

# INTERIM REPORT

*to the 85<sup>th</sup> Texas Legislature*



HOUSE SELECT COMMITTEE ON  
TRANSPORTATION PLANNING



JANUARY 2017



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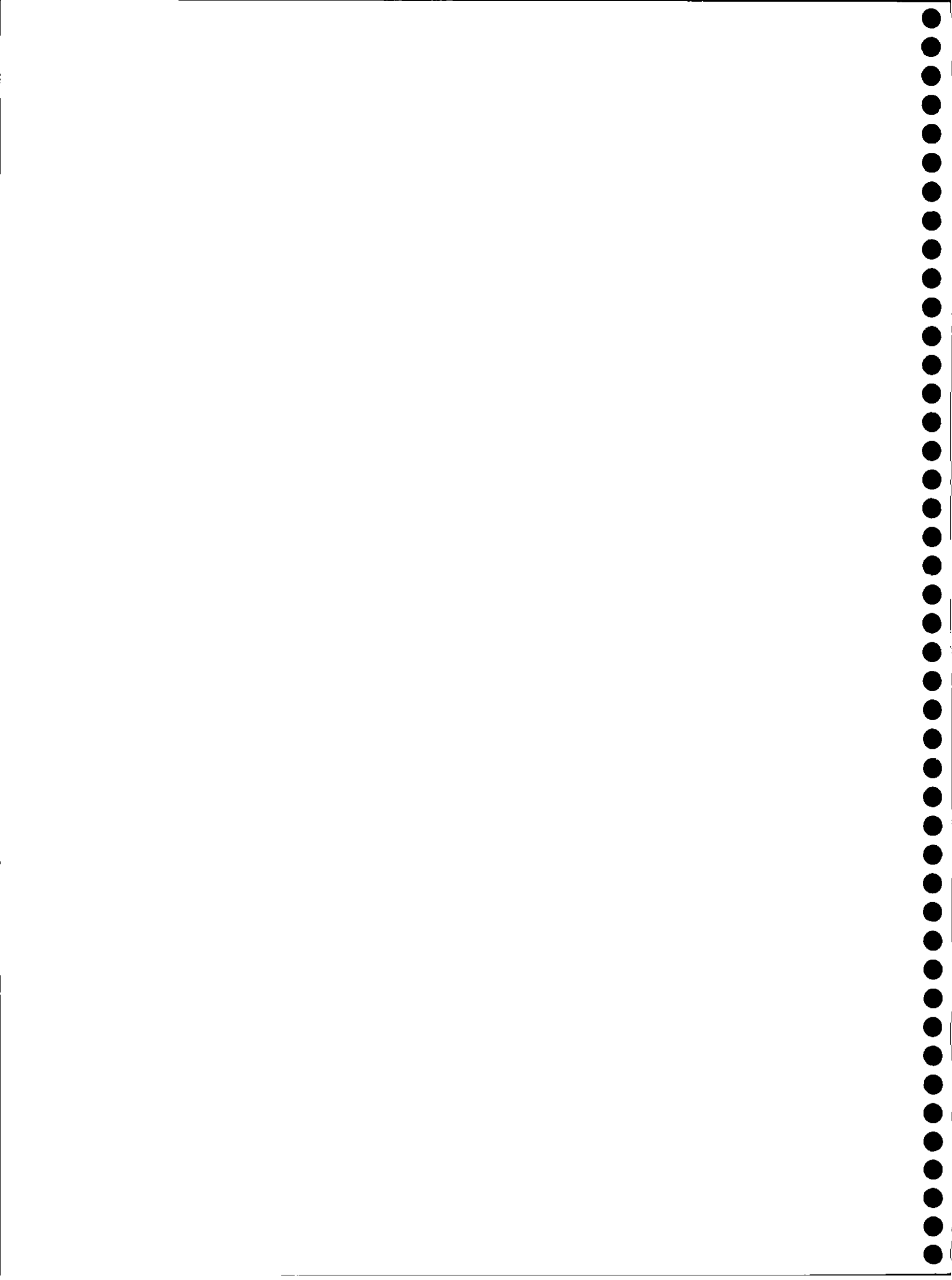
**HOUSE SELECT COMMITTEE ON TRANSPORTATION PLANNING  
TEXAS HOUSE OF REPRESENTATIVES  
INTERIM REPORT 2016**

**A REPORT TO THE  
HOUSE OF REPRESENTATIVES  
85TH TEXAS LEGISLATURE**

**JOE C. PICKETT  
CHAIRMAN**

**COMMITTEE CLERK  
JULIE YOUNG**

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Select Committee on Transportation Planning

January 4, 2017

Joe C. Pickett  
Chairman

P.O. Box 2910  
Austin, Texas 78768-2910

The Honorable Joe Straus  
Speaker, Texas House of Representatives  
Members of the Texas House of Representatives  
Texas State Capitol, Rm. 2W.13  
Austin, Texas 78701

Dear Mr. Speaker and Fellow Members:

The Select Committee on Transportation Planning of the Eighty-fourth Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Eighty-fifth Legislature.

