

Senate Committee on Border Affairs

Transportation Interim Report



**Texas Border Transportation Infrastructure
and Senate Bill 913**

SENATE COMMITTEE ON BORDER AFFAIRS

76TH LEGISLATURE

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November 14, 2000

The Honorable Rick Perry
Lieutenant Governor of Texas
Texas Capitol, Second Floor East
Austin, Texas 78711

Dear Governor Perry:

The Senate Special Committee on Border Affairs hereby submits its report on Interim Charge 1 (assessing the long-term intermodal transportation needs of the Texas-Mexico Border region to facilitate regional economic development, international trade and safety, as well as, evaluating the planning and capacity resources of the three transportation Border districts to expedite the flow of NAFTA-related commercial vehicle traffic), and Interim Charge 5 (monitoring the implementation of SB 913 regarding the establishment and maintenance of one-stop border inspection stations).

Respectfully submitted,

Eddie Lucio, Jr., Chairman

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*Reservations attached to
recommendations

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Transportation Charge: Scope of Study

Transportation infrastructure and international trade are key components to Texas’ economic well-being. During the 76th Legislative Interim period, several committees were charged by Lt. Governor Rick Perry with studying different elements of Texas’ transportation infrastructure. The Border Affairs Committee, in particular, was charged with examining and addressing the long-term intermodal transportation needs of the Texas-Mexico Border region. Such a directive required the Committee to develop innovative transportation measures targeted at the Border area with the goal of strategically promoting regional economic development, as well as increasing international trade for the state of Texas.

In terms of what constitutes the “Border” region in this transportation discussion, the Committee was required to evaluate the unique planning and capacity infrastructure needs of the three Border transportation districts. The Border districts of Pharr, Laredo, and El Paso are composed of a 22-county region that is found in the immediate vicinity of the Rio Grande River International Boundary (Table 1 and Exhibit 1).

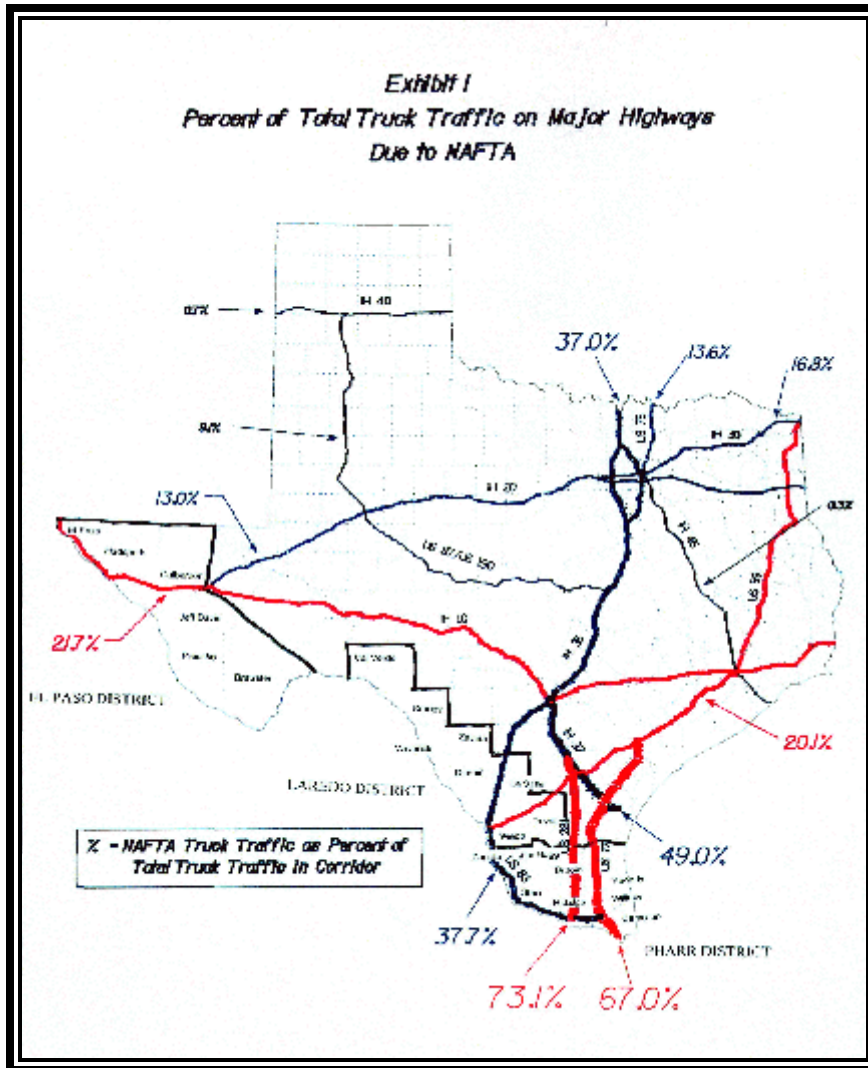
Table 1: Border Transportation Districts / Counties

<u>Pharr</u>	<u>Laredo</u>	<u>El Paso</u>
Cameron	Webb	El Paso
Hidalgo	Duval	Brewster
Brooks	Kinney	Culberson
Jim Hogg	La Salle	Hudspeth
Kenedy	Maverick	Jeff Davis
Starr	Val Verde	Presidio
Willacy	Dimmit	
Zapata	Zavala	

Source: TxDOT Transportation District Information.

Border Affairs was specifically directed to develop and propose initiatives -- including alternative financing mechanisms -- that address the planning and capacity resources of the Border districts in order to help expedite the flow of NAFTA-related commercial traffic, and consequently benefit the trade status of the entire state. The Committee thus focused its study on the transportation districts that together are the predominant gateways -- or ports-of-entry -- of the world market and international community of Texas.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic



Source: Texas Department of Transportation.

Unlike the Border Affairs Committee, which was asked to propose measures that address the capacity and resources of the Texas-Mexico Border in order to promote regional economic development and to expedite the flow of NAFTA-related traffic, the State Affairs Committee was charged with surveying the state's intermodal transportation planning efforts. State Affairs, in particular, was directed to focus its research on NAFTA-related corridors and was charged with

evaluating their impact on both metropolitan and rural areas.¹

While the charges of the Border and State Affairs Committees are vastly similar in nature, they differ distinctively in scope and function. Accordingly, since both committees heard basically the same type of testimony during numerous joint hearings,

¹ Border and State Affairs Interim charges, 76th Legislative Interim.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

the recommendations that were developed by the Committees may at times overlap, or be the same. At other times, the policy proposals and measures recommended by the Committees may be notably different in terms of their focus, scope and purpose.

**Table 2: NAFTA-related Transportation Charge excerpts:
Border Affairs Committee and State Affairs Committee**

Assess the long-term intermodal transportation needs of the Texas-Mexico Border Region to facilitate regional economic development, international trade and safety. The Committee shall address all modes of transportation, including highways, farm-to-market roads, turnpikes, mass transit, aviation, railroads and water traffic. The Committee shall also evaluate the planning and capacity resources of the three Texas Department of Transportation Border districts and make recommendations, including alternative financing mechanisms, to expedite the flow of NAFTA-related commercial vehicle traffic.

Evaluate the state's intermodal transportation planning efforts with an emphasis on NAFTA-related trade corridors and their impact on both metropolitan and rural areas of the state. The Committee shall address all modes of transportation including highways, farm-to-market roads, turnpikes, mass transit, aviation, railroads and water traffic. The Committee shall determine whether the state is maximizing federal funding levels, and evaluate alternative and innovative methods of transportation funding and develop recommendations for their use.

Source: Border Affairs and State Affairs Interim Charges.

The Texas Border & Transportation: A Matter of Inadequate Funding.

The transportation infrastructure of the Texas-Mexico Border is probably one of the most important linkages in Texas' economy. The Lower Rio Grande Valley, Laredo, and El Paso all play integral roles in the current and future economic viability of the state. The Texas Department of Transportation (TxDOT) seems to recognize this fact in its national effort to direct, and earmark, a greater amount of funds to Texas in order to be able to address the problems and traffic incurred by the significant increase in NAFTA-related trade activity along the Border. Recently, in response to a federal shortfall of transportation funds from the National Corridor Planning/Development and Coordinated Border Infrastructure Programs, Texas Transportation Commissioner

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

John Johnson stated,

“Although I’m pleased Texas will receive this funding, we can’t ignore the bigger picture. We have tremendous transportation needs facing Texas and our Border, and this funding doesn’t come close enough to help us address them. While Texas Border crossings handle approximately 80 percent of U.S.-Mexico truck traffic, we are awarded only 15 percent of the federal funds allocated for trade corridors. . .

. . . Texas continues to get shortchanged on discretionary funds allocated by the USDOT. Our preliminary estimate based on this latest allocation is that Texas, the second largest state in the nation, is receiving only 49 cents on the dollar in federal highway discretionary program funds. Pardon the play on words, but this is literally highway robbery.”²

According to TxDOT, nearly 80 percent of all United States-Mexico truck traffic goes through Texas Border crossings and “40 percent of this traffic continues through Texas to other destinations in the U.S. and Canada. Texas shares the largest land border (1,200 miles) with Mexico and has the highest number of Border crossings in the nation. Several nationally critical High Priority Corridor routes are in Texas, including I-35, I-69 (including all of US 59 from Laredo to Texarkana and US 281 and US 77 to the Valley), the Ports-to-Plains corridor and the El Camino Real corridor, which includes the portion of I-10 through El Paso.”³

In a similar public statement, United States Senator Phil Gramm agreed that Texas was shortchanged in transportation funds from the federal government under the National Corridor and Border Infrastructure Programs which he created under the Transportation Equity Act of the 21st Century (TEA-21). Senator Gramm specifically argued that NAFTA-related traffic requires a better system of transportation in order

² Texas Department of Transportation. Press release, “Border Corridor Funds.” June 12, 2000.

³ Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

to support the commerce activity that has led to the prosperity of Texas and the United States. Senator Gramm stated, “Since long before NAFTA, Texas has been short-changed on highway funds while our roads have become more congested and dangerous. . . Now, the economic boom generated by NAFTA is stressing the highway system even further. NAFTA has been a great source of jobs and opportunity, and we must upgrade our infrastructure to handle it.”⁴

When it comes to Texas’ apportionment of its state and federal dollars to the Border region, unfortunately, the picture seems to be somewhat the same. The *El Paso Times* in an editorial responded to the funding disparity position held by Texas transportation officials. The *Times* noted that

“The argument has a familiar ring to it: ‘We’re not getting our fair share.’ Interestingly, El Paso’s well-worn refrain is now being echoed by high-ranking state officials in their pleas for more federal highway dollars. . . We would agree, but not without first noting the tremendous irony in these arguments -- irony because these same points, when justifiably parlayed by Border lawmakers to state transportation officials, fail to bring adequate state transportation funding to Border communities such as El Paso.”⁵

While the Texas Border is handling the majority of all NAFTA-related traffic through its ports-of-entry, an examination of Texas’ transportation allocations in the last decade reveals that out of the total amount of transportation funds that were available to the state, the Border districts received about 6.1 percent of the funds.⁶ Clearly the problem of the region is that it cannot compel the federal government, or state

⁴The Honorable Phil Gramm, U.S. Senator. Press release, “Gramm Announces \$18.3 Billion for Transportation Corridors in Texas.” June 8, 2000.

⁵ *El Paso Times* Editorial, “Funding Disparity: Texas needs more federal highway money.” June 19, 2000.

⁶ Legislative Budget Board. A Special Report: Highway Construction in the Texas Border Region: Past Expenditures and Plans for the Future. January 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

transportation agency representatives, to recognize the value, and critical significance of the amount of NAFTA-trade activity that it is handling. This lack of recognition has prevented the Texas-Mexico Border from justifiably receiving greater prioritized highway funds earmarked to support its level of NAFTA-related traffic. Even at times when the Legislature seems to recognize the need for prioritized funding for strategic trade corridors, the transportation leadership in Texas has opposed such prioritized, targeted funding.⁷ The *El Paso Times* reported earlier this year that “Texas Department of Transportation officials oppose a highway construction bond program that would make the Border region a priority for additional highway dollars.”⁸

Individuals trying to prevent the prioritized NAFTA-based funding from being undertaken have gone as far as to argue to legislative entities that the Texas-Mexico Border has received more than its fair share of funding.⁹ To support their arguments, the parties try to eliminate the authenticity of the disparity found in Border transportation funding, which is necessary to justify and develop a concerted trade-related effort for increased prioritized funding for NAFTA-related projects. Overtly, at times, certain parties have stated that an effort to provide strategic, geographically trade-based priority to the Texas-Mexico Border would be “too political” to undertake¹⁰ or would compromise the legitimacy, as well as integrity, of the transportation system.¹¹ The consequence of such actions reinforce an existing transportation culture that does not favor, or recognize, the importance of infrastructure build-up of critical Border corridors.

⁷ Transportation Commissioner David Laney. Testimony. Border Affairs Committee hearing. April 22, 1999.

⁸ Gary Scharrer. “Texas ‘robbed’ on road funding: Border traffic means state needs more, officials say.” *El Paso Times*. June, 14, 2000.

⁹ House Research Organization. Highway Funding: Toward a New Fiscal Roadmap. August 3, 2000.

¹⁰ Ibid.

¹¹ Transportation Commissioner David Laney. Testimony. Border Affairs Committee hearing. April 22, 1999.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

The Border Infrastructure: Consequences of Decades of Neglect

During the 76th Legislative interim, Border Affairs held joint hearings with the State Affairs Committee in the El Paso, Laredo and Pharr transportation districts, which enabled committee members to see first-hand the inadequate infrastructure of the region. While meeting in South Texas, it was evident that the Lower Rio Grande Valley is among the largest metropolitan areas in the nation without an interstate highway. Some members from outside the region were surprised and stunned by the sheer volume of trucks idling in never-ending lines, waiting to cross the ports-of-entry in the Laredo district. It was equally impressionable to discover that El Paso does not have any of its ports-of-entry directly connected to a national priority corridor.

Exhibit 2: Highways are a Choke Point for Texas Trade

- *The NAFTA transportation system, a gateway for commerce, has become an economic choke point.*
- *The volume of traffic crossings at Texas Border ports is staggering. In 1997, more than 2.8 million trucks crossed into and from Mexico.*
- *This volume of traffic often resulted in lines of trucks more than five miles long at certain Border ports -- some waiting hours to cross.*

Source: Texas A&M International University, Border Trade Institute as reported by Texas Comptroller Carole Keeton Rylander.

What are the consequences of these types of inadequate infrastructure problems along the Border region in light of NAFTA-related traffic? The United States General Accounting Office (GAO) reported last year that “traffic associated with southwest Border ports-of-entry has led to congestion on both commercial and passenger vehicles at some crossings, particularly older crossings that were built in downtown areas. This traffic has taxed the local and regional transportation infrastructure, and the resulting lines of traffic, which can run up to several miles during peak periods, are associated with air pollution caused by idling vehicles. Federal and local officials have also expressed concerns about how congestion affects safety around the ports of

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

entry. Congestion can also have a negative impact on businesses that operate on a just-in-time schedule and rely on regular cross-border shipments of parts, supplies, and finished products.”¹²

Not only does the level of congestion hurt Texas businesses, and consequently the economy of the state, but it also has a negative impact on the environment, as well as on the safety of the region. In a subsequent study this year, GAO reaffirmed its findings when it reported that “increased commercial truck traffic and the associated congestion at some Border crossings, particularly older crossings that were built in downtown areas such as Laredo and El Paso, Texas, have taxed the Border community infrastructure. Lines of trucks -- many of which are empty -- waiting to enter the United States can run up to several miles during peak periods, in the early to late afternoon, and the idling trucks contribute to air pollution and safety concerns in some major Border cities.”¹³

In order to acquire a tangible and pragmatic example of the negative impact that NAFTA-related truck traffic can produce on Texas roadways, especially along the Border region, it may be useful to review some of the findings reported by Berger and Associates in their report, Effect of the North American Free Trade Agreement on the Texas Highway System. The 1998 report noted, among other findings, that

“NAFTA traffic has a large impact on Texas citizens and on Texas highways. There are two general categories of impacts for these costs: social costs, which include congestion, accidents, air pollution, and noise pollution; and capital costs, which include preservation, mobility and safety.

NAFTA truck traffic affects Texans by contributing to congestion,

¹² General Accounting Office. U.S.-Mexico Border: Issues and Challenges Confronting the United States and Mexico. July 1999.

¹³ General Accounting Office. U.S.-Mexico Border: Better Planning, Coordination Needed to Handle Growing Commercial Traffic. March 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

accidents, air pollution, and noise pollution. Each of these factors generates an impact to which costs can be assigned. Congestion causes time loss and increases wear and tear on cars and trucks. Accidents result in personal injury and losses and damage to property. Air pollution makes people sick and keeps them from being productive. Traffic noise reduces the value of adjacent real estate. These social costs to Texans in 1996 were estimated at \$510.8 million.”¹⁴

Table 3 illustrates how the transportation district of Pharr showed the highest estimates of total pavement costs due to NAFTA trucks on Texas highways. The data shows that the Pharr district had more than double the estimated pavement costs than the next three transportation districts. The southernmost district’s pavement cost estimate was also three times higher than that of the Dallas, Austin, Houston and Laredo districts.

