TEXAS DEPARTMENT OF TRANSPORTATION

# FINANCIAL PUBLIC HEARING SH 183 MANAGED LANES PROJECT

24 June 2014

Methodist Dallas Medical Center – HITT Auditorium

1441 N. Beckley Ave, Dallas, Texas 75203

# Agenda

- **Welcome and Project Overview**

  William Hale, P.E.
  Dallas District Engineer
  Texas Department of Transportation

- **Public Comments - Instructions**
- **Meeting Purpose**
  - Description of SH 183 Managed Lanes Project
  - Description of Financial Information
  - Opportunity for Public Comment on Financial Information

# Table of Contents


| | | |
|---|---|---|
| 1 | Agenda & Public Comment Instructions | 3 -5 |
| 2 | Project Overview | 6-13 |
| 3 | Environmental Status | 14 |
| 4 | Procurement History | 15-16 |
| 5 | Project Financing | 17 |
| 6 | Managed Lanes Defined & Regional Toll Policy | 18-21 |
| 7 | Contractual Provisions & Next Steps | 22-23 |
| 8 | For More Information/Public Comment Instructions | 24-25 |

# Public Comments - Instructions

- Oral comments tonight:
  - Please sign-in at the front desk to speak
  - A court reporter is available to document oral comments

- Mail written comments to:

  Randall C. Redmond, P.E.
  DFW SPO Program Director
  Texas Department of Transportation
  4777 Highway 80 East
  Mesquite, Texas 75150

- Email written comments to asktxdot@txdot.gov with the subject line "SH 183"
- Written comments must be received at the TxDOT Dallas District Office by July 7, 2014
- Summary and analysis of comments will be posted TxDOT's SH 183 Managed Lanes Project webpage at www.txdot.gov; search using keyword: "SH 183"

# Public Hearing Purpose

- Describe the SH 183 Managed Lanes Project
- Describe Financial Information for the Project
- Provide an Opportunity for the Public to Comment on the Financial Information

# Project Overview

- Design, Build, Finance, Operate and Maintain 27.8 miles of managed lanes
  - SH 183 from Industrial Blvd. to I-35E (14.8 mi)
  - Loop 12 from SH 183 to I-35E (2.5 mi)
  - SH 114 from SH 183 to International Parkway (10.5 mi)

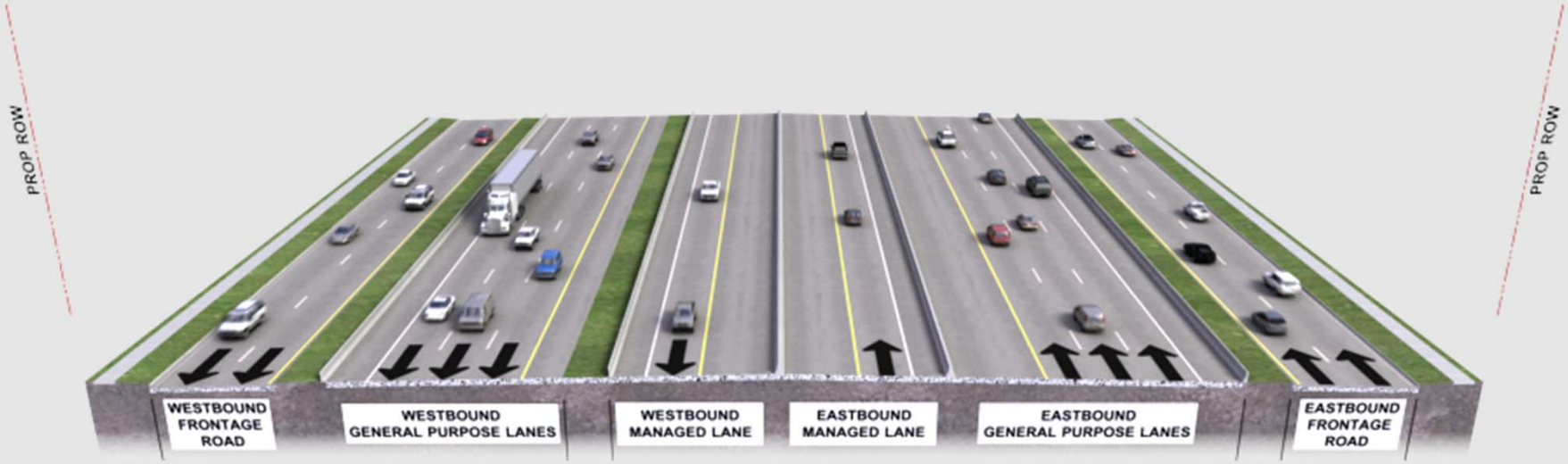
- $847.6M Available Public Funds
  - $600M paid prior to Substantial Completion
  - $247.6M paid over 5 years after Substantial Completion

