



NET RMA 2008 Annual Report

January 26, 2009





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Vice Chairman

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Hudson Old

Upshur County
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Bill Rowton

Wood County
Celia Boswell

January 20, 2009

The Honorable Joel Baker
County Judge, Smith County
200 E. Ferguson, Suite 100
Tyler, TX 75702

Dear Judge Baker,

The North East Texas Regional Mobility Authority (NET RMA) is required by statute to present its member counties with an annual report on the progress and activities performed throughout the past year, as well as our plans for the future. Please accept this letter and attached document as the 2008 NET RMA Annual Report for Smith County.

As you know, 2008 was a difficult year for the State of Texas and the country in general. Our transportation infrastructure continues to deteriorate from use and age, but funds to maintain and build new roads are scarce. The NET RMA's primary activity in 2008 was to research and explore new ways to fund transportation in northeast Texas.

In February 2008 the NET RMA entered into a partnership with the Texas Transportation Institute (TTI) to explore the feasibility of a mileage-based user fee program as an alternative to the fuel tax. In August 2008 the NET RMA began seeking financial partners to generate funding for Toll 49 and other NET RMA priority projects. These were just two of the efforts made to secure transportation dollars for our counties.

In November 2008 the NET RMA received the good news that two of its projects, Toll 49 Segment 5 in Smith County and State Highway 42 in Gregg County, were approved to receive funding through Proposition 14 bonds. The State Highway 42 project has also benefited from funding contributed by Gregg County. We were extremely pleased to see these projects back on track after they had been put on hold due to lack of funding.

In 2009, the NET RMA Board of Directors would like to encourage our county government officials to become active participants in transportation planning. You are extremely important in the process of setting priorities, planning, and gathering funding for these projects. I encourage you to review the brief case study enclosed in this package that outlines Rusk County's efforts to complete Loop 571 around Henderson. They are taking the steps necessary to guide a project through the project development and funding process, and are a good example of what can be accomplished through cooperation between county government, the NET RMA, and the Texas Department of Transportation (TxDOT).

The past year has shown that we can no longer rely on our State and Federal governments to hand out money for our projects; we must work diligently to get the projects completed ourselves. The NET RMA is up for the challenge, and we hope to partner closely with you to see the projects that will benefit your community come to fruition.

Thank you for your membership and continued support of the NET RMA. We look forward to another successful year working toward a bright future for transportation in northeast Texas.

