula/Allocation/Utilizes an analysis of entire state inventory of bridges w/ project selection based on improving bridge condition/Selected by TxDOT (BRG) w/local concurrence.
7 – Metropolitan Mobility & Rehabilitation	Focus on mobility and rehabilitation in state's large metropolitan areas (population greater than 200K).	\$2,955,680,000	Federal program/ Formula/ Allocation/ Projects selected by MPOs in consultation w/TxDOT districts/Funding set by federal formulas.
8 - Safety	Includes Highway Safety Improvement Program, Safety Bond Program and Systemic Widening Program funds.	\$1,858,400,000	Federal Program/ Non-formula Allocation/Selection based on safety improvement index by TxDOT (TRF); Funds directed to projects that yield greatest safety benefit for the public.
9 – Transportation Alternatives	Includes on- and off-road pedestrian & bicycle facilities, bicycle education & safety activities, acquisition of scenic easements, tourist & welcome centers, landscaping, historic preservation, historic transportation building operation, abandoned railway rehab, environmental mitigation, & transportation museums establishment.	\$485,960,000	Federal Program/ Non-formula/Project Specific/Funding distributed to districts or projects in response to various state and federal programs. MPOs (>200K); recommended by PTN, selected by commission (<200K).
10 – Supplemental Transportation	Variety including: construction & rehab of roadways in or near state park facilities; landscape projects through the Green Ribbon Landscape & Landscape Incentive Awards; curb ramp improvements; improvements at Texas-Mexico border; and projects on or close to federal lands.	\$636,390,000	Varies/Funding distributed to districts or projects in response to various state and federal programs.
11 – District Discretionary	Varies	\$872,866,700	Non-formula/Allocation/Funding distributed to districts/projects in response to state and federal programs.
12 – Strategic Priority	Promote economic opportunity, address mobility & connectivity needs across the state, respond to man-made or natural emergencies & help local communities address transportation needs.	\$3,105,550,000	Non-formula/Project specific/Commission selects.

\*Amounts provided cover 10 years of funding in 2016 UTP.



While Table 4 outlines nearly \$35.6 billion in programming in the 2016 UTP, nearly all of this funding is allocated to projects and programs. As was previously outlined in Figure 1, \$1.9 billion, or only 5.3 percent of the total ten-year UTP capacity, is unallocated and available for new discretionary funding. However, additional program capacity will be available in the future should Congress extend the funding levels of Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21), the ending of diversions from Fund 6, Proposition 1 and the potential passage of Proposition 7.

### *Program Enhancement Tools*

As TxDOT has improved its project information and selection processes, the department has successfully applied these program enhancements through the recent FY 2015 Proposition 1 funding distribution and project selection effort. Enhanced tools and processes helped to successfully assess and approve more than 200 projects funded through the \$1.74 billion in Proposition 1 funding. This effort included the following:

- Stakeholder Working Group - Commission appointed a working group of individuals representing counties, MPOs, cities and private industry to provide input regarding funding distribution.
- Data-Driven Scoring of Candidate Projects - MPOs and TxDOT districts collaborated on project opportunities. Projects considered for selection were assessed relative to their overall scores derived from data-driven measures.
- Public Outreach and Communication - A Proposition 1 website listed candidate projects. The site included interactive maps, funding amounts, a schedule and project scoring information.

Proposition 1 project information was published online, including information on project scoring and selection criteria (See Figure 3). This page received approximately 2,000 unique site visitors and over 800 public comments.

Figure 3: TxDOT Proposition 1 Project Information Website



### *Looking Ahead*

As previously discussed, the department plans to initiate a process to review funding categories and allocation formulas and will seek the collective input of all planning organizations throughout the state. As part of the HB 20 process, the department will facilitate discussions among planning organizations and consider their recommendations. The Commission anticipates adopting rules to implement updated funding categories and allocation formulas.

Throughout this process the department, planning organizations and other stakeholders will give consideration to highway system conditions, demographic variables and other factors that may support the need to update the current allocation formulas. Further consideration will be given to legislative direction for the use and distribution of Proposition 1 funds. Finally, consideration may also be given to performance targets and associated objectives for goals that may include safety, congestion levels, mobility, connectivity and infrastructure condition. Funding categories may be revised to reflect current revenue sources, legislative distribution and performance goals.



## Performance-Based Decision Making

This section provides information regarding the department’s current efforts relating to performance-based decision making, including “*Department rules and policies regarding the development and implementation of performance-based scoring and decision making for project prioritization and selection of commission, department, and district-selected projects.*”

### Performance-Based Scoring

Today, TxDOT prioritizes and selects projects for funding using performance-based scoring, as well as traditional funding formulas. Guided by TxDOT’s Sunset Bill (S.B. 1420) from the 82<sup>nd</sup> Legislative Session, the Commission adopted rules (TAC, Title 43, Part 1, Chapter 16, Subchapter C, Section 16.105[d][2]) which required TxDOT staff to “... establish criteria to rank the priority of each project listed in the UTP based on the transportation needs for the state and the goals identified. A project is ranked within its applicable program funding category and classified as Tier One, Tier Two, or Tier Three for ranking purposes.”

