



Houston-Galveston Area Council

November 27, 2019

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

RE: 2019 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 2019, over 5 million Transportation Development Credits (TDCs) were awarded to twenty-five 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 adam.beckom@h-gac.com or phone at (713) 993-4567.

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)
Ms. Eliza Paul, P.E., (HOU)
Mr. Donald Smith, P.E., (BMT)

FY 2019 Approved Transportation Development Credit (TDC) Awards

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
Awarded September 28, 2018							
Gulf Coast Center	16222 0912-73-208	CONSTRUCT PARK & RIDE WITH 400 AUTO AND 40 BUS PARKING SPACES AND PASSENGER TERMINAL	CMAQ, FTA-5339	\$ 4,964,268	392,640	Support of Federal Transit Funding	The Texas City Park & Ride is a regionally significant project in that it will provide transit mobility for commuters living in mainland Galveston County and working on Galveston Island. As a replacement for the temporary service operating from leased parking spaces at the Mall of the Mainland, this new facility represents the continued evolution of quality transit services in Galveston County. The reduction in VMT and auto emissions attributable to this park & ride will assist the region with attaining its congestion and air quality goals.
Awarded February 22, 2019							
Houston-Galveston Area Council	18004 0912-00-599	SOUTHEAST HARRIS COUNTY SUBREGIONAL STUDY (\$1,500,000); REGIONAL GOODS MOVEMENT STUDY (\$1,000,000); INTERSECTION SAFETY AUDITS (\$1,000,000); AND REGIONAL TRAVEL SURVEYS (\$1,600,000)	STBG	\$ 5,100,000	1,020,000	Other Regionally Significant Project	For the Safety Intersections Studies, H-GAC has identified the 50 high frequency traffic crash intersections in the region. These locations are responsible for the majority of intersection-related vehicle crashes. Determining the most suitable safety counter-measures for these locations will significantly reduce the number of motor vehicle fatalities and injuries throughout the region. The Regional Goods Movement Plan will ensure the region can continue to play a role in supply chains while meeting regional economic goals, addressing critical mobility challenges and contributing to community livability and quality of life. The Regional Goods State Highway 225 is an important regional corridor that serves as a major east-west thoroughfare, freight route, and hurricane evacuation route.
Awarded April 5, 2019							
Fort Bend County Public Transportation	11769	PURCHASE OF ROLLING STOCK: FY 2018	FTA-5307 (Urban Formula)	\$ 294,413	58,883	Support of Federal Transit Funding	FY2018 allocation of Section 5307 Federal funds are authorized under the FAST Act and therefore are subject to a cap on the use of federal funds for operating reimbursement. Fort Bend County will use TDC's as match for Capital, and Planning and Operating funds, and local match generally applied to capital, planning, and operating will be used to cover additional operating costs in excess of the operating cap.

FY 2019 Approved Transportation Development Credit (TDC) Awards

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
Fort Bend County Public Transportation	11895	FACILITY CONSTRUCTION: FY 2018	FTA-5307 (Urban Formula)	\$ 401,166	80,233	Support of Federal Transit Funding	FY2018 allocation of Section 5307 Federal funds are authorized under the FAST Act and therefore are subject to a cap on the use of federal funds for operating reimbursement. Fort Bend County will use TDC's as match for Capital, and Planning and Operating funds, and local match generally applied to capital, planning, and operating will be used to cover additional operating costs in excess of the operating cap.
	11926	ITS PROJECTS & SOFTWARE MAINTENANCE: FY 2018	FTA-5307 (Urban Formula)	\$ 397,446	79,489	Support of Federal Transit Funding	FY2018 allocation of Section 5307 Federal funds are authorized under the FAST Act and therefore are subject to a cap on the use of federal funds for operating reimbursement. Fort Bend County will use TDC's as match for Capital, and Planning and Operating funds, and local match generally applied to capital, planning, and operating will be used to cover additional operating costs in excess of the operating cap.
	11935	VEHICLES REPLACEMENTS: FY 2018	FTA-5339	\$ 892,470	178,494	Support of Federal Transit Funding	Fort Bend County will use TDC's as match for Capital and local match generally applied to capital will be used to cover additional operating costs in excess of the operating cap.
	16272	CAPITAL EXPENDITURES FOR PUBLIC TRANSPORTATION FOR FORT BEND COUNTY :FY 2018	FTA-5307 (Urban Formula)	\$ 1,506,138	301,228	Support of Federal Transit Funding	FY2018 allocation of Section 5307 Federal funds are authorized under the FAST Act and therefore are subject to a cap on the use of federal funds for operating reimbursement. Fort Bend County will use TDC's as match for Capital, and Planning and Operating funds, and local match generally applied to capital, planning, and operating will be used to cover additional operating costs in excess of the operating cap.
	16273	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION FOR FORT BEND COUNTY: FY 2018	FTA-5307 (Urban Formula)	\$ 886,166	177,233	Support of Federal Transit Funding	FY2018 allocation of Section 5307 Federal funds are authorized under the FAST Act and therefore are subject to a cap on the use of federal funds for operating reimbursement. Fort Bend County will use TDC's as match for Capital, and Planning and Operating funds, and local match generally applied to capital, planning, and operating will be used to cover additional operating costs in excess of the operating cap.

