

6.0 THE FINANCIAL PLAN

6.1 INTRODUCTION

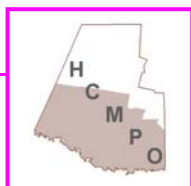
An important part of planning is identifying the resources needed to implement the solutions identified through the planning process. Solutions that cannot be implemented for lack of funds are no solutions at all, so a comparison between needed resources to projected resources is critical. Determining funding shortfalls gives way to the creative process of determining innovative and non-traditional methods of securing revenue. The result is an achievable plan giving local elected officials and TxDOT a realistic, and therefore effective, foundation from which decisions related to or affected by transportation can be made.

This process of financial constraint and resource identification was made a required part of the planning process and included in federal planning regulations. 23 CRF Part 450.322 states, *“the plan shall include a financial plan that demonstrates the consistency of proposed transportation investments with already available and projected sources of revenue...All cost and revenue projections shall be based on the data reflecting the existing situation and historical trends.”*

This section/chapter of the MTP documents the methodology, consistent with federal requirements and good planning practice, used to determine projected revenue sources that can reasonably be expected to be available to the Pharr District and the Hidalgo County Metropolitan Area. See Table 6.1.1, which compares expected revenue sources to the prioritized transportation needs

6.2 BACKGROUND AND METHODOLOGY- HIGHWAYS

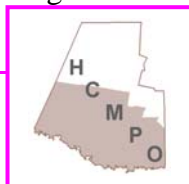
Unless otherwise stated, district-wide financial constraint was based upon historical availability of funding in each specific category dating from FY 1991 through FY



**TABLE 6.1.1: HIDALGO COUNTY METROPOLITAN PLANNING ORGANIZATION
Metropolitan Transportation Plan Financial Constraint by Category**

Category	Description	Funding Source	Annual Average	2030 Total Available	Total HCMPO MTP Projects	Total HCMPO Needs
1	Preventive Maintenance and Rehabilitation	Federal State	\$ 9,750,000	\$243,750,000	\$222,890,000	\$222,890,000
2	Metropolitan Area (TMA) Corridor Projects	Federal State	\$ 22,500,000	\$ 757,781,671	\$666,600,000	\$666,600,000
6	Structures (Bridges) Replacement and Rehabilitation	Federal State	\$ 750,000	\$ 18,750,000	\$18,750,000	\$18,750,000
7/11	Metropolitan Mobility / Rehabilitation & District Discretionary	Federal State	\$ 9,660,000	\$ 401,500,000	\$401,500,000	\$764,052,000
8	Safety- Federal Hazard Elimination Program	Federal State	\$ 1,600,000	\$ 40,000,000	\$39,000,000	\$39,000,000
9	Transportation Enhancements	Federal State	\$ 1,200,000	30,000,000	\$30,000,000	\$30,000,000
10	Miscellaneous Projects	State	\$ 150,000	\$ 3,750,000	\$2,740,000	\$2,740,000
12	Strategic Priority	Federal State	\$ 1,000,000	\$ 25,000,000	\$25,000,000	\$25,000,000
Local	Local Funds used for various locally funded projects	Local				\$2,139,000,000
FTA 5307	Urban transit System. These funds can be used for planning, capital and operating expenses.	Federal	\$2,623,640	\$65,591,000	\$65,591,000	\$65,591,000
State 5307	Urban transit System. These funds can be used for planning, capital and operating expenses.	State	\$236,000	\$5,900,000	\$5,900,000	\$5,900,000
TOTAL			\$49,469,640	\$1,592,022,671	\$1,477,971,000	\$3,979,523,000

2006 (Current Priority 1 commitments are made only through FY 2006). Funding levels for financial constraint for the three metropolitan areas and rural portion of the Pharr District have been generally apportioned to each area by population. This follows the federal model of determining urbanized boundary areas and of apportioning funding based on urbanized area population.