As part of the annual UTP project selection process, TxDOT collects data from local stakeholders, including MPOs, on information pertinent to project scoring. Data from TxDOT’s Design and Construction Information System (DCIS), geospatial data sets and other input are used to score each applicable project. Projects are scored on three criteria:

- Alignment with strategic goals
- Funding availability
- Project readiness

The scores for these three criteria are summed and serve as a guide; however, they are not the sole determination of project priorities (see Figure 4).

Figure 4: Current UTP Scoring Methodology

Strategic Goals	Funding Availability	Project Readiness										
<ul style="list-style-type: none"> <li>▪ Safety – Crash data</li> <li>▪ Congestion – LOS &amp; Top 100</li> <li>▪ Connect Texas Communities                             <ul style="list-style-type: none"> <li>▪ Functional classification</li> <li>▪ Freight Network/Trunk System</li> <li>▪ Truck volumes</li> <li>▪ Addresses corridor gap</li> <li>▪ Alternative Modes</li> </ul> </li> <li>▪ Best-In-Class State Agency                             <ul style="list-style-type: none"> <li>▪ MTP/RTP/Strategic Corridor alignment</li> <li>▪ Cost/VMT</li> </ul> </li> <li>▪ District Strategic Priority</li> </ul>	<ul style="list-style-type: none"> <li>▪ Category 1-12 funding as a percentage of construction cost</li> </ul>	<ul style="list-style-type: none"> <li>▪ Phase of project development                             <ul style="list-style-type: none"> <li>▪ Scheduled let date</li> <li>▪ ENV status</li> <li>▪ ROW status</li> <li>▪ PS&amp;E status</li> </ul> </li> </ul>										
<table border="1" style="margin: auto;"> <thead> <tr> <th colspan="2" style="background-color: #0056b3; color: white;">Total Score out of 100</th> </tr> <tr> <th style="background-color: #8b4513; color: white;">Threshold</th> <th style="background-color: #d9ead3;">Rank</th> </tr> </thead> <tbody> <tr> <td style="background-color: #8b4513; color: white;">&gt;75</td> <td style="background-color: #d9ead3;">Tier 1</td> </tr> <tr> <td style="background-color: #8b4513; color: white;">50-75</td> <td style="background-color: #d9ead3;">Tier 2</td> </tr> <tr> <td style="background-color: #8b4513; color: white;">&lt;50</td> <td style="background-color: #d9ead3;">Tier 3</td> </tr> </tbody> </table>			Total Score out of 100		Threshold	Rank	>75	Tier 1	50-75	Tier 2	<50	Tier 3
Total Score out of 100												
Threshold	Rank											
>75	Tier 1											
50-75	Tier 2											
<50	Tier 3											

Work is also underway within the department to examine and make recommendations on goals, objectives and performance measures. The initial template for project ranking and prioritization is influenced by the current strategic goals of the department. These include:

- Maintaining a safe system;
- Addressing congestion;
- Connecting Texas communities; and
- Being a best in class agency.

As these efforts continue, consideration will be given to the modifications of these goals to align them with the desire and direction of the legislature, stakeholders and customers.

### *Data Management and MAP-21*

Texas has been a leader in working with the U.S. DOT in this area, with final national rules expected by the end of 2015. As part of the effort to address MAP-21 performance requirements, TxDOT and the state's MPOs collaborated on and adopted a national performance management implementation plan. Given the size and diversity of the state, the partners decided to use the same data to create local and statewide performance measures to address forthcoming national requirements. In addition to common data sourcing, TxDOT also sought input from the MPOs on performance measures. After examining existing data, TxDOT and the MPOs agreed on seven statewide performance measure areas: 1) safety; 2) pavement condition; 3) bridge condition; 4) transit condition; 5) freight; 6) National Highway System performance; and 7) CMAQ performance. By taking this coordinated approach, MPOs are now able to focus their resources on planning rather than cumbersome data collection and maintenance.

TxDOT has published preliminary performance targets based on initial guidelines. These guidelines can be found at the following link: <http://www.txdot.gov/inside-txdot/office/state-affairs/preliminary-performance.html>. It is anticipated that performance results and targets will serve as a guide in funding allocations and project selection.

### *Looking Ahead*

With the adoption of the Texas Transportation Plan 2040, TxDOT has committed to developing performance-based techniques to further guide project selection. Improving project evaluation and scoring requires improving project data and analytical tools. Goals in this effort are to:

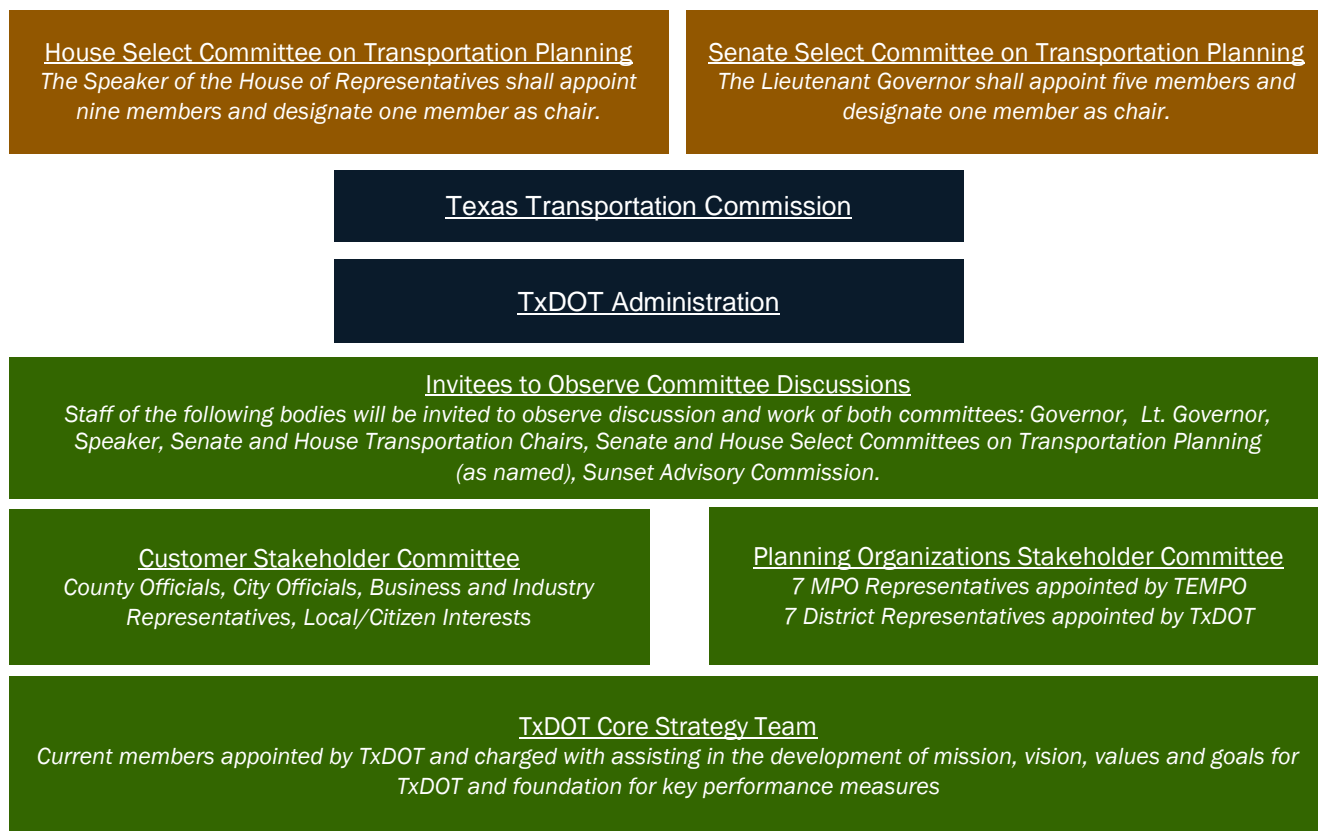
- Ensure quality, real-time project information;
- Build off best practices of other departments of transportation; and
- Collaborate with stakeholders on needed criteria and information.

With improved project information and management resources, TxDOT is implementing a comprehensive process to maintain and track project portfolios to improve the overall efficiency and effectiveness of project delivery. TxDOT currently has tools available that can guide initial performance based scoring and evaluation of projects for funding allocations. HB 20 calls for these tools to be further developed and implemented into performance-based planning processes. Achieving this will require continued efforts by TxDOT to upgrade legacy project information systems that have existed for 30 years.

## Conclusion and Next Steps

As the department moves forward with the implementation of HB 20, on-going collaboration and input from legislative committees and other stakeholder groups will be central parts of the process. The process is anticipated to include collaborating with planning organization and customer stakeholder committees.

Figure 5: HB 20 - Coordination and Stakeholder Committees



To date, coordination efforts have occurred with the Planning Organizations Stakeholder Committee, including the development of this report. In addition, a Core Strategy Team of department staff has been established to examine and make recommendations to Commission on updates to TxDOT’s goals, objectives and performance measures.

Future activities associated with HB 20 include:

- Meetings with Planning Organizations Stakeholder Committee and other key entities;
- Appointment of Customer Stakeholder Committee;
- Meetings with House and Senate Select Committees on Transportation Planning;
- Initial review of UTP Funding Formulas (October 1, 2015); and
- Submittal of “Preliminary HB 20 Report” to Select Committees (March 31, 2016).

In addition to the activities listed above, TxDOT anticipates additional meetings and study activities. Outreach efforts may also be established in response to direction from the legislature.

This report has outlined the status of TxDOT’s existing programs and efforts relating to the first three elements called for review by HB 20: revenue projections and needs, funding categories and allocations, and performance-based decision making. In each of these areas, there are substantial questions that remain to be addressed and issues to be investigated. An important area of investigation is the impact of new funding on the estimated \$5 billion annual funding gap. Additional areas include aligning investments and funding categories to best address the highest priority needs of the state, and enhancing current processes for performance based decision-making.