Respectfully submitted,

  
Joe C. Pickett

  
Lyle Larson

  
Larry Phillips

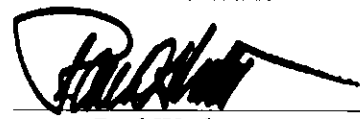
  
Mando Martinez

Debbie Riddle

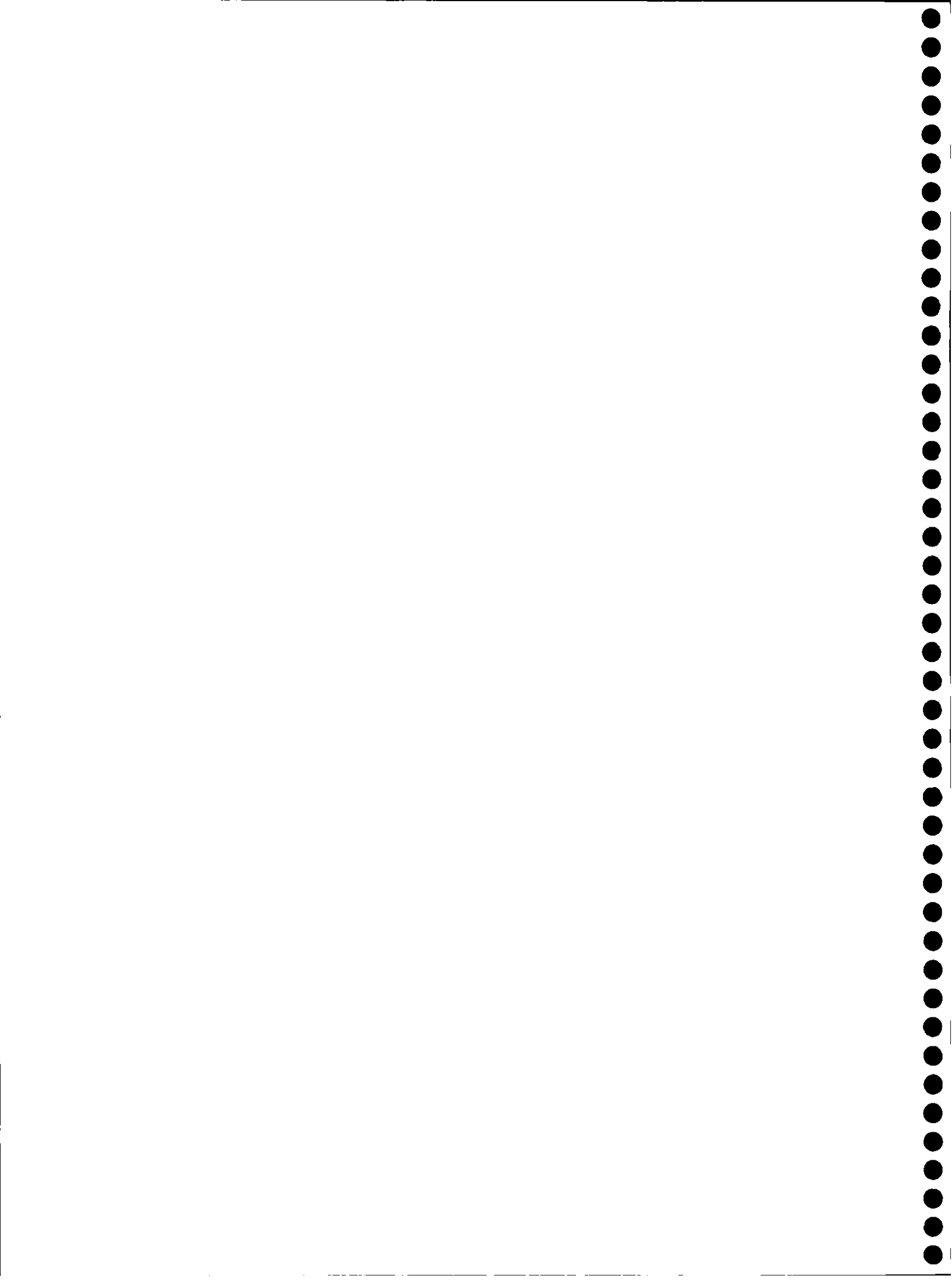
  
Ron Simmons

  
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Members: Joe C. Pickett, Lyle Larson, Larry Phillips, Mando Martinez, Debbie Riddle,  
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## SELECT COMMITTEE ON TRANSPORTATION PLANNING

In response to House Bill 20 (HB 20), 84th Legislature, Regular Session, 2015, and as part of the implementation effort, the Texas Department of Transportation (TxDOT) created the Planning Organization Stakeholder Committee (POSC) in July 2015.