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

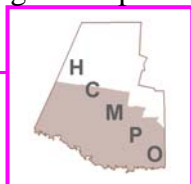
Funding projections are based on historical trends for the TxDOT Pharr District since the passage of ISTEA and emphasis on funding of NAFTA related projects, both of which significantly raised funding levels available to the TxDOT Pharr District. Once draft-funding levels were determined, final funding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

- funding categories for specific corridors which have been mostly completed;
- funding categories where an unreasonable skew in funding apportionment would result from strict distribution by population;
- funding categories where distribution by population resulted in an unrealistically low projection;
- slight rounding off to include whole project estimates or whole corridors;

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

Future Interstate Highway 69 (I-69)

A portion of the federal legislation authorizing the National Highway System also contained a provision for the inclusion of US 77 and US 77/83 to Brownsville and US 281 to the border to be designated as future interstate highways. To date, no interstate funding has specifically been allocated by the US Congress for the



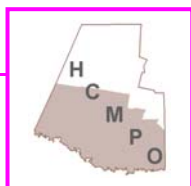
upgrading of these highways to interstate standards; however, the Texas Transportation Commission has funded sections of these roadways through the state funded NAFTA program. Either by the US Congress with interstate funding or otherwise, funding of the remaining projects to complete the interstate is presumed to occur during the twenty-five year planning period.

Economically Disadvantaged Counties Program (EDCP)

Senate Bill 370 of the 75th Texas Legislature established the EDCP. The Texas Transportation Commission amended the Texas Administrative Code on November 20, 1997 allowing the program to become effective on January 1, 1998.

The bill requires the commission to evaluate proposals for highway improvement projects located within economically disadvantaged counties. An economically disadvantaged county has below average per capita taxable property value, below average per capita income, and above average unemployment in comparison to other counties within the state.

Generally, federal funds are provided at a participation ratio of 80% federal to 20% local of the total cost of the projects. A notable exception is federal safety funds requiring only a 10% local match. TxDOT provides the matching funds for roadways on the state highway system (Farm-to-Market, State Highways, US Highways and Interstate Highways) and the local jurisdictions provide the local match for off system roadways. The EDC program provides an opportunity for political subdivisions to adjust their local match requirements. The Hidalgo County Metropolitan Area is included within an economically disadvantaged county. Since political subdivisions within the EDCs can also participate in the program, the local match burden to these local entities can be substantially reduced allowing for more projects requiring scarce local funding. Projects identified in the 2005-2030 Hidalgo Metropolitan Transportation Plan can be evaluated as candidate projects for the EDC program.



Federal Demonstration Funds– Historical Trend

The community leaders in the Pharr District have been consistently fortunate in securing federal demonstration funding over the past few years. Among others, projects receiving federal demonstration funding include the Railroad Relocation Project, 6th & 7th Street, and East Loop in Brownsville and the US 77/83 Interchange in Harlingen. Every effort will be made in the future to continue to request federal demonstration funding for other identified special needs.

6.3 BACKGROUND AND METHODOLOGY – TRANSIT

Transit projections for the Hidalgo County MPO and Brownsville MPO Urban Systems Section 5307 program are based on funding history for the respective transit systems. Harlingen-San Benito MPO transit projections are based on the funding figures submitted to the Public Transportation Division for the first year of operations since the newly created transit service for the Harlingen-San Benito MPO area recently started in FY2000.

Section 5310 funds for elderly and disabled persons are projected based on funding history also. These transportation services are provided by non-profit organizations throughout the TxDOT Pharr District. The Hidalgo County MPO, also a TMA, receives an allocation every year. These funds have been awarded on a competitive basis. Beginning in FY2001, a consensus building method will be initiated to award the funds.

Section 5307- Urbanized Transit Systems

The small urbanized transit systems receive their federal funding from the Governor's Apportionment. Although the annual Federal Registers show an allocation for each city, this is not the basis on which the cities receive their funds. The current practice is for the agency to submit an estimate of need to Public



Transportation Division (PTN); then through a negotiated process with all the cities, individual grant amounts are determined.

Federal funding projects were based on the following approach:

1. From the agency's 1998 operating and planning budget:
 - For the life of Tea-21 (FY1998-2003), assume an overall increase of, conservatively, a 49.9 percent increase in funding, or optimistically, a 55.7 percent increase in funding;
 - For the remaining life of the plan (FY2004-2025), assume an annual increase of 1.5 percent.
2. For Capital costs:
 - Average capital costs for the last 10 years or the life span of the transit agency as a Section 5307 recipient. Then the above figures were applied.

Projections for the Hidalgo County TMA are based on funding history. The average yearly federal allocation is \$1.1 million.

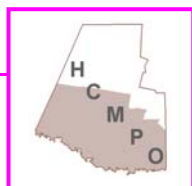
Section 5310- Elderly & Disabled

The methodology suggested by PTN for projecting federal funds is:

1. For the life of TEA-21 (FY1998-2003), an overall funding increases by 49.38 percent.
2. For the remaining life of the plan (FY2004-2025) an annual increase of 1.0 percent that was the actual funding increase realized during the life of ISTEA.

