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Houston-Galveston Area Council

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December 1, 2018

Mr. Peter Smith, P.E.  
Director of Project Planning and Development  
Texas Department of Transportation  
118 East Riverside Drive  
Austin, Texas 78704

**RE: 2018 Transportation Development Credit (TDC) Annual Report**

Mr. Smith,

As required by 43 TAC §5.106, I am pleased to submit this report documenting management of the transportation development credits allocated to the Houston-Galveston metropolitan region. During fiscal year 2018, over 2.8 million Transportation Development Credits (TDCs) were awarded to thirteen transportation projects consistent with H-GAC's adopted TDC Policy.

The adopted policy reflects our policy board's priorities for the use of credits and their preference that credits not be used to supplant or in any way reduce previously committed local financial participation in transportation projects and services. As a result, the credits awarded have principally supported the use of federal transit funds and region-wide activities that provide air quality, safety and congestion reduction benefits. A copy of our TDC Policy is also attached for your records.

We appreciate the Department's efforts to make this non-cash financial tool available to local decision makers to support adequate and sustainable investment in our region's multimodal transportation system.

If you have any questions regarding this information, please contact me via email at [alan.clark@h-gac.com](mailto:alan.clark@h-gac.com) or phone at (713) 993-4585.

Sincerely,

A handwritten signature in black ink that reads "Alan C. Clark".

Alan C. Clark  
MPO Director

AC/jd

CC: Ms. Peggy Thurin, P.E., (TPP)  
Mr. Raymond Sanchez Jr., (TPP)  
Ms. Latrica Good (FIN)  
Mr. Quincy Allen, P.E., (HOU)  
Mr. Tucker Ferguson, P.E., (BMT)

## 2018 Summary of Allocated Transportation Development Credits

Beginning Balance:	524,766,236
Uses of Credits:	(2,815,918)
<i>Credit Awards:</i>	2,815,918
<i>Transfers to TxDOT:</i>	-0-
<i>Transfers to MPOs:</i>	-0-
Additional Credits Allocated:	502,689,627
<i>Date Allocated: 9/1/2017</i>	-0-
Net Change due to Uses and Allocations:	499,873,709
<i>Other Adjustments:</i>	-0-
Ending Balance:	1,024,639,945

# FY 2018 Approved Transportation Development Credit (TDC) Requests

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
<b>Awarded October 27, 2017</b>							
<b>Houston-Galveston Area Council</b>	16353	CONDUCT PUBLIC OUTREACH FOR TRANSPORTATION SAFETY IN THE REGION. DEVELOPMENT AND DELIVERY OF EDUCATION AND INFORMATION TO THE PUBLIC TO FOCUS ON BICYCLING AND PEDESTRIAN SAFETY, DRIVING WHILE INTOXICATED, DISTRACTED DRIVING, CHILD SEAT AND SEAT BELT SAFETY.	STP-MM	\$1,742,000	348,400	Other Regionally Significant Project	The goal for the Regional safety outreach campaign is to reduce the total number of crashes, fatalities, and serious injuries. The project's benefits will be multi-faceted. By broadening all citizens' knowledge about the rules of the road, more cooperative and lawful behavior will result. This campaign aims to gain the interest of bicyclists, pedestrians, and all motor vehicle drivers. The project will fund the the creation of a campaign with all necessary materials to convey the message and concepts of transportation safety, including the creation of ads, brochures and flyers, and production of radio and television ads/PSAs, etc.
	17124 0912-00-549	TRAVEL DEMAND MANAGEMENT, MARKETING, OUTREACH AND PUBLIC EDUCATION	CMAQ	\$4,438,000	887,600	Other Regionally Significant Project	The activities implemented in the Air Quality Program are derived from the State Implementation Plan and contained in the transportation plans and Transportation Improvement Programs in order to help the Houston-Galveston metropolitan area meet the federal air quality standards. This program's goal it to implement regional Air Quality and Voluntary Mobile Emissions Reduction Programs that decrease vehicular congestion and improve mobility and air quality.
<b>Awarded January 26, 2018</b>							
<b>GULF COAST CENTER</b>	11740	TEXAS CITY/LA MARQUE CAPITAL COST OF CONTRACTING: FY 2017	FTA-5307 (Urban Formula)	\$300,000	20,000	Federal Transit Funding	TDCs will allow GCC to utilize 100% of their 5307 funds on service and capital so the local funds normally allocated to these projects can be used to for support of public transit. With TDCs matching the FY17 5307 grants, existing local funding will be used to support on-going transit operations and enable the purchase of badly needed rolling stock. GCC continues to provide local funding in support of public transit and has a local funding budget of \$702,845 for FY 2018.
	11741	TEXAS CITY/LA MARQUE OPERATING ASSISTANCE: FY 2017	FTA-5307 (Urban Formula)	\$918,392	183,678	Federal Transit Funding	
	11742	TEXAS CITY/LA MARQUE PLANNING: FY 2017	FTA-5307 (Urban Formula)	\$200,000	40,000	Federal Transit Funding	
	11743	LAKE JACKSON/ANGLETON CAPITAL COST OF CONTRACTING: FY 2017	FTA-5307 (Urban Formula)	\$200,000	40,000	Federal Transit Funding	
	11744	LAKE JACKSON/ANGLETON CAPITAL ENGINEERING DESIGN: FY 2017	FTA-5307 (Urban Formula)	\$876,665	175,333	Federal Transit Funding	