In addition to the POSC, TxDOT formed a Core Strategy Team (CST) charged with reviewing and updating the TxDOT's values, vision, mission, and goals in order to set the foundation for the performance measures and metrics to be used in a performance-based planning process. The new values, vision, mission, and goals developed by the CST were adopted by the Commission on February 25, 2016.

### **Development of Performance-Based Planning and Programming Process**

The over-arching requirement called for in HB 20 is the development of a performance-based planning and programming process.

“Develop and implement a performance-based planning and programming process dedicated to providing the executive and legislative branches of government with indicators that quantify and qualify progress toward attaining all department goals and objectives established by the legislature and the commission.”

In response to HB 20, and recommendations from the POSC, TxDOT has further integrated performance-based planning and programming processes in the development of the 2017 UTP. The performance process used in this UTP builds on and enhances existing performance efforts of the department. Distribution of funding to categories within the UTP is aligned with TxDOT's top strategic priorities. These priorities include addressing safety, preserving assets, targeting congestion and urban mobility needs, and enhancing rural connectivity corridors.

Under the guidelines of HB 20, and consistent with the TxDOT's adopted goals and objectives, the development and implementation of a performance based program will become institutionalized. Future UTPs will be developed based on the proposed planning rules which provide that the Commission will use a performance-based process, subject to the mandates of state and federal law, to determine the amount to be allocated to each program funding category for the appropriate period of time in order to achieve established performance outcomes.

The CST has also developed a set of objectives to support TxDOT's implementation of a performance-based planning process. Based on this work, and input from the HB 20 POSC, TxDOT staff has proposed a set of key performance indicators and targeted outcomes to guide the allocation of category funding in the UTP and track progress toward accomplishment of the departmental goals and objectives. These efforts support the following requirements of HB 20:

- “Develop and implement performance metrics and performance measures as part of:
- Review of strategic planning in the statewide transportation plan, rural transportation

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- plans, and unified transportation program;
  - Evaluation of decision-making on projects selected for funding in the unified transportation program and statewide transportation improvement program; and
  - Evaluation of project delivery for projects in the department’s letting schedule.”

The adopted values, vision, mission, and goals outlined in the introduction speak to these objectives, as do the on-going measures that are part of TxDOT’s HB 20 implementation. While the Commission and Department inserted some “process” based decision making in approving the August 2016 UTP, they agreed in testimony before the Committee that the process was not as thorough and robust as required by HB20. These measures are further outlined in the remaining section of this testimony.

### **Performance-Based Process for Setting Funding Levels**

HB 20 calls for TxDOT to implement a performance-based process to determine appropriate levels of funding for the various categories within the UTP.

“Establish a performance-based process for setting funding levels for the categories of projects in the department’s unified transportation program.”

In the development of the 2017 UTP, TxDOT used existing system performance data to evaluate the effect of different funding allocations on desired strategic outcomes. The data included information on system safety, preservation, and congestion in urban areas of the state.

In consideration of the strategic priorities, targeted performance outcomes, and available funding, the Commission allocated \$38.3 billion of additional funding to the strategic program areas and objectives as part of the adoption of the 2017 UTP.

### **Highway Safety and Infrastructure Preservation**

Highway safety and infrastructure preservation are among the top transportation priorities for the state and the Commission. There are over 313,000 centerline miles of public roadways in Texas, of which more than 80,000 are operated and maintained by TxDOT. The pavements are aging while passenger and freight movement in Texas continue to grow. There are 52,536 highway bridges in the state, constituting 9 percent of the nation’s total inventory of bridges. Texas is projected to experience robust growth through 2040 in terms of both population and employment. This growth will be concentrated in urban areas of the state. The projected 61 percent increase in population and 80 percent increase in employment are expected to result in a 57 percent increase in total trip volumes from 2010 levels. While rural roadways may carry less than half the traffic volume of urban highways, the rural highway system is essential to the economic vitality of the state.