Section 5311- Rural/Non-Urbanized Program

The goal of this program is to enhance the access of people in rural areas to health care, shopping, education, employment, public services, and recreation. The program funds capital, operating and administrative expenses. The federal apportionment to Texas is based on the state's rural population. The Transportation



Commission follows a formula process to award funding to the Transit agencies. In addition to these federal and state grants, Section 5311 operators may receive revenue from fares, contracts for services, advertising, and financial support from city and county governments.

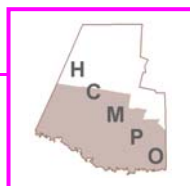
6.4 FUNDING CATEGORIES

As Table 6.1 indicates Hidalgo County MPO receives Federal and State Transportation Funds from 12 different categories with different regulations. TEA-21 requires that over the 20-year life of this Plan our selected projects must be constrained by our revenue forecasts. How the forecasts revenues were derived was discussed in Sections 6.2 and 6.3 of this plan. We are not allowed to spend more than we can reasonably expect to receive. A brief description of each category follows in this section. If you desire a more detailed description of funding categories you can refer to Exhibit A of the 2005 Unified Transportation Program from the Texas Department of Transportation. The UTP was discussed in Section 1 of Chapter 4.

There are several reasons for 12 categories of Highway Funding and 3 Categories of Transit Funding. There are additional categories of Transportation Funding but they are independent of this MTP. Examples of this are funds from the Federal aviation Administration (FAA), or Coast Guard for water transportation improvements. TEA 21 has funding for passenger rail (AMTRACK), boats and other modes, which do not apply in this metro area.

Reasons for so many funding categories are:

- Federal Mandates
- State law targets specific areas to fund
- TXDOT targets specific system needs
- Local and special interests target areas of concern



2005 UTP describe the FHWA and State rules and regulations for each funding category. A brief description of each category is listed below.

Category 1 Preventive Maintenance and Rehabilitation

Description: Preventive maintenance and rehabilitation of the existing state highway system. The rehabilitation funds may be used for rehabilitation of the Interstate Highway System main lanes, frontage roads, structures, signs, pavement markings, striping, etc. The Transportation Planning and Programming Division may approve the use of rehabilitation funds for the construction of interchanges and high occupancy vehicle (HOV) lanes on the Interstate Highway System. Rehabilitation funds may not be used for the construction of new single occupancy vehicle (SOV) lanes.

Category 2 Metropolitan Area (TMA) Corridor Projects

Description: Mobility and added capacity projects on major state highway system corridors which serve the mobility needs of the Metropolitan Areas (TMA) Metropolitan Planning Organizations (MPOs).

Category 3 Urban Area (non-TMA) Corridor Projects

Description: Mobility and added capacity projects on major state highway system corridors which serve the mobility needs of the Urban Areas (non-TMA) MPOs.

Category 4 Statewide Connectivity Corridor Projects

Description: Mobility and added capacity projects on major state highway system corridors which serve the mobility needs of statewide connectivity



between urban areas and corridors which serve mobility needs throughout the state. Composed of a highway connectivity network which includes:

- The Texas Trunk System
- The National Highway System (NHS)
- And connections from Texas Trunk System or NHS to major ports on international borders or Texas water ports

Category 5 Congestion Mitigation and Air Quality Improvement

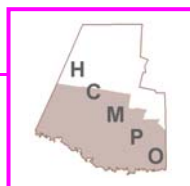
Description: Addresses attainment of national ambient air quality standard in the non-attainment areas (currently Dallas-Fort Worth, Houston, Beaumont and El Paso). Funds cannot be used to add capacity for single occupancy vehicles.

Category 6 Structure Replacement and Rehabilitation

Description: Replacement or rehabilitation of eligible bridges on and off the state highway system (functionally obsolete or structurally deficient). Replacement of existing highway-railroad grade crossings, and the rehabilitation or replacement of deficient railroad underpasses on the state highway system. Specific locations evaluated by cost- benefits derived index (benefits such as improved traffic flow, accident/fatality reduction). These funds may be used for preventive maintenance activities on bridges-requires commission approval.

Category 7 Metropolitan Mobility/Rehabilitation

Description: Transportation needs within metropolitan area boundaries with populations of 200,000 or greater. Projects selected by Metropolitan Planning Organizations (MPOs).