The NET RMA Board of Directors

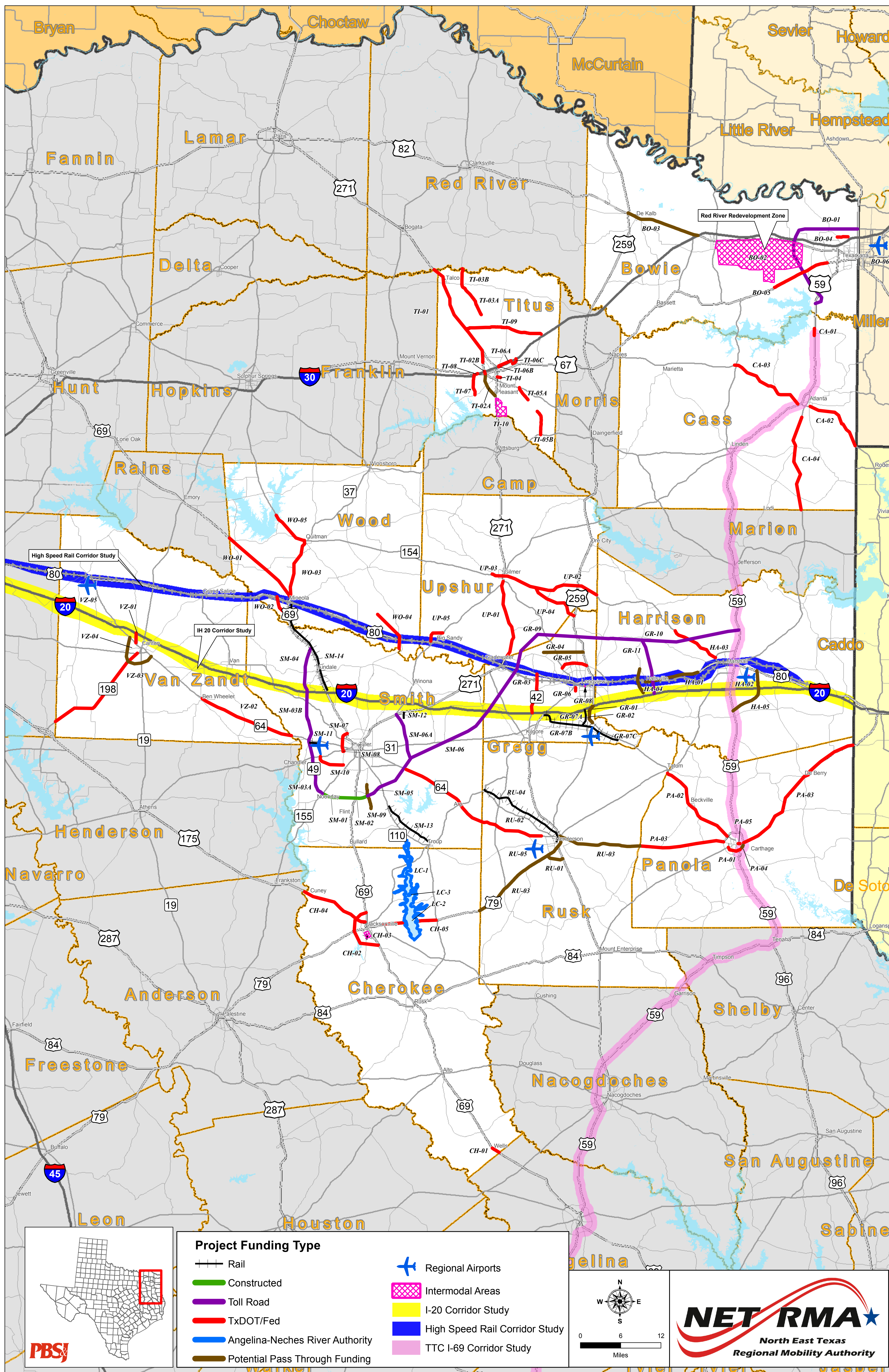


NET RMA PROGRAM SUMMARY

County	Project Program Type					
	Toll Road	Pass Through Funding	TxDOT/Fed	Rail	Multi-modal /Other	Totals
Bowie	\$ 355,047,000	\$ 73,073,000	\$ 67,143,600	\$ -	\$ 114,450,000	\$ 609,713,600
Cass	\$ -	\$ -	\$ 135,452,000	\$ -	\$ -	\$ 135,452,000
Cherokee	\$ -	\$ -	\$ 359,286,880	\$ -	\$ 60,000,000	\$ 419,286,880
Gregg	\$ 297,420,413	\$ 100,557,905	\$ 63,452,244	\$ 61,141,900	\$ 3,416,000	\$ 525,988,461
Harrison	\$ 94,538,000	\$ 79,784,000	\$ 430,969,311	\$ -	\$ -	\$ 605,291,311
Panola	\$ -	\$ -	\$ 419,234,000	\$ -	\$ -	\$ 419,234,000
Rusk	\$ -	\$ 26,044,000	\$ 235,065,000	\$ 28,947,000	\$ -	\$ 290,056,000
Smith	\$ 445,852,215	\$ 35,253,000	\$ 98,926,909	\$ 33,649,977	\$ 3,020,606	\$ 616,702,708
Titus	\$ -	\$ 125,000,000	\$ 432,670,000	\$ -	\$ -	\$ 557,670,000
Upshur	\$ 101,919,500	\$ -	\$ 212,256,000	\$ -	\$ -	\$ 314,175,500
Van Zandt	\$ -	\$ 57,888,000	\$ 150,400,909	\$ -	\$ -	\$ 208,288,909
Wood	\$ -	\$ -	\$ 167,233,000	\$ -	\$ -	\$ 167,233,000
Totals	\$ 1,294,777,128	\$ 497,599,905	\$ 2,772,089,853	\$ 123,738,877	\$ 180,886,606	\$ 4,869,092,369