District	RURAL			URBAN				Total Cost
	Interstate	Principal Arterial	Minor Arterial	Interstate	Freeway & Expressway	Principal Arterial	Minor Arterial	
Pharr		\$5,020,432	\$43,839			\$12,291,841	\$330,372	\$17,686,484
S. Antonio	\$2,124,142	\$699,503	\$346,884	\$4,066,848	\$97,960	\$450,119	\$704,764	\$8,490,219
El Paso	\$911,308		\$621,098	\$1,363,456	\$211,465	\$4,918,206	\$380,816	\$8,406,349
C. Christi	\$430,944	\$5,532,661	\$88,167	\$601	\$898	\$2,078,819	\$56,057	\$8,188,146
Dallas	\$653,904	\$456,413	\$114,579	\$1,521,419	\$997,998	\$1,391,428	\$384,813	\$5,520,554
Austin	\$783,850	\$284,542	\$385,523	\$3,359,686	\$2,680	\$24,925	\$565,706	\$5,406,913
Houston	\$140,127	\$633,063	\$3,912	\$1,501,947	\$1,413,874	\$1,271,518	\$416,510	\$5,380,953
Laredo	\$1,253,769	\$1,607,474	\$498,737	\$55,855		\$1,547,629	\$50,986	\$5,014,451

Table and Data Source: Berger, Louis and Associates, Inc. Effect of the North American Free Trade Agreement on the Texas Highway System. December 1998.

¹⁴ Berger, Louis and Associates, Inc. Effect of the North American Free Trade Agreement on the Texas Highway System. December 1998.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

In terms of congestion and accidental costs due to NAFTA trucks on Texas highways, Pharr and El Paso were among the top five transportation districts with the highest amounts of these estimated total costs (Tables 4 & 5).

District	RURAL			URBAN				Total Cost
	Interstate	Principal Arterial	Minor Arterial	Interstate	Freeway & Expressway	Principal Arterial	Minor Arterial	
Pharr		\$4,038,173	\$23,239			\$25,338,710	\$451,805	\$29,851,927
S. Antonio	\$4,342,169	\$562,644	\$183,878	\$22,447,932	\$370,216	\$927,886	\$963,811	\$29,798,536
Austin	\$1,602,345	\$228,871	\$204,361	\$18,544,585	\$10,129	\$51,381	\$773,639	\$21,415,310
El Paso	\$1,862,895		\$329,236	\$7,525,917	\$799,184	\$10,138,514	\$520,790	\$21,176,535
Houston	\$286,448	\$509,203	\$2,074	\$8,290,354	\$5,343,426	\$2,621,140	\$569,603	\$17,622,248

Table and Data Source: Berger, Louis and Associates, Inc. Effect of the North American Free Trade Agreement on the Texas Highway System. December 1998.

District	RURAL			URBAN				Total Cost
	Interstate	Principal Arterial	Minor Arterial	Interstate	Freeway & Expressway	Principal Arterial	Minor Arterial	
Pharr		\$11,787,101	\$67,831			\$13,741,493	\$245,019	\$25,841,445
S. Antonio	\$3,168,610	\$1,642,312	\$536,725	\$10,300,898	\$200,773	\$503,204	\$522,685	\$16,875,207
C. Christi	\$642,844	\$12,989,726	\$136,419	\$1,523	\$1,840	\$2,323,986	\$41,574	\$16,137,912
El Paso	\$1,359,410		\$961,012	\$3,453,490	\$433,407	\$5,498,240	\$282,431	\$11,987,990
Austin	\$1,169,279	\$668,055	\$596,512	\$8,509,732	\$5,493	\$27,864	\$419,553	\$11,396,489

Table and Data Source: Berger, Louis and Associates, Inc. Effect of the North American Free Trade Agreement on the Texas Highway System. December 1998.

A key point to note is that collectively the estimated negative impact of the aforementioned items due to NAFTA truck traffic in the combined Border districts amounted to nearly one-third of all such costs to the state. Table 6 demonstrates how as a whole, the three Border transportation districts had nearly 30 percent of the pavement, congestion and accidental cost estimates incurred by NAFTA trucks.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

District	PAVEMENT		CONGESTION		ACCIDENTAL		Total Pavement, Congestion and Accidental Cost	
	TOTAL	% of Total	TOTAL	% of Total	TOTAL	% of Total	TOTAL	% of TOTAL
Pharr	\$17,686,484	19.45	\$29,851,927	14.00	\$25,841,445	16.29	\$73,379,856	15.85
Laredo	\$5,014,451	5.51	\$7,688,649	3.61	\$8,325,456	5.25	\$21,028,556	4.54
El Paso	\$8,406,349	9.24	\$21,176,535	9.93	\$11,987,990	7.56	\$41,570,874	8.98
<i>Border Costs</i>	<i>\$31,107,284</i>	<i>34.21</i>	<i>\$58,717,111</i>	<i>27.53</i>	<i>\$46,154,891</i>	<i>29.09</i>	<i>\$135,979,286</i>	<i>29.38</i>
Texas Total	\$90,943,516	100.00	\$213,249,290	100.00	\$158,646,560	100.00	\$462,839,366	100.00

Table and Data Source: Berger, Louis and Associates, Inc. Effect of the North American Free Trade Agreement on the Texas Highway System. December 1998.

The problems associated with trade traffic in the Border districts have become more severe due to the volume of trade-related, cross-border crossings at Texas ports-of-entry. Tables 7 and 8 provide an insight into the increased crossing levels. In the last decade, total northbound truck crossings increased by 215.8 percent, vehicle crossings increased by 59 percent and pedestrian crossings by 18.5 percent. Southbound crossings also showed a similar trend. Between 1990 and 1999, southbound crossings increased by 278.1 percent via trucks (to 2.1 billion crossings), 53.9 percent via vehicles (to 37.9 million crossings), and by 30.8 percent via pedestrian crossings (to 18.5 million crossings). Why should Texas be worried about such volumes of truck traffic? According to TxDOT officials, one fully loaded 18-wheel truck causes as much damage as do 9,600 cars. Some estimates also show that heavy truck traffic is expected to increase by 85 percent during the next three decades.¹⁵ Clearly the increased trade-related traffic through Texas’ ports is straining the Border’s infrastructure, as well as causing trade choke points that may jeopardize the current and future levels of international commerce.

¹⁵ Texas Border Infrastructure Coalition. Transportation Report. Testimony. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Table 7: Cross-Border Crossings into Texas from Mexico for selective Port Crossings and Years									
Ports Crossings	TRUCK			VEHICLE			PEDESTRIAN		
	1990	1994	1999	1990	1994	1999	1990	1994	1999
Brownsville	180,084	125,441	265,462	2,581,675	5,409,042	5,858,711	3,004,920	3,189,878	2,630,338
Del Rio	24,376	25,158	59,843	1,090,163	1,331,629	1,844,176	70,074	72,262	91,845
Eagle Pass	36,279	24,884	101,242	2,177,634	2,535,037	2,291,023	462,773	627,849	776,062
El Paso	n/a	n/a	n/a	4,481,148	6,759,007	8,543,131	4,670,483	5,060,474	6,602,353
Harlingen	n/a	n/a	n/a	n/a	401,907	767,795	n/a	n/a	n/a
Laredo	313,654	366,781	1,486,511	5,985,350	7,441,134	8,384,721	3,430,762	3,837,723	3,798,716
McAllen-Hidalgo	119,393	98,887	n/a	4,413,724	5,533,567	5,789,286	1,224,423	1,101,400	1,146,383
Pharr	n/a	n/a	325,352	n/a	n/a	n/a	n/a	n/a	n/a
Presidio	n/a	n/a	n/a	500,186	538,646	765,979	32,027	30,511	26,143
Progreso	29,086	8,592	16,588	842,170	884,543	1,099,161	529,590	689,126	892,155
R. Grande City	9,274	6,384	20,946	420,467	471,733	679,131	8,226	16,054	12,907
Roma	13,638	3,822	15,985	879,438	915,873	1,132,184	228,937	238,718	208,354
Total	725,784	659,949	2,291,929	23,371,955	32,222,118	37,155,298	13,662,215	14,863,995	16,185,256
% Change 1990-99	Trucks Crossings		215.79%	Vehicle Crossings		58.97%	Pedestrian		18.47%

Table and Data Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University. May 10, 2000.

Table 8: Cross-Border Crossings into Mexico from Texas for selective Port Crossings and Years									
Ports Crossings	TRUCK			VEHICLE			PEDESTRIAN		
	1990	1994	1999	1990	1994	1999	1990	1994	1999
Brownsville +	133,715	204,344	237,189	4,834,797	6,190,321	7,458,871	3,187,775	3,309,484	2,877,418
Del Rio +	30,893	33,622	67,788	1,340,860	1,539,674	2,000,505	86,198	61,061	52,795
Eagle Pass ++	39,805	40,728	81,868	2,465,410	2,656,612	2,876,144	470,562	398,355	693,466
El Paso +++	+++	+++	+++	2,792,447	5,332,618	5,309,746	5,203,382	4,822,217	5,302,707
Harlingen +	n/a	57,085	74,833	n/a	356,702	579,725	n/a	1,646	1,061
Laredo ++(+)	261,067	548,409	1,306,655	6,728,314	7,289,017	8,685,103	3,188,720	3,658,531	4,274,223
McAllen-Hidalgo+	52,441	170,704	51,458	4,740,213	5,407,500	5,965,002	1,139,986	1,204,284	1,275,302
Pharr +	n/a	n/a	206,298	n/a	n/a	2,020,639	n/a	n/a	2,482,022
Presidio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Progreso +	27,213	24,357	27,627	927,845	958,034	1,207,697	614,240	801,313	1,305,212
R. G. City +	n/a	15,795	23,887	n/a	499,748	633,295	n/a	7,757	8,226
Roma +	8,548	7,402	15,767	765,280	770,572	1,119,819	216,641	212,076	183,787
Total	553,682	1,102,446	2,093,370	24,595,166	31,000,798	37,856,546	14,107,504	14,476,724	18,456,219
% change 1990-99	Trucks Crossings		278.08%	Vehicle Crossings		53.92%	Pedestrian		30.83%

Table and Data Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University. May 10, 2000.

Notes: The symbols indicate the following: (+) loaded and empty trucks, (++) loaded trucks and (+++) does not separate loaded trucks from other vehicles thus not reported. Laredo++(+): 1990-97 figures denote loaded trucks and 1998 figures denote loaded and empty trucks.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

With such a significant increase of trade and cross-border activity in the Border ports-of-entry and districts, state leaders need to be concerned over whether the current infrastructure, or lack thereof, can continue to support Texas' economic growth, and in particular, trade with Mexico.

A Natural Partnership: Border Trade Activity and Texas' Economic Prosperity

Undeniably, overland trade with Mexico is essential to the economic strength of the state of Texas. Historically, so much has relied on the trade activity with Texas' southern neighbor, that Mexico has now become the state's number one trading

Exhibit 3:

“ . . . a strong Border region means a strong Texas.”

Source: Lt. Governor Rick Perry. Press release, “Perry, TxDOT Border Leaders Unveil Plan to Improve Border Infrastructure.” April 15, 1999.

partner. The Texas Department of Economic Development (TDED) reported earlier this summer that “Mexico has remained Texas' largest export destination by far and has been a chief contributor to the state's export growth. In 1999, exports to Mexico accounted for 45.5 percent of the state total and were valued at \$41.4 billion.” TDED went on to conclude that “largely due to very high export levels to Mexico, Texas accounts for 20.8 percent of total U.S. exports to the North American market. In recent years, Mexico has become the nation's second largest market, and Texas' ties to Mexico are the primary contributors to the state's high share of U.S. exports overall.”¹⁶ Consequently, the trade activity in the Border districts has become a key component of the economic well-being of Texas. The Mayor of the City of McAllen,

¹⁶ Texas Department of Economic Development. Highlights of 1999 Texas Exports: Trends, Stats, Analysis. June 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

the Honorable Leo Montalvo, provided testimony to the Border Affairs Committee that reported a similar significance of Border trade routes. Mayor Montalvo specifically stated, “the state needs to receive a wake-up call, your [Senate] colleagues and those in the House, that without the Border the rest of the state cannot prosper.”¹⁷

How important is the trade activity at the three Border districts to Texas’ economy? The Texas Comptroller of Public Accounts, the Honorable Carole Keeton Rylander, provided additional analysis concerning the critical role that the trade activity along the Texas-Mexico Border has on Texas’ economy. Comptroller Rylander stated,

“I don’t have to tell you all that international trade is vital to our state’s prosperity. Exports account for 14% of our gross state product, up from 6% in 1985. And Mexico is the state’s most important trading partner. Almost half of our exports go to our southern neighbor. In 1999, \$100 billion in two-way truck trade passed across the Texas-Mexico Border. With NAFTA, economic activity has tripled on the Texas-Mexico Border. In fact, trade with Mexico accounts for one in every five jobs in Texas.”¹⁸

Analyzing the data that was compiled by the Texas Center for Border Economic and Enterprise Development, we can specifically see the importance and effect of NAFTA trade that passes through the ports-of-entry in Texas. Table 9 illustrates that in 1994 nearly \$35.5 billion worth of U.S. exports (with a destination to Mexico) crossed through Texas’ ports. By 1999, U.S. export trade activity via Texas’ ports destined

¹⁷ The Honorable Leo Montalvo, Mayor of the city of McAllen. Testimony. Border Affairs Committee hearing. April 27, 2000

¹⁸ The Honorable Carole Keeton Rylander, Texas Comptroller of Public Accounts. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

to Mexico dramatically increased by more than 64 percent, valued at \$58.3 billion.¹⁹

SELECTED TEXAS PORTS	EXPORTS IN 1994	EXPORTS IN 1999	% Change 94 -99
Brownsville-Cameron	\$3,486,350,953	\$5,614,600,925	61.05%
Del Rio	\$666,405,247	\$1,195,204,204	79.35%
Eagle Pass	\$1,974,265,065	\$3,577,499,794	81.21%
Laredo	\$19,383,822,366	\$29,849,787,752	53.99%
Hidalgo	\$2,287,279,460	\$4,549,624,625	98.91%
Rio Grande City	\$103,639,596	\$119,850,881	15.64%
Progreso	\$118,301,741	\$138,355,734	16.95%
Roma	\$71,885,918	\$124,393,242	73.04%
El Paso	\$7,325,466,398	\$12,969,041,665	77.04%
Presidio	\$44,333,867	\$113,533,813	156.09%
Fabens	\$182,443	\$76,109	-58.28%
Total for selected Ports	\$35,461,933,054	\$58,251,968,744	64.27%

Table and Data Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University. March 28, 2000.

Overland merchandise imported from Mexico into Texas followed a similar trend during the same time period. In 1994, \$23.4 billion worth of imports crossed Texas' ports-of-entry. By 1999, that number increased by 144.4 percent with a value of \$69.3 billion.²⁰

¹⁹ Texas Center for Border Economic and Enterprise Development, Texas A&M International University.

²⁰ Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Table 10: U.S. Dollar Values of U.S.-Mexico Import Activity via Selected Texas Ports

SELECTED TEXAS PORTS	IMPORTS IN 1994	IMPORTS IN 1999	% Change 94 - 99
Brownsville-Cameron	\$3,675,218,730	\$4,939,651,269	34.40%
Del Rio	\$728,103,057	\$1,294,056,607	77.73%
Eagle Pass	\$1,296,281,030	\$3,535,177,983	172.72%
Laredo	\$9,954,371,148	\$34,936,511,456	250.97%
Hidalgo	\$2,367,609,909	\$5,080,173,066	114.57%
Rio Grande City	\$51,834,542	\$91,277,796	76.09%
Progreso	\$83,783,700	\$41,124,195	-50.92%
Roma	\$18,675,652	\$69,219,924	270.64%
El Paso	\$10,094,013,672	\$19,166,383,974	89.88%
Presidio	\$56,121,051	\$122,838,364	118.88%
Fabens	\$15,602,236	\$17,307	-99.89%
Total for selected Ports	\$28,341,614,727	\$69,276,431,941	144.43%

Table and Data Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University. April 2000.

Border Transportation Infrastructure: A Key Component to Texas' Economic Vitality

The Mayor of the City of San Antonio, the Honorable Howard W. Peak, reported to the Border Affairs Committee in May the importance of adequate transportation linkages between the Border and the state of Texas through key NAFTA corridors. Mayor Peak stated that “approximately \$100 billion of trade between Mexico and the United States is carried on Texas’ transportation infrastructure, or roughly one-half of all U.S. trade with Mexico. This trade volume requires South Texas, including the City of San Antonio, to have a sufficient transportation infrastructure to sustain and allow

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

for trade growth between Texas and Mexico.”²¹

During the May joint hearing of the Border and State Affairs Committees, Cameron County Judge, the Honorable Gilberto Hinojosa argued that there is no better initiative that Texas can undertake to increase its international trade status than by strengthening its investment, resources and priority of the Texas-Mexico Border region. Judge Hinojosa specifically

Exhibit 4: Investing in the Border infrastructure is beneficial to Texas.

The development of a NAFTA trade corridor...must take into account infrastructure development in Mexico and most especially along the U.S. Border Infrastructure improvements at the U.S. - Mexico Border typically result in large economic benefits within Texas. By the elimination or lessening traffic congestion problems at or near the Border, transportation improvements help U.S. businesses to

Source: City of Brownsville Border Affairs Testimony.

contended that trade with Mexico is so vital to the economic well-being of the state that it would behoove the Legislature to develop basic transportation priorities that will strategically invest and allocate transportation funds to the Border region. Such a trade-based endeavor that recognizes commerce activity with Texas’ most important trading partner would increase the state’s strength in the international marketplace.²²

Brownsville Commissioner, the Honorable Harry E. McNair, echoed the sentiments of the Cameron County judge when he testified that the infrastructure needs of Border communities, such as that of the Rio Grande Valley, “are serious and they’re very real.

²¹ The Honorable Howard W. Peak, Mayor of the City of San Antonio. Testimony submitted to the Border Affairs Committee. May 5, 2000.