## APPENDIX A: 2016 UTP FUNDING CATEGORY PROGRAMMING AND FORMULA INFORMATION

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p style="font-size: 2em; font-weight: bold; margin: 0;">1</p> <p>Preventive Maintenance and Rehabilitation Projects</p>	<ul style="list-style-type: none"> <li>Texas Transportation Commission allocation program distributed to districts by preventive maintenance and rehabilitation formulas.</li> <li>Entire allocation may be used on preventive maintenance or rehabilitation projects or combination.</li> <li>Projects selected and managed by district based on a prioritized list.</li> <li>Energy-sector distribution and projects selected for energy-sector initiatives managed by Maintenance Division.</li> <li>Projects in this category must have MPO concurrence if located in its area of jurisdiction.</li> </ul>	<p>Each district shall receive an allocation based on the following funding formula:</p> <p><u>Preventive Maintenance</u> 3 basic criteria are weighted by percent. A total allocation percent is calculated by district with 98% directed toward roadway maintenance and 2% directed toward bridge maintenance.</p> <ul style="list-style-type: none"> <li>65% - On-system lane miles</li> <li>33% - Pavement distress score factor</li> <li>2% - Square footage of on-system bridge deck area</li> </ul> <p><u>Rehabilitation</u></p> <ul style="list-style-type: none"> <li>32.5% - 3-year average lane miles of pavement distress scores &lt; 70</li> <li>20% - Vehicle miles traveled per lane mile (on-system)</li> <li>32.5% - Equivalent single-axle load miles (on- and off-system and interstate).</li> <li>15% - Pavement distress score pace factor</li> </ul> <p><u>Energy Sector Factors</u></p> <ul style="list-style-type: none"> <li>40% 3-year average pavement condition score</li> <li>25% - Oil and gas production taxes (\$)</li> <li>25% - Well completions (#)</li> <li>Volume oil and gas waste injected (Vol. BBLs)</li> </ul> <p><b>See NOTE at end of Appendix.</b></p>	<p>Federal 90% / State 10%; or</p> <p>Federal 80% / State 20%; or</p> <p>State 100% (Requires CFO approval)</p> <p>This category provides for preventive maintenance and pavement rehabilitation on the existing state highway system, including installation and rehabilitation of traffic control devices, rehabilitation and maintenance of operational traffic management systems, and preservation and rehabilitation of pavements.</p> <p><u>Preventive Maintenance</u> – Work to preserve, rather than improve, structural integrity of pavement and/or structures. Examples of preventive maintenance activities include asphalt concrete pavement (ACP); overlays (2-inch thick maximum); seal coats; cleaning and sealing joints and cracks; patching concrete pavement; shoulder repair; scour countermeasures; cleaning and painting steel members to include application of other coatings; restoring drainage systems; cleaning and sealing bridge joints; micro-surfacing, bridge deck protection; milling or bituminous level-up; clean, lubricate, and reset bearings; and clean rebar/strand and patch structural concrete and seal cracks.</p> <p><u>Rehabilitation</u> – Funds can be expended on any highway on the state highway system, and are intended for the rehabilitation (including approved preventive maintenance measures) of existing main lanes, structures, and frontage roads. Rehabilitation of an existing two-lane highway to a Super-2 highway may be funded within this category.</p> <p>The installation, replacement, and/or rehabilitation of signs and their appurtenances, pavement markings, thermoplastic striping, traffic signals, and illumination systems, including minor roadway modifications to improve operations, are also allowed under this category. Funds can be used to install new traffic signals as well as modernize existing signals.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>2</b></p> <p>Metropolitan and Urban Corridor Projects</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission distributes funds to MPOs by Category 2 Metro and Urban formulas.</li> <li>• The UTP does not distribute additional funds in this category. Total project cost allocation, which includes preliminary and construction engineering (TxDOT and consultant), right of way, and construction costs must have the concurrence and support of the MPO having jurisdiction in the particular area. Projects may be reprioritized during the development of the UTP.</li> <li>• Projects are selected and ranked by MPOs in consultation with TxDOT.</li> </ul>	<p>Each MPO shall receive an allocation based on the funding target formula:</p> <p>2M: MPOs operating in areas with a population greater than 200K (TMA). TMA = 87% of Category 2 Funding Allocation</p> <p><u>TMA Distribution Formula</u></p> <ul style="list-style-type: none"> <li>• 30% - Total vehicle miles traveled (on- and off-system)</li> <li>• 17% - Population</li> <li>• 10% - Lane miles (on-system)</li> <li>• 14% - Vehicle miles traveled (trucks only on-system)</li> <li>• 7% - Percentage of census population below federal poverty level</li> <li>• 15% - Based on congestion</li> <li>• 7% - Fatal and incapacitating crashes (#)</li> </ul> <p>2U: MPOs operating in areas that are non-TMA = 13% of Category 2 Funding Allocation</p> <p><u>MPO Distribution Formula</u></p> <ul style="list-style-type: none"> <li>• 20% - Total vehicle miles traveled (on- and off-system)</li> <li>• 25% - Population</li> <li>• 8% - Lane miles (on-system)</li> <li>• 15% - Vehicle miles traveled (trucks only on-system)</li> <li>• 4% - Percentage of census population below federal poverty level</li> <li>• 8% - Centerline miles (on-system)</li> <li>• 10% - Congestion</li> <li>• 10% - Fatal and incapacitating crashes (#)</li> </ul>	<p>Federal 80% / Local 20%; or</p> <p>Federal 80% / State 20%; or</p> <p>State 100% (Requires CFO approval)</p> <p>This category provides for mobility and added capacity projects along a corridor that improves transportation facilities in order to decrease travel time and level or duration of traffic congestion and safety, maintenance, or rehabilitation projects that increase the safe and efficient movement of people and freight in metropolitan and urbanized areas.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>3</b></p> <p>Non-Traditionally Funded Transportation Projects</p>	<ul style="list-style-type: none"> <li>• Project selection and/or allocation based on legislation, Texas Transportation Commission approved Minute Orders and/or anticipated local commitments.</li> <li>• Projects in this category must have concurrence and support of MPO having jurisdiction in the particular area.</li> <li>• UTP does not authorize new projects in the Pass-Through Finance Program.</li> <li>• Districts rank projects.</li> </ul>	<p>Determined by legislation, Texas Transportation Commission approved Minute Order, and local government commitments.</p>	<p>State 100% (Requires CFO approval); <i>or</i> Local 100%</p> <p>Varies by agreement and rules</p> <p>This category provides for transportation-related projects that qualify for funding from sources not traditionally part of the SHF including state bond financing under programs such as Proposition 12 (General Obligation Bonds), Proposition 14, TMF, regional revenue and concession funds, and local participation funding.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>4</b></p> <p>Statewide Connectivity Corridor Projects</p>	<ul style="list-style-type: none"> <li>Project-specific selection by Texas Transportation Commission.</li> <li>Total project cost allocation, which includes preliminary and construction engineering (TxDOT and consultant), right of way, and construction costs.</li> <li>Projects in this category must have concurrence and support of MPO having jurisdiction in area.</li> <li>Districts rank projects.</li> </ul>	<p>Selections based on engineering analysis of projects on three corridor types:</p> <ul style="list-style-type: none"> <li>Mobility corridors—based on congestion</li> <li>Connectivity corridors—2-lane roadways requiring upgrade to 4-lane divided</li> <li>Strategic corridors—Corridors on state highway network that provide statewide connectivity. Example: Ports-to-Plains Corridor</li> </ul>	<p>Federal 80% / State 20%; <i>or</i> State 100% (Requires CFO approval)</p> <p>This category provides mobility and added capacity projects on major state highway system corridors, which provide statewide connectivity between urban areas and corridors. Composed of a highway connectivity network that includes:</p> <ul style="list-style-type: none"> <li>The Texas Trunk System</li> <li>National Highway System (NHS)</li> <li>Connections from Texas Trunk System or NHS to major ports on international borders or Texas water ports</li> </ul>
<p><b>5</b></p> <p>Congestion Mitigation and Air Quality Improvement Projects</p>	<ul style="list-style-type: none"> <li>Commission allocation program.</li> <li>Projects selected and ranked by MPOs in consultation with TxDOT and Texas Commission on Environmental Quality. Projects must have final approval by EPA and FHWA before letting.</li> <li>Total project cost allocation, which includes preliminary and construction engineering (TxDOT and consultant), right of way, and construction costs.</li> </ul>	<p>Distributed by population weighted by air quality severity in non-attainment areas. Non-attainment areas designated by EPA .</p>	<p>Federal 80% / Local 20%; <i>or</i> Federal 80% / State 20%; <i>or</i> Federal 90% / State 10% (Interstate)</p> <p>This category addresses attainment of National Ambient Air Quality Standard in non-attainment areas (currently Dallas-Fort Worth, Houston, and El Paso). Each project is evaluated to quantify its air quality improvement benefits. Funds cannot be used to add capacity for single-occupancy vehicles.</p>



Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>6</b></p> <p>Structure Replacement and Rehabilitation Program</p> <p>Highway Bridge Program</p> <p>Federal Railroad Grade Separation Program (RGS)</p> <p>Bridge Maintenance and Improvement Program (BMIP)</p>	<ul style="list-style-type: none"> <li>Statewide allocation program set by Texas Transportation Commission.</li> <li>Projects selected and managed by TxDOT Bridge Division (BRG) based on prioritized listing. BRG authorizes letting and monitors districts' ability to reach letting targets.</li> <li>Projects in Category 6 must have MPO concurrence if located in its area of jurisdiction.</li> <li>RGS projects selected and managed by BRG based on cost-benefit index for at-grade railroad crossing elimination projects and prioritization ranking for railroad underpass replacement or rehabilitation projects.</li> <li>District coordinates development of project list with BRG.</li> <li>BRG ranks projects.</li> </ul>	<p><u>Highway Bridge Program</u> Bridge projects selected statewide based on eligibility and prioritized based on sufficiency ratings. Eligible bridges must have a deficiency status of Structurally Deficient or Functionally Obsolete, and have sufficiency rating below a score of 80.</p> <p><u>Railroad Grade Separation</u> Projects selected based on cost-benefit index rating that encompasses vehicle and train traffic, accident rates, casualty costs, and personnel and equipment delay costs for selecting at-grade railroad crossing elimination projects; or with prioritization rankings that use vertical clearance and roadway characteristics for selecting replacement or rehabilitation of railroad underpass projects.</p> <p><u>BMIP</u> Projects are selected statewide based on identified bridge maintenance/improvement needs to aid in ensuring the management and safety of the state's bridge assets. For projects that are selected, all bridge elements will meet a predetermined condition threshold after rehabilitation.</p>	<p><u>Highway Bridge Program</u> Federal 90% / State 10%; or Federal 80% / State 20%; or Federal 80% / State 10% / Local 10%; or State 100% (Requires CFO approval)</p> <p>This program provides funding for the replacement or rehabilitation of eligible bridges on and off the state highway system that are considered functionally obsolete or structurally deficient. Bridges with a sufficiency rating below 50 are eligible for replacement. Bridges with a sufficiency rating of 80 or less are eligible for rehabilitation. A minimum of 15% of the funding must go toward replacement and rehabilitation of off-system bridges.</p> <p><u>Railroad Grade Separation</u> Federal 80% / State 20%</p> <p>This program provides funding for the elimination of at-grade highway-railroad crossings through the construction of highway overpasses or railroad underpasses, and rehabilitation or replacement of deficient railroad underpasses on the state highway system.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>7</b></p> <p>Metropolitan Mobility and Rehabilitation Projects</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Allocation based on projected federal funding levels.</li> <li>• Total project cost allocation, which includes preliminary and construction engineering (TxDOT and consultant), right of way, and construction costs.</li> <li>• Projects selected and ranked by MPOs in consultation with TxDOT.</li> </ul>	<p>Federal funding distributed to MPOs with an urbanized area population of 200,000 or greater (TMAs).</p>	<p>Federal 80% / Local 20%; or Federal 80% / State 20%</p> <p>This category addresses transportation needs within metropolitan area boundaries of MPOs having urbanized area populations of 200,000 or greater. Projects selected by MPOs.</p> <p>Program authority can be used on any roadway with a functional classification greater than a local road or rural minor collector.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>8</b></p> <p>Safety Projects</p> <p>Highway Safety Improvement Program</p> <p>Safety Bond Program</p> <p>Systemic Widening Program</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Projects selected and managed by the Traffic Operations Division (TRF) based on a prioritized list. TRF authorizes the letting of projects and monitors districts' ability to reach letting targets.</li> <li>• Districts coordinate development of project list with TRF.</li> <li>• TRF manages statewide allocation.</li> <li>• Districts score projects in consultation with TRF.</li> </ul>	<p><u>Highway Safety Improvement Program</u> Safety improvement index.</p> <p>Roadway safety features for preventable severe crash types.</p> <p><u>Safety Bond Program</u> Safety improvement index, roadway safety characteristics, and anticipated time required to complete the candidate project.</p> <p><u>Systemic Widening Program</u> Roadway safety features for preventable severe crash types. Total Risk Factor Weight.</p>	<p><u>Highway Safety Improvement Program</u> Federal 90% / State 10%</p> <p>Safety-related projects on and off the state highway system. Projects are evaluated using 3 years of crash data and ranked by safety improvement index.</p> <p>High Risk Rural Road projects previously authorized remain in Category 8. Future High Risk Rural Roads projects will be managed under HSIP if required by special rule.</p> <p>Safe Routes to School projects previously authorized remain in Category 8. Future Safe Routes to School projects will be managed under Transportation Alternative Program guidelines in Category 9.</p> <p><u>Safety Bond Program</u> State 100%</p> <p>Allocations for the Safety Bond Program are approved by Texas Transportation Commission. Program is managed as an allocation program on a statewide basis. Projects evaluated, ranked, prioritized, and selected by TRF.</p> <p><u>Systemic Widening Program</u> State 100%</p> <p>Roadway widening projects on state highway system. Projects are evaluated using Total Risk Factor Weights.</p> <p>Projects evaluated, ranked, prioritized, and selected by TRF.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>8</b></p> <p>Safety Projects</p> <p>Federal Railway-Highway Safety Program</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Projects selected and managed by TRF based on prioritized list. TRF authorizes the letting and monitors districts' ability to reach letting targets.</li> <li>• Districts coordinate development of project lists with TRF.</li> <li>• TRF ranks projects in consultation with district.</li> </ul>	<p>Railroad crossing index.</p>	<p>Federal 90% / State 10%</p> <p>Funding set aside from HSIP for safety improvements in order to reduce number of fatalities, injuries, and crashes at public grade crossings.</p> <p>Installation of automatic railroad warning devices at railroad crossings on and off state highway system. Selected from statewide inventory list, which is prioritized by index using a crash prediction formula (number of trains per day, train and highway speed, average daily traffic, number of tracks and traffic lanes, type of existing warning device, train-involved crashes within prior 5 years, etc.). Provide incentive payments to local governments for closing crossings. Improve signal preemption and coordination of train control signals. Improve passive warning devices to comply with federal guidelines.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>9</b></p> <p>Transportation Alternatives Program</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Federal program created by MAP-21.</li> <li>• Includes 50% distribution of funds based on population.</li> <li>• TMA MPOs receive direct TAP allocations.</li> <li>• TMA MPO TAP projects ranked and selected by the TMA MPOs in consultation with TxDOT.</li> <li>• In areas with populations less than 200,000, TAP program calls managed by PTN.