Category 8 Safety

a. Safety- Federal Hazard Elimination Program

Description: Safety related projects - on and off state highway system. Projects are evaluated using three years of accident data, and ranked by Safety Improvement Index.

b. Safety- Federal Railroad Signal Safety Program

Description: Installation of automatic railroad warning devices at hazardous railroad crossings on and off state highway system, selected from statewide inventory list which is prioritized by index (# of trains per day, train speed, ADT, type of existing warning device, train-involved accidents within prior five years, etc.).

c. Safety- Safety Bond Program

Description: Allocations for the safety bond program are approved by the commission, with the program managed as an allocation program on a statewide basis.

Category 9 Transportation Enhancements

Description: Projects above and beyond what normally is expected for transportation enhancements – twelve general activities as outlined in TEA-21. Projects recommended by local government entities, reviewed and recommended by committee, selected by Texas Transportation.

a. Safety Rest Area Program

Description: Funds to be used to renovate, build, and relocate safety rest areas along the state highway system. Small amount of program funds used for Safety Rest Area repairs. Other federal-aid or state funds may be used for non-qualifying repair activities.



Category 10 Supplemental Transportation Projects / Miscellaneous

a. State Park Roads

Description: Construction and rehabilitation of roadways within or adjacent to state parks, fish hatcheries, etc. subject to Memorandum of Agreement between TX DOT and TPWD. Locations selected and prioritized by TPWD.

b. Railroad Grade Crossing Replanking Program

Description: Replacement of rough railroad crossing surfaces on the state highway system (approximately 140 installations per year statewide). Project selection based on conditions of the riding surface (highway, railroad and drainage) and cost per vehicle using the crossing.

c. Railroad Signal maintenance program

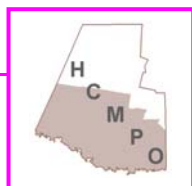
Description: Contributions to each railroad company based on number of state highway system crossings and type of automatic devices present at each crossing.

d. Construction Landscape Programs

Description: New landscape development and establishment projects such as typical right-of-way landscape development and establishment, aesthetic improvement (primarily in urban areas), rest area/picnic area landscape development, and erosion control and environmental mitigation activities on the state highway system.

e. Landscape Cost Sharing Program

Description: Program allows the department to negotiate and execute joint landscape development projects through partnerships with local governments and support from civic associations, private businesses and developers for the aesthetic improvement of our state transportation system.



f. Curb Ramp program

Description: This program addresses construction or replacement of handicap accessible wheelchair ramps at on-system intersections.

g. Green Ribbon Landscape Improvement Program

Description: Program allows the department to 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).

h. Federal

Description: Federal programs such as Forest Highways, Indian Reservation Highways, Federal Lands Highways, and Ferry Boat Discretionary.

Category 11 District Discretionary

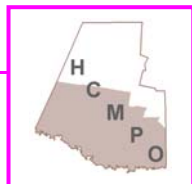
Description: Projects selected at the district's discretion.

Category 12 Strategic Priority

Description: Commission selected projects which promote economic development, provide system continuity with adjoining states and Mexico, increase efficiency on military deployment routes, or address other strategic needs as determined by the Commission.

6.5 TEXAS MOBILITY FUND

Texas House Bill 3588 was passed by the Texas Legislature and approved by the Texas voters in 2002 to “allow the metropolitan areas to remain control of any locally generated user-pay funds for locally developed comprehensive plans to



reduce congestion and improve mobility.” This legislation gives the Eight Metropolitan areas increased ability to fill in **The GAP** between the new regional baseline allocation of TxDOT funds and plan implementation.

Before 2005, The Texas Transportation Commission awarded transportation funds on a project-by-project basis. Starting with FY 2005, TxDOT will allocate an annual, baseline amount of money to address congestion as they see fit. The secured Texas Mobility Fund is recognition by the Legislature that there are greater mobility needs than Federal and State Gas Tax funds will generate.

Using the Baseline Mobility Allocation Local Metropolitan Areas can leverage user-fees to fill in the gap between the Fiscally Constrained Metropolitan Transportation Plan (MTP) and Hidalgo County’s mobility needs. An example of this Mobility Fund would be financing the LOOP through the Hidalgo County RMA that is currently being established. Regional Mobility Authorities (RMA) are Toll Road authorities approved by the Texas voters as Proposition 15.

6.6 FINANCIALLY CONSTRAINED TABLES

The final Projects to be selected in the twenty-year plan are shown in Table 6.6.1 and a map (Figure 6.6.1) depicting the selected projects.

