Texas Department of Transportation

TxDOT: Open For Business

CDA Program: PPPS Texas Style

Open to Faster Project Delivery
Comprehensive Development Agreements & Trans-Texas Corridor

August 14, 2006
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<th>Year</th>
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Texas by the Numbers

- Population 21 Million
- TxDOT maintains nearly 80,000 centerline miles
- TxDOT manages an annual budget of $6.76 billion
- While only 26 percent of roadways in Texas are state-maintained, 75 percent of all VMT occurs on state-maintained highways

- Other Figures:
  - Texans drive more than 218 billion miles a year on state highways, equal to 450,333 round trips from the Earth to the Moon
  - 83 percent of newcomers locate in already-congested urban areas
The Mobility Challenge

Traffic Congestion in Texas
Texas roadways are increasingly congested because of:

- Rapid population growth
- A significant increase in traffic
- A slight increase in amount of roadway (lane-miles)

Continued Growth
The number of people and cars will continue to increase. Some forecasts project the state's population to reach as many as 36 million by 2025—a 64 percent increase from 2003.
The Cost of Doing Nothing More Than We’re Doing Now

- Congestion gets worse
- Economic activity slows
- Quality of life suffers
- Driver frustration grows
TxDOT: Open For Business

CDA PROGRAM: PPPS TEXAS STYLE

Financing Tools

- Bonding
- Texas Mobility Fund
- Pass-Through Financing
- Tolling
- Comprehensive Development Agreements (CDAs)
Public Private Partnerships

• Combine benefits of Government and Private Business
• Long-term strategic partner
• Minimize public funding
• Private sector equity & innovation
• Maximize private investment
• Shared risk
Comprehensive Development Agreement (CDA)

- Agreement with one entity (the developer) to design, develop, construct, finance, acquire, operate and/or maintain certain kinds of facilities
- Types of facilities:
  - Highways, Turnpikes, Freight or Passenger rail, Public Utilities
- Best value selection

It will not in most cases replace the conventional delivery of a project
Another tool in the tool box
TxDOT’s CDA Program

- Awarded contracts:
  - 2 Design-Build
    - SH 130, Segments 1-4
    - SH 45 SE
  - Toll integrator contract (Raytheon)
  - TTC-35 Strategic Partner CDA (Cintra-Zachry)

- For the right project, CDAs offer many significant advantages over traditional low bid procurement and pay-as-you-go funding
Programmatic Approach

- CDAs are a statewide tool for non-traditional projects
  - Contract for design-build projects
    - Accelerate construction
    - Enhance designer-contractor collaboration
    - Complete projects sooner
  - Attract private investment to Texas
The Programmatic Approach

All Books together make up the CDA Contract Documents

Book 1
Terms and Conditions

Book 2A
Project Specific requirements

Book 2B
Programmatic requirements

Book 3
Library of Required Standards

Reference Information Documents (RID)
The TTC Preliminary Layout
TTC-35 Overview and Concept
We Need New Tools to Pay for Large Projects:

* User Fees
* Private Investment

Two Projects Being Developed:

* I-69 / TTC
* TTC-35
TTC-35 & I-69/TTC Study Areas
TTC-35

Refined Preliminary Corridor Alternatives
TTC-35 Milestones

• 2002  Crossroads of the Americas Report Published

• 2003  HB 3588 Became Effective

• 2003  TTC 35 CDA Request for Competing Proposals Received

• Feb 2004  254 Public Hearings – TTC

• Jun 2004  26 Public Meetings – TTC 35
  » Tier 1 Environmental
TTC-35 Milestones

- Nov 2004  44 Public Meetings – Tier 1
- Dec 16, 2004  TxDOT Commission Award of CDA Contract
- Feb 2005  47 Public Meetings – Tier 1
- Mar 11, 2005  Execute and Award of CDA Contract
- Dec 2005  Complete Draft Environmental Impact Statement – Tier 1
TTC-35 Milestones

- Apr 2006    DEIS Approved by FHWA
- Jun 2006    TxDOT Commission Authorize First CDA Concession Contract
- July-Aug 2006 54 Public Hearings – Tier 1
- 2006-2007 Complete Tier I Environmental Analysis
- 2007        Begin Tier 2 Environmental Analysis
Cintra Zachry Proposal

- A 50-year partnership to develop, operate and collect tolls
- CZ investment of $6 billion in near-term construction projects
- Anticipates CZ payment $1.2 billion to TxDOT for other transportation projects within the corridor
CDA Activities

- Initial Scope of Work commits TxDOT to 16 to 18 months of planning activities capped at $3.5 million.
- Initial Scope of Work would outline facilities (projects) over 3 different timelines:
  - Near-term (first 5 years)
  - Mid-term (years 5 to 15)
  - Long-term (beyond 15 years)
- The Master Plan will be updated by TxDOT and the Developer on an ongoing basis and as facilities are developed throughout the Corridor.
Master CDA