**FY 2018 Approved Transportation Development Credit (TDC) Requests**

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
<b>Awarded April 27, 2018</b>							
<b>Houston-Galveston Area Council</b>	14727 0912-00-476	COMMUTE SOLUTIONS PROGRAM IMPLEMENTATION (COMMUTER AND TRANSIT PILOT PROGRAM): FY 2018	CMAQ	\$4,500,000	97,000	Other Regionally Significant Project	The use of TDCs will provide additional flexibility to tailor federal participation based on program priorities and facilitate the use of non-traditional and/or variable match requirements. The program is intended to test new service concepts and incentivize the expansion of commuter transit services that require the identification and commitment of other funding sources for long-term sustainability.
<b>FORT BEND COUNTY PUBLIC TRANSPORTATION</b>	16269	CAPITAL EXPENDITURES FOR PUBLIC TRANSPORTATION FOR FORT BEND COUNTY INCLUDING FFE/ADMIN OPS FACILITY & P&R SIGNAGE (FY 2017)	FTA-5307 (Urban Formula)	\$2,801,064	535,163	Federal Transit Funding	658,432 TDCs as local match for our Federal FY2017 Section 5307 grant application. Funding will be assigned as follows: Capital Equipment, Bus Station Signage, Cost of Contracting (80/20) \$2,300,064 Federal, 460,013 TDCs. Capital Rolling Stock (85/15) \$501,000 Federal, 75,150 TDCs. General Planning and Consulting (80/20) \$616,345 Federal, 123,269 TDCs. General Operating (50/50) \$989,871 Federal \$989,871, Local Match 0 TDCs.
<b>FORT BEND COUNTY PUBLIC TRANSPORTATION</b>	16270	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION FOR FORT BEND COUNTY (FY 2017)	FTA-5307 (Urban Formula)	\$616,345	123,269	Federal Transit Funding	658,432 TDCs as local match for our Federal FY2017 Section 5307 grant application. Funding will be assigned as follows: Capital Equipment, Bus Station Signage, Cost of Contracting (80/20) \$2,300,064 Federal, 460,013 TDCs. Capital Rolling Stock (85/15) \$501,000 Federal, 75,150 TDCs. General Planning and Consulting (80/20) \$616,345 Federal, 123,269 TDCs. General Operating (50/50) \$989,871 Federal \$989,871, Local Match 0 TDCs.