²² The Honorable Gilberto Hinojosa, Cameron County Judge. Testimony. Border and State Affairs joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

We are struggling to keep pace with the growing traffic in our communities.” McNair concluded that the state should increase its efforts along the Border since the Border is an integral part of the state’s economy. He stated, “We need to ensure that commerce flows quickly through our city and to all parts of the state, that always makes good business.”²³

Representatives of the Texas Border Infrastructure Coalition (TBIC) testified in the joint hearing held by the Border and State Affairs Committees in Laredo that a similar Border investment should be undertaken. The TBIC representative stated, “The Border region needs Texas, and Texas needs the Border if it is to lead the nation in economic growth and development. The NAFTA transportation system, marketed as a gateway for commerce, cannot become an economic choke point. The volume of traffic crossing at Texas Border ports is staggering. In 1998, three million trucks crossed into and from Mexico. The state of Texas needs a program that will accelerate highway construction financing and building.”²⁴

Mike Allen, representing the McAllen Economic Development Corporation, also indicated that there is a strong need to invest in the planning and capacity resources along the Border region. Allen argued that the state should provide the resources and policy directives that allow TxDOT to undertake the necessary planning efforts by outsourcing much of the Border transportation districts’ engineering work. He also emphasized the need to streamline the right-of-way land acquisition for Border transportation and highways.²⁵

²³ The Honorable Harry E. McNair, City of Brownsville Commissioner. Testimony. Border and State Affairs joint hearing. May 26, 2000.

²⁴ Rene Gonzalez, Border Coordinator. Texas Border Infrastructure Coalition. Testimony. Border and State Affairs joint hearing. January 11, 2000.

²⁵ Mike Allen, McAllen Economic Development Corporation. Testimony. Border Affairs Committee hearing. April 27, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Those who contend that strategically targeting money to the Border region does not help Texas, fail to acknowledge that “providing efficient Border crossing infrastructure is not a sole responsibility of the Border. Products from all over Texas, the United States and Mexico are sent through our Border for just-in-time delivery to customers on the other side. The

Exhibit 5: Trade with Mexico means:

15,000 jobs in Laredo;
132,000 jobs in Houston;
165,000 jobs in the McAllen/Brownsville area;
183,000 jobs in Austin;
337,000 jobs in Dallas;
238,000 jobs in rural Texas; and,
907,000 jobs in Texas’ other metropolitan areas.

Source: State Comptroller Carole Keeton Rylander. Testimony. Border Affairs Committee hearing. July 10, 2000.

volume of trucks crossing at our ports-of-entry is growing on a daily basis. As traffic increases so does the Texas economy. By helping [the] Border region build its infrastructure, the Texas Legislature can transform this part of the state into an immensely productive partner... The economic impact of the Border region to the entire state of Texas economy is substantial.”²⁶

The State Comptroller further illustrated the importance of trade with Mexico by pointing out that such trade with Mexico means thousands of jobs in Texas (Exhibit 5). The Comptroller also reported that Mexico trade is important to Texas cities. In 1998, there was \$17.8 billion in goods exported to Mexico by Texas cities. Particularly,

- \$38 million exported by Corpus Christi;
- \$68 million exported by Lubbock;
- \$154.8 million exported by Austin;
- \$428 million exported by Forth Worth/Arlington;
- \$1.1 billion exported by San Antonio;

²⁶ Texas Border Infrastructure Coalition. Transportation Report. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- \$1.2 billion exported by Dallas;
- \$2.4 billion exported by Houston;
- \$3.4 billion exported by Laredo;
- \$3.4 billion exported by Brownsville/McAllen; and,
- \$5.5 billion exported by El Paso exported.²⁷

At the July Border Affairs hearing, Comptroller Rylander testified that while transportation traffic has increased along the Border, highway funds continue to remain lower than the state average expenditure in the region. Comptroller Rylander reported that her “office did a study on the money Texas spends on highways by region. On average, the state spent \$113 per resident in highway construction and maintenance from 1992 to 1999. But Texas spent only \$93 per capita along the Border during that period.”²⁸ Along the same lines, the President and Chief Executive Officer of the Greater San Antonio Chamber of Commerce echoed this position when he testified in April. He said, “Approximately 88% of all Mexican exports to the United States are delivered by truck, with 75% of that traffic making its way through San Antonio and along I-H 35. Yet, as truck traffic has increased, state and federal funds have remained fairly static. More efforts must be made in Austin to help South Texas improve its mobility into, through and out of the region.”²⁹ Comptroller Rylander best summarized the position of the Border Affairs Committee in terms of targeted, trade-driven prioritized funding for the Texas-Mexico Border when she stated, “we must put our transportation dollars where the need is the greatest. NAFTA and the increase in Texas-Mexico trade require better transportation infrastructure. I am convinced that we must make a firm commitment to jump-start roads and other infrastructure construction, especially along the Border. It doesn’t take a traffic engineer to know

²⁷ The Honorable Carole Keeton Rylander, Texas Comptroller of Public Account. Testimony. Border Affairs Committee hearing. July 10, 2000.

²⁸ Ibid.

²⁹ Joseph R. Krier, President & Chief Executive Officer, San Antonio Greater Chamber of Commerce. Testimony. Border Affairs Committee hearing. April 27, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

that folks whose livelihoods depend on cross-border trade can't afford to play the waiting game. We must use new and innovative funding mechanisms **NOW**."³⁰ [Emphasis in original.]

Remaining Disparity Funding Question: Border Funding Levels in Relation to the Total Amount of Transportation Revenue Available

With claims that the state of Texas is investing greater and historic amounts of transportation dollars along the Border region, the Border Affairs Committee, during its first interim Austin hearing, commissioned a review of the \$1.8 billion TxDOT Border Task Force Initiative by the Legislative Budget Board (LBB).

The LBB report revealed, among other matters, that the \$1.8 billion initiative actually included some \$761 million of previously

approved NAFTA-related projects. The actual initiative amounted to \$1.051 billion. However, the LBB noted that the projected Task Force \$1.051 billion recommendation also included indirect expenditures of \$812 million (maintenance, engineering, general

Exhibit 6: 1989-1999 Border Past Expenditures as reported by the LBB.

What percent of available revenues were spent in the El Paso, Laredo and Pharr districts in 1989 - 1999?

6.1%

Total Actual Expenditures: **\$2.240 billion**
Total Actual Revenues to

Source: Legislative Budget Board. A Special Report: Highway Construction in the Texas Border Region. January 2000.

³⁰ The Honorable Carole Keeton Rylander, Texas Comptroller of Public Account. Testimony. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

and administrative and right-of-way acquisition).³¹

In their study, the LBB identified all past expenditures for an 11-year history in the Border districts and “projected all expenditures for the proposed projects based upon past ratios experienced.” The eleven-year history of the report shows that between the years of 1989 through 1999, there was a total of \$36.958 billion in Texas State Highway Fund revenues. Of this amount, the three Border districts combined received 6.1 percent of the total transportation revenues available to the state, or \$2.240 billion in actual expenditures (Exhibit 6).³² In other words, while the Border districts received 6.1 percent of total transportation funds, non-Border regions received the other 93.9 percent of the total transportation revenues (\$34.718 billion).

The Office of the State Comptroller indicates that in the next 11 years there will be a projected \$61.738 billion in available State Highway Fund revenues. Of this amount, including the Border Task Force recommended initiative, as well as their indirect expenditures, the LBB reports that the Border districts will be receiving a total of \$5.087 billion.³³ In other words, the Border districts will get 8.2 percent of

Exhibit 7: 2000-2010 Projected Border Expenditures as reported by the LBB.	
What percent of available revenues will be spent in the El Paso, Laredo and Pharr districts in 2000-2010?	
8.2%	
Total Actual Expenditures:	\$5.087 billion
Total Actual Revenues to	

Source: Legislative Budget Board. A Special Report: Highway Construction in the Texas Border Region. January 2000.

³¹ Legislative Budget Board. A Special Report: Highway Construction in the Texas Border Region. January 2000.

³² Ibid.

³³ Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

total transportation funds available while non-Border regions will receive the remaining 91.8 percent of transportation revenues, or \$57.651 billion (Exhibit 7).

Key observations that have been observed are that the LBB report:

1. Does not address the issues of methodology and adequacy.
2. Bases its findings on key assumptions: “(1) Future expenditures will mirror past expenditure patterns; (2) Priority 2 projects will receive Priority 1 authorization by FY 2010, and (3) that Priority 1 and 2 projects will ultimately be let for construction during the 2000-2010 period.”³⁴
3. Has assumptions that during the Irving joint hearing were accepted by TxDOT officials.³⁵

Although the LBB report does not address the issues of methodology and adequacy, the LBB concluded their report with the following recommendations:

1. TxDOT should include information on contracts for road construction projects that have been let, listed by project, on the Internet;
2. TxDOT should provide periodic progress reports on the Task Force Initiative projects that show current status of the projects; and,
3. TxDOT should provide periodic reporting on expenditures and lettings, referenced back to the Unified Transportation Program and minute order, in format understandable to the general public, to be approved by the Legislative Budget Board

³⁴ Ibid

³⁵ Texas Department of Transportation. Testimony. Border and State Affairs Committees joint hearing. February 22, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

and the Governor's Office of Budget & Planning.³⁶

Border Infrastructure and the Economy: A Matter of Available Resources

According to the 1998 study, Bordering the Future, the lack of infrastructure along the Border region negatively impacts the local economy. "If there is any simple message behind the Border's gridlock, it is that *infrastructure matters*. In Border communities, and all across Texas, the systems and transmission lines known collectively as transportation infrastructure are a vital underpinning for trade and economic prosperity. The importance of infrastructure also springs from the fact that individuals, families, and small businesses cannot usually afford to build ports, roads, rail lines, and highways for themselves. Such 'public works' serve vast public needs. Economists, in fact, have noted that a shortfall in public works amounts to a 'third deficit,' after budget and trade imbalances. To defer investment in infrastructure, they say, is to hinder production and shipping, weakening the economy."³⁷

For more than 100 years, the Border has been overlooked by the United States and the state of Texas in terms of its fair share of transportation funds. With the level of trade activity handled by Border communities, the transportation policy that engenders a "third deficit" and does not recognize the economic importance of Texas-Mexico Border must be changed. As Texas finds itself a leader in the nation in terms of the volume of trade through its ports, it can no longer afford to ignore the needs of the Border region. In a letter to the U.S. Secretary of Transportation, U. S. Senator Phil Gramm echoed similar sentiments on a national level concerning the inexplicable low

³⁶ Legislative Budget Board. A Special Report: Highway Construction in the Texas Border Region. January 2000.

³⁷ Texas Comptroller of Public Accounts John Sharp. Bordering the Future. 1998.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

level of funding that Texas has received (to address the NAFTA trade activity).³⁸

In order to keep its current trade status, and to maintain its existing economic vitality, Texas must now prioritize the infrastructure needs of the Border region.³⁹ In terms of what are some of the consequences due to a lack of state commitment and investment along the Texas-Mexico Border, key indicators demonstrate the distressed results of neglect in the region. For instance, during the last decade, the Border districts have had among the highest unemployment levels in the nation. Specifically, in Texas, the average monthly rate of unemployment for Texas Border counties remained more than twice that of the state as a whole (Table 11).

Table 11: Average Monthly Rate of Unemployment Statistics for Selected Years Texas Border Counties and the State of Texas			
Population	1990	1995	1999
22 Border Counties	15.8%	14.8%	11.5%
Texas	6.3%	6.0%	4.6%
United States	5.6%	5.6%	4.2%

Table Source: Texas Health and Human Services Commission: Research Department. Data Source: Texas Workforce Commission and U.S. Bureau of Labor Statistics.

Analyzing per capita income levels leads to a conclusion that the Border region has not been the beneficiary of Texas' economic growth for most of the last decade. Table 12 illustrates that while the per capita personal income (when adjusted for inflation) increased in the United States by \$1,561 and by \$2,261 in Texas, the per capita

³⁸ The Honorable Phil Gramm, U.S. Senator. Correspondence to U. S. Secretary Rodney Slater. February 3, 2000.

³⁹ The Honorable Gilberto Hinojosa, Cameron County Judge. Testimony. Border and State Affairs joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

personal income for Border counties increased only by \$542.

Table 12: Estimates of Per Capita Personal Income for 1990 and 1998 Texas Border Counties, Texas and the United States			
Population	Per Capita Personal Income in 1990 (in current dollars)	Per Capita Personal Income in 1998 (in current dollars)	Per Capita Personal Income in 1998 (Constant Dollars adjusted for price inflation)
22 Border Counties	\$10,460	\$14,154	\$11,002
Texas	\$17,458	\$25,369	\$19,719
United States	\$19,584	\$27,203	\$21,145

Table source and analysis prepared by: Texas Health and Human Services Commission: Research Department, October 2000. Data Source: (1) U.S. Department of Commerce: Bureau of Economic Analysis. (2) U.S. Bureau of Labor Statistics. (3) Texas Health and Human Services Commission.

The average wage along the Texas Border counties also continues to lag behind those in other parts of Texas and the United States. Table 13 shows that between 1990 and 1998, the average wage per job in the United States increased by \$7,977, in Texas by \$8,385, in the Border Counties by \$4,623. Clearly, the average wage per job in Border counties is now more than \$10,000 behind that of Texas and the United States.

Table 13: Average Pay per Job in Selected Years Texas Border Counties, Texas and the United States		
Population	1990	1998
22 Border Counties	\$15,353	\$19,976
Texas	\$22,479	\$30,864
United States	\$23,322	\$31,299

Table Source: Texas Health and Human Services Commission: Research Department and Border Affairs Committee. Data Source: U.S. Department of Commerce: Bureau of Economic Analysis.

Why is infrastructure investment so important in the Border region? The answer is found in the dynamic that such investment has a direct impact on jobs, employment

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

and income levels. Last year, during a press conference over Border discretionary funding, Texas Lt. Governor Rick Perry noted that “Texas jobs depend on adequate, safe and available roads and bridges throughout our state, especially in our Border region.”⁴⁰ (Exhibit 8 also illustrates this point.)

The problem for the Texas-Mexico Border is that while it requires specialized and targeted investment to overcome decades of neglect by the state of Texas, transportation officials have not welcomed such an international trade-related, geographically-based and concerted effort.⁴¹ Because of this policy position, the Border region continues to lag behind in the state in terms of investment. The recent effort by TxDOT to increase the infrastructure of the region amounted to a combined total increase of 2.1 percent for the three districts in relation to the projected amount of transportation revenues that will be available to Texas. Unless the government rectifies the infrastructure imbalance, the rest of the state will continue to enjoy more than 90 percent of the Texas State Highway Funds at the expense of the Texas-Mexico Border.

Planning and Capacity Resources in the Border: A Question of State Investment and Commitment

The Texas challenge is to find ways to build the model transportation system in the nation without raising taxes and without jeopardizing the state’s general revenue. Texas must fully address the infrastructure of the Border region by maximizing federal

⁴⁰ Lt. Governor Rick Perry. Press release, “Perry, TxDOT Border Leaders Unveil Plan to Improve Border Infrastructure.” April 15, 1999.

⁴¹ Transportation Commissioner David Laney. Testimony. Border Affairs Committee hearing. April 22, 1999.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

funds, as well as by addressing the capacity needs of the Border. Strategically targeting money where it is most needed, such as to Texas' Border corridors, can be

of immense help to the areas surrounding these corridors and can positively impact the socioeconomic factors outlined in this report. Particularly along the Border region, Senator Gramm echoed a similar sentiment when he explained the impact of the direct discretionary earmark that he and Congressman Tom DeLay were successful in acquiring under the National Corridor and Coordinated Border Infrastructure Programs. Senator Gramm said,

Exhibit 8:

“. . . An interstate highway can be to the Rio Grande Valley what the railroads were to the western frontier -- a path for bringing jobs, growth and prosperity to every town it touches . . . The Valley is one of the largest metropolitan areas in the country without its own interstate and that has got to change. . .”

Source: U.S. Senator Phil Gramm. Press Release, “Gramm Announces \$18.3 million for Transportation Corridors.” June 8, 2000.

“an interstate highway can be to the Rio Grande Valley what the railroads were to the western frontier -- a path for bringing jobs, growth and prosperity to every town it touches . . . The Valley is one of the largest metropolitan areas in the country without its own interstate and that has got to change.”⁴²

If nothing gets done, the problems of the Border region will continue to get worse since trade activity, truck crossings and the population growth are expected to continue to increase. A transportation expert and representative of the Border Trade Alliance testified at Comptroller Rylander's Texas Performance Review hearing in March that the pressure of international trade on our Texas highways will continue to increase due to: Mexico's free trade policy; new transportation infrastructure on the Mexican side of the Texas-Mexico Border region, as well as the continued development of trade corridors; and, the continued growth of direct foreign

⁴² The Honorable Phil Gramm, U.S. Senator. Press Release, “Gramm Announces \$18.3 million for Transportation Corridors.” June 8, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

investments in Mexico. (Nearly 90 percent of all direct foreign investment in Mexico is being invested in Mexican states bordering the state of Texas.)⁴³ By some estimates, large truck traffic is expected to continue to increase by 85 percent in the next 25 years.⁴⁴ In terms of population growth in Texas, one source indicates that while the state is estimated to increase by 99.6 percent between the period of 1990 through 2030, Border counties are estimated to increase by twice as much, 182.6% (Table 14).⁴⁵

Table 14: Total Population: Selected Years During 1990 - 2030 Period						
Population	1990	2000	2010	2020	2030	1990-2030 Change
22 Border Counties	1,592,360	2,129,625	2,774,070	3,561,289	4,500,619	2,908,259 182.64%
Texas	16,986,510	20,344,798	24,128,862	28,684,972	33,912,528	16,926,018 99.64%

Table Source: Texas Health and Human Services Commission: Research Department. Data Source: Texas State Data Center at Texas A&M University. Projections Scenario 1.0. Version of April 1998.

