



Regional Mobility Authorities

Testimony before the Senate Transportation Committee

March 29, 2016 at 9:00 a.m.

Capitol Building Extension, Room E1.016

INTRODUCTION

It is the Texas Department of Transportation's (TxDOT) mission through collaboration and leadership, to deliver a safe, reliable, and integrated transportation system that enables the movement of people and goods.

The employees and leaders of TxDOT take our roles as public servants seriously. We know that the public and the Texas Legislature (legislature) have entrusted TxDOT with the state's resources and we must use those resources in a responsible and efficient manner to meet the following goals:

- Deliver the Right Projects – Implement effective planning and forecasting processes that deliver the right projects on-time and on-budget;
- Focus on the customer – People are at the center of everything we do;
- Foster Stewardship – Ensure efficient use of state resources;
- Optimize System Performance – Develop and operate an integrated transportation system that provides reliable and accessible mobility, and enables economic growth;
- Preserve our Assets – Deliver preventative maintenance for TxDOT's system and capital assets to protect our investments;
- Promote Safety – Champion a culture of safety; and
- Value our Employees – Respect and care for the well-being and development of our employees.

INTERIM CHARGE:

Review State Highway Fund grants and loans to Regional Mobility Authorities (RMA) and make recommendations if additional oversight procedures are needed to ensure RMAs' expenditures are a valid and accountable use of State Highway Funds.

REGIONAL MOBILITY AUTHORITIES

Texans everywhere share a commitment to ensuring the strength of our state's economy. Transportation mobility and safety form the cornerstone of Texas' continued economic prosperity. Today, more than ever before, we must rely on effective partnerships between the public and private sectors in order to meet the challenge of funding mobility improvements. RMAs present partnership opportunities between the state and its local partners to meet the transportation needs of Texans.

Pursuant to Chapter 370, Texas Transportation Code, RMAs are governmental entities composed of one or more counties or certain municipalities, authorized by the legislature to construct, maintain, and operate local transportation projects. Local transportation projects may include roadways, turnpike projects, rail facilities, airports, port facilities and transit systems.¹

The Texas Transportation Commission (commission) has, as required by Chapter 370, adopted rules governing the creation and dissolution of RMAs, establishing limited policies applicable to RMAs, including the approval of RMA-proposed projects connecting to the state highway system.

¹ Texas Transportation Code, § 370.003

RMAS IN TEXAS

Counties and municipalities that seek to create an RMA must petition the commission and gain approval. County commissioners' courts and where applicable, city councils, must vote to create or join an RMA. Nine RMAs have formed since the legislature authorized their creation in 2001. The table below outlines the date of all current RMAs' creation and their boundaries.

County	Created	Counties/Municipalities
Alamo RMA	December 2003	Bexar County
Cameron County RMA	September 2004	Cameron County
Camino Real RMA	June 2006	City of El Paso
Central Texas RMA	October 2002	Travis and Williamson Counties
Grayson County RMA	April 2004	Grayson County
Hidalgo County RMA	November 2005	Hidalgo County and the City of McAllen
North East Texas RMA	October 2004	Bowie, Kaufman, Cherokee, Gregg, Harrison, Panola, Rusk, Smith, Titus, Upshur, Wood, and Van Zandt Counties
Sulphur River RMA	June 2007	Lamar, Delta, Hopkins and Hunt Counties
Webb County-Laredo RMA	February 2014	Webb County and the City of Laredo

TRANSPORTATION PROJECTS AND SYSTEMS

RMAs have the authority to acquire, design, finance, construct, operate and maintain a transportation project or system for the benefit of a region and the state. Benefits of RMAs include the following:

- Advancing transportation projects and bringing congestion relief;
- Providing a formal, locally-accountable board for mobility issues;
- Generating revenue for additional transportation projects in the service area;
- Giving local governments more control in transportation planning and construction; and
- Improving mobility and increasing safety for motorists.

The commission establishes design and construction standards for state-wide uniformity for RMA highway projects on the state system or that will connect to a highway on the state system or a TxDOT rail facility. The commission must approve any projects connecting to the state highway system or TxDOT rail facility.

TRANSPORTATION PROJECT FINANCING

RMAs may use the following statutorily authorized revenue sources: (1) tolls, fares, fees, or other project revenue; (2) government grants and loans; (3) the proceeds of RMA issued revenue bonds; (4) donations; (5) contract payments under an agreement with certain public or private entities; and (6) dedicated taxes and fees for local projects. RMAs are one of several entities that may own and operate a toll facility in Texas. Other tolling entities include TxDOT, regional toll authorities, and county toll authorities.

Texas Transportation Code § 370.111, allows RMAs to issue transportation revenue bonds to pay for some or all system-wide transportation projects. Bonds issued by an RMA under this statute do not constitute state indebtedness or create any state responsibility to pay debt service.