</li> <li>• PTN ranks TAP projects from areas with populations less than 200,000.</li> </ul>	<p>Federal program with 50% available for statewide flexible use and 50% distributed by population. MPOs with an urbanized area population of 200,000 or greater (TMAs) receive direct TAP allocations.</p> <ul style="list-style-type: none"> <li>• TMA MPOs select projects through a competitive process in consultation with TxDOT.</li> <li>• Funds allocated to small urban areas and non-urban areas (i.e., areas with populations below 200,000) administered by PTN through competitive process.</li> <li>• TAP project eligibility will be determined by TxDOT and FHWA.</li> <li>• TxDOT staff makes recommendations to Texas Transportation Commission for TAP allocation to areas with a population less than 200,000.</li> <li>• The Texas Transportation Commission, by written order, will select projects for funding under a TxDOT-administered TAP call for projects.</li> <li>• Statewide TAP Flex projects shall be selected by the Texas Transportation Commission.</li> </ul>	<p>Federal 80% / State 20%</p> <p>Federal 80% / Local 20%</p> <p>For a TxDOT-administered Call for Projects, the eligible TAP project activities defined in the Texas Administrative Code (TAC), Title 43, Subchapter F Rule §11.303.</p> <p>During a program call administered by the department, TAP funds may be awarded for any of the following activities:</p> <ul style="list-style-type: none"> <li>• Construction of on- and off-road trail facilities for pedestrian and bicycle facilities, and other non-motorized forms of transportation, including sidewalks, bicycle infrastructure, pedestrian and bicycle signals, traffic-calming techniques, lighting and other safety-related infrastructure, and transportation projects to achieve compliance with the Americans with Disabilities Act of 1990.</li> <li>• Construction of infrastructure-related projects and systems that provide safe routes for non-drivers, including children, older adults, and individuals with disabilities to access daily needs.</li> <li>• Conversion and use of abandoned railroad corridors for trails for pedestrian, bicyclists, or other non-motorized transportation users.</li> <li>• Construction of infrastructure-related projects to improve the ability of students to walk and bicycle to school, including sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bicycle parking facilities, and traffic diversion improvements in the vicinity of schools.</li> <li>• A project that will require the acquisition of real property through exercise of eminent domain or condemnation is not eligible for participation in the TAP.</li> <li>• Whether proposed as an independent project or as an element of a larger transportation project, the project must be limited to a logical unit of work and be constructible as an independent project.</li> </ul> <p>MPO TAP funding must be in accordance with federal TAP guidance and TAC, Title 43, Subchapter F, Rule §11.303.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>10</b></p> <p>Supplemental Transportation Projects</p> <p>Texas Parks and Wildlife Department (TPWD)</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• District ranks projects.</li> </ul>	<p><u>TPWD</u> Locations selected and prioritized by TPWD.</p>	<p>State 100%</p> <p><u>TPWD</u> Construction and rehabilitation of roadways within or adjacent to state parks, fish hatcheries, etc. Subject to Memorandum of Agreement between TxDOT and TPWD.</p>
<p><b>10</b></p> <p>Supplemental Transportation Projects</p> <p>Green Ribbon Landscape Improvement Program</p> <p>Curb Ramp Program</p> <p>Miscellaneous Landscape Incentive Awards Program</p>	<ul style="list-style-type: none"> <li>• Statewide allocation programs.</li> <li>• Projects selected and managed by the Design Division.</li> <li>• Projects in this category must have the concurrence and support of MPO having jurisdiction in particular area.</li> <li>• Design Division manages statewide allocations and ranks projects.</li> </ul>	<p><u>Green Ribbon</u> Allocations based on one-half percent of the estimated letting capacity for the TxDOT districts that contain air quality non-attainment or near non-attainment counties</p> <p><u>Curb Ramp</u> Projects are selected based on conditions of curb ramps or location of intersections without ramps.</p> <p><u>Landscape Incentive Awards</u> Funding is distributed to 10 locations based on results of Keep Texas Beautiful Awards Program.</p>	<p>State 100% (Requires CFO approval); or</p> <p>Federal 80% / State 20%</p> <p><u>Green Ribbon</u> Address new landscape development and establishment projects within districts that have air quality non-attainment or near non-attainment counties (projects to plant trees and shrubs to help mitigate the effects of air pollution).</p> <p><u>Curb Ramp</u> This program addresses construction or replacement of curb ramps at on-system intersections to make the intersections more accessible to pedestrians with disabilities.</p> <p><u>Landscape Incentive Awards</u> Program allows the department to negotiate and execute joint landscape development projects in nine locations based on population categories in association with the Keep Texas Beautiful Governor’s Community Achievement Awards Program. The awards recognize participating cities or communities efforts in litter control, quality of life issues, and beautification programs and projects.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>10</b></p> <p>Supplemental Transportation Projects</p> <p>Coordinated Border Infrastructure Program</p> <p>Supplemental Transportation Projects (Federal)</p> <p>Federal Lands Access Program</p>	<p><u>Coordinated Border Infrastructure</u></p> <ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program by formula.</li> <li>• Not reauthorized under MAP-21.</li> <li>• Funding level is set based on projects identified by the districts and approved by FHWA.</li> </ul> <ul style="list-style-type: none"> <li>• Districts rank projects.</li> <li>• Projects in this category must have concurrence and support of the MPO having jurisdiction in the particular area.</li> <li>• Funds are allocated by FHWA.</li> <li>• New program under MAP-21.</li> <li>• Projects are submitted directly to FHWA.</li> <li>• Projects are selected by the Programming Decisions Committee.</li> <li>• TxDOT projects selected under the Federal Lands Access Program are managed by TPP.</li> </ul>	<p><u>Coordinated Border Infrastructure</u></p> <p>Allocation formula</p> <ul style="list-style-type: none"> <li>• 20% - Incoming commercial trucks</li> <li>• 30% - Incoming personal motor vehicles and buses</li> <li>• 25% - Weight of incoming cargo by commercial trucks</li> <li>• 25% - Number of land border ports of entry</li> </ul> <p><u>Supplemental Transportation Projects (Federal)</u></p> <p>Not applicable.</p> <p><u>Federal Lands Access Program</u></p> <p>Projects applications are scored and ranked by the Programming Decision Committee (PDC). Members of the PDC include a representative from FHWA, a representative from TxDOT, and a member from a political subdivision of the state.</p>	<p>Federal 100%; or</p> <p>Federal 80% / Local 20%; or</p> <p>Federal 80% / State 20%</p> <p><u>Coordinated Border Infrastructure</u></p> <p>Projects selected in program to improve the safe movement of motor vehicles at or across the land border between the United States and Mexico.</p> <p><u>Supplemental Transportation Projects (Federal)</u></p> <p>Federal discretionary and congressional high-priority projects.</p> <p><u>Federal Lands Access Program</u></p> <p>Federal 80% / State 20%</p> <p>Projects selected on Federal Lands Access Program transportation facilities that are located on or adjacent to or provide access to federal lands.</p>

Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>10</b></p> <p>Supplemental Transportation Projects</p> <p>Railroad Rehabilitation and Improvement Projects</p> <p>Railroad Grade Crossing Replanking Program</p> <p>Railroad Signal Maintenance Program</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Projects selected and managed by TRF based on a prioritized list.</li> <li>• Projects in this category must have the concurrence and support of the MPO having jurisdiction in the particular area.</li> <li>• District ranks projects in consultation with TRF.</li> <li>• District updates project completion data in TRF crossing inventory database.</li> </ul>	<p><u>Railroad Grade Crossing and Replanking Program</u> Condition of crossing's riding surface and benefit to cost per vehicle using crossing.</p> <p><u>Railroad Signal Maintenance Program</u> Number of crossings and type of automatic devices present at each.</p>	<p>State 100%</p> <p><u>Railroad Grade Crossing and Replanking Program</u> Replacement of rough railroad crossing surfaces on the state highway system (approximately 50 installations per year statewide). Project selection based on conditions of the riding surface (highway, railroad, and drainage) and benefit to cost per vehicle using the crossing.</p> <p><u>Railroad Signal Maintenance Program</u> Financial contributions to each railroad company based on number of state highway system crossings and type of automatic devices present at each crossing.</p>
<p><b>11</b></p> <p>District Discretionary Projects</p>	<ul style="list-style-type: none"> <li>• Texas Transportation Commission allocation program.</li> <li>• Projects selected and managed by the district.</li> <li>• Projects must have concurrence and support of the MPO having jurisdiction in the particular area.</li> <li>• District ranks projects.</li> </ul>	<p>Minimum \$2.5 million allocation to each district per legislative mandate. If additional funds are distributed, the below formula is used:</p> <p>Allocation formula:</p> <ul style="list-style-type: none"> <li>• 70% - On-system vehicle miles traveled</li> <li>• 20% - On-system lane miles</li> <li>• 10% - Annual truck vehicle miles traveled</li> </ul> <p>The commission may supplement the funds allocated to individual districts on a case-by-case basis to cover project cost overruns.</p> <p><b>See NOTE at end of Appendix.</b></p>	<p>Federal 80% / State 20%; or</p> <p>Federal 80% / Local 20%; or</p> <p>State 100% (CFO approval)</p> <p>Projects selected at the district's discretion. Most projects should be on the state highway system. However, some projects may be selected for construction off the state highway system on roadways with a functional classification greater than a local road or rural minor collector. Funds from this program should not be used for right of way acquisition.</p>



