

Top stories

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Valley region first to grab road funds under new law

Hidalgo County to finance project with tax revenues from development of new highway

By GARY SCHARRER

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AUSTIN — A multibillion-dollar backlog of needed highway projects around Texas has local communities scrambling for innovative ways to finance road construction.

The Rio Grande Valley appears to be the first Texas region planning to take advantage of a new state law that allows a portion of increased tax revenues spurred by development along a new highway to be used to pay off road construction bonds.

That's money not available for a county's general-purpose use for 25 years, or whatever the life of the bond. But without development that new highways bring, those additional tax revenues would not be there at all.

Hidalgo County leaders are planning the first phase of a highway project that will loop truck and other traffic around the western end of the county.

The loop's first, 38-mile section should be finished in about five years, including two years worth of planning, designing and environmental work.

Enhanced tax base

The first phase will cost an estimated \$650 million, with about \$200 million coming from the new Transportation Reinvestment Zone concept, which allows for a portion of the enhanced tax base from development along the highway to be used for paying off bonds.

"Other than TxDOT (the Texas Department of Transportation) reinvesting in South Texas, which they are supposed to be doing, this is the answer," Hidalgo County Judge J.D. Salinas said. "I'm not going to sit here and just cry and not have any results. We will just have to put our destiny in our own hands and invest in ourselves, and this is a creative way to do it."

Hidalgo County residents also will pay a \$10 surcharge for vehicle registrations to help finance the transportation loop. Tolls also will be part of the financing mix.

The county is one of the fastest growing areas in the U.S. By the 2010 census, Hidalgo County will have an estimated 850,000 residents, compared to 500,000 in 2000, Salinas said.

"Knowing that, we need to make sure to invest in infrastructure, and we are way behind," Salinas said. "We are the only metropolitan area in the nation without an interstate."

Citing TxDOT statistics, Salinas said, 88 percent of traffic over the Pharr Bridge will go to Corpus Christi or to Houston. "The key to getting the traffic congestion out of our city is to have a (San Antonio) 410 or (Houston) 610 type of loop and get it around the city and into Corpus Christi and Houston."

Revenue generator

The new Transportation Reinvestment Zone concept creates another revenue source that makes projects such as the western Hidalgo County loop more financially predictable, said Gerry Pate,

founder and chairman of Houston-based Pate Engineers, lead partner in a coalition building the highway. "People will be real interested in the financing plan and how it works," Pate said of the reinvestment zone. "It's a little different in that we are using a TRIZ in combination with other sources of financing. I believe ultimately the TRIZ would generate more revenue than it would take to finance this project."

Some Valley leaders complain that TxDOT is aggressively pushing them to consider private company toll roads. Those arrangements typically produce up-front payments from private companies, which collect tolls and keep control of the highway in exchange for their risk.

"They are putting pressure on the RMA (regional mobility authority) and on the commissioners' court to take that route and to them, I say, 'Baloney,' " state Sen. Juan "Chuy" Hinojosa, D-McAllen, said. "There's a role for private companies to play but not to the point that we are giving up our transportation system to the control of private enterprise. They are there to make a profit, not to take care of the public need."

But Mario Jorge, district engineer of TxDOT's Pharr district, said private toll roads make sense for some projects deemed too risky for the public sector. Jorge said the department is "not dictating" on how Valley leaders should finance the loop, which will cost more than \$1 billion when completed and carry border traffic to both U.S. 281 and U.S. 77.

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