The performance objectives in the areas of safety and asset preservation, for both maintenance/pavements and bridges, are being achieved. At this point, it is unclear the degree to which improvements in performance outcomes in the areas of congestion and connectivity will be achieved. There are still many variables that will affect TxDOT’s ability to accurately project

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outcomes in these areas. These variables include project selection, population growth, and leveraging of other fund sources that could increase capacity for project improvements.

For the initial distribution of funding, a reliable estimate of urban and rural impacts on reliability performance metrics could not be generated. It is anticipated that forecasted impacts in these areas will be developed as TxDOT and planning organizations proceed with performance-based project selection efforts. As an initial consideration in distributing funds for rural connectivity and urban mobility/congestion/connectivity, the Commission considered vehicle miles of travel (VMT) as a metric for the distribution of funds in these areas. Rural VMT represents 23 percent of the system-wide VMT while Urban VMT represents 77 percent. Additional funding allocated by the Commission in 2017 UTP categories supporting these areas match the 23/77 percent VMT distribution.

### **Development, Use, and Periodic Review of Performance Metrics and Measures**

The Commission adopted on December 15, 2016 rules to address the following requirements of HB 20 through the incorporation of performance metrics and measures in its efforts to evaluate and rank the priority of projects listed in the UTP.

“Adopt and periodically review metrics and measures to:

- Assess how well the transportation system is performing and operating in accordance with the requirements of 23 USC Section 134 or 135, as applicable;
- Provide the department, legislature, stakeholders, and public with information to support decisions in a manner that is accessible and understandable to the public;
- Assess the effectiveness and efficiency of transportation projects and service;
- Demonstrate transparency and accountability; and
- Address other issues the commission considers necessary.”

“Develop and implement periodic reporting schedules for all performance metrics and measures required under this section (Texas Transportation Code, Section 201.809).”

TxDOT staff have identified and defined a preliminary series of commission and TxDOT administration level key performance measures (KPMs) and system performance measures. These measures and metrics are designed to inform the Commission and stakeholders on how well Texas’ transportation system is performing on a statewide level, and will assist decision makers on how best to allocate funding for projects and programs.

The metrics and measures used in this process will be continuously reviewed to ensure TxDOT is using both effective and meaningful measures. To better inform the legislature, stakeholders, and the public, TxDOT has procured a reporting tool that will be used to help visualize the KPMs using charts, graphs, and maps. TxDOT is currently working to improve its data management to ensure performance information is easily accessible and consistent. Processes are also being developed to ensure TxDOT can successfully incorporate performance reporting into day-to-day operations. Finally, TxDOT is working to ensure the timing of our reporting is integrated with existing planning and programming processes.

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## **Project Prioritization and Scoring**

State law calls for the statewide long-range transportation plan to be updated every four years. Although the next update of the plan is not scheduled until 2019, TxDOT staff has begun working on this effort. A performance-based planning process is being applied to this update, including to the selection and prioritization of projects throughout the state.

HB 20 also calls for TxDOT to:

- “Prioritize and approve projects included in the statewide transportation plan under Section 201.601 in order to provide financial assistance in this chapter.”
- “Establish a scoring system for prioritizing projects for which financial assistance is sought from the commission by planning organizations.”
- “Criteria used to score projects must take into consideration the department’s strategic goals as approved by the commission in accordance with the requirements of 23 U.S.C. Section 134 or 135, as applicable.”
- “System must account for the diverse needs of the state so as to fairly allocate funding to all regions of the state.”

In 2012, TxDOT adopted rules in response to sunset legislation that call for the ranking, or prioritization, of all projects in the state’s UTP. TAC Section 16.105(d)(2) requires TxDOT to “establish criteria to rank the priority of each project listed in the UTP based on the transportation needs of the state and the goals identified [...] project will be ranked within its applicable program funding category and classified as tier one, tier two, or tier three for ranking purposes.” In the 2017 UTP, each project listed in the Roadway and Bridge Program section is ranked as Tier 1, 2, or 3. Projects designated as a major transportation project have an automatic Tier 1 ranking. The current process for ranking and guiding the prioritization of projects is illustrated in Figure 7. To facilitate this process, a project ranking process was developed to collect data and receive input from TxDOT districts and planning organizations throughout the state. The criteria used in this process aligned with the requirements of HB 20 and were implemented by TxDOT districts and divisions directly involved with programming- specific projects.

### **Project Recommendation Criteria**

TxDOT staff is in the process of further refining the current scoring system to ensure future scoring takes into account the project recommendation criteria laid out in HB 20.

“Develop its own project recommendation criteria, which must include consideration of:

- Projected improvements to congestion and safety;
- Projected effects on economic development opportunities for residents of the region;
- Available funding;
- Effects on the environment, including air quality;
- Socioeconomic effects, including disproportionately high and adverse health or environmental effects on minority or low-income neighborhoods; and

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- Any other factors deemed appropriate by the planning organization.”