Date: December 17, 2008

NET RMA★																										
Smith County Priority Projects																										
Project Information							Project Estimates							Priorities						Possible Funding Source						
Proj. No.	Project Name	From	To	Project Description	Project Length	Project Funding Type	Const.	Engineering	Environmental	Right of Way	Utilities	Const. Mngmnt.	Total Project Estimate	RMA	County	City	MPO	TxDOT	Other		RMA	County	City	MPO	TxDOT	Other - Specify
	Toll 49																									
SM-03A	Segment 3A	SH 155	SH 31	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	6.57 miles	Toll road	\$ 46,110,000	\$ -	\$ -	\$ 247,000	\$ -	\$ 3,000,000	\$ 49,357,000	1		1	3							\$2,798,336	\$11,800,000	55,000-Whitehouse
SM -03B	Segment 3B	SH 31	IH 20	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	10.83 miles	Toll road	\$ 60,380,000	\$ -	\$ -	\$ 3,740,000	\$ -	\$ 2,000,000	\$ 66,120,000	1		1	5								\$16,320,000	
SM-05	Segment 5	FM 756	SH 110	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	2.86 miles	Toll road	\$ 16,173,579	\$ -	\$ -	\$ 159,000	\$ -	\$ 800,000	\$ 17,132,579	1		1	1								\$20,000,000	
SM-04	Segment 4	IH-20	US 69 (N of Lindale)	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	6.6 miles	Toll road	\$ 59,250,000	\$ -	\$ -	\$ 7,229,000	\$ -	\$ 1,500,000	\$ 67,979,000	1		1	6							\$3,200,000	\$800,000	
SM-06	Segment 6	SH 110 North of Whitehouse	IH 20 at Gregg C/L NE	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	19.2 miles	Toll road	\$ 97,500,000	\$ 6,337,500	\$ 2,437,500	\$ 36,654,545	\$ 4,875,000	\$ 10,725,000	\$ 158,529,545	1		1										
SM-06A	Segment 6A (US 271 Spur)	SH 64, 1 MI E OF SPUR 248	US 271 AT SH 155	CONSTRUCT 2-LANE CONTROLLED ACCESS TOLL ROAD ON NEW LOCATION	6.5 miles	Toll road	\$ 59,460,000	\$ 3,864,900	\$ 1,486,500	\$ 12,409,091	\$ 2,973,000	\$ 6,540,600	\$ 86,734,091	1		1										
SM-07	LP 323	Bellwood	US 69 N	WIDEN TO 6-LANE DIVIDED WITH URBAN MEDIANS	3.16 miles	TxDOT/Fed	\$ 17,380,000	\$ 1,129,700	\$ 434,500	\$ 6,032,727	\$ 869,000	\$ 1,911,800	\$ 27,757,727				2							\$1,038,336	\$259,584	
SM-08	LP 323	Br @ UPRR near SH 31		REPLACE EXISTING RAILROAD UNDERPASS	0.25 miles	TxDOT/Fed	\$ 7,567,000	\$ 371,000	\$ -	\$ -	\$ 530,000	\$ 378,000	\$ 8,846,000												\$6,950,000	
SM-09	FM 756	Jeff Davis	FM 346	RECONSTRUCT FR 2 to 4-LANE W/FLUSH MEDIAN	3.68 miles	Potential Pass Through Funding	\$ 26,426,000	\$ 1,982,000	\$ 660,000	\$ 1,957,000	\$ 1,321,000	\$ 2,907,000	\$ 35,253,000													
SM-10	Spur 364	Lp 323	SH 31 W	WIDEN FR 2 TO 6-LANE DIVIDED WITH URBAN MEDIANS	3.98 miles	TxDOT/Fed	\$ 43,780,000	\$ 2,845,700	\$ 1,094,500	\$ 7,598,182	\$ 2,189,000	\$ 4,815,800	\$ 62,323,182													
SM-11	Tyler Airport Rail Spur	Tyler Airport	UP RR West of Tyler	CONSTRUCT RAIL SPUR	3.07 miles	Rail	\$ 10,754,545	\$ 699,045	\$ 268,864	\$ 5,866,116	\$ 537,727	\$ 1,183,000	\$ 19,309,298													
SM-12	East Texas Center Rail Spur	Winona		CONSTRUCT RAIL SPUR	n/a	Rail	(PRELIMINARY - PROJECT DESCRIPTION NOT AVAILABLE)						\$ -													
SM-13	Troup to Whitehouse Rail Corridor	Troup	Whitehouse	ACQUIRE ABANDONED U.P. RAIL CORRIDOR	7.58 miles	Rail	\$ -	\$ -	\$ -	\$ 5,280,073	\$ -	\$ -	\$ 5,280,073													
SM-14	Mineola to Lindale Rail Corridor	Lindale	Mineola	ACQUIRE ABANDONED U.P. RAIL CORRIDOR	13. miles	Rail	\$ -	\$ -	\$ -	\$ 9,060,606	\$ -	\$ -	\$ 9,060,606													
SM-15	Tyler Pounds Field	At Airport		EXTEND RUNWAY NO. 4-22	n/a	Multi-modal	(PRELIMINARY - PROJECT DESCRIPTION NOT AVAILABLE)						\$ -													
SM-16	Tyler Trail System	SH 155	US 69	CONSTRUCT HIKE / BIKE TRAILS	5. miles	Hike/Bike trail	\$ 1,500,000	\$ 97,500	\$ 37,500	\$ 1,060,606	\$ 75,000	\$ 250,000	\$ 3,020,606													
					Sub-Totals																					
						Toll Road							\$ 445,852,215													
						Potential Pass Through Funding							\$ 35,253,000													
						TxDOT/Fed							\$ 98,926,909													
						Rail							\$ 33,649,977													
						Multi-modal/Other							\$ 3,020,606													
Smith County Project Total							\$ 444,781,124	\$ 17,229,845	\$ 6,381,864	\$ 96,233,341	\$ 13,294,727	\$ 35,761,200	\$ 616,702,708													