- Routine and Lifecycle Operations and Maintenance (O&M) over 25 years, with handback requirements

# Project Purpose

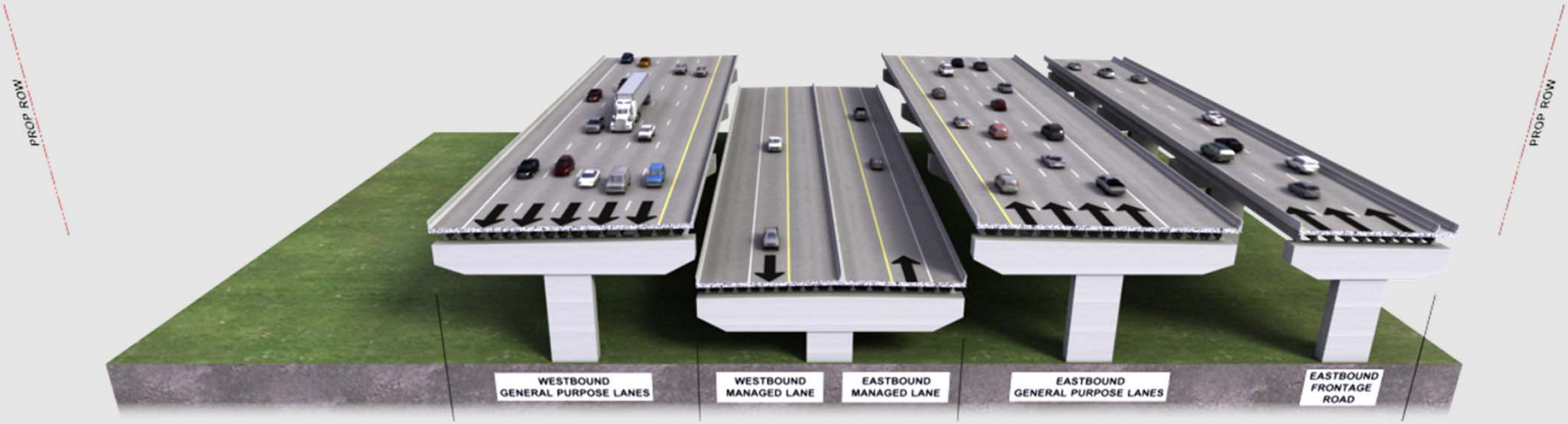
- Increase capacity
- Manage traffic congestion
- Improve mobility
- Correct roadway deficiencies
- Establish revenue source for future mobility improvements

