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# **Texas Department of Transportation Comprehensive Development Agreement (CDA) Program**

14<sup>th</sup> Annual Transportation  
And Infrastructure Summit

August 10, 2011

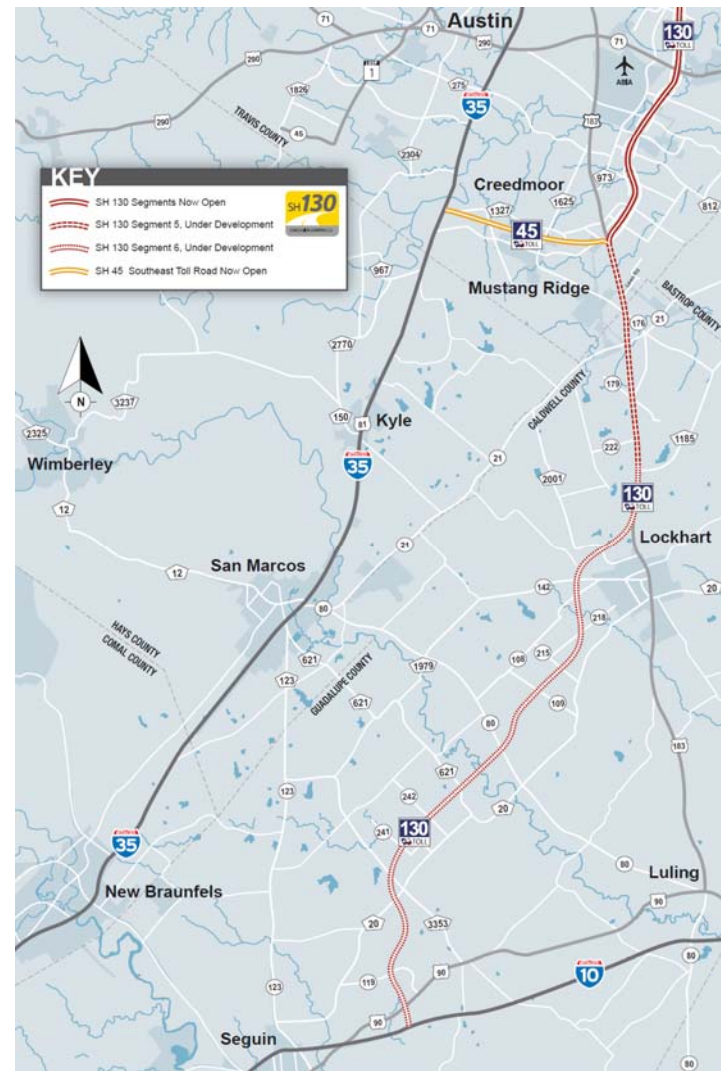
# Overview

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- ❑ P3 Accomplishments
- ❑ Recent Legislation
- ❑ Future Projects
- ❑ Indicative Commercial Terms
- ❑ Future of TxDOT's CDA Program