**FY 2018 Approved Transportation Development Credit (TDC) Requests**

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
<b>Awarded May 25, 2018</b>							
<b>HARRIS CO. COMMUNITY &amp; ECONOMIC DEVELOPMENT DEPT.</b>	11782	HARRIS COUNTY RIDES PROGRAM: PURCHASE OF SERVICE (FY 2017)	FTA-5310 (Elderly)	\$500,000	125,000	Federal Transit Funding	Harris County Transit is requesting 125,000 TDCs as local match for the Federal FY17 for Federal Section 5310 Elderly and Disabled grant program. TDC's will be used for Purchase of Service (POS) and Mobility Management for the RIDES program projects. The Rides program is a regional wide Elderly and Disabled transportation program that provides safe and dependable taxi-voucher transportation to residents that would otherwise have no means to access medical. shopping, social and educational opportunities and needs.
<b>FORT BEND COUNTY PUBLIC TRANSPORTATION</b>	11790	FORT BEND COUNTY TRANSIT G.A.P.S. PROGRAM: PURCHASE OF SERVICE (FY 2017)	FTA-5310 (Elderly)	\$1,052,376	30,000	Federal Transit Funding	With FAST Act apportionments, Fort Bend County is using TDCs to match Capital to allow local funds, generally allocated to these projects, to be used instead for additional operating costs in excess of the operating cap. The federal operating cap imposed by the FAST Act is well below the amount which would have typically been eligible for federal reimbursement; consequently, Fort Bend County will use local match cash for the resulting deficit in federal reimbursement. Fort Bend County provides local match cash in support of public transportation services and has a local funding budget of \$2,429,995 for FY2018.
<b>HARRIS CO. COMMUNITY &amp; ECONOMIC DEVELOPMENT DEPT.</b>	16259	HARRIS COUNTY TRANSIT OPERATING EXPENSES FY 2017	FTA-5307 (Urban Formula)	\$1,085,125	210,475	Federal Transit Funding	Historically, since 2003, TDCs were provided to Harris County (Transit /RIDES) as local match for Section 5310 grant funds under the TxDOT program management process and in FY 2012 used TDCs for match for 5307 projects. Utilizing TDCs for 5307 services allows local dollars to be used to support operational expenses for transit programs. With MAP 21 and the reduction of operating funds, use of TDCs are especially critical where applicable.

**Total: \$19,229,967 2,815,918**

# **Houston-Galveston Area Council**

## **Transportation Development Credits Policy and Procedures**

### **Adopted, September 23, 2013**

#### **Background**

Transportation Development Credits (TDCs) can be used to fulfill some or all of the requirements for non-federal, state or local matching funds associated with the use of federal highway and transit reimbursements for eligible capital, operating and planning activities (23 U.S.C. §120). TDCs are not cash. By fulfilling the requirement for a non-federal share of a federally funded transportation project, the use of TDCs allows 100% federal reimbursement of eligible project costs assuming available federal funds are sufficient to pay all eligible project costs.

Credits are earned when the state, a toll authority, or a private entity expends funds on capital improvements to public highways using revenues from toll receipts and related transactions, including borrowed funds supported by these revenues. Eligible expenditures exclude debt service, returns to investors or the routine operation and maintenance of toll facilities.

The Texas Administrative Code (Title 43 Part 1 Ch. 5 Subchapter H) grants Metropolitan Planning Organizations (MPOs) the authority to award TDCs certified by the state and made available to specific MPOs based on toll projects within that MPO's jurisdiction. The Code requires MPOs with TDCs to develop guidelines and procedures to receive, evaluate and award credits while considering how the credits will expand the availability of funding for transportation projects. The MPO will evaluate applications and award credits as well as incorporate the information regarding the award of credits into its Transportation Improvement Program.

The Transportation Policy Council (TPC) is the designated Metropolitan Planning Organization for eight counties in the metropolitan Houston region and includes: Harris, Galveston, Brazoria, Fort Bend, Waller, Montgomery, Liberty and Chambers Counties.

