

## Regional Mobility Authorities in Texas

Testimony of

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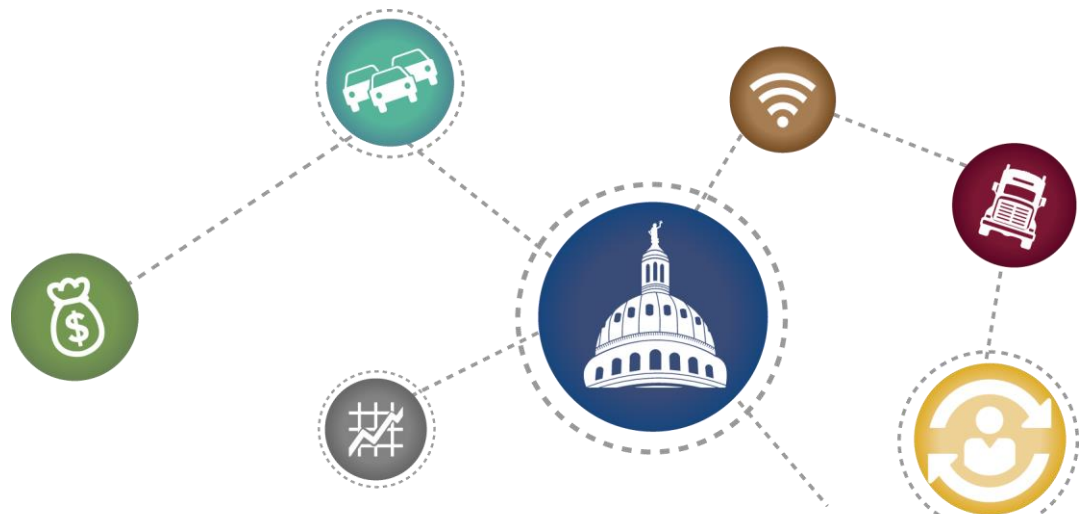
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Texas A&M Transportation Institute

to

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## Introduction

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Good morning. I am Ginger Goodin, Director of the Texas A&M Transportation Institute Policy Research Center, and I am joined today by John Overman, Research Scientist with the TTI Transit Mobility Program and principal author of the report we will be talking about today.

You have asked us to testify on your interim study charge, “Review State Highway Fund grants and loans to Regional Mobility Authorities (RMA) and make recommendations if additional oversight procedures are needed to ensure the RMA's expenditures are a valid and accountable use of State Highway Funds.”

We recently delivered to you a report titled “Regional Mobility Authorities in Texas: History and Current Status.” That report is also available to the general public on our website, TTI-dot-TAMU-dot-EDU-slash-Policy, under the Finance tab, and was further shared via our Twitter account, @TTI, and other social media.

## Background

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Regional Mobility Authorities, or RMAs, are independent local government agencies authorized to finance, develop, and implement transportation projects. RMAs first came into being in 2002 as a result of actions taken by the 77th Texas Legislature, and a total of nine of these agencies have been created since then. Our research effort reviewed the current financial state of RMAs and their projects under development using details from annual reports and annual financial statements. Researchers developed geographic and demographic profiles to characterize each of the agencies and the environment in which they operate, and examined both the history and current activities of RMAs from a statutory and operational standpoint in terms of successes, project implementation progress, and the varied approaches used in development and implementation. Our report also describes the role of RMAs in transportation development with respect to metropolitan planning organizations (MPOs), rural planning organizations (RPOs), and local governments.

## RMA Governance

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RMA governance is set out in Chapter 370 of the Texas Transportation Code. RMAs are governed by a board of directors consisting of a presiding officer that is appointed by the governor, and additional directors appointed by the county commissioner’s court or city council from the host RMA city, county, or counties. Board members are term limited and cannot be elected officials or an employee of a government entity, but may be re-appointed by commissioner courts. RMA boards may also hire an executive director to operate the RMA and carry out duties assigned by the board. Executive directors serve at the pleasure of the board of directors. Board members are not compensated.