Michael Thomas CPA, P.C.
Business & Litigation Consulting

Board of Directors
North East Texas Regional Mobility Authority

I have compiled the accompanying statement of net assets of the North East Texas Regional Mobility Authority (the Authority) and the related statements of revenues, expenses, and changes in net assets for the three months and year ended December 31, 2008, and cash flows for the three months ended December 31, 2008, and the accompanying supplementary information contained in Schedules I and II, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements and supplementary schedules, information that is the representation of the Authority's management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's net assets, revenues, expenses, changes in net assets and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to the North East Texas Regional Mobility Authority.

Michael Thomas CPA, P.C.

January 9, 2009

NET RMA
Statement of Net Assets
As of December 31, 2008

Assets

Current Assets

Cash	\$ 39,954	
Financial Assistance Receivable	<u>10,031</u>	
Total Current Assets		49,985

Fixed Assets

Capital Assets

Property Plant & Equipment, net	5,000	
Construction Work In Process		
Project Director	58,148	
Annual Report	2,825	
Legal Fees	116,012	
Engineering WA #1	288,041	
Engineering WA #2	1,544,982	
Engineering WA #3	1,331,874	
Engineering WA #4	693,673	
Engineering WA #6	<u>409,656</u>	
Total Construction Work in Process	<u>4,445,211</u>	
Total Capital Assets		<u>4,450,211</u>

Total Assets \$4,500,196

Liabilities

Current Liabilities

Accounts Payable	\$ 77,459	
Total Current Liabilities		77,459

Long-term Liabilities

Financial Assistance Payable	<u>4,737,022</u>	
Total Long-term Liabilities		<u>4,737,022</u>

Total Liabilities 4,814,481

Net Assets

Beginning Balance	(324,433)	
Current Period	<u>10,148</u>	

Net Assets (314,285)

Total Liabilities and Net Assets \$4,500,196

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Revenues, Expenses, and Changes in Net Assets
For the Three Months Ended December 31, 2008

	Period <u>10/1/08-12/31/08</u>		Year to Date <u>10/1/08-12/31/08</u>	
Revenue				
Contributions	\$ 22,000		\$ 22,000	
Total Revenue		22,000		22,000
Expenses				
Accounting	831		831	
Advertising-Legal	-		-	
Auditing	5,000		5,000	
Legal	2,733		2,733	
Depreciation	2,500		2,500	
Dues & Subscriptions	-		-	
Seminars and Conferences	-		-	
Board-Travel	125		125	
Office Supplies	-		-	
Surety Bonds	663		663	
Public Notices	-		-	
Postage Expense	-		-	
Printing and Copying	-		-	
Total Expenses		<u>11,852</u>		<u>11,852</u>
Change in Net Assets		<u>\$ 10,148</u>		<u>\$ 10,148</u>

See Accompanying Accountant's Compilation Report.