# SH 183 Typical Configuration (Industrial Blvd. to Main St./Belt Line Rd. to I-35E)

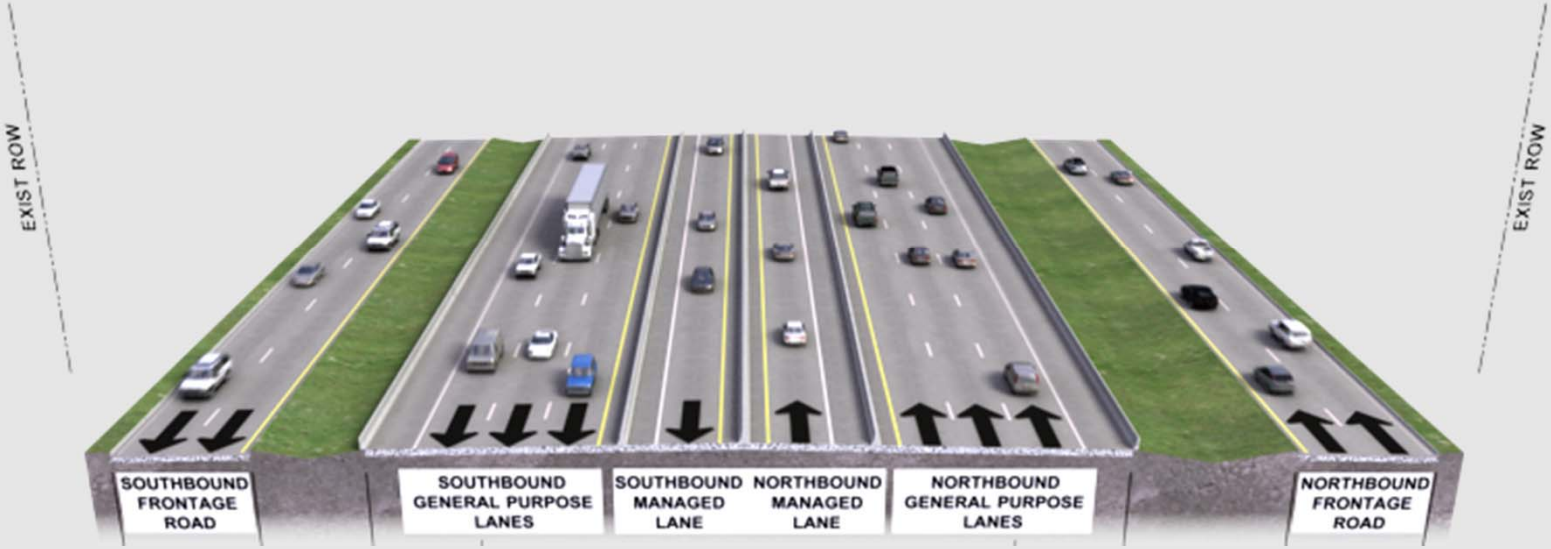


# SH 183 Typical Configuration (Main St. to Belt Line Rd.)

# SH 183 Typical Configuration (Elm Fork of the Trinity River)

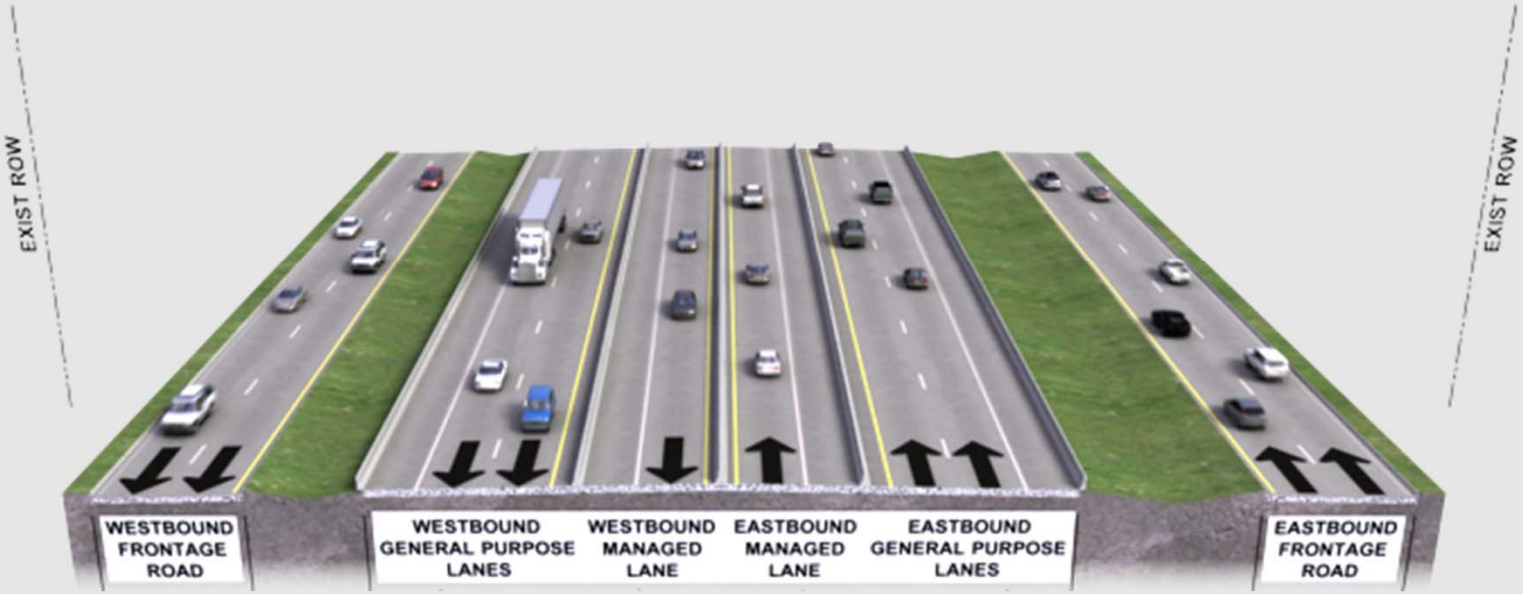


# Loop 12 Typical Configuration (SH 183 to I-35E)



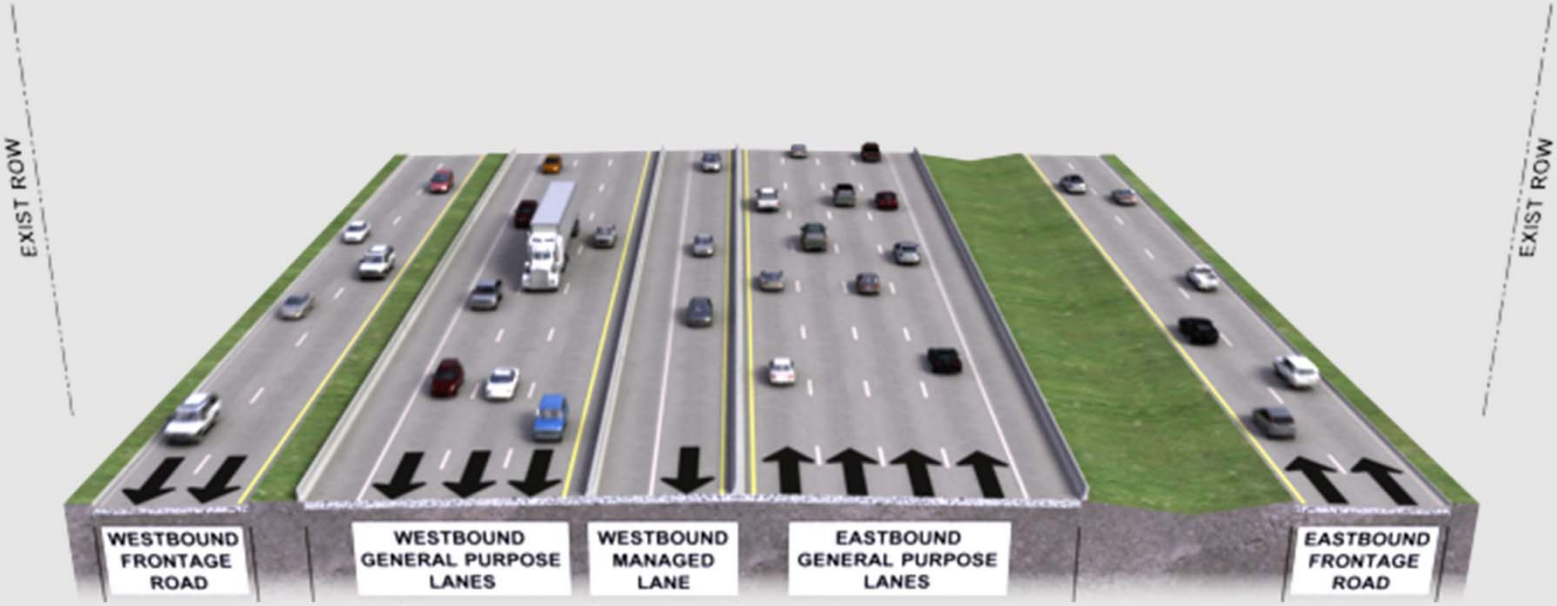

**Note: Existing Frontage Roads to Remain in Place**

# SH 114 Typical Configuration (Rochelle Blvd. to SH 161)




**Note: Existing Frontage Roads to Remain in Place**

# SH 114 Typical Configuration (SH 161 to International Pkwy)




**Note: Existing Frontage Roads to Remain in Place**

# Environmental Status

- Finding of no significant impact (FONSI) issued by FHWA on all portions of the project
- All environmental re-evaluations completed April 2014

# Procurement History

- Two-step competitive process was used to determine the best-value proposer
- Request for Qualifications (RFQ) Phase
  - February 20, 2013 – Issued RFQ
  - August 22, 2013 – Short-listed four proposers
- Request for Proposals (RFP) Phase
  - November 7, 2013 – Issued final Request for Proposals (RFP)
  - April 14, 2014 – Received three proposals
  - May 29, 2014 – Recommended Conditional Award to SouthGate Mobility Partners
- SouthGate Mobility Partners Submitted Contract Costs
  - Design & Construction Costs (excluding ROW costs): $847.6 million (year-of-expenditure dollars)
  - 25 year O&M term with Handback: $171.8 million (present value of maintenance payments)
  - Project completed in 1,260 days (3.5 years)

# Developer Team Members

## SouthGate Mobility Partners

**Equity Owner:** **Kiewit Development Company**
**Kiewit Infrastructure South Co.**

**Major Non-equity Members and other team members*:**

- ARS Engineers Inc.
- Austin Bridge & Road LP
- Burgess Engineering and Testing Inc.
- Corsair Consulting LLC
- CP&Y Inc.
- Kiewit Infrastructure Group Inc.
- Kiewit Infrastructure South Co.
- Lamb-Star Engineering LP
- Infrastructure Corporation of America
- Innovative Engineering Associates Inc.
- Parsons Transportation Group
- Plenary Group USA
- SouthGate Constructors JV
- The Transtec Group