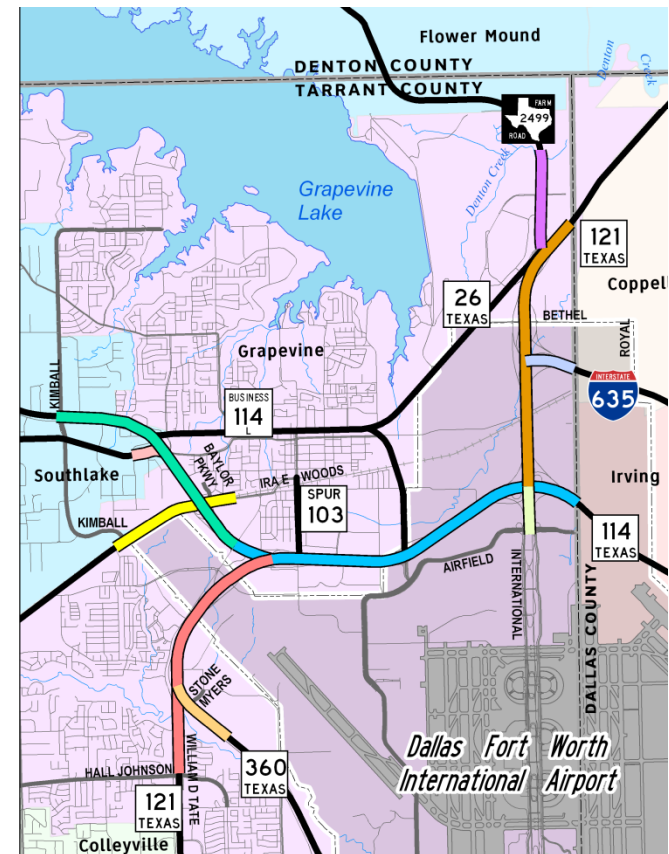
# SH130 Segments 5&6

- ❑ The Project was procured as a 50-year design, build, finance, operate and maintain contract
- ❑ Project reached financial close in 2008
- ❑ Project is a 40-mile greenfield toll road from north of Mustang Ridge to I-10 northeast of Seguin
- ❑ Minimum of two tolled main lanes in each direction
- ❑ The contract was awarded to SH 130 Concession Company, LLC (“Developer”) a partnership between Cintra and Zachry American Infrastructure
- ❑ An upfront concession fee of \$25 million was paid by the Developer
  - In addition, the Developer will make annual revenue share payments that will depend on future project revenues and established revenue bands
- ❑ The road is scheduled to be open for traffic in 2012



# DFW Connector

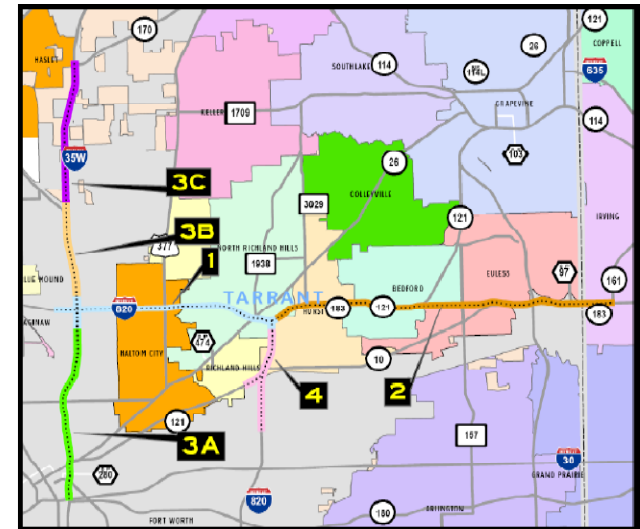
- ❑ The DFW Connector project was procured under a Design-Build Agreement
- ❑ Project reached financial close in 2009
- ❑ Project consists of :
  - reconstruction and expansion of 16 miles of SH 114 and SH 121
  - five interchanges across seven highways: FM 1709, FM 2499, I-635, SH 26, SH 114, SH 121 and SH 360
  - Addition of two tolled managed “express” lanes and additional general purpose lanes on SH 114
- ❑ Capital Maintenance Agreement
  - 3 successive 5 year Capital Maintenance Agreements on the project
  - Executed at TxDOT’s option but must be successive
- ❑ Toll Operations and Revenue separate contract and subject to TxDOT Tolling Service Agreement
- ❑ All funding provided by TxDOT
  - Fixed price contract
  - Progress payments
  - Max payment curve limits draws to available funding



# North Tarrant Express

The NTE was procured under two CDAs

- ❑ Concession CDA (design, build, finance, operate and maintain)
  - Reconstruction of existing facilities and addition of managed lanes
  - 52-year term that includes maintenance and operations
  - Includes tolling of managed lanes, with NTTA toll collection services
- ❑ CDA for remainder of Segments 2-4 (master planning effort)
  - 10-year initial term with TxDOT option to extend for 5 years
  - Partnership planning future facilities through a master development plan and master financial plan
- ❑ Concession CDA for Segments 1 and 2 reached financial close in 2009



# IH 635 LBJ Managed Lanes

- ❑ The Project was procured as a 52-year Design Build Finance Operate Maintain Concession contract
- ❑ Project reached financial close in 2010
- ❑ The Project scope includes 13 miles:
  - Reconstruction of the eight I-635 (free) main lanes (four in each direction)
  - Construction of six new managed toll lanes (three in each direction)
  - Reconstruction of existing frontage roads
  - Construction of new frontage roads
  - Construction of new elevated managed toll lanes along I-35E with direct connector ramps at the I-35E/I-635 interchange
- ❑ LBJ Mobility Group, led by Cintra and Meridiam Infrastructure was selected as preferred bidder
- ❑ TxDOT contributed \$490 million of public funds to the Project



