

Star-Telegram

Texas finds extra \$2 billion for roads

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A windfall of up to \$2 billion in transportation funds statewide could be just what North Texas officials need to finally expand major projects such as Interstate 35W in north Fort Worth and Interstate 35E in Dallas and Denton counties.

But the sudden availability of such a big pot of funding is raising eyebrows in Austin, especially among state lawmakers who haven't forgotten that just a few years ago officials at the Texas Department of Transportation claimed they were nearly broke -- barely able to maintain existing roads and fresh out of money to do virtually any new road work other than projects with a toll component.

"It sounds strange to me. I'd like to ask them where they've been printing money," said state Rep. Joe Pickett, D-El Paso, a House transportation committee member.

State transportation department officials say there's no magic to their newfound wealth. Instead, officials at the agency, which typically spends about \$7.5 billion a year -- mostly on highways -- have taken a closer look at their internal budget estimates and determined they were being way too conservative.

For example, they believe they've underestimated the amount of contracting authority they'll receive from the federal government through September by perhaps up to \$750 million. On Wednesday, the U.S. Senate overwhelmingly passed a two-year, \$109 billion transportation bill that, while it still must clear the House, signals that Washington is serious about getting states the long-term funding they've been waiting on for years.

Texas officials also say they've overestimated the cost of ongoing road work by \$650 million, leaving a surplus in their coffers. And finally, they've found an extra \$600 million that can be borrowed by issuing more debt backed by the Texas Mobility Fund, assuming the state comptroller and budget board go along with the plan.

"You effectively earn \$2 billion by scrubbing the existing system and managing the budget carefully," said Texas Transportation Commission member Bill Meadows of Fort Worth.

I-35 expansion

The state transportation department is asking metro areas to quickly compile lists of projects that could take advantage of the new funds. The money would need to be obligated by September, although the construction work itself could take place over two to four years, officials said.

In Dallas-Fort Worth, high on the list of priorities for the North Central Texas Council of Governments is expansion of I-35W and I-35E.

In Fort Worth, I-35W would be expanded from I-30 to Loop 820. The plan calls for rebuilding existing lanes and adding two managed toll lanes in each direction by 2017.

The work could be accomplished by adding it to the ongoing North Tarrant Express project, a \$2.5 billion effort already under way on adjacent Northeast Loop 820 and Texas 121/183. But to do that, the state needs to come up with an estimated \$537 million. State officials have applied for federal grants and loans to close the funding gap, but it's a long shot that those funds will cover the entire cost. So, the availability of new transportation funds in Austin could go a long way to ensuring the work gets done.

In Dallas and Denton counties, officials are pressing for expansion of I-35E, including an extra free lane in each direction as well as toll lanes from LBJ Freeway in Dallas to U.S. 380 in Denton. Denton County is already bringing \$600 million to the table, but an estimated \$900 million more is needed to ensure that toll-free lanes can be added.

By one estimate, the state's windfall could make up about \$300 million of this shortfall.

Cloudy forecast

Bass acknowledged that lawmakers are questioning his agency's math, and he doesn't blame them. The changing tide of funding availability in Texas is partly a result of indecision in Washington, he said. During the past three years, Congress has declined to pass a long-term transportation bill and instead passed a series of short-term measures to ensure that existing projects continue.

That decision forced states to take an ultra-conservative approach, to not expect more in federal funding than the federal gas tax could generate. But more recently, with Congress showing a willingness to continue adding to its deficit by funding transportation projects beyond

what the gas tax will support, organizations such as the American Association of State Highway and Transportation Officials have notified states that it's OK to start using more optimistic projections when it comes to federal funds.

As a result, Texas' initial projection that \$2.1 billion in federal transportation funds would be sent to the state in fiscal year 2012 is now being increased to more than \$2.8 billion, creating about an extra \$750 million.

But observers such as Pickett may still wonder why the agency as recently as a year ago asked lawmakers to allow the issuance of more Proposition 12 bonds, which are backed by the state's general fund, claiming the money was needed because of a shortage of gas tax-supported funds.

"They should be able to forecast better," Pickett said.

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