#### **Definitions**

The following words and terms, when used in this document shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Commission--The Texas Transportation Commission.
- (2) Department--The Texas Department of Transportation.
- (3) Eligible entity--Any entity that is eligible for funding under Title 23, U.S.C. or Chapter 53 of Title 49, U.S.C., is in good standing with the department, and has no deficiencies or findings of noncompliance.
- (4) Eligible project--A highway, rail, transit, bicycle or pedestrian project, as authorized by Title 23, U.S.C., other than an emergency relief program authorized by 23 U.S.C. §125, or Chapter 53 of Title 49, U.S.C.
- (5) Locally earned credits--Transportation development credits earned from:
  - (A) a project of a regional tollway authority;
  - (B) a project of a county acting under Transportation Code, Chapter 284;
  - (C) a project of a regional mobility authority;
  - (D) an international bridge not owned by the state; and

- (E) a department project located within the geographic area of a regional tollway authority, a county acting under Transportation Code Chapter 284, or a regional mobility authority that has developed one or more toll projects.
- (6) Metropolitan Planning Organization (MPO)--An organization designated in certain urbanized areas to carry out the transportation planning process as required by 23 U.S.C §134. The Transportation Policy Council is the policy making body for the Houston-Galveston area MPO.
- (7) Transportation Development Credits--A financing tool approved by the Federal Highway Administration that allows states to use federal obligation authority without the requirement of non-federal matching dollars.
- (8) Transportation Improvement Program (TIP)—A program of projects formally adopted by the Metropolitan Planning Organization covering not less than four years identifying specific transportation projects selected for federal transportation funding assistance.

### **Policy Goal**

It is the Policy Council's intent that use of TDCs advance projects of regional significance, increase funding flexibility in support of these projects and/or increase or maintain funding for key transportation activities in the region.

### **Priorities for the Use of Credits**

The Transportation Policy Council has identified three priority uses for Transportation Development Credits. These projects or activities are most likely to provide benefits of regional significance and include:

1. Regionally Significant Roadway Capacity Projects
  - Added capacity projects on major thoroughfares (roadways classified as "arterial roadways" or higher or, as a result of the proposed improvement, may be redesignated as such).
  - Roadway projects must result in measurable capacity or operational improvement for vehicular traffic. Roadway projects may include ancillary transit, bicycle and pedestrian treatments as a part of the overall roadway improvements.
2. Support of Federal Transit Funding.
  - TDCs may be used to assist transit agencies adversely affected by new federal cost eligibility rules contained in MAP 21. These requests will be considered on a case by case basis. Project sponsors must demonstrate that the use of TDCs will not reduce local, non-federal funding support for their transit services.
  - TDCs may be used to support the expansion of transit services, providing:
    - the project sponsor demonstrates no reduction in local funding for transit; and
    - the project sponsor documents the ability to operate and maintain the expanded services without continued reliance on Transportation Development Credits.
3. Other Regionally Significant Projects. To the extent the following items may be eligible for federal highway and transit funding, the following activities will be considered for TDC award:
  - Freight rail improvements addressing the safety, capacity and reliability of the transportation system;
  - Improved access to ports, airports, major manufacturing and warehousing centers that reduces delay to freight and conflict with other vehicular traffic;
  - Regional traffic monitoring and management, including incident management;

- Other regional transit projects decreasing vehicular congestion, such as HOV/HOT lanes, Park and Ride facilities and services, expanded express bus services, commuter rail, and travel demand reduction through vanpooling, carpooling, teleworking and other trip reduction strategies; and
- Support for other regional strategies to promote reductions in vehicle emissions.

Projects that will not typically be considered for TDCs because they individually lack regionally significant benefit include, but are not limited to:

- Transportation Enhancement Projects,
- “Stand alone” sidewalk and on-street bicycle projects,
- Roadway projects on collector or local streets,
- Roadway maintenance, repaving or reconstruction projects without regionally significant added capacity components,
- Access management projects, and
- Livable centers projects.