# SB 1420

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- ❑ SB 1420 provides TxDOT with authority to enter into PPPs for specific projects
- ❑ Subject to past primacy decisions or SB 19
  - North Tarrant Express, Dallas/Fort Worth
  - SH99 (Grand Parkway), Houston
  - IH 35E Managed Lanes, Dallas
  - SH183 Managed Lanes, Dallas
  - SH249, Houston
  - SH290 Hempstead Managed Lanes, Houston
  - SH288, Houston
- ❑ SB1420 also permits TxDOT or a local tolling entity to enter into a PPP for several additional projects subject to primacy decisions under SB19
  - Loop 1 Managed Lanes, Austin
  - US 183, Austin
  - Outer Parkway
  - South Padre Island Second Access Causeway

# SB 1420 cont'd

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## ❑ Other requirements

- Authority to enter into PPPs for these projects expires on August 31, 2015 (except for SH99)
- Environmental clearance must be received by August 31, 2013 (except for SH99)

## ❑ Committee requirements

- Committee must include representation from TxDOT, any local tolling entity, the MPO, and any city or county who has provided project funding or ROW
- Committee is responsible for determining the distribution of the project's financial risk, the method of financing the project and the tolling structure and methodology

## ❑ Project teaming provisions were also added

- Bidding teams must specify firms who will be responsible for key project roles including project management, design, quality control and quality assurance, among other roles
- Substitutions of key team members may only be made in certain limited circumstances after bid submission
- If savings are realized as a result of team substitutions that do not meet certain exceptions, TxDOT will be the beneficiary of such changes

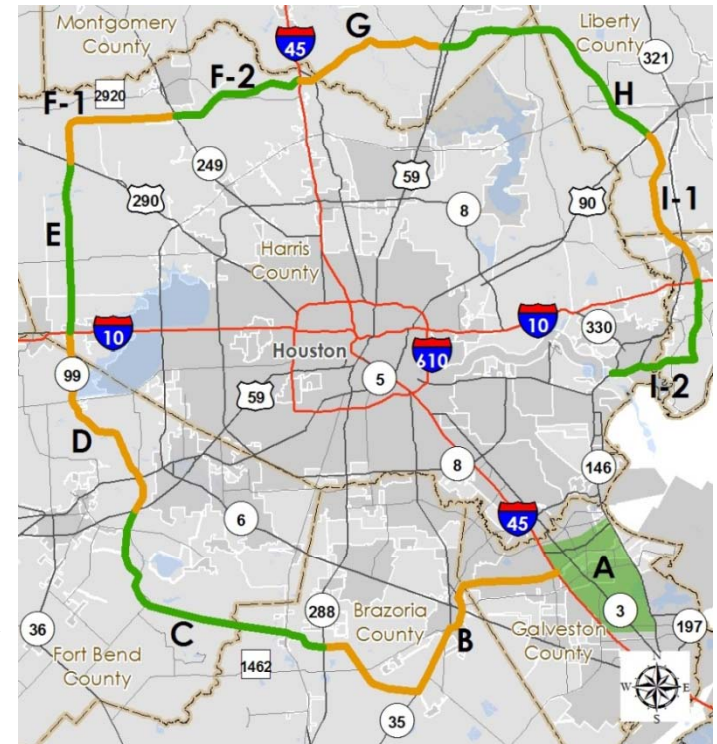
# SB 19

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- ❑ Amends and streamlines the primacy process
- ❑ The local tolling entity has the first right to exercise primacy over a project in its jurisdiction
  - A construction contract must be entered into the earlier of two years from environmental clearance or the date the tolling entity exercises primacy
- ❑ If the local tolling entity elects not to exercise primacy or does not meet certain deadlines for developing the project, TxDOT has the right to develop the project
  - A construction contract must be entered into the earlier of two years from environmental clearance or the date TxDOT exercises its primacy
- ❑ TxDOT and the local tolling entity may enter into a project agreement to establish an alternative process to determine primacy
- ❑ Market valuations are no longer required

# SH99 Grand Parkway

- ❑ SH99 Grand Parkway corridor extends approximately 180 miles around Houston from SH146 to Baytown Bridge.
  - Project is divided in 11 segments ( A through I )
- ❑ The Market Valuation Waiver Agreement (“MVWA”) Exhibit B defines the Project Minimum Scope as:
  - Segments D,E,F1,F2 and G opening as four-lane tolled facilities
  - Segments A, B, C, H, I1 and I2 as two-lane tolled facilities
  - Phased construction of direct connectors until 2035.
- ❑ The Ultimate Scope is defined in Exhibit A of the MVWA and includes:
  - An additional lane in each direction ( from 4 to 6 <sup>(1)</sup> lanes and from 2 to 4 lanes ) for all segments
  - Construction of additional direct connectors.
  - Expansion to Ultimate Scope is triggered when daily volumes exceed the ability to maintain LOS C
- ❑ Records of Decision have been received on Segments E, F-1, F2 and G