Tolls, fees, fares, or other charges must pay for the cost of maintaining, repairing, and operating an RMA transportation project. RMAs must also pay debt service on any issued bonds, as due. Finally, RMA tolls, fees, fares, or other charges must support any other payment obligation made under contract or agreement.

Surplus revenue may be used for funding other eligible transportation projects, reducing tolls on turnpike projects, or for deposit into the Texas Mobility Fund. Surplus revenue is revenue that exceeds RMA debt service requirements for a transportation project; payment obligations under contract or agreement; coverage requirements for bond indentures; project operation and maintenance costs; the cost of repair, expansion, or improvement of a transportation project; funds allocated for feasibility studies; and other necessary reserves.

TXDOT GRANTS TO RMAS

Often, TxDOT assists RMAs with initial investments of funds in local transportation systems. RMAs have received TxDOT funds to begin projects that require long-term investment and reliable credit. The State Highway Fund is the most common source of funding for TxDOT RMA grants. From the time RMAs were first authorized under Senate Bill 342 (77th Legislature, Regular Session, 2001), the commission has committed and TxDOT has distributed grants to the nine RMAs listed below.

TxDOT Grants issued to RMAs		
Regional Mobility Authority	TxDOT Commitment	Amount Drawn as of 12-2015
Alamo RMA	\$214,270,919	\$143,749,196
Cameron County RMA ^A	\$88,935,436	\$39,060,836
Camino Real RMA	\$1,288,309,681	\$967,163,495
Central Texas RMA	\$741,402,442	\$498,392,135
Grayson County RMA	\$6,500,000	\$1,945,862
Hidalgo County RMA ^B	\$139,912,792	\$21,830
North East Texas RMA	\$204,169,309	\$204,169,309
Sulphur Springs RMA	\$0	\$0
Webb County-Laredo RMA	\$51,576,126	\$0
TOTAL	\$2,735,076,705	\$1,854,502,319

TXDOT LOANS TO RMAS

Loans may be made in the form of State Infrastructure Bank (SIB) loans, State Highway Fund loans, or other TxDOT agreements with the RMAs. The commission has made and TxDOT has distributed the following loans to the nine RMAs listed below.

TxDOT Loans to RMAs		
Regional Mobility Authority	TxDOT Commitment	Loan Outstanding as of 12-2015
Alamo RMA	\$20,890,000	\$20,890,000
Cameron County RMA ^A	\$21,600,000	\$15,418,783
Camino Real RMA	\$66,830,000	\$58,860,047
Central Texas RMA ^B	\$91,610,000	\$50,000
Grayson County RMA	\$3,500,000	\$235,711
Hidalgo County RMA ^C	\$0	\$0
North East Texas RMA ^D	\$51,450,000	\$58,104,604
Sulphur Springs RMA	\$3,001,226	\$2,645,376
Webb County-Laredo RMA	\$0	\$0
TOTAL	\$258,881,226	\$156,204,521

^A Cameron County RMA Pass-Through agreement for SH 32 is not reflected in the grant totals above.

^B Central Texas RMA paid off a \$31,610,000 SIB loan in June 2011.

^C Hidalgo County RMA Loan information does not include the possible commitment of \$42.210 million SIB loan. This loan is currently pending final commission approval.

^D North East Texas RMA outstanding loan balance is higher than the TxDOT commitment due to capitalized interest.

REPORTING REQUIREMENTS

Pursuant to Texas Transportation Code § 370.038, the commission has adopted rules establishing minimum audit requirements, reporting requirements, and ethical standards for RMA directors and employees. Audit requirements and reporting requirements are found in Title 43, Texas Administrative Code (TAC) §§ 26.61-26.65. Title 43, TAC § 26.56 requires internal ethics and compliance procedures for RMAs.

RMAs must annually submit compliance reports to the Executive Director of TxDOT and project reports to the commission. These reports include progress on compliance with RMA performance requirements established in the rules for each fiscal year and the status of transportation projects.

Texas Transportation Code § 370.182 requires RMAs to have an annual audit performed by an independent, certified public accountant. RMAs are required to submit financial and operating reports to each member-county and city. Under state statute, RMAs must submit reports to member counties and cities that include the authorities' activities including all transportation revenue bond issuances anticipated for the coming year, the financial condition of the authorities, all project schedules, and the status of authorities' performance under the most recent strategic plan.² Reports must be submitted no later than March 31st of each year.

² Texas Transportation Code, § 370.261

CONCLUSION

The Texas Transportation Code established RMAs as entities tasked with the development of transportation projects in a region of the state, to be overseen by local county commissioners' courts, certain city councils, and by the commission. As Texas continues to experience exponential population growth, demand on the state-wide transportation system will only increase. TxDOT's partnerships with RMAs allows for the advancement of crucial transportation projects based on local needs and priorities.