Consequently, a concerted strategic effort needs to be undertaken to address the capacity and resources available to the Texas-Mexico Border region. As the history of the Border region indicates, and as transportation experts have argued, international trade infrastructure has not been a priority of TxDOT. For instance, some experts have reported that historically Texas’ ports-of-entry have not been officially part of

⁴³ Professor Don Michie. Testimony given to Texas Performance Review Team. Notes from staff attending the El Paso community hearing. March 9, 2000.

⁴⁴ Texas Border Infrastructure Coalition. Transportation Report. Testimony. Border Affairs Committee hearing. July 10, 2000.

⁴⁵ Texas Health and Human Services Commission: Research Department. Data Source: Texas State Data Center at Texas A&M University. Projections Scenario 1.0. Version of April 1998.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

TxDOT's Transportation Infrastructure Plan or have been part of the Metropolitan Planning Organizations' planning process. The lack of a major interstate highway in the Lower Rio Grande Valley, as well as no ports-of-entry in the El Paso region connected to a national priority corridor, have been additional reasons provided to support such a claim.⁴⁶ The lack of representation in the Texas Transportation Commission -- not having a commissioner from the Border region who has even finished a full term in the commission -- also engenders questions over the transportation leadership's commitment to international trade and to the Texas-Mexico Border region. In fact, a Border lawmaker who sits on both Border and State Affairs Committees argues that, "boards and commissions that govern state agencies and control billions of dollars in state and federal block grant funds continue to operate with few Border appointees. In the last quarter century, the Texas Department of Transportation (TxDOT) has not had a full-term commissioner from the 21 counties adjacent to the Texas-Mexico Border. Predictably, these boards respond to the member regions with increased allocations, hold harmless approaches and a host of formulas tailored to deliver funds with little regard for need. The result is that Texas policies neglect those most in need and least able to pay while forcing them to subsidize their more affluent neighbors to the north."⁴⁷ The current Transportation commissioners come from three different cities that are less than 250 miles apart from each other: Dallas is 240 miles away from Houston, Houston 174 miles away from Jacksonville and Jacksonville 111 miles away from Dallas. Table 15 shows the distance between the cities where the current Transportation commissioners reside in relation to selected Border cities.

In the case of the Border district of El Paso, which is the farthest away from the

⁴⁶ Professor Don Michie. Testimony given to Comptroller Carole Keeton Rylander's Texas Performance Review Team. Notes from staff attending the El Paso community hearing. March 9, 2000.

⁴⁷ Senator Eliot Shapleigh. Correspondence to Senator Eddie Lucio, Jr., Chairman of the Senate Committee on Border Affairs. September 29, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

commissioners’ cities, no one from El Paso has ever served on the powerful Transportation Commission. One source reported last year that, “the Texas Highway Commission is a three-member panel appointed by the governor to make decisions about the state’s highway systems, which are administered by the Texas Department of Transportation. The highway commission helps determine how billions of highway dollars will be spent, making that body one of the most powerful and sought after in Texas government. No one from El Paso has ever been appointed to the Commission.”⁴⁸

Commission Cities	Distance to El Paso, TX	Distance to Laredo, TX	Distance to Brownsville, TX
Dallas, TX	611.2 miles	425.9 miles	517.7 miles
Houston, TX	727.8 miles	309.1 miles	348.3 miles
Jacksonville, TX	720.7 miles	432.8 miles	503 miles

Notwithstanding the lack of representation in the Transportation Commission or priority to address critical trade projects along the Border region, Border officials have questioned the level of planning for and capacity resources available to the region. Concerned officials contend that in order to keep pace with NAFTA trade activity,

⁴⁸ Community Scholars. Planning for A Complex Region: A Look at El Paso’s Highway Infrastructure. 1999.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Exhibit 9: Are the Border districts receiving the necessary resources and staffing to keep up with NAFTA projects?

“Speaking for the department, just in 1998 we had a \$2.1 billion letting. When we received word under TEA-21 that we were going to receive an additional \$700 million plus, we were genuinely concerned about how we were going to pull this off. And I have to tell you, that we did it, we had a 3.0 billion dollar letting in 1999. The point I’d like to emphasize is: with the same number of employees. You asked the question about maximizing federal funds, and someone else asked the question about more employees, more resources for the Border districts. We are absolutely, without question, stretched to the limit when it comes to employees. We have just had a massive increase in our highway program and pulled it off with the same number of employees. I just want to make you concerned and conscious of that.”

Source: Wes Heald, Executive Director, TxDOT. Testimony. Border and State Affairs joint hearing. January 11, 2000.

additional projects will be developed through consultants, or if they will be developed in-house. The consultant approach appears more feasible and more timely. However, the local district has indicated that TxDOT staff will still be required to oversee the management of all projects, regardless of who is executing them. Therefore, El Paso recommends additional staff be made available to the district, whether it be through a virtual office where staffing from other district offices, which many do not have the same volumes as Border offices, are linked to Border districts, or through the creation of a special task force to carry these projects to fruition; or, finally, that local entities like El Paso be authorized to develop projects with TxDOT oversight.”⁴⁹

The TBIC has taken a similar position in terms of planning and capacity resources for all Border districts. Representatives of the TBIC informed the Border and State Affairs Committees at the Laredo joint hearing in January that “the fact is that every transportation study written in the last five years demonstrates the need for the Border

planning and capacity resources must be increased along the Texas-Mexico Border. The City of El Paso reported in April of this year that “although funding has been made available to Border districts, it has yet to translate into additional staffing for the El Paso district for both project management and project execution tasks. It has not been made clear to El Paso whether all

⁴⁹ The City of El Paso. Testimony presented to the Border Affairs Committee. April 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

to increase spending to respond to the growth of international trade. TBIC believes that there are transportation dollars for design available right now. TBIC needs your support now to get these design dollars to the Border so that the minute building dollars are available, our cities can begin construction right away. Our cities cannot continue to carry this burden by [themselves]. Our resources are being depleted.”⁵⁰

Exhibit 10

“TxDOT should take steps to eliminate some of the requirements placed upon local government for the acquisition of right-of-way for NAFTA projects. It does not make sense to slow down the progress of project implementation by requiring NAFTA roadway right-of-way to take place 100% funding by the local government entities.” [Bold emphasis in original]

-- City of Brownsville

Source: City of Brownsville. “Proposed Revisions in TxDOT Policies Regarding: TxDOT Category 13 C -- NAFTA.

The city of Brownsville and the County of Dimmit⁵¹ reaffirmed the need for planning and capacity dollars. The City of Brownsville expanded on the issues raised by El Paso and the TBIC. Representatives argued that “there is presently not enough staff available to produce design work in

quick enough fashion. The lack of sufficient design plans that are ‘ready-to-go’ for letting will pose a serious problem in the coming years. The state of Texas may be unable to proceed with certain projects and thereby obtain or leverage available federal funding unless the production of design work is increased soon.”⁵²

⁵⁰ Rene Gonzalez, Border Coordinator, Texas Border Infrastructure Coalition. Testimony. Border and State Affairs Committees joint hearing. January 11, 2000.

⁵¹ The Honorable Charles D. Johnson, County Judge of Dimmit. Testimony. Border Affairs Committee hearing. February 4, 2000.

⁵² City of Brownsville and Interagency Group. “Proposed Revisions in TxDOT Policies Regarding: TxDOT Category 13 C -- NAFTA.” Testimony. Border and State Affairs Committees joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Brownsville, in particular, recommended during the joint hearing of Border and State Affairs in May that the NAFTA discretionary fund (Category 13 C) be revised and significantly improved to help local entities pay for the environmental studies needed to develop projects. They argued that, “at the present time local entities must pay 100 percent of the costs for needed environmental studies. These environmental assessments (EA) constitute the first step taken in the development of transportation projects...because without completion of the EA...the purchase of right-of-way parcels cannot take place...It makes little sense to increase the available transportation resources for funding of construction work, while shortchanging the effort of local entities at the start of the process -- with the completion of environmental assessments for NAFTA highways...”⁵³ Mr. Frank Field, representing the Brownsville Chamber of Commerce specifically argued that TxDOT should be asked to amend its rules to allow federal NAFTA discretionary funds to support Border high priority MPO approved projects, as well as state roads.

This revision would help Border municipalities who cannot afford to fund all the cost of preliminary studies of local NAFTA-related road projects.⁵⁴

Brownsville went on to report that there is a need to implement a new method of planning and project development, similar to that identified by

Exhibit 11: Planning funds needed in the Border Districts.

“TxDOT requires local governments to bear the cost of funding preliminary studies of off-system transportation projects. Discretionary funding needs to be available to address the infrastructure needs in the Border region created by the increase of international trade created by NAFTA. Discretionary funding needs to be made available to provide right-of-way acquisition, engineering, and environmental assessments for off-

Source: Texas Border Infrastructure Coalition. Transportation presented to the Border Affairs Committee on July 10, 2000.

⁵³ Ibid.

⁵⁴ Frank Field, President, the Brownsville Chamber of Commerce. Testimony. Border and State Affairs Committees joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

the City of El Paso. Through this process, a collaborative concerted effort would be undertaken between Border MPOs and TxDOT in identifying future NAFTA projects in order to develop the NAFTA corridor of the region. “Once those roadway corridors are identified, NAFTA funds could be made available [by TxDOT] to assist with the right-of-way acquisition and the preparation of the environmental assessment and the engineering work.”⁵⁵

In terms of the other planning and capacity challenges that the Border districts are facing, three key concepts exist involving the Metropolitan Planning Organizations (MPOs). The MPOs are the policy advisory boards that direct the future of transportation projects and systems in urbanized areas. “An MPO’s primary mission is to develop a consensus on a long-term transportation plan for an urban area and to develop a Transportation Improvement Program (TIP) that identifies projects to implement the plan. The transportation plan is a long-term document that specifies a 20-year vision for a metropolitan area’s transportation system . . . [and includes] short- and long-range strategies leading to the development of an integrated and efficient intermodal transportation system.”⁵⁶ Since historically the Border ports-of-entry have not been part of the MPO planning process or of the TIP, according to transportation experts, it is not a surprise to see that key transportation infrastructure links are missing in regions like El Paso and the Lower Rio Grande Valley.⁵⁷ It is equally understandable why rural communities, such as Eagle Pass, which have ports-of-entry have requested that TxDOT revise the MPO planning process in order to address the systematic key deficiency in the state’s intermodal transportation system that prevents

⁵⁵ Ibid.

⁵⁶ Texas Department of Transportation. Testimony. Border and State Affairs Committees joint hearing. November 19, 1999.

⁵⁷ Professor Don Michie. Testimony given to Comptroller Carole Keeton Rylander’s Texas Performance Review Team. Notes from staff attending the El Paso community hearing. March 9, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

these communities from being part of such a process.⁵⁸

Of similar concern are the critical and unique planning needs of Border planning organizations. Unlike MPOs located in areas bordering the country of Mexico, non-Border MPOs have the ability to plan for a 360-degree radius of their respective MPO regions. Border MPOs can only plan to a degree of certainty for a 180-degree radius of an MPO region, since

Exhibit 12: Uniqueness of Border Planning Efforts.

“...This is a very typical situation along the Border. That is you’ll have the [Rio Grande] river, Texas and Mexico and the problems that we face continually are that in planning we have 180 degrees of the chart; we don’t have the other 180 [degrees]. If you are in the MPO in the Austin-San Antonio area . . . they’re looking at a regional MPO and all the policies and priorities that go with [it]. On the Border, you’re looking at half of the picture . . . If you don’t have the other side it is very difficult to have

Source: Senator Eliot Shapleigh. Dialogue in the Border and State Affairs joint hearing in El Paso. November, 19, 1999.

such MPO areas border the country of Mexico.⁵⁹ Among the Border communities, El Paso -- bordering a northern Mexican state and a western U.S. state -- must coordinate its planning efforts with New Mexico and Ciudad Juarez, Mexico, on a daily basis.⁶⁰ In fact, the El Paso MPO noted in the Metropolitan Transportation Plan (MTP) that it adopted for the next 20 years, that the plan required coordination with “all city and county governments in the region, the Texas Department of Transportation, the New Mexico State Highway and Transportation Department, Sun Metro (public transit),

⁵⁸ The Honorable Jose Aranda, Mayor of the City of Eagle Pass. Testimony. Border Affairs Committee hearing. February 4, 2000.

⁵⁹ Professor Don Michie. Testimony given to Comptroller Carole Keeton Rylander’s Texas Performance Review Team. March 9, 2000; and, Senator Eliot Shapleigh. Dialogue between Border and State Affairs Committee. November 19, 1999.

⁶⁰ Roy Gilyard, El Paso Metropolitan Planning Organization. Testimony. Border and State Affairs joint hearing. El Paso. November 19, 1999.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

other federal, state and local agencies, and the City of Ciudad Juarez, Mexico.”⁶¹ Although “international coordination between Ciudad Juarez, Mexico planners and El Paso planners is an ongoing process,”⁶² it is not currently officially recognized by TxDOT. Rather, the department serves as a cooperative entity with regional planners. In response to questions from members of the Border Affairs Committee regarding the barriers of establishing formally recognized unified Border MPOs, TxDOT responded that “if what is envisioned is a high-level joint planning board to address the transportation systems of El Paso, Ciudad Juarez, and the vicinity, TxDOT cannot identify any legal impediments. However, if what is envisioned is to have a unified El Paso-Ciudad Juarez MPO, whose policy board includes representatives from both sides of the Border, several questions must be addressed before legality could be established...The Federal Highway Administration would be the ultimate decider of the legality of such issues. As a current practice, TxDOT at the headquarters and district levels strives to cooperate, in its planning efforts, with Border state and federal governments.”⁶³ In the Laredo region, planners must develop projects, and coordinate their efforts, by having in mind the ongoing policy initiatives and dynamics of two different Mexican states (Tamaulipas and Nuevo Leon). Although the Lower Rio Grande Valley only shares its international boundary with the state of Tamaulipas, the Lower Rio Grande Valley has three different distinct MPOs (Brownsville, Harlingen and McAllen)⁶⁴ and has the only water port in the international boundary with Mexico.

⁶¹ El Paso Metropolitan Planning Organization. El Paso Metropolitan Transportation Plan: Year 2020. Adopted September 17, 1998.

⁶² Ibid.

⁶³ Transportation Commissioner, David Laney. “Response to Questions Asked in El Paso.” January 11, 2000.

⁶⁴ Mark Lund, representing the Brownsville Metropolitan Planning Organization. Testimony. Border and State Affairs joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

In the wake of new leadership in the country of Mexico, it would behoove the state to develop a Border Port and Unified International Port Management System -- as well as dedicate the necessary funds and personnel to support such an essential and necessary international coordinated effort -- within the three Border districts. TxDOT reported in July that the results of the recent presidential election in Mexico may pose a greater stress on such international planning endeavors. TxDOT has said,

“No one is certain how this election will impact Texas and TxDOT, as well as U.S.-Mexican relations, there are some potential impacts:

- Increased need for transportation related information and technology exchange with Texas*
- Increased decentralization of transportation related government responsibilities, planning and implementation*
- Increased funding at the state level for selected infrastructure projects*
- Different and less experienced personnel*
- Different working methodologies”⁶⁵*

These unique circumstances of the Border districts and the resources needed to develop a systematic, concerted effort within the three Border districts must be officially recognized and strategically supported by the state.

Representatives of the transportation community have urged that “the unique aspects of the Border districts operations be explicitly recognized by TxDOT.” This type of consideration would constitute “a recognition that Border districts have special needs which extend into staffing and other resources if they are to carry out their work

⁶⁵ Texas Department of Transportation, International Relations Office. Land Transportation Standards Subcommittee: Quarterly Report. July 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

effectively, particularly as it relates to the growing movement of trade and people across the Border. In the past, TxDOT has recognized other programmatic needs such as the urban problems of Houston, Dallas, Ft. Worth and San Antonio. One possibility would therefore be to recognize the programmatic needs of international trade and the movements of people and goods by grouping the three districts of El Paso, Laredo and Pharr into this category. Not only would such a categorization be equitable and recognize the special needs that are already being undertaken, but it may enhance the opportunity of showing federal authorities that TxDOT has administrative categories capable of channeling and implementing federal investments and initiatives related to the cross-border movement of people and goods.’⁶⁶

Notwithstanding the lack of representation of the Border region in the Transportation Commission, and the need for planning/capacity resources, the first initiative to propose historic amounts of funding to the infrastructure needs of the Border was addressed by Senate Bill 966 and Senate Joint Resolution 45. During the 76th Legislative Session, the Border Senators co-authored a prioritized funding initiative through an innovative federal financing bond program known as Grant Anticipation Revenue Vehicle Bonds (GARVEE Bonds).

⁶⁶ Robert Harrison, Ph.D. Center for Transportation Research, University of Texas at Austin. Draft copy of Bi-National Border Planning Position paper.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

GARVEE Bonds: The only federal bonding initiative presented during the joint Border and State Affairs hearings to maximize federal funds

The National Conference of State Legislatures reported this July that “GARVEE bonds are a tool that has gained momentum in recent years. This technique was also facilitated by the National Highway System Designation Act of 1995, which made interest an eligible cost for reimbursement under the Federal Aid Program. A GARVEE is a bond or note backed by future federal dollars. The state department of transportation or an issuing authority issues the bonds and projects are funded through the bonds’ proceeds. This form of financing has gained acceptance by rating agencies, although there is no federal guarantee of loans made from proceeds from the bonds. Five states have GARVEE programs and several others have recently passed legislation authorizing their creation. States have issued almost \$1 billion in GARVEE bonds.”⁶⁷

Exhibit13:

GARVEE Bonds versus General Obligation Bonds

“From a fiscal standpoint, the state’s GARVEE program was never designed to put state dollars at risk. GARVEE bonds are revenue bonds and would not count against the state’s debt limit. General obligation bonds would count against the state’s debt limit.”