(1) A 6-lane facility would require further environmental approval

# IH 35E

- ❑ IH 35E managed lanes project extends 28.1 miles from US 380 to IH 635
  - The project scope includes eight to ten general purpose lanes (four to five lanes in each direction), two to four tolled managed lanes (one to two lanes in each direction), and continuous frontage roads of four to six lanes (two to three in each direction); also included is a collector-distributor road from PGBT to SH 121
- ❑ The project is divided into 3 sections:
  - North section: US 380 to FM 2181-S (10.5 miles)
  - Middle section: FM 2181-S to PGBT (12.1 miles)
  - South section: PGBT to IH 635 (5.5 miles)
- ❑ Environmental clearance:
  - Middle section FONSI received January 28, 2011
  - South section FONSI expected in Fall 2011
  - North section FONSI expected in Fall 2011



# SH183



- ❑ Approximately 9.0 miles in length comprising two sections and two interchanges
  - Middle Section – SH183 from SH114/Loop 12 Interchange (Carl Road) to SH161
  - East Section – SH183 from I35E to the SH114/Loop 12 Interchange
  - Beltline and Irving Blvd Interchange Area
  - SH114/Loop 12/SH183 Interchange locally referred to as “The Diamond”
  - Project Pegasus and Trinity Blvd Interchange Area

# SH183 cont'd

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## ❑ Project scope includes:

- six to ten general purpose lanes (three to five lanes in each direction)
  - Middle Section three and four lanes
  - Interchange Section number of lanes varies to maintain lane balance
  - East Section up to five lanes where needed for lane balance
- four to six tolled managed lanes (two to three lanes in each direction)
- continuous frontage roads of six lanes (three in each direction)

## ❑ Environmental status

- February 2004, FHWA issued FONSI for original project configuration.
- Dallas District has submitted FONSI Re-Evaluation updated configuration to FHWA
- SFP expected Summer 2011 – Public Hearing to follow
- FHWA Approval of Re-Evaluation expected Fall 2011
- Project is in 2030 and 2035 RTP

# SH 249

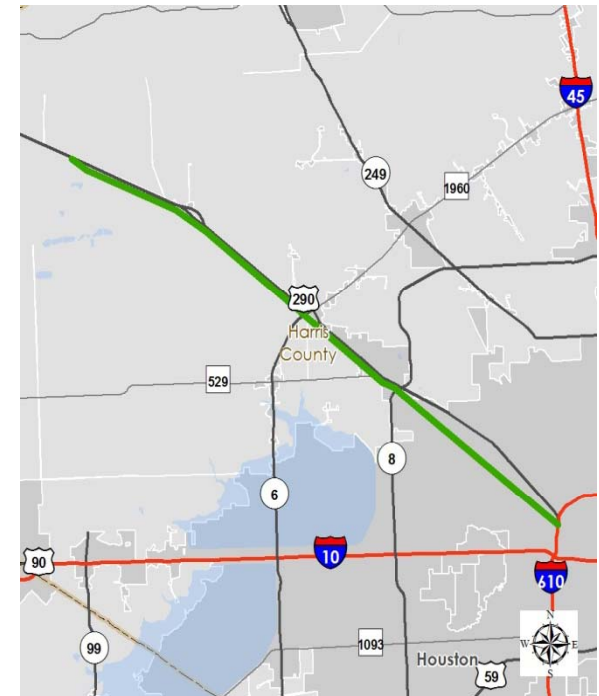
- ❑ The SH 249 toll lanes (“the Project”) extends 11 miles through Harris and Montgomery Counties
  - Proposed project limits: Spring Cypress to FM 1774 (Pinehurst)
  - The project scope includes three to four toll lanes (varying by location) in each direction between the existing frontage road lanes
- ❑ Environmental approvals have been received
- ❑ Anticipated construction schedule 2012-2015
- ❑ Service commencement expected in 2016