• Master CDA is umbrella agreement between TxDOT & the Private Sector Developer
  – Establishes general terms of working relationship between TxDOT & Developer for up to 50 years
  – Requires TxDOT and Developer to create Master Development & Master Financial Plan that will be followed to implement TTC35
  – Identifies specific terms (financial, legal and technical) that must be addressed in each Facility Agreement
  – Does not authorize any construction activities
Facility Agreements

- Facility Agreements will:
  - Be developed specifically for each independent Facility as part of TTC
  - Will cover design, construction, operations, finance, etc for specific projects.
  - Could be a second CDA or could be traditional design-bid-build.
  - May be negotiated with TTC Developer or procured using other procurement strategies
TTC-35 CDA Contractual Relationship

CDA PROGRAM: PPPS TEXAS STYLE

Private Sector Developer

TTC35 Master Plan

- Truck Toll Roads
  - Facility 1 - DBOM
  - Facility 2 - DBFO
- Passenger Rail
  - Facility 1 - DB
  - Facility 2 - DBFO

- Toll Roads
  - Facility 1 - DBB
  - Facility 2 - DBFO
- Freight Rail
  - Facility 1 - DB
  - Facility 2 - DBFO
- Utilities
  - Facility 1 - DBB
  - Facility 2 - DBFO

Master CDA (Umbrella) Contract

Projects from the Master Plan

Independent Contracts for Specific Projects**

** Construction projects. Some Negotiated with Developer and Others Independently Procured.
TTC-35
Conceptual
Corridor Plan:

Near Term (2005 – 2010)
- SH 130 – Segments 5 and 6
- Dallas Southeast Connector
- Dallas Northeast Connector
- Georgetown to Temple
- Temple to Dallas SE Connector
- San Antonio Southeast Loop
- UP Railroad Relocation (MoPac)

Mid Term (2010 – 2025)
- IH 10 Expansion, Seguin to San Antonio SE Loop
- SH 130 – Segments 1 to 4

Long Term (2025 - )
- Dallas to Austin Freight Rail
- Dallas to Austin High Speed Rail
- Austin – San Antonio High Speed Rail
- Forth Worth Southwest & Northwest Connector
- San Antonio to Rio Grande Valley
I-69/TTC

Recommended Reasonable Corridors
I-69/TTC Milestones

- October 2002    I-69 incorporated into Trans-Texas Corridor
- January 2004   Official kick-off/Notice of Intent
- Spring 2004    First round of public meetings (11)
- Spring 2005    Study area expanded
- Jul-Aug 2005   Second round of public meetings (37)
I-69/TTC Next Steps

- Spring 2006 Solicit I-69/TTC Public-Private Partnership
- Spring 2007 Public hearings to get comments on the preferred corridor
- Winter 2007 Expected completion of initial environmental study
What is in the best interest for the citizens of the state?

- Up-front money vs. Revenue Sharing
- Who sets the tolls?
- Who assumes risk?
- How do we get the most bang for our buck?
- Speed limit posting
- Tolling methodology
SH 130
Segments 5 & 6:
First Concession Agreement
Facility Description

• SH 130 segments 5 & 6
• $1.35 billion construction cost
• 40 mile project
• Extends SH 130 from US 183 in Creedmoor south to I-10 east of Seguin
• 50 year lease after opening
• Estimated opening date of 2012 (subject to NEPA)
Project Agreement

• Texas receives:
  – $1.35 billion project at no cost to state
  – $25 million up-front concession fee
  – Estimated $245 million present value of revenue sharing over 50 years
  – A long-term source of maintenance funding

• Cintra receives the right to collect tolls for 50 years in return for the obligation to design, build, finance, operate, and maintain the toll project
Other Agreement Terms

• Revenue sharing is based on 70 mph speed
  – Increased speed limits would result in additional revenue sharing

• Capacity improvements
  – CZ is required to maintain specific levels of service that include traffic flow and speed
Non-Compete Clause

• Extensive protections are included to maintain future flexibility
  – All projects in current long-range plan will be built as planned
  – No limitations to work on I-35
  – No future roadways are delayed or prohibited
  – Establishes competing facility zone
    • Non-exempt projects will be studied for revenue impact and banked (could be positive or negative)
All Electronic Tolling

- All electronic open road tolling
- No toll booths or barriers
- Interoperable with other toll roads in state
- Tolls levied by TxTAG and by video billing
- TxDOT retains toll collections and processing
- Cintra assumes toll equipment operations
Toll Rates

• Market Rates based on consumer demand
• Texans will decide what they are willing to pay
• Toll rate escalation methodology will be approved by the commission according to state law
• Tolls may be increased annually but are capped
• Rates are based on the growth of the Texas economy
Benefits to the State

- Congestion relief on I-35 for commuters
  - For both tolled and non toll alternatives
- Improves NAFTA trade corridor
- Helps Texas to maintain competitive advantage through improved mobility
- Economic development – both existing and new
- Congestion reduction improves safety
- Congestion reduction improves air quality
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