### **Process for Considering Use of Credits**

1. The request for TDCs should be made at the time the project is submitted for federal funding consideration. The available Transportation Development Credits will be identified by the MPO at the time it issues a call for projects to be considered for selection by the MPO Transportation Policy Council.
  - In the case of the TIP Call for projects, the use of TDCs will be considered in project scoring and ranking.
  - For other federal grant applications, a *conditional* award of TDCs may be considered by the TPC prior to the final submission of the grant application (or grant proposal). It is the responsibility of the applicant to provide its request for a conditional award one month prior to the regularly scheduled TPC meeting at which the award will be considered. An actual award will be based upon the final project scope and the actual federal funds received.
2. The award of TDCs will generally not be made retroactively (i.e. a project awarded federal funds supported by local dollars as the match may not replace the local matching funds with TDCs).
3. While a project may be in an eligible category for consideration of TDCs, it is not a guarantee that TDCs will be awarded. The final decision to award the TDCs lies with the TPC.
4. For roadway projects selected by the Transportation Policy Council, state or local matching funds that have been replaced by TDCs must be reinvested in transportation projects within the eight county MPO area consistent with the Regional Transportation Plan. Sponsoring agencies must identify the transportation project or projects to be implemented or supported with the local money which would have been used to match federal funds.

### **Receipt and Evaluation of Applications**

TDC requests must include:

1. a detailed description of the project, the need for the project and benefits which will result from project implementation; and
2. a detailed explanation of how the award of credits will expand the availability of funding for transportation projects, considering the Policy Goal described above.



### **Notification of Award Decision**

The MPO shall notify each applicant for Transportation Development Credits of the decision to award or not to award Transportation Development Credits no later than 90 days of receipt of a completed application. Project sponsors whose applications are judged incomplete by the MPO Director will be notified and provided the opportunity to correct their application. However, incomplete applications will not initiate TPC review of a TDC request.

Should the MPO decline to award requested TDCs, the applicant may pursue an award from the Texas Transportation Commission provided that:

1. the project is explicitly identified and programmed in the Transportation Improvement Program or Regional Transportation Plan; or
2. the project sponsor receives a letter of support from the MPO stating that, if approved for a TDC award by the Texas Transportation Commission, the proposed project will be amended into the Regional Transportation Plan and Transportation Improvement Program as appropriate.

### **Opportunity for Public Review and Comment**

Opportunities for public review and comment will be provided at key decision points consistent with H-GAC's adopted Public Participation Plan.

### **Administration of Transportation Development Credits**

Before project sponsors awarded transportation development credits by the MPO may use them, the Texas Transportation Code requires the project sponsor to enter into a TDC agreement with the MPO. The purpose of this agreement is to describe the project for which the credits will be employed and the amount of credits awarded. This agreement does not substitute for project agreements required by TxDOT or federal grantor agencies. If permitted by TxDOT, the TDC agreement may be incorporated into TxDOT's Advanced Funding Agreement. The MPO shall transmit a TDC agreement for execution by the project sponsor within 90 days of Transportation Policy Council action to award TDCs. If an entity does not sign its TDC agreement within one year after receipt of the agreement, the credits may be rescinded and awarded to another eligible project(s) and project sponsor(s).

### **Annual Report**

Not later than December 1st of each year, the MPO will submit a report to the Texas Department of Transportation documenting the management of its credit allocations for the previous fiscal year. This document will list all projects to which credits have been awarded and their implementation status.

### **Transfer of Credits**

Based upon a documented request from another Metropolitan Planning Organization or the Texas Department of Transportation, the Transportation Policy Council may approve a transfer of Transportation Development Credits allocated to it to another MPO or to the Texas Transportation Commission. An approved transfer shall be documented in the MPO's Annual TDC Report.