**alphabetical order*

# Project Financing

- TxDOT does not currently intend to issue project debt to fund any portion of the total Project Cost
  - Anticipated funding sources include, but are not limited to:
    - Category 12 Strategic Priority Funds = $600 million
    - Other State, Federal or local funds = $247.6 million

- The $847.6 million design and construction (D&C) price is payable as follows:
  - First $600 million of work performed is paid as progress payments
  - The remaining $247.6 million will be paid in four annual payment of $50 million and one final annual payment of $47.6 million starting one year after scheduled substantial completion

# Types of Lanes on a Highway

### Frontage Roads

- Serves local trips
- Will have stop-controls or signals at intersections
- No demand-management

### General Purpose Lanes

- Sub-regional or corridor trips
- Non-tolled freeway lanes, open to all users with access (ramps) at major cross roads
- No demand-management

### Managed Lanes

- Sub-regional or corridor trips
- Access-controlled lanes
- Demand-management, such as toll rates and occupancy, in place

### Demand Management

- Operational strategies, including pricing, are proactively implemented and managed in response to traffic conditions.

*Source: NCTCOG*

# Managed Lanes

- Demand is managed by dynamic pricing

- Purpose of managed lanes
  - Provide additional capacity
  - Increase travel efficiency
  - Reduce congestion
  - Travel time reliability
  - Provide for operational flexibility in response to changing corridor needs

*Source: NCTCOG*

# Regional Transportation Council – Managed Lane Policy

- The first 6 months of operation will be fixed-fee, at a maximum of $0.75 per mile
  - The established rate will be evaluated and adjusted if needed at least monthly, with RTC approval.

- Dynamic pricing applies after the 6 month fixed fee period.
  - Market-based tolls will apply
    - Peak (rush) hour/high demand times will have higher toll rates
    - Off-peak/low demand times will experience lower toll rates

  - The toll rate will be capped during the dynamic price phase unless performance deteriorates when a controlled rate increase will be temporarily allowed
  - Transit vehicles will not pay tolls
  - Single and two-occupant vehicles will pay the full rate
  - Trucks will be allowed to use the managed lanes and will pay a higher rate

- Intent is to maintain a minimum average corridor speed of 50 mph

- The complete policy is available online at: http://www.nctcog.org/TRANS/committees/rtc/

*Source: NCTCOG*

# Estimated Toll Rates

- Under expected operating conditions, the anticipated toll rates are:

| Price per Mile | 2019 (in today's $) | 2043 (in today's $) |
|---|---|---|
| **High** | **$0.46** | **$0.57** |
| **Low** | **$0.05** | **$0.06** |

# Contractual Provisions

- **Competing Facilities**
  - There are no terms in the Development Agreement related to competing facilities and there are no penalties associated with their construction
  - Any other transportation facilities may be built at any time by any entity including TxDOT

- **Termination for Convenience**
  - TxDOT has the right to terminate the Agreement at any time without cause. If TxDOT elects to exercise this right:
    - TxDOT must pay Developer for any work already performed not to exceed certain limits under the agreement-plus certain costs for terminating subcontracts, net charges and premiums for any early payments of the deferred D&C Price and certain other costs related to termination.
    - Additionally, starting five years after the Project is substantially complete, TxDOT must pay Developer an amount equal to 6% of the annual O&M payment for the next five years after the year of termination

# Next Steps

- TxDOT is in negotiations with SouthGate Mobility Partners
- Finalize Contract
- Contract Review by:
  - FHWA
  - State of Texas Attorney General
  - Texas Legislative Budget Board
- Notice to Proceed is expected in Fall 2014
- Construction expected to begin in early 2015
- Substantial Completion expected in early to mid-2018

# For more information

- For more information about the project, visit www.txdot.gov and use search keyword “SH 183”

# Public Comments - Instructions

- Oral comments tonight:
  - Please sign-in at the front desk to speak
  - A court reporter is available to document oral comments

- Mail written comments to:

  Randall C. Redmond, P.E.
  DFW SPO Program Director
  Texas Department of Transportation
  4777 Highway 80 East
  Mesquite, Texas 75150

- Email written comments to asktxdot@txdot.gov with the subject line "SH 183"
- Written comments must be received at the TxDOT Dallas District Office by July 7, 2014
- Summary and analysis of comments will be posted TxDOT's SH 183 Managed Lanes Project webpage at www.txdot.gov; search using keyword: "SH 183"