

**TESTIMONY OF MIKE HEILIGENSTEIN, EXECUTIVE DIRECTOR
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY
BEFORE THE SENATE COMMITTEE ON
INFRASTRUCTURE DEVELOPMENT AND SECURITY**

May 4, 2004

TO: CHAIRMAN TODD STAPLES AND COMMITTEE MEMBERS

Thank you for the invitation to appear before this Committee. For the past five months I have had the pleasure of serving as the Executive Director of the Central Texas Regional Mobility Authority ("CTRMA"). The CTRMA is the first regional mobility authority created in the State of Texas, and it has now been in existence for approximately fifteen months. The CTRMA was formed at the request of Travis and Williamson Counties, and was created pursuant to legislation passed during the 77th Legislative session. Until recently the CTRMA was the only RMA in the state, and it therefore has become somewhat of a model for other regions interested in forming similar entities and evaluating the many issues that are required to make that decision. We have readily shared the lessons we have learned with local officials from other regions, and we hope that other areas will take advantage of what an RMA can do to improve mobility and safety, create economic opportunities, and enhance quality of life.

As the first RMA in the state, the CTRMA was extensively involved in the development of Article 2 of HB 3588. That section deals exclusively with RMAs and creates a comprehensive, stand-alone chapter of the Transportation Code which governs RMA formation, operation, and governance. Significant aspects of HB 3588 affecting RMAs are that it clarified and expanded the scope of RMA powers, clarified numerous operational issues and condemnation and bond issuing authority, and solidified the notion that, through the use of RMAs, regions can take a greater degree of control over the destiny of transportation projects within their regions and can benefit from the positive economic effects of tolling. These benefits accrue not only from the development and construction of new projects but also through the availability of "surplus revenues" to use for other transportation projects in the region, be they tolled or non-tolled. We were pleased to serve as a resource during the last legislative session and the development of HB 3588, and believe that it has made significant improvements to the means available to develop transportation infrastructure in this state.

Since the enactment of HB 3588 we have had the opportunity to use several of the tools provided. For example, the CTRMA is currently engaged in a procurement for the development of US 183-A through a "Comprehensive Development Agreement". Using that procurement methodology and the proceeds of a "toll equity" grant from TxDOT, we should be able to expedite the planning, financing, and construction of that much needed roadway by several years, and it will eventually generate revenues to support other transportation projects in the region. In addition, we have worked closely with the Austin District of TxDOT in developing a comprehensive Regional Implementation Program to take several projects which are already contained in an approved metropolitan planning organization plan and open them as toll roads, leveraging available TxDOT funding and Texas Mobility Fund proceeds to support a comprehensive network of improvements. TxDOT has been an essential partner in our efforts

and the result is a program that will deliver \$2.2 billion of new roadway capacity in 5-7 years instead of the 40 plus years it would take under the traditional model of building highway projects.

Toll road development and financing involves a complicated mix of issues and demands a variety of professional services. Because of the reliance on revenue bond financing, and the importance of the investment community perceiving the issuer of toll road revenue bonds to be a credit-worthy, it is essential to build a credible organization. While the CTRMA is now pursuing the procurement of US 183-A through a CDA and is in the midst of attempting to secure MPO approval of a broader plan for toll road development in the region, much of the first year of the CTRMA's existence was spent building that credible organization. This meant securing engineering services and the services of a general counsel, accountants, financial advisors, investment bankers, bond counsel and traffic and revenue consultants. It also meant creating the structure and policies to guide the organization, such as bylaws, conflict of interest policies, procurement policies, and policies to assure minority participation in CTRMA projects. RMAs are both political subdivisions and businesses, and must possess the attributes of each.

Developing the organizational framework and support and securing the services of the many necessary disciplines is a costly function. One of the biggest challenges that the CTRMA has faced, and that other RMAs throughout the state will face, is funding those non-project related expenses that are essential to the growth of a credible organization. Currently the counties forming RMAs are responsible for committing the resources necessary to fund these operations, and that can require commitment of several hundred thousand dollars. It appears that TxDOT is precluded from advancing funds necessary to pay for an RMA's "start-up" expenses, and that is one area of change that I would suggest that the Committee consider. Whether through outright grants or through loans subject to later repayment from project development proceeds, it would be extremely helpful if there were a way that TxDOT could fund the initial operating expenses of RMAs which are not currently payable from any source other than the founding counties. In fact, I think that the lack of available financial resources may be the biggest impediment to the formation of RMAs, and removing that barrier may result in more RMAs being formed throughout the state.

Thank you for the opportunity to appear before the Committee. We remain at your disposal and are happy to address any issues you may have concerning the actual experience that an RMA has had with HB 3588.