# SH290 Hempstead

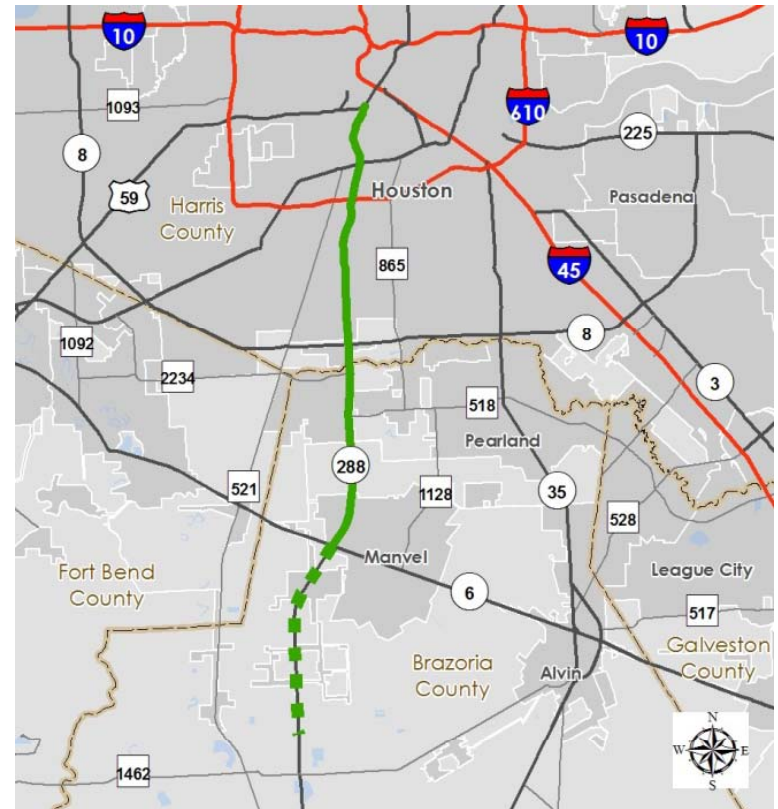
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- ❑ Hempstead Managed Lanes (“the Project”) is 24 miles and extends from IH 610 to Grand Parkway NW
  - Project development costs of \$1.8 billion including \$700 million of ROW
  - Project scope includes tolled managed lanes, associated frontage roads and direct connectors
- ❑ Environmental clearance expected in mid-2012
- ❑ Construction schedule 2013-2018
- ❑ Service commencement expected in 2019



# SH 288

- ❑ SH 288 (“the Project”) is 17.5 miles extending through Harris County and Brazoria County
  - Project limits: US 59 to SH 6 with a potential future extension to Grand Parkway
  - Estimated \$843 million in construction costs and \$99 million in ROW (nominal dollars)
- ❑ Project scope includes two toll lanes in each direction in between existing free lanes
- ❑ Environmental assessment from US 59 to CR 60 is currently underway with clearance expected in mid-2012
- ❑ Estimated construction schedule 2012-2016
- ❑ Service commencement expected in 2017



# Typical Commercial Terms

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- ❑ Term is limited to 52 years including construction period
- ❑ PPPs may include design/build, availability payment or full concession (DBFOM)
- ❑ Under an availability payment structure, TxDOT would make milestone and/or availability payments to compensate the developer for capital costs, operating/maintenance costs and financing costs, including a return on equity.
- ❑ The sources of funding for availability payments may be structured as follows:
  - Project toll revenues as the first source of payment
  - If toll revenues are insufficient, funding would be made from the State Highway Fund, including receipts from constitutionally dedicated fees and taxes. This funding source is subject to appropriation and to legal limitations on use for eligible costs.
  - Eligible costs consist of costs of construction, other capital expenditures including project capacity improvements, major maintenance expenses, costs for operation, maintenance and repair, consumables and similar costs. Financing costs, including return on equity, are not an eligible cost to be paid from these funds.

# Typical Commercial Terms cont'd

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- Many commercial positions have been established in prior transactions
  - Termination for convenience (required by statute)
  - Non-compete provisions to exclude at a minimum projects already in transportation planning documents
  - Non-compliance points to incentivize developer performance
  - Refinancing gain share
  - Revenue sharing
  - Hazmat/environmental determined on a project-by-project basis but generally includes incremental sharing of risk between the parties

# The Future

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- ❑ Requests for Information have been issued for SH99 and IH 35E projects
- ❑ Complete stakeholder committee requirements
- ❑ Determine the Procurement Model
  
- ❑ RFQs are expected to be issued by Sept. – Dec., 2011
  
- ❑ Other projects will be developed on the basis of
  - Environmental status
  - Availability of TxDOT funding, if necessary
  
- ❑ The projects for which TxDOT has authority to pursue as CDAs have legislative and local political support