NET RMA
Statement of Cash Flows
For the Three Months Ended December 31, 2008

Cash Flows From Operating Activities

From County Contributions	\$ 22,000	
To Pay Vendors	<u>(5,788)</u>	
Net Cash Flows From Operating Activities		\$ 16,212

Cash Flows From Investing Activities

Construction in Progress	(749,129)	
Net Cash Flows From Investing Activities	<u>(749,129)</u>	

Cash Flows From Financing Activities

Receipts from TXDOT Grant	753,717	
Net Cash Flows From Financing Activities	<u>753,717</u>	

Net Increase/(Decrease) in Cash and Cash Equivalents	20,800	
Cash and Cash Equivalents, Beginning of Year	<u>19,154</u>	
Cash and Cash Equivalents, End of Period		<u><u>\$ 39,954</u></u>

**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities**

Change in Net Assets	\$ 10,148	
Adjustments to reconcile change in net assets to net cash provided/ used by operating activities		
Depreciation	2,500	
Change in working capital		
Change in operating receivables and payables	<u>3,564</u>	
Net Cash Flows From Operating Activities		<u><u>\$ 16,212</u></u>

See Accompanying Accountant's Compilation Report.

Supplementary Information

NET RMA
Construction Budget to Actual Comparison
As of December 31, 2008

	<u>Annual Budget</u>	<u>Budget YTD</u>	<u>Actual YTD</u>
Financial Assistance Agreement	<u>\$ 6,361,834</u>	<u>\$ 1,590,459</u>	<u>\$ 753,717</u>
Postage and Delivery	\$ -	\$ -	\$ -
WA #06 GEC	511,200	127,800	-
Printing and Copying	-	-	-
Annual Report	-	-	-
Marketing	-	-	-
Project Director	30,000	7,500	-
Legal Fees	150,000	37,500	7,448
Website Operation	-	-	-
Engineering WA #1	-	-	-
Engineering WA #2	-	-	-
Engineering WA #3A	2,396,134	599,034	37,530
Engineering WA #3B South	1,634,750	408,688	-
Engineering WA #3B North	1,634,750	408,688	-
Engineering WA #4	-	-	-
Engineering WA #6	-	-	88,031
Engineering WA #X	-	-	-
Public Involvement	<u>5,000</u>	<u>1,250</u>	<u>-</u>
Total Expenditures	<u><u>\$ 6,361,834</u></u>	<u><u>\$ 1,590,459</u></u>	<u><u>\$ 133,009</u></u>

See Accompanying Accountant's Compilation Report.

NET RMA
Change in Net Assets Budget to Actual Comparison
October 1, 2008 - December 31, 2008

	Annual Budget	YTD Budget	YTD Actual
Revenue			
Contributions	\$ 25,000	\$ 6,250	\$ 22,000
Total Revenue	<u>25,000</u>	<u>6,250</u>	<u>22,000</u>
Expenses			
Accounting	4,000	1,000	831
Advertising-Legal	500	125	-
Auditing	16,000	4,000	5,000
Legal	50,000	12,500	2,733
Depreciation	7,500	2,500	2,500
Dues & Subscriptions	1,000	250	
Travel-Conference hotels	4,000	1,000	
Travel-mileage (Board)	6,000	1,500	125
Office Supplies	1,000	250	
Surety Bonds	2,400	600	663
Public Notices	250	63	-
Postage Expense	250	63	-
Printing and Copying	<u>1,000</u>	<u>250</u>	<u>-</u>
Total Expenses	<u>93,900</u>	<u>24,100</u>	<u>11,852</u>
Change in Net Assets	<u>\$ (68,900)</u>	<u>\$ (17,850)</u>	<u>\$ 10,148</u>

See Accompanying Accountant's Compilation Report.



Case Study: Rusk County – Loop 571

History

Rusk County is a community of roughly 45,000 people, about 12,000 of which reside in the county seat, Henderson. In 1990, through the efforts of a generous land owner, Rusk County was able to engage TxDOT to build 30% of the Loop 571 bypass around the city of Henderson. The road was built in two phases between 1990 and 1996. The third phase was in preliminary planning. Then, the money dried up. For more than a decade the project was at a stand still.

Searching for Answers

Community leaders and the Chamber of Commerce prioritized the county's infrastructure needs and sought an answer as to why their projects were not moving forward. After meeting with TxDOT, local officials, the economic development corporation, and other potential community partners, it became apparent that the immense transportation funding gap meant that there would no longer be any transportation projects completely driven by state and federal funds. Any project that was to move forward would require a local match—a sort of “profession of good faith” through effort and resources. Without the local match, no agency would partner with Rusk County to get a project completed.