- - The Honorable Carole Keeton Rylander

Source: State Comptroller Carole Keeton Rylander. Testimony. Border Affairs Committee hearing. July 10, 2000.

The GARVEE Bond proposal that the Border Affairs Committee members were able to pass in the Texas Senate embodied many of the key concepts of Senator Phil Gramm’s Border Corridor Discretionary funding program. Specifically the proposal required the Texas Transportation Commission to use the proceeds from the sale of

⁶⁷ Suzanne Sale, Senior Financial Advisor (Federal Highway Administration) in “The Road Less Traveled -- Innovative Transportation Financing.” National Conference of State Legislatures, Assembly on State Issues. July 15, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

GARVEE bonds to fund improvements to the state highway system and give priority to NAFTA-related projects, as well as to the completion of the Texas highway trunk system. The measure defined a NAFTA-related project as a project that:

- (1) involves an improvement to existing transportation or supporting infrastructure that facilitates passage across the Texas-Mexico Border of passenger vehicles and commercial motor vehicles;
- (2) is related to construction of a highway that aids the movement of passenger vehicles and commercial motor vehicles on a high priority corridor on the national highway system;
- (3) involves a construction improvement, including an improvement relating to electronic data interchange and use of telecommunications to expedite movement of vehicular traffic across the Texas-Mexico border; or,
- (4) is located within 100 miles of the Texas-Mexico Border.⁶⁸

Why is such a strategic and economic-driven transportation infrastructure initiative needed? As noted earlier, all indications are that the stress caused by trade with Mexico will increase. In order to recognize the importance of trade with Mexico -- and to ensure that the benefits derived from increased trade with Mexico continue for Texas -- a strategic influx of funding targeted at regions with critical roles in international trade is needed. Consequently, since Texas finds itself in the middle of the world economy, and since the trade activity that is being handled by the Border region is an essential component to the economic vitality of the state, Texas can no longer afford to ignore the needs of the Border region and must strategically invest in such an initiative. Correspondence sent to the Chairman of the State Affairs Committee from the main author of SB 966, who is the Chairman of the Border Affairs Committee, stressed the following:

“On several occasions, Comptroller Rylander and others argued time and time again that

⁶⁸ Senate Bill 966, Engrossed Version.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

our NAFTA-trade routes are so important that they should be given priority consideration when it comes to state investment. Additionally, this same argument can and should be applied to the use of revenue instruments, such as GARVEE Bonds.

Furthermore, the testimony taken at our joint hearings, as well as that presented during our Border Affairs Committee hearings, indicates that any comprehensive transportation plan -- or endeavor -- that outlines the list of transportation priorities of Texas, necessitates an emphasis on the needs of our international ports-of-entry, critical NAFTA-trade gateways and NAFTA-related trade traffic.

Consequently. . . I contend that the use of GARVEEs should be treated in the same manner as the ‘comprehensive transportation plan,’ i.e., given some guided fundamental principles that are defined by the Legislature, and not by an appointed three-member commission.’⁶⁹

Doing otherwise amounts to taking a position that fails to recognize the economic importance of trade with the country of Mexico. In the July Border Affairs Committee hearing, the Texas Border Infrastructure Coalition (TBIC) submitted testimony that indicated a similar conclusion. The TBIC reported that “because the efficient transportation on the Border is important to the *entire* state’s economy, federal and state funding needs to be directed to Border communities to help ensure that an adequate infrastructure is maintained. . . We cannot continue to play catch-up with the growth that our cities are experiencing. The infrastructure built today to handle growth is insufficient to handle the congestion of yesterday, much less tomorrow. Large truck traffic is expected to grow 85 percent by 2025.”⁷⁰

In correspondence to the U.S. Secretary of Transportation, Senator Phil Gramm

⁶⁹ Chairman Eddie Lucio, Jr., Senate Committee on Border Affairs. Correspondence to Chairman Florence Shapiro. September 12, 2000.

⁷⁰ Texas Border Infrastructure Coalition. Transportation Report. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

echoed similar sentiments on a national level concerning the inexplicable low level of funding that Texas has received from the National Corridor Planning/Development and Coordinated Border Infrastructure discretionary programs.⁷¹

Exhibit 14: Senator Gramm letter to Transportation Secretary Rodney Slater.

“...Considering that Texas is the nations’s second most populous state, that it has more miles of interstate highway than any other state, and that 80 percent of U.S. - Mexico truck traffic enters the U.S. across the Texas-Mexico Border, the fact that Texas is being so shortchanged is inexplicable. . . Diverting badly needed funds to states that play a lesser role in the international trade and transportation infrastructure critical to America’s economic success suggests a political agenda, not an economic development

Source: Senator Phil Gramm letter to U.S. Transportation Secretary Slater. February 3, 2000.

Comptroller Rylander has said that the trade activity and supporting infrastructure along the Border region are of vital importance not only to Texas, but to the nation as well. Specifically, she stated that “the Texas Border is literally the center of the Americas. Our Border region is critically important to the economies of North, South and Central America and to the lives and livelihood of billions of people.” Comptroller Rylander then explained the benefits of enacting the GARVEE proposal during the 76th Legislative Session. Rylander testified that, “the real balance to be struck here is between the benefits of

Exhibit 15: Highway Construction Creates Economic Value. Federal Highway Administration Findings

A \$1 billion investment in highway construction creates 44,710 jobs. (8,390 “directly” from construction, 20,924 “indirectly” from industries supplying materials and equipment, and 15,395 “induced” through increased demand created by direct and indirect employment.)

Source: Table from Eric Altman presentation, “Funding TEX-21.”

building now versus the cost of waiting. Highway construction costs in Texas are escalating. The cost of new highway construction in Texas is rising. The interest rate for recent municipal bond issues for 15-year bonds was 5.6 percent. Had our

⁷¹ The Honorable Phil Gramm, U.S. Senator. Correspondence to U.S. Secretary Rodney Slater. February 3, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

GARVEE proposal been enacted last year, we would be locking in historically low interest rates now.” Among some of the other economic benefits that could have been enjoyed by Texas would have been the high number of jobs a \$1 billion bond initiative would have created. Exhibit 15 outlines the economic benefits as indicated by the Federal Highway Administration (FHA) toward a one-billion dollar transportation infrastructure investment in terms of jobs created.

The FHA also has stated that GARVEEs continue to be a popular tool among the different states. In terms of direct GARVEEs, the FHA reports that four states have issued GARVEEs, four states have authority to issue GARVEEs and two states are considering GARVEE issuance authority.

Have Issued GARVEEs	Have Authority to Issue	Considering/Seeking Authority
Arkansas	Alabama	Alaska
Arizona	California	
Colorado	Florida	Texas
New Jersey (transit)	Nevada	

Source: Email from the Federal Highway Administration and Federal Highways Western Resource Center in response to an inquiry by the Border Affairs Committee.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Table 17: Direct GARVEE TRANSACTIONS TO DATE

State	Date of Issue	Face Amount of Issue	Rating Moody's/S&P/Fitch	Projects Financed	Backstop
New Mexico	Sept 98	\$100.2 Million	A3/A-na	New Mexico State Route 44	No backstop: Bond Insurance Obtained
Ohio	May 98 Aug 99	\$70 Million \$20 Million	Aa3/AA-/AA-	Spring-Sandusky Project	Moral Obligation pledge to use state gas tax funds & seek general fund appropriations in the event of federal shortfall
Arkansas	Mar-00	\$175 Million	Aa2/AA/na	Interstate Highways	Full faith & credit of state, plus state motor fuel taxes
Colorado	May-00	\$537 Million	Aa3/AA/AA	Any Project financed whole or in part by federal funds	Federal highway funds as allocated annually by CDOT; Other state funds
Arizona	Jun-00	\$39.4 Million	As3/AA-/AA-	Acceleration of freeway Projects/Federally Eligible Projects	Highway Funds
TOTAL:		\$941.6 Million			

Source: Email from the Federal Highway Administration and Federal Highways Western Resource Center in response to an inquiry by the Border Affairs Committee.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Design-Build Transportation Process

The Border Affairs Committee heard testimony from the Design Build Institute of America and TxDOT concerning design build construction. Design Build is an innovative construction process that allows states to speed up the completion, lower cost and increase quality transportation projects by having a single contractor or entity responsible and accountable for a transportation project.

Exhibit16: Reasons for Design-Build

- Early Completion
- Lower Cost
- Increased Quality
- Innovation
- Reduced Owner Staffing
- Less Management Effort
- Less Conflict

Source: Pat Drennon. Design-Build Institute of America. Testimony. Border and State Affairs hearing. February 22, 2000.

The Design Build Institute reported that “a single source is responsible and accountable for most aspects of projects, relieving the owner of managing all the interfaces, including multiple designers and contractors and especially between design and construction. Most conflicts, changes and claims occur at the interface between the design accomplished by another. In the case of design-build, one-party does both.”

Exhibit17: Benefits of Design-Build:

- Single Source responsibility/accountability
- Less management/coordination by owner
- Avoid adversarial interface/disputes between design & construction
 - Change orders and Claims reduced
- Improved risk management
- Time savings
- Cost savings
- Quality
 - Innovation/creativity

Source: Pat Drennon. Design-Build Institute of America. Testimony. Border and State Affairs hearing. February 22, 2000.

Representatives of TxDOT testified at the Border Affairs joint hearing in Irving that “design-build authority would allow the department to enter into a single agreement for both engineering services and construction....TxDOT would provide close oversight of all phases to

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

ensure quality, timeliness and cost effectiveness. Providing a turnkey approach and advancing different phases of a project simultaneously (such as construction and design) can save valuable time.”

Notwithstanding, there are a couple of inherent barriers that currently prevent Texas from enjoying the benefits of the design-build transportation process. The Professional Services Procurement Act requires TxDOT to have a two-step qualification-based selection and price negotiation process (Chapter 2254, Government Code). The department is further required to accept the lowest responsible bid for the construction work (Section 223.01, Transportation Code).

Exhibit 18: TxDOT--the current transportation process

“This process builds in time lags that design-build could avoid. By combining design and construction under one contract, the work could be executed concurrently, saving calendar time. This could result in less impact to the public and could even reduce total

Source: Texas Department of Transportation. “Design Build” Testimony. February 22, 2000.

Under the current transportation process, the department designs the transportation project “in-house” or out-sources the contract to a private engineering firm as governed by the Procurement Act. TxDOT explained the current transportation process, the Procurement Act, that requires TxDOT to:

“Select engineering firms based on qualifications. Compensation for design services is then negotiated. Once the design work has been completed, TxDOT advertises the project for bids on construction. Pursuant to Section 223.001 of the Transportation Code, TxDOT is required to use a competitive bidding process for construction contracts (i.e., accept the low bid).”⁷²

⁷² Texas Department of Transportation. “Design Build” Testimony. Border and State Affairs Committee hearing. February 22, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

There are several states that have taken advantage of the design-build process. The Design-Build Institute reported that as of February, design-build was currently allowed in 28 states, restricted use of design-build allowed in another 14 states, and eight states currently do not allow design-build.⁷³ The following is an example of notable design-build projects from across the nation as of February 2000.

Table 18: Selected Design-Build Projects

Location	Project	Cost	Status
Denver	E-470, Half Loop around Denver	\$324 million	Partially Open
Virginia	Pocohontas Parkway in Southern Virginia	\$302 million	Under Construction
Maine	US 1 Bridge in Bath, Maine	\$47 million	Under Construction
California	SR 125 in Chula Vista	\$400 million	Under Financing
	San Joaquin Hills in Orange County	\$793 million	Complete
	Eastern Foothills in Orange County	\$700 million	Complete
	SR 91 in Orange County	\$126 million	Complete
Utah	IH 15 in Salt Lake City	\$1.3 billion	Under Construction
South Carolina	Conway Bypass in Myrtle Beach	\$368 million	Under Construction
	Southern Connector in Spartanburg	\$191 million	Under Construction

Data/Table Source: Texas Department of Transportation. "Design Build" Testimony. Border and State Affairs Committee Irving hearing. February 22, 2000.

General Transportation Items: TIFIA, SIBS, Comptroller TPR and Intermodal Modes

⁷³ Pat Drennon. Design-Build Institute of America. Testimony. Border and State Affairs Committee hearing. February 22, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Border Affairs also heard varying testimony on different federal financing mechanisms. For instance, the Transportation and Infrastructure Finance and Innovation Act (TIFIA) “provides credit assistance in the form of direct loans, loan guarantees, or lines of credit to help facilitate the funding of large ‘mega-projects’ costing over \$100 million. Federal credit support is limited to 33 percent of project costs. The program benefits borrowers by providing flexibility, such as secured loans and deferral of payments until substantial completion of projects. State governments, local entities, private consortia, and transportation improvement districts are eligible borrowers under the program. The credit program established under the TIFIA may provide up to \$10.6 billion in Federal credit assistance.”⁷⁴ TxDOT testified in the Laredo joint hearing that the agency has “a high level of interest in the potential for using TIFIA...TxDOT is not aware of any state statutory barriers to the use of TIFIA for projects involving credit, such as turnpikes.”⁷⁵

Testimony also established that there is a need to request from the Texas Congressional delegation that Congress reinstate Texas’ designation as a State Infrastructure Bank (SIB) state. In 1995, the U.S. Department of Transportation established the SIB pilot program, which allowed designated states to transfer up to 10 percent of certain federal dollars, match these transferred funds with state revenues, and deposit them into a state infrastructure bank. This program ultimately created a self-sustaining and revolving loan program that can offer credit assistance to public and private entities of eligible surface transportation projects. TEA-21 created a new SIB Pilot Program for four states and excluded Texas from participation. Although pre-existing SIBs continue to exist, federal funds authorized after fiscal year 1998 are

⁷⁴ Suzanne Sale, Senior Financial Advisor (Federal Highway Administration) in “The Road Less Traveled -- Innovative Transportation Financing.” National Conference of State Legislatures, Assembly on State Issues. July 15, 2000.

⁷⁵ Transportation Commissioner David Laney. Testimony. Border and State Affairs joint hearing. January 11, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

no longer allowed in Texas.⁷⁶

During the 76th Legislative Session, the members of the Border Affairs Committee successfully included in the General Appropriation's Act language that authorized the comprehensive performance review of the Texas Department of Transportation by the Office of the State Comptroller. Border legislators commissioned the performance review to include "analysis of the contracting projects of the agency, geographical distribution of highway construction and maintenance projects, financing techniques, analysis of federal funding and the method of drawing such funds and allocation for projects, as other business practices of the agency."⁷⁷ The review is expected to be submitted to the Legislature prior to January 15, 2001. Comptroller Rylander provided an update to the Border Committee in July.

"My office selected the Hagler Baily consulting firm to assist in a review of TxDOT. Most interviews of TxDOT staff and **site visits** to TxDOT offices have been completed. Consultants and my staff have completed interviews in districts and area engineer offices, maintenance offices and warehouses in 14 cities. . . Meetings have been held with Federal Highway Administration officials, the Consulting Engineers Council, the Texas Transportation Funding Coalition, the Texas Border Infrastructure Coalition (TBIC), Transportation Excellence for the 21st Century (TEX-21), Associated General Contractors, Texas Good Roads and various Metropolitan Planning Organizations."⁷⁸

⁷⁶ Ibid.

⁷⁷ General Appropriations Act. 1999. Rider 19, "Texas Department of Transportation Performance Review," submitted by Chairman Eddie Lucio, Jr., and members of the Texas Senate Border Affairs Committee.

⁷⁸ The Honorable Carole Keeton Rylander. Testimony. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

While discussing the need to include Comptroller Rylander’s upcoming findings in the State Affairs Transportation Report, the main author of the performance review rider argued that “it would behoove all of us studying how to improve our transportation system in Texas to wait for Comptroller Rylander’s performance review of TxDOT’s fiscal matters to address this issue more thoroughly [of maximizing federal funds and establishing a state General Obligation Bond initiative supported by a redirection of general revenue funds]. Comptroller Rylander’s performance review should help us maximize our federal funds, as well as address the fiscal management of state and federal monies.”⁷⁹

In terms of initiatives pertaining to different modes of transportation that can impact the Border region through an affirmative recommendation, commitment and initiative by the state of Texas, the Border Affairs Committee heard testimony that indicated that:

1. The state of Texas should invest in the railroad infrastructure along the Border region in order to increase the possible alternative routes of truck transportation.
2. Airport investment was an initiative that Texas could undertake in order to allow Border Communities to become more competitive in the international economy.
3. The increased use and conditioning of alternative routes, such as farm-to-market roads, were outlined in key testimony by representatives of the Eagle Pass community. These alternative roads and their increased infrastructure can prove to be helpful and beneficial in the alleviation of the Border choke points.

Specific recommendations pertaining to these intermodal concepts are discussed in the recommendation section of the report. (Please note, the Border Affairs Committee is currently developing a list of key transportation projects that require prioritization

⁷⁹ Border Affairs Committee Chairman Eddie Lucio, Jr., correspondence with State Affairs Committee Chairman Florence Shapiro. September 12, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

by the state of Texas. This document is expected to be completed and available for distribution in December 2000.)