## MPOs Plan, RMAs Implement

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RMAs function as regionally focused transportation development and implementation authorities with oversight from the Texas Transportation Commission. RMAs are independent government agencies enabled by legislation to finance, acquire, design, construct, operate, and maintain multimodal transportation projects. RMAs may include multiple counties.

In comparison, MPOs are enabled by federal (and state) legislation for the purpose of transportation planning, programming, and project selection in metropolitan areas. MPOs are governed by elected officials acting as a forum for informed transportation decision making in metropolitan areas. MPOs do not directly design, build, finance, manage, operate, or maintain transportation projects.

The common mission for both RMAs and MPOs is to encourage local and regional control for the planning, programming (MPOs), and advance project implementation (RMAs) of multimodal transportation facilities. Statewide toll authorities, regional toll authorities, and county toll authorities also function as implementation authorities that are able to finance, design, construct operate, and maintain primarily roadway projects.

## Each RMA is Unique

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RMA projects cut across all modes and include roadways, aviation, transit, port, and rail. Some of the RMAs address rural connectivity and others address metropolitan mobility. In some cases, RMAs completed very narrowly defined projects, and others used a combination of projects and mobility strategies to address a particular corridor or on-going regional transportation issues. RMA projects and financing also ranged from relatively small highway or airport improvements to large multimillion dollar highway interchanges or toll roads.

Cameron County, Hidalgo County, and Camino Real (El Paso) all have freight needs that are addressed in their suite of projects. Cameron County RMA is improving railroad switch yards and border crossing infrastructure for freight traffic, while Hidalgo County is developing an oversize/overweight freight corridor to allow heavier trucks to use their road network for a fee. The Central Texas RMA (Travis and Williamson Counties), which has the highest number of urban lane miles and congested corridors of all RMAs, has developed the most toll roads using comprehensive development agreements (CDAs). Their projects are generally focused on mobility improvements.



## **RMAs are as diverse as Texas**

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RMAs vary based on regional geography, demographics, travel behavior, and transportation needs. These differences also make direct comparisons among RMAs difficult.

RMAs are primarily county-based, but one RMA (Camino Real RMA) is based on the municipal city limits of El Paso. While six of the nine RMAs' jurisdictions are the same as the county they are located in, three RMAs encompass multiple counties; the Central Texas RMA covers two counties, the Sulphur River RMA lies in four counties, and the Northeast Texas RMA (NETRMA) serves 12 counties. Population and population density also vary widely. The population of Grayson County RMA is only 122,000 in contrast to the Alamo RMA (Bexar County) population, which tops the list at 1.8 million and is also the most densely populated at 1,400 people per square mile. The Webb County- Laredo RMA is the least densely populated at 74 people per square mile.

RMAs are formed to facilitate the funding and implementation of specific transportation projects or programs to address specific mobility needs. In metropolitan regions RMA projects generally target congestion reduction. The Alamo RMA, for example, has the most freeway miles, vehicle miles traveled (VMT), and the second highest number of congested roads among the RMAs. In more rural areas, RMAs are more likely to target connectivity projects. In the 12-county NETRMA, for example, lane miles are predominantly rural and congestion levels are among the four lowest of the RMAs.

The Alamo RMA was started in 2004 and planned to develop a 50-mile toll road network to accommodate congestion relief. In 2012, Bexar County assumed the administration and operation of the Alamo RMA. Alamo RMA has completed environmental impact statements (EIS), operational improvements, and non-toll road direct connectors between US 281 and Loop 1604. Neighboring Central Texas RMA in Austin, in contrast to the Alamo RMA, has seven times the amount of transportation assets in place, nearly twice the number of congested roadway segments, and slightly lower VMT and fewer freeway miles.

In South Texas, the Webb County-Laredo RMA is the least densely populated, has the fewest number of lane miles, and the third lowest number of VMT. It was the most recently formed RMA in 2014 and has expressly focused on developing financial support to convert Loop 20 into interstate standards at a cost of \$250 million to alleviate congestion from I-35. As the county borders Mexico and is also bisected by busy I-35, the Webb County-Laredo RMA also hosts one of the state's top 100 most congested roadway segments.



