



TESTIMONY

Regional Implementation: San Antonio

**Testimony Before the
Legislative Study Committee on Private Participation in Toll Projects**

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July 22, 2008**

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The Texas Department of Transportation (TxDOT) includes 25 districts which oversee the construction and maintenance of the state highways within their jurisdictions. District staff members are familiar with local projects and with needs of local customers, and the TxDOT San Antonio District is no exception.

Comprised of 12 counties in south Texas – Atascosa, Bandera, Bexar, Comal, Frio, Guadalupe, Kendall, Kerr, McMullen, Medina, Uvalde and Wilson – the San Antonio District is home to the 7th largest city in the United States, second largest city in Texas, and many of the top tourist destinations in the state. The San Antonio District sustains the 4th highest number of vehicle miles traveled in Texas and facilitates informed travel with one of the largest freeway traffic managements systems in the United States.

Given the role of providing a safe, efficient and effective transportation system that moves people and goods, it is incumbent upon the leadership in our district to forge and maintain productive working relationships with our local transportation partners. Through a combination of coordination, collaboration and cooperation serving as the cornerstone, we have established such relationships with the region's metropolitan planning organization (San Antonio-Bexar County MPO), our local transit providers, Union Pacific Railroad Company and the county's regional mobility authority (AlamoRMA). These relationships are paramount to a delivering a successful, robust transportation system for the San Antonio region.

SB 792 from the 80th Legislative Session further requires TxDOT to maintain and cultivate these affiliations. Our continued associations with our transportation partners have enabled our region to explore a variety of opportunities to further improve our existing transportation system.

Regional Transportation Needs and Solutions

The San Antonio region expects to experience significant growth, with Bexar County alone projected to grow 70 percent by 2050. The San Antonio-Bexar County region is projected to have a mobility need of \$10.1 billion in order to build the necessary transportation facilities to decrease congestion to an acceptable level by 2030. This figure reflects not only added capacity, but also transit, the addition of several major interchanges around the city, and the right of way needed to expand the system. Only about \$1.7 billion of traditional state and federal funding is anticipated to be available over the next 25 years, leaving a funding gap of about \$8.4 billion, about half of which is on the expressway system. Also, significant impacts to that gap amount could come from inflation, federal trust fund instability, and fuel tax revenue fluctuations.

This funding gap leaves the region unable to add needed capacity to the road system, resulting in further congestion. The traditional methods used to improve the transportation system do not meet current needs and will continue to fall short in the

future. Further, when undertaking future needs assessments, it is essential not only to account for new capacity to the system, but also to consider future maintenance needs of current and planned facilities. Maintenance needs for the San Antonio-Bexar region are anticipated to cost more than \$8 billion over the next 25 years, bringing the total estimated need to more than \$16 billion. Also, another \$3 billion will be necessary to address freight rail relocation, pedestrian and bicycle accommodation, and bridge construction.

The Texas Legislature has recognized the inability of traditional methods of transportation funding to meet the growing demands for mobility improvements statewide. We have been provided with new and innovative ways to fund transportation projects through the passage of legislation, such as HB 3588 and HB 2702, which allow for alternative financing methods through bonding and Comprehensive Development Agreements.

The San Antonio-Bexar Metropolitan Planning Organization (MPO) has been aggressively implementing projects using the new funding tools, including Proposition 14, the Texas Mobility Fund, the creation of a regional mobility authority to implement and operate toll projects, and the creation of a new local sales tax that has been used to leverage state and federal funds and accelerate infrastructure delivery. The MPO's plan also includes two corridors that are currently being expanded using pass-through financing. Through these activities, the San Antonio District's annual letting for contracts has nearly tripled to approximately \$600 million, as compared to the early part of the decade, which saw letting around \$200 million per year.

The MPO's 2030 Metropolitan Transportation Plan reflects that the region has endeavored to close the funding gap, generating about \$1 billion in new revenue through innovative financial tools. Another \$800 million was anticipated through a public-private partnership on two highly congested corridors – US 281 and Loop 1604. However, the initiative was halted due to the moratorium imposed by SB 792.

The Impact of SB 792

The most significant impact of SB 792 on the San Antonio-Bexar region was the moratorium that affected the public-private partnership project to address the needs of US 281 and Loop 1604, a project that was halted in the procurement stage. While negotiations had not yet been completed when the moratorium went into effect, the region anticipated significant benefits from the investment of private money into the transportation system. This would have further reduced the 2030 funding gap. However, the AlamoRMA has decided to take the lead on developing the US 281 and Loop 1604 corridors in the absence of private funding. This means that although the region will be able to move forward with the planning, it will occur at a much slower pace and will require additional equity as a non-concession project.

US 281 and Loop 1604 represent two of the most urgently needed projects in the region to reduce congestion, enhance safety and improve air quality. However, other important corridor expansion projects such as improvements to SH 16 (Bandera Road), the

Wurzabach Parkway and IH 35 in the San Antonio District will need new and innovative funding solutions due to the low projections of traditional state and federal funding capability.

Conclusion

San Antonio and the surrounding areas are certainly facing transportation challenges which require collaboration and discussion efforts from all transportation entities in the region. The exemption of area projects from the provisions of SB 792 will assist this region in meeting those challenges and providing desperately needed infrastructure to our citizens in a timely manner. As a State and as a region, we must continue to find a mechanism that increases our financial resources, imposes a manageable level of risk, and maintains control of future revenue streams for the benefit of the people of Texas.

With Texas recognized by a recent CNBC study as the No. 1 Business Climate in the nation, we must continue to provide exemplary transportation options to maintain our growing economy in these times when many other states are experiencing difficulties. The moratorium on the funding mechanism known as Comprehensive Development Agreements put in place by SB 792, 80th Legislature expires on September 1, 2009 by the terms of the legislation. CDAs may help further Texas in realizing our potential as a leader in this global economy as experienced through previous agreements and negotiations.

The members of the Texas Transportation Commission, the Texas Department of Transportation and the TxDOT San Antonio District look forward to working with the Legislature to ensure all available methods of procurement are appropriately utilized. Along with a tremendously forward thinking body of law, we can continue to maintain and improve upon our transportation assets in the coming decades.