Texas Marine Ports: An Essential Component to Texas' Infrastructure.

One mode of transportation that has not been a full participant in Texas' Transportation Plan, and has not been supported by state dollars, is that of marine water ports. Even though Texas' ports are key and essential components of Texas' intermodal transportation system, the state does not directly invest its transportation dollars to build, renovate or expand its port operations. Unlike Texas, however, several other states have recognized the importance of port freight infrastructure and have established financing programs for the improvement, expansion and direct support of their ports. One Texas transportation official informed the Border Affairs Committee that Texas' support of and investment in our ports has been in terms of improvements to and from ports, "since the state of Texas does not have a funded seaport program and state highway funds are constitutionally dedicated, and aside from the Gulf Intra-coastal Waterway Program, TxDOT's efforts to assist Texas seaports mostly involve making improvements to landside access."⁸⁰

For this reason, during the Laredo and Brownsville hearings, representatives of the Texas Ports Association and the Brownsville Navigational District urged the committees to help Texas ports, which are having to compete with Florida, California and Louisiana ports, among others. These ports have the advantage of being funded and supported by state revenues.⁸¹ The plight faced by Texas ports, as identified by

⁸⁰ Email from Steven Pollunsky to Border Affairs Committee Staff. June 20, 2000.

⁸¹ Rick Maldonado, Chairman, Texas Port Association. Testimony. Border and State Affairs joint hearing. January 11, 2000. April 12, 2000. Randy Delay, Brownsville Port Authority. Testimony. Border and State Affairs joint hearing. May 26, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

the Port Association and by Texas Marine Ports, cannot be ignored. The state's investment in the infrastructure of its ports can increase Texas's trade status, while proving to be successful in alleviating critical NAFTA-related transportation problems.⁸² Such an initiative has the potential of greatly reducing congestion in our priority corridors, and choke-points in our ports-of-entry, as well as positively impact our air quality.

Why not use rail rather than marine ports? The Port of Houston, which is the biggest port in Texas and whose number one trading partner is Mexico, engages in a significant amount of container traffic that is consumed in either the Houston area destined for Monterrey, Mexico (about 500 miles from Houston). Because the trip from Houston to Monterrey will take about one day on truck and two days by rail, this type of shipment is almost exclusively undertaken by truck, and not by rail, (unless there is a cheaper, more expeditious mode of transportation). Cargo from Houston that is shipped to Dallas and Austin is not likely to be by rail, since it is not cost efficient.⁸³ Subsequently, it was recommended that using ships and Mexican ports, rather than our Texas roads, for freight shipment can alleviate truck traffic.⁸⁴ Cargo shipments from the Port of Houston to the Port of Brownsville, with a final destination of a Mexican marine port, is said to account for an eight-hour journey. Strategical build-up of the infrastructure that supports this type of port activity would significantly reduce travel time by making it more efficient and cost effective than rail and truck transport.⁸⁵

⁸² Randy Delay. Brownsville Port Authority. Testimony. Border and State Affairs joint hearing. May 26, 2000.

⁸³ Ned Holmes, Houston Port Authority. Testimony. Border and State Affairs joint hearing. April 12, 2000.

⁸⁴ Randy Delay. Brownsville Port Authority. Testimony. Border and State Affairs joint hearing. May 26, 2000.

⁸⁵ Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

The impact of such an emphasis on this type of intermodal transportation is real and has great potential. Port officials from Houston and Brownsville testified that a single small container ship can hold from 1,000 to 1,500 containers “versus one container per truck, resulting in 1,000 to 1,500 fewer trucks on Texas highways for every ship used.” Congestion in our crowded priority corridors, as well as in our ports-of-entry, can be alleviated dramatically by strategically investing in our Texas port infrastructure, as shown in the Houston-Brownsville example. As an additional benefit, the environmental benefits of eliminating some 1,000 to 1,500 trucks from our congested Texas highways is likely to positively affect the air quality in cities like Houston.⁸⁶ This type of infrastructure will benefit the entire state. Chairman Ned S. Holmes of the Port of Houston Authority stated that “the Port of Houston prides itself on moving one million containers through its port every year, but the Port of Brownsville moves about three million and the port of Laredo moves millions...there is a huge movement between Texas and Mexico, and as we increase that transportation connection, I think it makes it work better and it will encourage more trade and more job creation on both sides.”⁸⁷

A representative from the Center of Transportation Research at the University of Texas at Austin, presented a similar position during the San Antonio Border hearing. This testimony indicated that “from an intermodal Border planning perspective, it is important to include marine ports in the planning function. Marine ports are, of course, intermodal and directly impact at least one port of entry, that is Brownsville. However, it is known that many commodities passing through the Port of Houston are destined for Mexico and clear the Borders at the ports like Laredo. Given that the opportunities to move product through marine ports in Mexico and in Texas could affect the truck trade flows we observe at the Border, it seems logical to encourage the

⁸⁶ Ned Holmes, Houston Port Authority. Testimony. Border and State Affairs joint hearing. April 12, 2000.

⁸⁷ Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

inclusion of marine ports in Border intermodal planning.”⁸⁸

One manner by which Texas can attempt to address a strategic investment in Texas’ port infrastructure is to model an initiative similar to the Florida Seaport Transportation and Economic Development Program (FSTED). During the Laredo hearing, representatives from the Texas Ports Association testified that it would be beneficial to the economic competitiveness of Texas, and to our congested highways, if the state took a pro-active decision to replicate the efforts and success of Florida.⁸⁹

State-supported Port Initiatives: The Florida Seaport Model

The state of Florida, in 1990, recognized the strategic positioning of its seaports and the economic benefit to the state by making Florida seaports more competitive in the international market. The state subsequently established the Seaport Transportation and Economic Development Program to finance port transportation/facilities that will assist in the intermodal improvement of freight and passengers. To implement the Program, Florida created a 17-member Council within its Transportation Department. (The Council consists of port directors from its 14 publicly-owned deepwater ports, as voting members of the Council, and a representative of the Florida Transportation Department and the Department of Community Affairs, as well as the director of the Governor’s Office of Tourism, Trade and Economic Development, as non-voting members.)⁹⁰

⁸⁸ Robert Harrison, Ph.D., Executive Director. University of Texas Center for Transportation Research. Testimony. Border Affairs Committee. March 22, 2000.

⁸⁹ Rick Maldonado, President, Texas Port Association. Testimony. Border and State Affairs joint hearing. January 11, 2000.

⁹⁰ Leigh B. Boske. Lyndon B. Johnson School of Public Affairs. Multimodal/Intermodal Transportation in the United States, Western Europe, and Latin America: Governmental Policies, Plans, and Programs. 1998.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

To be eligible for state funding, a port project must meet certain qualifications specified by the state of Florida. Some of the types of projects that are eligible for funding include, but are not limited to:

- the dredging or deepening of channels, turning basins or harbors;
- the construction or rehabilitation of wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, automated people-mover systems, or any facilities necessary or useful in connection with any of the foregoing;
- the acquisition of container cranes or other mechanized equipment used in the movement of cargo or passengers in international commerce; and
- the acquisition, improvement, enlargement or extension of existing port facilities.⁹¹

A recent case study of intermodal planning methods and projects concluded that the state of Texas has much to gain from replicating the Florida Port Council model. Specifically, it concluded that “in Texas, there is currently no system in place through which port improvement projects can be evaluated and prioritized on a statewide basis. The creation of a FSTED-type council within the Texas Department of Transportation would be an excellent forum to encourage cooperation between the ports.”⁹²

The creation of such an entity and targeted state investment is crucial for Texas because its ports find themselves in a competitive disadvantage in the international marketplace. Texas ports not only compete against each other, more important, they now compete against other coastal states. The study reported that “both Florida and Texas have begun focusing on international trade as an increasingly important part of their economic development strategies. Their relative locations on the Gulf of Mexico often make them competitive for the shipping business. Like Florida, Texas needs to

⁹¹ Leigh B. Boske. Lyndon B. Johnson School of Public Affairs. Case Studies in Multimodal/Intermodal Transportation Planning Methods, Funding Programs, and Projects. 1999.

⁹² Ibid.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

recognize the benefits of setting aside state funds for port improvement.”⁹³

Florida originally funded the FSTED Program with an annual appropriation of \$10 million out of its Transportation Trust Fund. This \$10 million was seed money so that the Florida port authorities can match the state appropriations on a one-to-one basis. In subsequent legislative action, state appropriations were increased to an annual \$15 million per year, and Florida “allowed the FSTED Program to bond and match funding, using a triple-A-rated insured bond issue. In the first year of implementation, this legislation allowed the FSTED Council to parlay the \$15 million appropriations into \$222 million, which represented **almost half a billion dollars** when matched by the seaports.”⁹⁴

Several other states also have some sort of port financing initiatives. The following is a brief example of some of the initiatives that Texas may want to pursue in order to make its ports more competitive in the international marketplace as documented by the study, State Programs for Financing Port Development.

⁹³ Ibid.

⁹⁴ Leigh B. Boske. Lyndon B. Johnson School of Public Affairs. Multimodal/Intermodal Transportation in the United States, Western Europe, and Latin America: Governmental Policies, Plans, and Programs. 1998.

TABLE 19: COMPARISON OF STATE PORT DEVELOPMENT PROGRAMS

Program	Type of funding	Port Eligibility within State	Project Eligibility	Local Matching Fund Requirement	Funding Source	Amount Available
PORT FINANCING						
Wisconsin Harbor Assistance	Grant	Great Lakes or Mississippi River harbors where vessels take on or discharge over 1000 tons of commercial cargo annually, where vessels are built, where commercial fishing vessels are unloaded, or where vehicle ferries operate.	Dockwall and disposal facility construction, rehab, repair or maintenance. New dredging. Disposal of dredged materials. Other physical improvements to increase commercial capability.	20% (local share can increase to 50% on some federal projects)	Monies sent biennially to a separate state fund and general-purpose bonds serviced by this fund	Limited only by state allocation to fund and prioritization criteria of projects. Maximum grant to date has been \$3.6 million. The smallest has been \$20,000.
Minnesota Port Development Assistance Program	Grant and Loan	Any political subdivision or port authority which owns a commercial navigation facility.	Loan: Expedites or improves movement; or enhances commercial vessel construction and repair. Grant: Meets at least one of the loan criteria and promotes economic development at ports.	20%	Port development revolving fund in state treasury	A maximum is not specified. The MN/DOT commissioner sets the amount on a case-by-case basis.
Oregon Port Revolving Fund	Loan	The 23 legally formed port districts along the Pacific coast and the Columbia River.	Business development projects. Port development projects. Flexible manufacturing space projects.	None	Originally state general fund. Now funded by lottery proceeds and interest earned on past loans	A maximum of \$700,000 per project is available. No more than \$1.4 million to any port in one year. The maximum allowed for outstanding loans by any port is \$2 million
Oregon Marine Navigation Improvement Fund	Grant	The 23 legally formed port districts along the Pacific coast and the Columbia River.	Funding is approved only for federally authorized studies, dredging, and construction of new navigation improvement projects.	N/A	Allocations to separate fund from lottery proceeds or legislative action	No maximum amount is set.

Louisiana Port construction and Development Priority Program	Grant	All publicly owned ports.	Construction, improvement, capital facility rehabilitation, or expansion of publicly owned facility and marine-related infrastructure such as wharves, cargo handling equipment, utilities, railroads, access roads, and buildings	10%	Annual allocation from state Capital Outlay Bill	Each port may receive no more than 20% of the annual allocation. Presently this is \$3 million per year based on a total annual allocation of \$15 million.
Florida Seaport Trans. and Economic Development Funding Program	Grant	All publicly owned ports.	Transportation facilities. Dredging. Construction or rehab of facilities and equipment. Acquisition of mechanized equipment. Land acquisition Required environmental projects	50%	Annual allocation from State Transportation Trust Fund or bonds serviced by such funds	Each port may receive up to \$7 million in matching funds during one year. No more than \$30 million in any five-year period. Total available statewide through bonding is \$222,320,000. Bond money is not subject to above yearly restrictions.
California Maritime Infrastructure Bank	Low-interest loans and bonds	Participating ports and harbor districts.	Port infrastructure improvements.	N/A	Maritime Infrastructure Bank Fund	Unknown at this time
PLANNING/MARKETING						
Florida Trade Data Center	N/A	Services available to in-state and out-of-state clients including both ports and businesses.	Access to a variety of trade information including agent lists, import/export data, and market and industry reports.	N/A	Yearly grant from State Legislature and profits earned.	N/A
Oregon Port Planning and Marketing Fund Grant Program	Grant	The 23 legally formed port districts along the Pacific coast and the Columbia River.	Accounting and financial assistance on port operations. Site development planning. Marketing studies/plans. Specific project consultation. Regional coordination. Strategic business planning.	25%	Appropriated funds from the Legislative Assembly and grants/transfers from the Oregon Port Revolving Fund	The grant will not exceed \$25,000 or 75% of the total cost of the project (whichever is the lesser amount)

Table Source: Leigh B. Boske. Lyndon B. Johnson School of Public Affairs. State Programs for Financing Port Development. 1998.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

Implementation of Senate Bill 913: A related interim charge

The Border Affairs Committee was also issued an interim charge to oversee the implementation of Senate Bill 913, One-Stop Inspection Facilities.

In an effort to expedite NAFTA-related traffic, during the 76th Legislative Session, the members of the Border Affairs Committee passed Senate Bill 913 requiring TxDOT to work with appropriate state and federal agencies to establish one-stop inspection stations in the cities of Brownsville, Laredo and El Paso. The enabling legislation specifically requires TxDOT to establish and maintain the three one-stop inspection stations only if the federal agencies involved in the regulation of the passage of persons or vehicles at those Border crossings agree to the design of the facility at each location and agree to use the facility at each location if built. SB 913 provided that TxDOT use eight to nine million dollars out of its base appropriations to establish the three one-stop facilities.⁹⁵

One of the fundamental problems faced with the implementation of SB 913 was an agency decision undertaken by transportation officials through the “Minute Order” process in which transportation officials ignored the intent of the legislation and concerns of Border communities over a two-stop inspection initiative. On December 16, 1999, the Texas Transportation Commission passed Minute Order # 108047, which authorized TxDOT to begin the preliminary steps to establish eight state inspection stations along the Texas Border region. A representative from the Office of the Border Commerce Coordinator testified at the Border Affairs Committee hearing that TxDOT used the \$9 million “set-aside” by SB 913 for the One-Stop Facilities for the implementation of the eight- state inspection facilities.⁹⁶ Some have interpreted such use of funds as a bypass or violation of the intent of SB 913 which

⁹⁵ Senate Bill 913, enrolled version.

⁹⁶ Jorge Garces, Office of the Secretary of State’s Office. Testimony. Border Affairs Committee hearing. May 25, 1999.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

authorized three One-Stop inspection stations.

Border communities, such as the City of Laredo, testified to the Border Affairs Committee that the state-inspection facilities authorized by the Transportation Commission Minute Order would create a two-stop inspection process that would ultimately hinder trade.⁹⁷ In July, the Border community through its coalition reported that “the construction of separate inspection stations creates a two-stop inspection facility. This forces commercial vehicles to stop twice, once for the federal inspections and again for state inspections. This impedes the flow of traffic and creates bottlenecks at Border ports-of-entry.”⁹⁸

The actions of the Transportation Commission, through its Minute Order, bypassed a legislative mandate and disregarded the trade needs of the Border region. The Vice-Chairman of the State Affairs Committee and primary author of SB 913, in correspondence to the members of the Border Affairs Committee, reported,

“The action taken by TxDOT’s Commission raises serious concerns. First, the Commission is embarking on major spending projects along the Border that clearly conflict with a legislatively mandated initiative (SB 913). Second, the Commission’s actions blatantly ignore the intent of 181 legislators who passed SB 913 and fail to include the input of Border legislators or Border communities affected. TxDOT’s action will (1) further slow commerce by forcing commercial vehicles to stop twice for federal and then state interdiction and inspection before crossing our ports-of-entry, (2) increase overall costs and (3) degrade the environment...”⁹⁹

⁹⁷ Larry Dovalina and Cynthia Collazo representing the City of Laredo. Testimony. Border Affairs Committee hearing. April 27, 2000; and, the Honorable Elizabeth Flores, Mayor of the City of Laredo. Testimony. Border Affairs Committee hearings. May 25, 2000, and July 10, 2000.

⁹⁸ Texas Border Coalition. Transportation report presented to the Border Affairs Committee on July 10, 2000.

⁹⁹ Senator Eliot Shapleigh correspondence to members of the Border Affairs Committee. April 11, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

The Transportation Commission's Minute Order forced Border communities, like that of Laredo, to pass local resolutions opposing the agency's actions and to pursue a legal remedy.

The process that allowed the Transportation Commission to pass a Minute Order was explained during the El Paso joint hearing of the Border and State Affairs Committees. Particularly Section 222.034 of the Transportation Code, Distribution of Federal Funds, "requires the Commission to distribute Federal aid funds to various parts of the state in a manner that is consistent with the Federal formulas that determine the amount of Federal aid Texas receives, unless the Commission issues a minute order or ruling that identifies the variance and provides particular justification for the variances."¹⁰⁰ A transportation official further explained the process to the Committee.