Category	Programming	Ranking Index or Allocation Formula	Funding and Project Scope/Description
<p><b>12</b></p> <p>Strategic Priority Projects</p> <p>CMAQ and STP-MM Reconciliation</p>	<ul style="list-style-type: none"> <li>Project-specific selection by Texas Transportation Commission for strategic priority.</li> <li>Allocation of funds for CAT 12 CMAQ and STP-MM reconciliation.</li> <li>District ranks projects in consultation with MPOs for allocation.</li> <li>Projects in this category must have the concurrence and support of the MPO having jurisdiction in the particular area.</li> </ul>	<p><u>Strategic Priority</u> Selected by Texas Transportation Commission.</p> <p><u>CAT 12 CMAQ and STP-MM Reconciliation</u> Allocations provided to MPOs. Projects selected and ranked by the MPO in consultation with TxDOT. All changes and selections to these projects are approved by Texas Transportation Commission.</p>	<p>Federal 80% / State 20%; or</p> <p>Federal 80% / Local 20%; or</p> <p>State 100% (CFO approval)</p> <p>Texas Transportation Commission selects projects to:</p> <ul style="list-style-type: none"> <li>Promote economic opportunity;</li> <li>Increase efficiency on military deployment routes or to retain military assets in response to the Federal Military Base Realignment and Closure Report; and</li> <li>Maintain the ability to respond to both man-made and natural emergencies.</li> </ul>

NOTE: The Texas Transportation Commission may supplement the funds allocated to individual districts in response to special initiatives, safety issues, or unforeseen environmental factors. Supplemental funding is not required to be allocated proportionately among the districts and is not required to be allocated according to the formulas specified above. In determining whether to allocate supplemental funds to a particular district, the commission may consider safety issues, traffic volumes, pavement widths, pavement conditions, oil and gas production, well completion, or any other relevant factors.