Research Project Statement

Fiscal Year: 2005  Project Statement Date: January 8, 2004

Project Number: 0-5025

Title: Promoting Local Participation on Transportation Improvement Projects

RMC Number: 2

Developed By: TAP

<table>
<thead>
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Duration (# of years): __________

Total Budget: $

<table>
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<th>First Year</th>
<th>$</th>
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<tr>
<td>Second Year</td>
<td>$</td>
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<td>Additional FYs</td>
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Objective: To develop tools that can be used by TxDOT and its districts to garner support and leverage increases in local funding for supporting TxDOT projects with regional impacts. Since TxDOT is now evaluating all controlled access highway projects as possible candidates for tolling, the research should also develop guidance on showing the benefits of toll projects, and how to obtain support from the local government agencies and the public for tolling and other financing tools offered in HB 3588.

Problem: In the last ten years, the state population and number of registered vehicles have increased 23 and 26 percent, respectively. Yet in that same period, the number of highway lanes in Texas has grown by only 3 percent. Further, the need to expand and improve the state transportation system has outstripped the funding available to TxDOT. The money simply is not there to meet this challenge with traditional pay-as-you-go financing. These resource constraints and growing demand for highway capacity have increased TxDOT interest in funding projects (including toll roads) through partnerships with local and regional agencies. However, even though a TxDOT project might be actively supported by local and regional governments, smaller, or uninformed jurisdictions often assume that TxDOT has adequate funds for transportation projects. Thus, little is offered by local project proponents in the way of local funding beyond what statutes, rules, and policy requires. Two possible strategies should be examined that could result in increased local contributions on TxDOT projects. These include:

* Clearly communicate to local communities the economic benefits they stand to gain. This can be accomplished through development of a “benefit prospectus.”
* Identify innovative funding mechanisms that can: (1) realistically increase local agency revenues to meet local agency project needs; and (2) increase partnering/participation with TxDOT on their projects.

Proposed research: The proposed research will consider the two strategies noted above in a coordinated approach.

Communication of economic benefits to local communities. First, the proposed research will identify the types of information that a “benefit prospectus” should contain, including the most suitable methods for deriving that information, and recommendations on ways to best explain the results to local stakeholders.

Officials in TxDOT and local governments have acknowledged the need for this information, but are often unsure exactly what measures of economic impact to focus on, and what techniques or models should be used. Methods of predicting the economic impacts of highway projects have included simple generalizations based on the experience
with past projects, input-output analyses, and complicated transportation/land use interaction models. The suitability of the various methods for particular types of application to TxDOT projects needs to be explored and evaluated in this research effort. The evaluation also needs to consider the new financial tools available to Texas as a result of HB 3588. These include the Texas Mobility Fund, bonding, toll roads, Regional Mobility Authority (RMA) development, and pass through toll agreements.

The evaluation of these methods should result in a comprehensive set of procedures for developing a project-specific “benefit prospectus.” A benefit prospectus is a document that will describe the benefits/impacts that a TxDOT project can provide local and regional governments, including cities, counties, transit authorities, and RMAs. The procedures for developing a benefit prospectus will include a step-by-step approach to analyze benefits and placing a dollar value on them.

In addition to focusing on quantifying economic benefits, the prospectus could also include the effects on local government finances, since many communities are interested in the extent to which a project can be self-financed through induced expansion of the local tax base. The content of the prospectus would need to be tailored to the types of projects and communities involved. Local governments, for example, may have a strong interest in forming an RMA to construct a toll road to provide increased mobility in their region.

Identify innovative funding mechanisms. In addition to communicating the economic benefits of a TxDOT project, the researchers will examine additional funding methods, including those provided by HB 3588 that could be made available to local agencies, and how those methods could be used to enable local agencies to take an increased role in transportation funding. Work will include an assessment of local agency transportation needs and existing shortfalls. The results should be customized to the different circumstances that may arise in forming partnerships, such as the characteristics of the communities, and of the political process for forming partnerships (e.g., the role of bond referendums).

In focusing on both components of the research, the researchers need to consider areas of the state that will represent a diversity of local conditions and geographic areas.

| Deliverable Products And Reports: | P1. A guidebook for preparing a “benefit prospectus” for TxDOT to communicate the potential benefits of transportation projects to local jurisdictions and communities. The guidebook will include as an illustrative example, one prototype “benefits prospectus” used to communicate the benefits on an actual planned project. **The guidebook should include toll financing opportunities.**  
P2. A summary identifying each funding method (including tolling opportunities), how it would work in Texas (funding source, collection method, and allocation), where it has been used and its degree of success, and a discussion of its economic stability and political feasibility. This product will also include recommendations regarding the most promising methods, and a plan for implementing them.  
P3. Power Point presentation (with speaker notes) that could be used by TxDOT as a marketing tool in trying to obtain funding and support from local and regional governments.  
R1. Research report Project Summary Report (PSR) |

Implementation: The guidebook can be used by TxDOT administrative, project and public information staff and MPO’s to develop a “benefits prospectus.” The “benefit prospectus” can demonstrate the value and benefits of TxDOT projects to local agencies for the purpose of supporting the Department’s requests for local funding participation on its projects. In addition, the research will provide the basis for local agencies to increase funding to: (1) meet their own transportation project programs as planned; (2) shoulder increased roles in providing transportation needs in their respective areas; and (3) facilitate partnering with TxDOT for major projects. The project will identify specific actions needed to enable local agencies to increase revenues to do so.

Pre-proposal Meeting: ☑ Yes ☐ No February 24, 1:30 pm at the San Jacinto Room, Bldg 1, TxDOT Camp Hubbard Complex, 4000 Jackson St., Austin, TX. Tele-conferencing will be available.

Sole Source Justification, if applicable:

Additional Information:

Proposal Submission: • Proposals are required to be submitted in both hard copy (4 copies) and PDF format (1 PDF file per proposal). Both formats are used within TxDOT for evaluating the proposals and **must** contain identical information.  
• The “Background and Significance” portion of the proposal should be limited to 10 pages.
• All proposals from researchers should be sent directly to your university’s Research Liaison for submission to RTI. The Research Liaison is TxDOT’s official contact with the university.

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1. All individuals interested in proposing are encouraged to contact the PC or PD by February 12, 2004.

**Deadlines (for RTI use only):**

2. Proposals are due to RTI by 4:00 p.m. CST on March 24, 2004.