FY 2019 Approved Transportation Development Credit (TDC) Awards

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
Gulf Coast Center	11744	LAKE JACKSON/ANGLETON CAPITAL ENGINEERING, DESIGN, AND CONSTRUCTION	FTA-5307 (Urban Formula)	\$ 876,665	175,333	Support of Federal Transit Funding	The GCC is requesting TDCs as local match for the Lake Jackson/Angleton Administration and Maintenance facility design, engineering and construction project.
	16355	CAPITAL EXPENDITURES FOR PUBLIC TRANSPORTATION IN TEXAS CITY/LA MARQUE: FY 2018	FTA-5307 (Urban Formula)	\$ 580,281	116,056	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	16356	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION IN TEXAS CITY/LA MARQUE: FY 2018	FTA-5307 (Urban Formula)	\$ 225,000	45,000	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	16358	CAPITAL EXPENDITURES FOR PUBLIC TRANSPORTATION in Texas City/La Marque: FY 2019	FTA-5307 (Urban Formula)	\$ 448,406	89,681	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	16359	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION in TEXAS CITY/LA MARQUE :FY 2019	FTA-5307 (Urban Formula)	\$ 225,000	45,000	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	16361	CAPITAL EXPENDITURES FOR PUBLIC TRANSPORTATION LAKE JACKSON/ANGLETON: FY 2018	FTA-5307 (Urban Formula)	\$ 986,283	197,257	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	16362	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION in LAKE JACKSON/ANGLETON: FY 2018	FTA-5307 (Urban Formula)	\$ 120,000	24,000	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations, and the purchase of rolling stock.
	Gulf Coast Center	16364	PLANNING EXPENDITURES FOR PUBLIC TRANSPORTATION LAKE JACKSON/ANGLETON: FY 2019	FTA-5307 (Urban Formula)	\$ 120,000	24,000	Support of Federal Transit Funding

FY 2019 Approved Transportation Development Credit (TDC) Awards

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
Harris County Community & Economic Development Dept.	11939	BAYTOWN EXPRESS PARK&RIDE CONSTRUCTION: FY 2018	FTA-5307 (Urban Formula)	\$ 750,000	187,500	Support of Federal Transit Funding	With Fast Act apportionments, Harris County is using TDCs to Match Capital, Planning and Operating funds so that local funds can be leveraged to maximum capacity. There is a match shortfall due to the forced relocation and construction of the Baytown Park and Ride lot project.
	11940	LA PORTE SHELTER, SIDEWALK & STREET LIGHT PROGRAM: FY 2018	FTA-5307 (Urban Formula)	\$ 519,200	102,652	Support of Federal Transit Funding	With Fast Act apportionments, Harris County is using TDCs to Match Capital, Planning and Operating funds so that local funds can be leveraged to maximum capacity. There is a match shortfall due to the forced relocation and construction of the Baytown Park and Ride lot project.
	16260	HARRIS COUNTY TRANSIT CAPITAL EXPENSES: FY 2018	FTA-5307 (Urban Formula)	\$ 1,002,780	22,545	Support of Federal Transit Funding	With Fast Act apportionments, Harris County is using TDCs to Match Capital, Planning and Operating funds so that local funds can be leveraged to maximum capacity. There is a match shortfall due to the forced relocation and construction of the Baytown Park and Ride lot project.
	16261	HARRIS COUNTY TRANSIT PLANNING EXPENSES: FY 2018	FTA-5307 (Urban Formula)	\$ 920,000	25,000	Support of Federal Transit Funding	With Fast Act apportionments, Harris County is using TDCs to Match Capital, Planning and Operating funds so that local funds can be leveraged to maximum capacity. There is a match shortfall due to the forced relocation and construction of the Baytown Park and Ride lot project.
	16262	HARRIS COUNTY TRANSIT OPERATING EXPENSES: FY 2018	FTA-5307 (Urban Formula)	\$ 1,191,865	460,596	Support of Federal Transit Funding	With Fast Act apportionments, Harris County is using TDCs to Match Capital, Planning and Operating funds so that local funds can be leveraged to maximum capacity. There is a match shortfall due to the forced relocation and construction of the Baytown Park and Ride lot project.

FY 2019 Approved Transportation Development Credit (TDC) Awards

Agency	MPOIDs/CSJs	Project	Federal Source	Federal Funds	TDCs Awarded	Priority Use Under TDC Policy	Comments
Houston-Galveston Area Council	16354	MOBILITY PLANS FOR LIBERTY COUNTY AND MONTGOMERY COUNTY PRECINCT 2	STBG	\$ 800,000	80,000	Other Regionally Significant Project	The Liberty County Mobility Plan represents a concentrated effort to address existing and future transportation needs in Liberty County. The County is experiencing an increase in commercial and residential developments resulting in escalating congestion and mobility challenges. The completion of SH 99/Grand Parkway will compound this development. A regional mobility plan is needed to address these challenges and provide a framework for future investments.
Awarded June 28, 2019							
Gulf Coast Center	16357	OPERATING EXPENDITURES FOR PUBLIC TRANSPORTATION in Texas City/La Marque: FY 2018	FTA-5307 (Urban Formula)	\$ 651,523	651,523	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations and the purchase of rolling stock.
	16360	OPERATING EXPENDITURES FOR PUBLIC TRANSPORTATION TEXAS CITY/LA MARQUE: FY 2019	FTA-5307 (Urban Formula)	\$ 810,656	801,656	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations and the purchase of rolling stock.
	16365	OPERATING EXPENDITURES FOR PUBLIC TRANSPORTATION LAKE JACKSON/ ANGLETON: FY 2019	FTA-5307 (Urban Formula)	\$ 70,767	70,767	Support of Federal Transit Funding	GCC will use TDCs as match for FY2018 and FY 2019 FTA 5307 Urban Area Formula Program funding and use existing local funding, which would have been applied to construction, to support on-going transit operations and the purchase of rolling stock.

Total: \$ 24,740,493 5,014,126

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.