## RMA Data and Reporting

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RMA data and reports are varied in levels of detail, formats, and availability. As part of their responsibilities, RMAs are required to report to local governments, financiers, TxDOT, and TTC on current financial and project delivery information. Not all RMA information and reports are located in one single repository. Although some RMA websites contain comprehensive project and financial reports, some do not. Researchers sought project status, financial activities, and RMA information from a variety of unlike sources. (Sulphur River RMA does not maintain a website, and Grayson County RMA provides a financial overview).

RMAs report their fiscal positions with annual financial statements (e.g., balance sheet, statement of revenues and expenses, and cash flow statement). Researchers obtained financial statements and annual budget information from the individual RMA websites to document the financial state of RMAs, when available. However, researchers also sought financial statements from Electronic Municipal Market Access (EMMA), a service provided by the Municipal Securities Rulemaking Board. The EMMA website was used to access RMA financial statements that were not available on the individual RMA websites.

Audited financial statements consisted primarily of the examination and summarization of the annual operating and non-operating revenues and expenses for the organization, as well as assets and liabilities for short- and long-term debt. Some annual financial statements also had short descriptions of the reasons for major shifts in operational costs or asset and liability increases, which were often attributed to projects underway. There was no attempt to perform an independent audit of the financial statements or to assess the financial position of the RMA in terms of solvency, adequate reserves, or the future ability to meet the terms of its debt obligations.

Project level details such as total project costs, and current project construction costs incurred for each project were gathered from a variety of sources, such as annual reports, financial statements, annual budgets, and strategic plans. As a result, it was difficult to establish and compare construction progress between RMAs, and improvements to the regional transportation networks from the projects that they provide. One of the claimed benefits of RMAs is their ability to accelerate project development and completion and enhance transportation system performance. Researchers found it difficult to confirm this benefit due to lack of a standard report format that clearly documents total project costs, where the project stands in terms of completion, current spending on the project, and the project's impact on system performance.

Researchers were able to confirm that RMAs do use many different sources to secure funding for projects. For example, to support the development of its \$215 million loop network system, the Hidalgo RMA issued a \$61.6 million bond in 2013. Issuance of this bond was backed by approximately \$5.4 million in annual fees based on a statutorily authorized \$10.00 local fee added to vehicle registrations in the county.



## Coordination with Other Entities

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RMA's have been formed to facilitate the funding and implementation of regional transportation projects in support of local jurisdictions. In most cases, this means a close and cooperative relationship with their host counties, TxDOT, MPOs, and other local entities. It also includes neighboring districts where inter-local agreements are established to complete projects that benefit the RMA's transportation network. In El Paso, this includes projects across the border in Mexico, and across the state border of New Mexico. For metropolitan areas, transportation planning and programming is the responsibility of the region's MPO. The evidence for this cooperative relationship is in the integration of RMA transportation project development into the MPO planning and programming process. RMA projects (or project plans) are generally included in an MPO's long range plans, known as metropolitan transportation plans (MTPs), in support of MPO transportation planning goals and strategies. In most cases, the RMA is represented at the region's MPO on either the MPO's policy board, or the MPO technical advisory committee (TAC). MPOs are governed by a board of elected officials and act as a decision making forum for transportation planning in metropolitan areas. MPOs do not directly design, build, finance, manage, operate, or maintain transportation projects.

RMA's are not always formally engaged in cooperative transportation development with RPOs because many RMA projects are within a metropolitan boundary and outside an RPO's planning area; or RPO planning boundaries may not coincide with the RMA boundaries, and coordination of rural transportation issues generally occur at the TxDOT district with local and county officials where RPOs are not in existence. However, the 12-county NETRMA coincides with many areas of the 14-county East Texas RPO, and there are opportunities for coordination. Rural project planning and programming is a cooperative process involving the RPO and TxDOT District and includes the RMA where they coincide.

RMA's coordinate with multiple jurisdictions and agencies. For example, Smith and Gregg Counties helped create the NETRMA to capitalize on opportunities to develop the Loop 49 Toll Project and other projects. The development of NETRMA was in-part driven by a desire to improve not only transportation mobility and access to these towns, but also their respective economic futures. The Central Texas Regional Mobility Authority (CTRMA), TxDOT, and CAMPO have all worked together to address differences in project selection and merge them into a Unified Transportation System Plan for the Travis and Williamson Counties in the Austin region.