A Tool for the Toolbox

With no transportation official and no true voice at the state level, Rusk County was out of options. Through TxDOT, county officials learned about a new tool called Regional Mobility Authorities that banded regions together to support local infrastructure projects. Rusk County saw the NET RMA as the only tool in its toolbox. Entry into RMA provided not only voice, but assistance from other counties that were in the same position.

Putting the Project Back on Track

Rusk County's appointed NET RMA board member was now in a position to act as a delegate to advocate for Rusk County's transportation projects. Information and resources were easier to obtain, and Rusk County began to see possibilities for Loop 571.

Forward Progress

Rusk County, together with the support of the NET RMA, engaged TxDOT to request the renewal of the Loop 571 project. In 2007 Rusk County Commissioners allocated \$400,000—part of their local match—and continued to reiterate the importance of the project publicly. Due to the construction of a new high school south of town, Henderson Independent School District became a vocal supporter of the road, as Loop 571 would provide safe, convenient access to the new school.

In January 2009 the NET RMA Board of Directors accepted a proposed Interlocal Agreement with Rusk County for Loop 571. The Interlocal Agreement means that Rusk County will have access to the team of engineers on retainer for the NET RMA. Environmental and transportation engineers will assist Rusk County in the steps needed to plan, design, and build the 3.4-mile extension on Loop 571.

The road is currently in the preliminary schematics phase, but it is known that the roadway will initially be a 2-lane roadway with shoulders. Ultimately, the roadway will be expanded to a 4-lane divided road. This project will enable through traffic on US 259 to bypass the city of Henderson, thereby easing congestion within Henderson city limits.



What Can I do to Help My County?

A Guide for NET RMA Member Counties

According to the Sunset Commission's Report on the Texas Department of Transportation (TxDOT) delivered in November 2008, "TxDOT's transportation planning does not give rural areas outside Metropolitan Planning Organization (MPO) boundaries the same opportunities available to MPOs for long range planning or consistent input from local officials or the public."

By becoming a member of the Northeast Texas Regional Mobility Authority (NET RMA), your county has already made progress toward gaining a seat at the transportation planning table. But just being a member of the NET RMA won't mean that the funding will automatically appear in your county. Here are some things you can do to jump start the transportation projects in your county.

1. **Utilize your appointed NET RMA Board Member(s).** Your board member (or members) is your county's transportation representative—ask him or her to keep the Commissioners' Court informed on NET RMA activities, transportation issues in the state, and how your county fits in the picture.
2. **Make transportation a priority.** The rules have changed when it comes to transportation funding. State and Federal funding levels are not sufficient to fund every project. Projects that can show local funding and political support will get first consideration by state agencies.
3. **Consider creating a transportation fund in your county's budget.** Just like Rusk County, if a fund is established for transportation projects, the county can put forth a local match when a project priority becomes apparent.
4. **Set priorities, and revisit them often.** Enclosed in this package is a spreadsheet of your county's priority projects. Review the spreadsheet and make sure it is an accurate depiction of your county's needs. Once priorities are established, work with your NET RMA representative to start the discussion to address your transportation needs.
5. **Strive for "Shovel Ready" project status.** Shovel ready projects are those that have completed the environmental clearance, engineering, the land acquisition process, and utility adjustments and are thereby given a priority number 1 status. Priority number 2 projects are those that have gone through environmental and engineering, but have not yet acquired land nor completed utility adjustment.
6. **Learn about alternative funding solutions.** Texas, along with the nation, is experiencing an extreme funding crisis. Now is the time to think creatively and learn how others are handling the crisis. The NET RMA is currently exploring many innovative and alternative funding solutions to address northeast Texas' transportation projects. Your NET RMA representative can help in determining which funding solution might be right for your county.
7. **Support the concept of Regional Mobility Authorities at the state level.** RMAs can be to rural areas what MPOs are to urban areas—a source of funding and a voice at the transportation planning table. Support legislative efforts to strengthen RMAs and make them an important part of the political process.
8. **Be willing to accept change—and react to it.** The current legislative session is sure to offer much to consider when it comes to transportation. Stay informed about the changes that are sure to occur and think of solutions that are available once the playing field is changed.