"TxDOT typically proposes any variances from a federal formula through Minute Order, following public input as part of the annual Project Selection Criteria review process. The public hearing is normally in October each year with Minute Order approval in December. The public has 30 days to comment on any aspect of the project selection process including the dollar distribution methods used by the state. The process and the formulas are then used to develop the subsequent Unified Transportation Program which distributes construction funds to the entire state for the next four years. The last such public hearing was held on October 28, 1999."¹⁰¹

To resolve the dispute between the Border community and the Transportation Commission, Border legislators on several occasions sought the help, through correspondence and meetings, of the Border Commerce Coordinator, Secretary of State Elton Bomer. The principal author of SB 913, in a letter written on December 20, 1999 to Secretary Bomer, wrote "In your role as Border Commerce Coordinator you are responsible for acting as an ombudsman for government agencies within the Texas and Mexico Border region. The purpose of such a position is to help reduce regulations by improving communication and cooperation among federal, state, and

¹⁰⁰ Transportation Commissioner David Laney. Testimony. Border and State Affairs joint hearing. November 19, 1999.

¹⁰¹ Email from Steven Pollunsky to Border Affairs Committee staff. June 30, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

local governments. Further, you are charged with working with federal officials to allow for the efficient movement of goods and people across the Border between Texas and Mexico and advocating for a unified federal agency process to streamline Border crossing needs. . . I am requesting your immediate intervention in this matter.”¹⁰²

After numerous meetings and correspondence between interested parties, seven months after the Minute Order was passed to authorize the development of the state-inspection stations, the implementation of the initiative was “slowed” down. Secretary Bomer testified to the Border Affairs Committee in July that in “regard to Border inspection stations, I have discussed this issue with the Texas Department of Transportation. Representatives of Governor George W. Bush’s Office also have talked to the Department of Public Safety. We all have agreed to dramatically slow down the implementation of eight state inspection stations until after the 77th Legislative Session. We expect that this matter will be addressed by the 77th Legislature. If directed by the Legislature, we will proceed in carrying out any new laws enacted by the Legislature. If not, we will determine an appropriate plan of action to best address commercial vehicle safety along the Border region and throughout the entire state.”¹⁰³

Notwithstanding, TxDOT has commissioned a study with the A&M Texas Transportation Institute, as well as with the U.T. Center for Transportation Research, to design a prototype of a model one-stop facility as envisioned by SB 913 and the Border legislators. The study is expected to be available by December 31, 2000, and will also assess how to incorporate Intelligent Transportation System technology to expedite the flow of traffic at existing ports-of-entry. “There will be a need for additional state and federal funding for construction of these inspection facilities,

¹⁰² Senator Eliot Shapleigh correspondence with Secretary of State Elton Bomer. December 20, 1999.

¹⁰³ Secretary of State Elton Bomer. Testimony. Border Affairs Committee hearing. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

which has been estimated by TxDOT at \$80 million.”¹⁰⁴

Several key observations can be made concerning the implementation of SB 913 as well as the concerns and problems that were engendered by Minute Order # 108047. First, Border lawmakers must discuss and evaluate the findings of the A&M and U.T. study concerning the prototype model for a true one-stop facility. Border lawmakers may want to provide the necessary plan, design and construction dollars to support the prototype model. Second, Border lawmakers may want to address the Minute Order process outlined in Section 222.034 and in appropriate TxDOT rules. Lawmakers may want to evaluate this action which allowed the Transportation Commission to pass a measure that some have perceived as contradictory to the position of local communities and has been viewed by others as a disregard of a legislative mandate. This evaluation can be undertaken to achieve two major goals: first, to arrive at a true checks-and-balance system of an agency’s actions during a legislative interim period; and, second, to require that agency policies “include local communities in their decision-making process for the creation of state inspection facilities.”¹⁰⁵

Border Recommendations, doing what’s right for Texas: Changing the Transportation Culture

The following list is a compilation of recommendations presented to the Border Affairs Committee during the interim period and innovative measures developed by Committee members (as well as from the office of the Border Affairs Committee). These recommendations address the aforementioned concepts reported in this transportation report. Overall, the list of proposed initiatives and recommendations were developed to address the planning and capacity resources of the Texas-Border region in order to facilitate regional economic development, international trade and to expedite the

¹⁰⁴ Secretary of State Elton Bomer. Testimony. “Revised Recommendations to the Senate Committee on Border Affairs.” September 18, 2000.

¹⁰⁵ Texas Border Infrastructure Coalition. Transportation report presented to the Border Affairs Committee. July 10, 2000.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

flow of NAFTA-related traffic.

Recognizing the critical trade importance with Texas' number one trading partner, the Country of Mexico, and the role that ports-of-entry and the Border transportation districts have on the Texas economy, the Senate Committee on Border Affairs recommends:

- Requiring TxDOT, DPS and other state agencies involved in the cross-border movement of goods and people to officially promote and develop partnerships and cooperation between transportation and law enforcement agencies on both sides of the Border to help expedite cross-border trade.
- Requiring TxDOT to develop and implement infrastructure projects, so as to contribute to the improvement of air quality along the Border, as well as to expedite international trade at our ports-of-entry.
- Requiring TxDOT to officially recognize Texas' ports-of-entry in its TIP and UTP and to develop a specific ports-of-entry funding category over and above existing NAFTA discretionary funds.
- Requiring TxDOT to work with the A&M Texas Transportation Institute and the U.T. Center for Transportation Research to develop the manner by which the state can effectively increase trade and strengthen international commercial exchange through planning resources in the Border districts.
- Requiring TxDOT to capitalize and establish an integrated Border Corridor Planning System that strategically aids in the exchange of commerce through the development of NAFTA-related projects incorporating different intermodal modes.
- Requiring TxDOT to promote the installation of weigh-in-motion scales before vehicles reach the commercial ports-of-entry to expedite traffic flow and to encourage voluntary compliance with vehicle size and weight limits.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Requiring TxDOT to preserve the viability of the Texas transportation system, as well as promote public safety, by supporting the construction and rehabilitation of key NAFTA-related transportation corridors. Require that such an endeavor be undertaken through the use of intermodal transportation, which increases the use of Texas marine ports, farm-to-market roads and railroads.
- Requiring TxDOT to revise its allocation formulas to consider and include criteria that includes population, international crossing volumes, shipping tonnage and existing lane miles as key weights for project selection and funding. Such a revision should allocate funds for reconstructing or constructing new roadways in areas most significantly impacted by NAFTA.
- Recognizing the importance of Texas' number one trading partner by waiving the local match requirements for projects in the 1,254-mile Border region.
- Requesting the Texas Congressional Delegation to support the passage of the AIR-21, Aviation Investment and Reform Act for the 21st Century.
- Developing a statewide strategy supportive of airport development especially along the Texas-Mexico Border region so that Texas airports can effectively compete with other states and in the global marketplace.
- Increasing funding for grade separations along truck routes, supporting increased interagency coordination at ports-of-entry, and providing incentives for alternative fuel vehicles to address congestion-related air pollution.
- Requiring TxDOT to expedite the construction of key projects in the Border districts that would alleviate increased conflicts between commercial and vehicular traffic.
- Requiring TxDOT to revise current agency rules and policy to direct additional sources of revenue for new roadways toward the Texas Border region.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Requiring TxDOT to front-load the infrastructure investment to the three Border Districts in the early years of funding from new and existing revenue sources, since these Border gateways are the predominant corridors of international significance.
- Requiring TxDOT to prioritize to funding transportation projects that will make new and developing National Priority Corridors a reality in Texas.
- Adopting a transportation infrastructure investment plan that will fund a transportation system that provides the level of mobility, maintenance, and safety that the Legislature deems acceptable for Texas and that prioritizes NAFTA-related projects, as well as those for rural Texas.
- Supporting local enforcement programs that relate to truck traffic safety that would be supported by a combination of local, state, and federal funds. The programs would include hiring and training of additional law enforcement staff.
- Requiring any new source of transportation revenues and innovative financing to be invested in developing, improving and constructing NAFTA roadways that provide access to international ports along the Texas-Mexico Border.
- Recognizing the importance of Texas' number one trade partner and the volume of trade activity with Mexico by institutionalizing -- and officially supporting -- the grouping and funding of the three districts into a new category based on the international importance of the cross-border movement.
- Requiring TxDOT to pursue with the new leadership of the Country of Mexico, as well as with bordering Mexican states, formal monthly cross-border planning sessions.
- Recognizing the importance of Texas' number one trade partner by requiring that future and current chairmen of the Commission be completely fluent in Spanish.
- Supporting the "one-stop" concept outlined in SB 913 and fund pilot "one-stop"

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

inspection facilities in El Paso, Brownsville and Laredo.

- Direct TxDOT to assist local efforts to establish Dedicated Commuter Lanes (DCLs) at Border crossings to facilitate cross-Border employment.
- Direct TxDOT to significantly increase its efforts to deploy Intelligent Technology Systems, North American Trade Automation Prototypes, and other new technology currently used in California and New Mexico to expedite truck traffic at Border crossings.
- Direct TxDOT and the Texas Department of Economic Development to convene a summit of state and federal agencies and other interested parties (including shippers, railroads, and trucking companies) to refine the “seamless border crossing” concept. With trade increasing because of NAFTA, it is crucial to expedite the flow of commercial traffic at international bridges and separate the functions of interdiction and commerce.
- Pass a statewide GARVEE proposal that prioritizes the ranking of projects that: (1) involve an improvement to existing transportation or supporting infrastructure that facilitates passage across the Texas-Mexico Border of passenger vehicles and commercial motor vehicles; (2) are related to construction of a highway that aids the movement of passenger vehicles and commercial motor vehicles on a high priority corridor on the national highway system; (3) involve a construction improvement, including an improvement relating to electronic data interchange and use of telecommunications to expedite movement of vehicular traffic across the Texas-Mexico border; and (4) are located within 100 miles of the Texas-Mexico Border.

PLANNING AND CAPACITY ISSUES ALONG THE BORDER, the Committee further recommends:

- Requesting that the state and the U.S. and Mexican federal governments consult with bi-national states and local officials regarding the location, design,

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

construction, operation, and integrated access elements of ports-of entry systems, prior to their construction.

- Requesting that the U.S. and Mexican federal governments continue the Border Technology exchange program and increase its funding, in order to improve its operation and training of technical personnel for truck inspections.
- Recognizing the importance of Texas number one trade partner by reorganizing existing administrative and personnel state resources, and targeting them to the three Border districts.
- Requiring TxDOT to encourage the development of alternative modes of transportation, such as the Single Occupant Vehicle (SOV) for reducing traffic congestion.
- Increasing the level of state funding to Border aviation by supporting primary commercial service airports.
- Requesting that the state consider usage of tax revenues collected from the purchase of aircraft-and aviation-related products and from franchise taxes paid by the aviation industry in Texas to increase state funding for aviation programs. (Consider revising the Constitution for the fuel consumption to become a user-fee incentive that will be reverted back to the source of consumption.)
- Amending the Texas Petroleum Storage Tank Remediation Fund's enabling statute to allow jet fuel contamination to be an eligible remediate expense as requested by Laredo. (Currently, aviation gasoline contamination is an eligible expense; however, jet fuel contamination is not. Texas collects a bulk delivery fee charged to anyone who withdraws a petroleum product from a bulk distribution facility. Yet, no revenues from this source or any other source are available to remediate jet fuel contamination.)
- Working to re-institute the Urban Streets Program and increasing HESP funding to

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

address increased traffic volumes on local roadways that have resulted in congestion and unsafe conditions.

- Increasing funding for grade separations, signalization and whistle noise abatement to address increased rail volumes that are currently causing intermodal conflicts, at-grade collision, congestion, shipment delays and noise pollution.
- Increasing funding for maintenance of existing Border roads, and supporting enforcement of fines to address deteriorating infrastructure due to commercial NAFTA-related traffic.
- Supporting enhancement applications to provide environmental and cultural transportation-related enhancements to “change the face” of the Border. Institute a state scenic byway corridor along the Rio Grande that mitigates environmental concerns by conserving open space and historic figures, and providing public interpretation of Border culture. This development will in turn support the emerging industry of tourism.
- Revising the necessary statutes that deny state public transportation funding to cities of more than 200,000 with a dedicated sales tax for transit.
- Developing a dedicated state funding source for public transportation that will provide a guaranteed annual amount of money to the public transit systems in Texas.
- Revising statutes to allow some of the state and/or other taxes or permit fees paid by the trucking industry to be utilized to subsidize local governments for repairing roads.
- Revising applicable statutes to allow municipalities to require a fee or permit for movement of oversize/overweight loads along state maintained roads within a municipality.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Revising applicable statutes to allow the issuance of a permit by the state or city for overweight loads if the load can be reasonably dismantled.
- Revising applicable statutes to allow a municipality to require a fee or permit for manufactured homes within the municipality regardless of routes.
- Requiring TxDOT to construct new roadways for transportation of hazardous materials in order to provide safety for all citizens.
- Requiring TxDOT to require that MPO planning and funding be extended for projects in cities with international bridges and include rural areas in such efforts.
- Collaborating with Mexican officials and members of the Mexican business sector to implement a check and clearance system south of the Texas-Mexico Border.
- Increasing maintenance and expansion of farm-to-market roads and off system streets along the Border that link NAFTA traffic with NAFTA corridors.
- Streamlining the right-of-way acquisition by TxDOT on state-funded projects.
- Streamlining the environmental process in the preliminary design phase of TxDOT projects.
- Reviewing the current statutes and procedures to create solutions that will accelerate the TxDOT consultant selection process.
- Amending the Transportation Code to automatically waive local match requirements for projects in the 54 economically disadvantaged counties identified by TxDOT.
- Creating a new Border district discretionary fund to directly outsource transportation projects that positively impact the cross-border movement of commerce, traffic, and people.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Requiring TxDOT to include local communities in their decision making process for the creation of state inspection stations.
- Requiring that TxDOT allocate “investment funds” to increase Border capacity commensurate with population and need, as well as ensure that funding formulas address regional needs and disparities in local tax bases.
- Increasing transportation funding through GARVEE bonds and other measures, and allocating funding based on need to major trade corridors, the trunk system, and Border infrastructure.
- Amending applicable state statutes and rules to allow Marine Port membership in MPO boards and include a representative from the ports in the MPO region as a voting member.
- Requiring TxDOT to diversify its modes of transportation and increase its use of rail.
- Providing a two-year appropriation of \$1 billion to existing TxDOT funds earmarked for infrastructure needs in the three Border transportation districts (Pharr, Laredo, and El Paso).
- Asking the Texas Congressional Delegation to lend its support to open more Customs Bureau inspection lanes at Texas Border crossings and keep them open 24 hours per day.
- Funding Border transportation and air-quality capacity modeling at state universities on the Border.
- Asking the Texas Congressional delegation to amend federal law pertaining to membership on policy committees of persons representing another nation (United States Code Annotated, Chapter 23, Section 134) to enable MPOs along the Border to work closely with their counterparts in Mexico. Mexican representation

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

on MPOs technical advisory committees would enhance the planning process.

- Requiring TxDOT to include information on contracts for road construction projects that have been let, listed by project, and are on the Internet.
- Requiring TxDOT to provide periodic progress reports on the Task Force Initiative projects that show their current status.
- Requiring TxDOT to provide periodic reporting on expenditure and lettings, referenced back to the Unified Transportation Program and Minute Order, in format understandable by the general public, to be approved by the Legislative Budget Board and the Governor's Office of Budget & Planning.
- Requiring TxDOT to formally recognize the importance of trade with Mexico and the value of the trade activity along the three Border districts and formally make the Border Advisory Committee a long-standing Committee within TxDOT.
- Requiring TxDOT to revise the NAFTA Discretionary Fund (Category 13 C) to allow the monies to be used for planning, design, and environmental assessments in the three Border districts. Also require TxDOT to significantly increase this discretionary fund.
- Requiring TxDOT to significantly increase the staffing levels and accompanied resources of the three Border transportation districts.
- Amending the necessary statutes to develop and implement the National Corridor and Border Program modeled after the federal existing program that provides funding for key NAFTA-related projects.
- Requiring that TxDOT significantly increase its use of the design-build process, especially along key NAFTA transportation corridors. Amend necessary state statutes to allow the state to maximize the use of the design-build process.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Requiring that TxDOT take a more active role in the application and use of federal programs, such as TIFIA.
- Requesting from the Texas Congressional Delegation that it re-institute Texas' designation as a SIB entity.
- Establishing a Port Investment Program and Council modeled after the Florida example outlined in this report and require that TxDOT include marine ports in the state's transportation plan, as well as fund port infrastructure improvements, developments, and renovations.
- Investing in the railroad infrastructure along the Border region in order to increase alternative routes for truck transportation.
- Investing in Texas airports to allow communities along the Border region to become more competitive in the global market.
- Requiring that TxDOT increase the use and conditioning of alternative routes, such as farm-to-market roads, to help alleviate Border choke points.

ADDRESSING THE LACK OF REPRESENTATION BY BORDER DISTRICTS IN THE TRANSPORTATION COMMISSION

To ensure greater regional representation by the Border region, as well as to recognize the need to adopt policies that foster economic development and international trade by allocation of state resources, the Committee recommends:

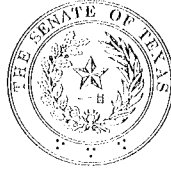
- Requiring TxDOT to develop agency policies and rules that promote, respect and abide by the involvement of local cities and counties in the decision-making process of one-stop facilities and of state inspection facilities.

Addressing the planning & capacity resources of the Border to facilitate regional economic development, international trade and expedite the flow of NAFTA-related traffic

- Revising the necessary statutes to guarantee that TxDOT and the Transportation Commission are not allowed to circumvent the state mandates enacted by the Legislature through agency policy/rule procedures, such as the Minute Order process.
- Revising the enabling legislation for the Transportation Commission and requiring that the Transportation commissioners appointed not come from, live, or represent regions of the state that are closer than a 300-mile radius from each other, in order to guarantee state regional diversity and to prevent one region of the state from having unfair representation on the Commission.
- Revising the enabling legislation for the make-up of the Transportation Commission and require that one commissioner come from one of the three Border transportation districts.
- Requesting from the leadership in the Governor's Office that the next Transportation Commissioner be a native and residing resident of one of the three Border Transportation districts.
- Evaluating and implementing the findings of the Comptroller's Performance Review, especially those regarding geographic distribution and management of funds.