Going forward, TxDOT anticipates that additional criteria will be adopted to replace or supplement those currently considered as part of the project ranking process to provide further alignment with HB 20 criteria.

### **Ten-Year Plans**

The UTP, as currently structured, includes 10-year plans for each District. These plans, which guide the state’s transportation project development, include information on projects being developed by metropolitan planning organizations, as well. TxDOT District staff coordinate with the local planning organizations in their area to ensure these projects are included in the UTP.

- “Develop a 10-year transportation plan for the use of the funding allocated to the region.”
- “The first four years of the plan shall be developed to meet the transportation improvement plan requirements of 23 U.S.C. Section 134 or 135, as applicable.”
- “For an area that is not within the boundaries of a metropolitan planning organization, the department district shall develop the 10-year transportation plan with input from municipal and county elected officials and transportation officials in the region.”
- “Assist planning organizations in development of their 10-year plans by providing in a timely manner such information as is reasonably requested by the planning organization.”

While 10-year programs of projects are currently reflected in the UTP for all areas of the state; moving forward, TxDOT will work with the local planning organizations in the development of their statutorily required 10-year plans. These plans may further supplement the program of projects outlined in the 10 years of the UTP and align with the long-range plans for these areas. In some instances, MPOs may simply elect to utilize the plan of projects documented in the UTP as their 10-year plan. While some MPO’s and Districts have made progress on developing project selection criteria in accordance with HB20 this effort is not complete.

### **2017 Unified Transportation Program (UTP)**

As previously noted, the 2017 UTP (as adopted by Commission August 25, 2016) has incorporated several new processes that will affect the development and implementation of transportation projects both now and in the future. These processes provide for the alignment of the UTP with TxDOT’s updated mission, values, and goals statement; and HB 20 provisions related to planning and programming. The following language is included throughout the 2017 UTP document to further emphasize the department’s commitment to carrying out the provisions of HB 20 throughout this effort which is on-going and subject to revision based on legislative and stakeholder input, and recommendations included the forthcoming House and Senate select committees’ final report.

“Note: As passed by the 84th funding allocations and project listings identified in the UTP that generally involve allocations in Categories 2, 4, 11, and 12 may be subject to further

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consideration by the Texas Transportation Commission to ensure that the Texas Department of Transportation and HB 20 designated Planning Organizations (TxDOT Districts and Metropolitan Planning Organizations) have complied with the requirements of HB 20. Any proposed revisions to funding allocations or project listings will be addressed in future updates to the UTP.”

### **Administrative Planning Rule**

On September 29, 2016 the Commission approved proposed amendments to Chapter 16 of the TAC. The amendments, as noted throughout this testimony, are in large-part in response to the planning and programming directives provided by HB 20. The proposed changes have gone through a period of public and are scheduled to be considered by the Commission for final adoption on December 15, 2016.

The proposed rule changes:

- Provide for the adoption of a performance-based planning and programming process with performance metrics and measures;
- Specify that the department will consider performance metrics and measures to evaluate and rank the priority of each project listed in the UTP;
- Integrate the department’s new strategic goals and initiatives;
- Revise the project selection criteria to incorporate language contained in the new strategic goals and objectives;
- Provide that the Commission will use a performance-based process, subject to the mandates of state and federal law, to determine the amount to be allocated to each program funding category in order to achieve established performance outcomes;
- Specifies that changes in UTP funding levels may result from consideration of performance results;
- Updates definition of “project” pursuant to HB 20; and
- Respond to considerations of the POSC regarding improvements to planning and forecasting processes.

As TxDOT continues to collaborate with planning partners, legislative committees, and the POSC, additional rule changes may be needed to further refine the processes that will guide project selection criteria and funding distributions. While the Department has made progress in implementing the project selection criteria as required by HB20 the system and processes have not been finalized and the Committee believes this should be a priority prior to selecting projects in the future.

### **Recommendations**

1. TxDOT should develop additional tools and methodologies for “stress testing” the application of performance measures and metrics for category and project funding decisions.
2. Federal Performance Management Efforts – TxDOT should continue to work with MPOs through the Texas Association of Metropolitan Planning Organizations (TEMPO) to

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review and respond to federal performance management requirements. In this effort, TxDOT should work to establish a balance between federal and HB 20 performance requirements to minimize confusion that may result from the application of varying measures and metrics.

3. TxDOT staff needs to work, through the POSC and TEMPO, to assist planning organizations with development of their individual 10-year plans, including the application of project selection criteria on the local level.

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