RMA's can also bridge funding gaps for rural counties. For example, Sulphur River RMA conducted a study to identify priority projects of regional significance to the three counties involved in the RMA. The RMA identified a 10.4-mile roadway expansion project inside Delta County, which provided four lane access through Hunt, Delta, and Lamar Counties to I-30. Since Delta County did not have the funding to support a \$38.5 million loan on its own, the three counties formed the Sulphur River RMA to advance a regional transportation improvement for



the region. The formation of the Sulphur River RMA enabled Lamar County to use its tax dollars beyond its borders in order to support the Sulphur River RMA in developing this regionally significant transportation project. By creating an RMA, the region was able to bridge a funding gap that existed in Delta County and secure a state infrastructure bank (SIB) loan to develop a non-toll road to benefit mobility for all three counties in the region.

RMAs have provided an increased opportunity for local jurisdictions to develop transportation facilities in their regions. Because an RMA can independently generate revenue for their region's transportation-related projects, it is less dependent on competing for limited state and federal funding sources. This is also true for County Toll authorities such as the Harris County Toll Road Authority or NTTA. RMAs can accelerate projects using access to financial resources and innovative financing, including:

- Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loans.
- TxDOT-based financial assistance agreements.
- SIB loans.
- Funding from transportation reinvestment zones (TRZs).
- Bonds based on local specialty taxes.
- Inter-local agreements.
- CDAs (as limited by statute).

As a result, RMA projects can be more financially competitive in the project prioritization and selection processes at TxDOT, MPOs, and municipal governments.

## Summary of Findings

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- RMAs, in comparison to toll authorities, are not limited to roadways and bridges, and have the authority to develop multimodal projects including aviation, transit, and bicycle and pedestrian projects. RMAs can provide a more regional approach to implementing project in contrast to a county by county, or city by city approach.
- RMAs in Texas are diverse and can vary significantly from one another in that their respective regions can be quite different in terms of geography, demographics, travel behavior, and transportation needs.
- RMAs work cooperatively with their host counties, TxDOT, MPOs, and other local entities to facilitate the funding and implementation of regional transportation projects and priorities.



- RMA reporting requirements are minimal and may not capture detailed financial and operating data. Annual reports and financially audited statements describe some project details, but oftentimes lack detail on project expenditures, schedules, and progress. Annual reports are often geared toward displaying the RMA’s achievements, in a public-friendly brochure format that lacks specific project management-level details. Project costs and transaction level expenditures are difficult to identify in RMA reports. Annual reports would improve if they contained a project performance section with the same reported performance categories and display results that also align with the reporting requirements of other government agencies.
- The detail and depth of information reported by RMAs vary significantly. Some RMAs have very robust websites and comprehensive reports, whereas others contain only basic information.
- RMAs could consider implementing performance-based planning and project management consistent with TxDOT. These performance measures could include simplified performance measures on project delivery progress and total project costs.
- Each RMA is unique in the types of projects being implemented and in the variety of revenue and funding sources used to operate and implement projects. RMAs may apply for grants and loans provided by TxDOT and the federal government and may generate their own revenue through tolls and fees from other agencies. Although RMAs do not have taxing authority, RMAs may receive contributions from local governments that have taxing authority, and may apply for loans and grants. RMAs could improve reporting by identifying sources of funding more clearly to show if and when taxpayer dollars from the state highway fund were applied and where taxpayer dollars are used for RMA projects.
- RMAs can perform a unique role in coordinating a wide variety of transportation system projects among a variety of partners and leveraging a variety of funds. This role also presents challenges in communicating to the public the inherent complexity of the many different projects, revenue sources, and financing.
- A possible improvement would be creation of a central website or clearinghouse for RMA project data, financial data, and standardized reporting similar to the Central Texas RMA, which currently maintains a website that provides detailed project planning, development, and financial information for each project.

## **Conclusion**

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This concludes our prepared testimony. We will be happy to take any questions you may have.