Committees:

ECONOMIC DEVELOPMENT, *Chairman*
ELECTRIC UTILITY RESTRUCTURING, *Chairman*
BORDER AFFAIRS, *Vice Chairman*
EDUCATION



DAVID SIBLEY
STATE SENATOR
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November 16, 2000

The Honorable Eddie Lucio
Chairman
Senate Committee on Border Affairs
P.O. Box 12068
Austin, Texas 78711

Dear Senator Lucio,

There is no denying that the condition of our Border calls for comprehensive and sweeping changes to the way our state addresses the needs of the region.

In his 1933 inaugural speech, Franklin Delano Roosevelt cited the need for all citizens to bind together in order to overcome the economic conditions of the time. President Roosevelt proclaimed that, "...we now realize as we have never realized before our interdependence on each other; that we cannot merely take but we must give as well; that if we are to go forward, we must move as a trained and loyal army willing to sacrifice for the good of a common discipline, because without such discipline no progress is made..."

So too, the passage of the North American Free Trade Agreement (NAFTA) and its effect on our state have made us realize our regional interdependence as never before. This realization demands that we now pull together in order to move Texas forward. The recommendations of the Senate Committee on Border Affairs enable us to focus on problems that we as a state must now address.

As with any report with sweeping proposals, individual members may have reservations about specific recommendations while still being generally supportive. I have included with this letter a brief list of my reservations about certain committee recommendations. My reservations do not necessarily constitute objection to any specific proposal; rather they highlight issues that should be considered before certain recommendations can be fully implemented.

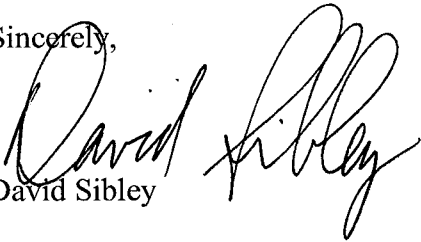
Most importantly, my concerns do not reflect any wavering of support for the development and well-being of the Border.



The Honorable Eddie Lucio
November 16, 2000
Page Two

I commend the work of you and your staff in developing a report that clearly addresses the vital needs of our Border. I look forward to working together in addressing these needs and in accomplishing our common goals.

Sincerely,

A handwritten signature in cursive script that reads "David Sibley". The signature is written in black ink and is positioned to the right of the printed name "David Sibley".

David Sibley

Attachment

SENATE COMMITTEE ON BORDER AFFAIRS

Reservations:

- **Recognizing the importance of Texas' number one trading partner by waiving the local match requirements for projects in the 1,254-mile Border region.**

Concern: A blanket exemption may be unfair to localities throughout the rest of the state, especially ones facing economic conditions similar to those experienced along the border.

- **Requiring TXDOT to revise current agency rules and policy to direct additional sources of revenue for new roadways toward the Texas Border region since this area is where the majority of trade activity is taking place.**

Concern: The recommendation is broad, with no clear definition of possible sources of revenue.

- **Requiring any new source of transportation revenues and innovative financing to be invested in developing, improving and constructing NAFTA roadways that provide access to international ports along the Texas-Mexico Border.**

Concern: The recommendation is broad having no limits on future revenue sources.

- **Recognizing the importance of Texas' number one trade partner by requiring that future and current chairmen of the (Transportation) Commission be completely fluent in Spanish.**

Concern: Since Commission members are appointed by the governor, the governor has the ultimate authority and/or responsibility to select members that represent the diversity of the state. Such a recommendation would limit the governor's authority.

- **Pass a statewide GARVEE proposal that prioritizes the ranking of projects that: (1) involve an improvement to existing transportation or supporting infrastructure that facilitates passage across the Texas-Mexico Border of passenger vehicles and commercial motor vehicles; (2) are related to construction of a highway that aids the movement of passenger vehicles and commercial motor vehicles on a high priority corridor on the national highway system; (3) involve a construction improvement, including an improvement relating to electronic data interchange and use of telecommunications to expedite movement of vehicular traffic across the Texas-Mexico border; and (4) are located within 100 miles of the Texas-Mexico Border.**

Concern: Any such GARVEE proposal should consider rural concerns and ensure that state funding is not disproportionately focused on urban projects.

- **Request that the state consider usage of tax revenues collected from the purchase of aircraft and aviation related products and from franchise taxes paid by the aviation industry in Texas to increase state funding for aviation programs. (Consider revising the**

Constitution for the fuel consumption to become a user-fee incentive that will be reverted back to the source of consumption.)

Concern: The dedication of state funds limits the Legislature's ability to budget effectively in periods of slow economic growth.

- **Revising the necessary statutes that deny state public transportation funding to cities of more than 200,000 that have a dedicated sales tax for transit.**

Concern: Larger cities generally have the dedicated tax, and so, state dollars are currently being spread out to a greater number of rural and small communities. Directing additional state dollars to urban areas would focus the availability of public transportation in these areas.

- **Developing a dedicated state funding source for public transportation that will provide a guaranteed annual amount of money to the public transit systems in Texas.**

Concern: Dedicating state funding reduces the Legislature's budgeting flexibility.

- **Revising applicable statutes to allow municipalities to require a fee or permit for movement of oversize/ overweight loads along state maintained roads within a municipality.**

Concern: Currently the state performs permitting. Allowing localities to do so may drastically increase the number and amounts of permits necessary to transport loads.

- **Revising applicable statutes to allow a municipality to require a fee or permit for manufactured homes within the municipality regardless of routes.**

Concern: Additional fees on manufactured homes unfairly increases the tax burden of home ownership for individuals who are generally less able to afford such increases.

- **Requiring TXDOT to construct new roadways for transportation of hazardous materials in order to provide safety for all citizens.**

Concern: This proposal should be a state goal, but the current transportation budget only addresses about 30 to 40 % of the state's general needs. Requiring additional roadways to be built would further stretch an already thin budget. If this proposal becomes financially feasible, the recommendation should prioritize construction in areas that face the greatest amount of risk.

- **Amending the Transportation Code to automatically waive local match requirements for projects in the 54 economically disadvantaged counties identified by TXDOT.**

Concern: The cost of this recommendation is not addressed and could be a significant factor in the feasibility of this proposal.

- **Increasing transportation funding through GARVEE bonds and other measures, and allocating funding based on need to major trade corridors, the trunk system, and Border infrastructure.**

Concern: A GARVEE proposal should include the concerns of both rural and urban areas of the state.

- **Providing a two-year appropriation of \$1 billion for existing TXDOT funds earmarked for infrastructure needs in the three Border transportation districts (Pharr, Laredo, and El Paso).**

Concern: The Legislature should prioritize funding for Border projects in conjunction with currently planned projects. This prioritization should seek an amount similar to the recommended appropriation but not be held to a static number which may compromise other major transportation projects.

- **Revising the necessary statutes to guarantee that TXDOT, and the Transportation Commission, are not allowed to circumvent the state mandates enacted by the Legislature through policy/rule procedures, such as the Minute Order process.**

Concern: Any statutory change should take into account federal provisions by which the Commission must also abide.

- **Revising the enabling legislation for the Transportation Commission and requiring that the Transportation commissioners appointed not come from, live, or represent regions of the state that are closer than a 300-mile radius from each other, in order to guarantee state regional diversity and to prevent one region of the state from having unfair representation on the Commission.**

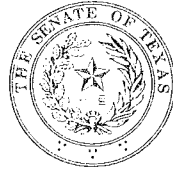
Concern: Since Commission members are appointed by the governor, the governor has the ultimate authority and/or responsibility to select members that represent the diversity of the state. Implementing such a recommendation would limit the governor's authority.

- **Revising the enabling legislation for the make-up of the Transportation Commission and require that one commissioner come from one of the three border transportation districts.**

Concern: Since Commission members are appointed by the governor, the governor has the ultimate authority and/or responsibility to select members that represent the diversity of the state. Implementing such a recommendation would limit the governor's authority.

- **Evaluating and implementing the findings of the Comptroller's Performance Review, especially those regarding geographic distribution and management of funds.**

Concern: Until the Comptroller's report is officially released, the committee's recommendation that the findings of the review be implemented is premature.



The Senate of The State of Texas

November 8, 2000

The Honorable
Elton Bomer
Secretary of State
State Capitol, Room 1E.8
Austin, Texas 78711

Dear Secretary Bomer:

We are writing to express our frustration with the Texas Department of Transportation's continued efforts to develop border inspection stations. Actions taken to date demonstrate clearly that TxDOT believes that two-stop inspection stations are inevitable.

On July 10, 2000, you testified before the Special Committee on Border Affairs that TxDOT agreed to dramatically slow implementation of eight inspection stations until after the 77th Legislative Session. You noted that if the Legislature does not act on this issue next session, it may be appropriate for TxDOT to take some interim measures to protect the availability of land. You agreed with Sen. Eliot Shapleigh's Aug. 14, 2000, letter (enclosed) that local officials and technology experts must be involved in site selection.

Rather than slow its activities, TxDOT has accelerated them. Identifying potential sites and continuing site-specific design, agency staff are conducting the entire range of work necessary to keep on schedule with implementing Minute Order No. 108047. This includes conducting public meetings next month in five border cities. The meetings are the first step in the environmental assessment process that must be completed prior to the acquisition of land. These and other activities continue despite the lack of local government support for many of these sites.

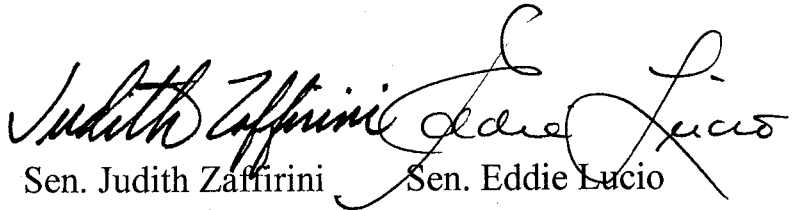
Letter to Secretary Elton Bomer
November 8, 2000
Page Two

TxDOT's continued development of border inspection stations disregards Senate Bill 913, recommendations of the Special Committee on Border Affairs, the concerns of local authorities and your agreement with them. We respectfully request that TxDOT deliver a monthly report about SB 913 activities and cease any activity not within the express terms of your agreement with this committee.

Very truly yours,



Sen. Eliot Shapleigh



Sen. Judith Zaffirini

Sen. Eddie Lucio

Enc.: Sen. Shapleigh's Aug. 14, 2000, letter to Sec. Bomer

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COMMITTEES

STATE AFFAIRS - VICE CHAIR
SPECIAL COMMITTEE ON
BORDER AFFAIRS
VETERAN AFFAIRS
& MILITARY INSTALLATIONS

ELIOT SHAPLEIGH
TEXAS SENATE
DISTRICT 29
EL PASO COUNTY

August 14, 2000

The Honorable Elton Bomer
Secretary of State
P.O. Box 12697
Austin, TX, 78711

Dear Secretary Bomer:

I want to congratulate you on the fine work you are doing as the Border Commerce Coordinator for Texas. I also want to take this opportunity to follow up on our phone conversation on August 8, 2000, regarding S.B. 913.

We all look forward to a second generation of Border ports-of-entry designed to facilitate the flow of commerce, protect our public health and conserve our environment. As you know, the legislative intent of S.B. 913 aims precisely to achieve these concepts, and I am pleased that you and the Texas Department of Transportation (TxDOT) are now aggressively pursuing this vision. It is clear that you are dedicated to focusing our efforts and resources toward the development of a "one-stop" prototype.

Based on our agreement, the S.B. 913 task force has agreed to "dramatically slow-down" the Department of Public Safety's (DPS) "two-stop" approach. We also agreed that the acquisition of land by TxDOT is an option only if TxDOT has no other recourse but to purchase the land at the 8 proposed sites. You stated that your office and TxDOT "are not in the land acquisition mode at all" and that land acquisition would occur in an "emergency only" situation. In the event of any contractual negotiations or correspondence regarding condemnation, TxDOT has agreed to notify you immediately.

My concern is that TxDOT will not review the eight sites to ensure that they will work for an S.B. 913 prototype. These sites were originally selected using very different criteria, and we must ensure that the sites conform to the legislative intent of S.B. 913. Therefore, I strongly recommend a review of each site by TxDOT prior to the purchase of land.

Regarding the S.B. 913 prototype, you stated that we should expect an initial paper model in December, but that a computer-generated model will be necessary in order to illustrate the concept to legislators. You added that you would be favorably disposed to spend \$50,000 to \$60,000 to build such a model.

1-800-544-1990



The Honorable Elton Bomer
August 14, 2000
Page 2

I am pleased to see that we are all working together on this very important issue. Through increased use of technology, maximized use of Border infrastructure, unified port efficiencies, and cooperation among state-federal agencies, we can ensure safety while reducing traffic congestion and pollution. With the increased trade brought by the North American Free Trade Agreement (NAFTA), Texas' ports-of-entry are and will remain the ports to prosperity for our state.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eliot Shapleigh". The signature is written in a cursive, slightly slanted style.

Eliot Shapleigh

ES/eh

SG/SecretaryofState/BomerESB913Agreement.wpd

TxDOT Funding Pharr vs. Austin

1990 - 1999

Fiscal Year	Total Expenditures Construction & Maintenance Austin TxDOT District	Percentage of Expenditures	Total Expenditures Construction & Maintenance Pharr TxDOT District	Percentage of Expenditures
1999	162,866,983.64	4.39%	122,391,745.43	3.30%
1998	146,798,614.75	4.47%	138,370,000.14	4.21%
1997	180,046,105.38	6.04%	97,482,368.82	3.27%
1996	186,014,056.29	5.52%	110,092,516.58	3.27%
1995	195,146,072.49	7.15%	86,382,575.34	3.17%
1994	184,635,507.95	6.89%	74,673,676.17	2.79%
1993	201,391,347.66	7.15%	104,926,765.79	3.73%
1992	170,394,475.81	7.63%	48,699,668.57	2.18%
1991	196,724,889.05	8.31%	68,358,071.79	2.89%
1990	171,614,118.77	6.93%	63,469,551.03	2.56%

Austin District Total:
\$1,795,632,171.79

Pharr District Total:
\$914,846,939.66

10-year funding
difference:

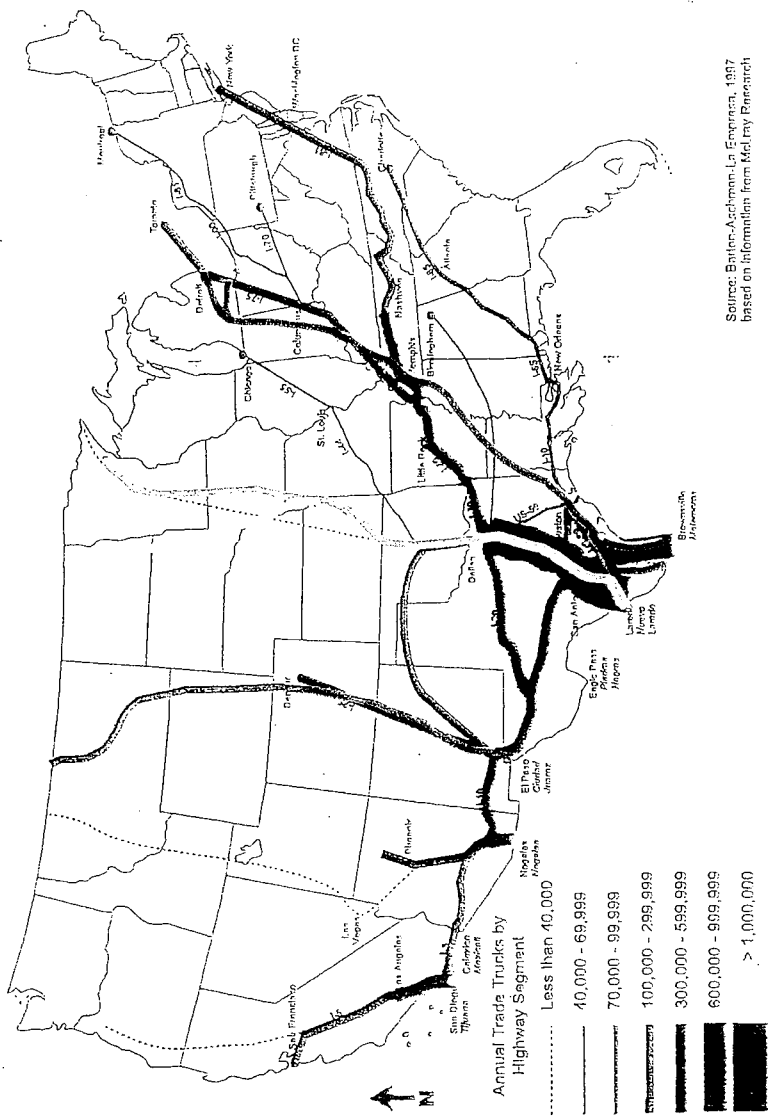
\$880,785,232.12

Source: Texas Department of Transportation (TxDOT) "Disco Report: 1999".

Table and analysis provided by the Office of Senator Eliot Shapleigh

Population Demographics Show Up in Trade Patterns

Figure 2.2
MAJOR U.S. TRADE CORRIDORS WITH MEXICO



Source: BINA TIONAL BORDER TRANSPORTATION PLANNING AND PROGRAMMING STUDY, TASK 2 REPORT, March 13, 1998