FINANCIAL PUBLIC HEARING
SH 183 MANAGED LANES PROJECT

24 June 2014
Holiday Inn DFW South
14320 Centre Station Drive, Fort Worth, TX 76155
Agenda

- Welcome and Project Overview
  - Brian Barth, P.E.
  - Forth Worth 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>
<thead>
<tr>
<th></th>
<th>Agenda &amp; Public Comment Instructions</th>
<th>3-5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Project Overview</td>
<td>6-13</td>
</tr>
<tr>
<td>3</td>
<td>Environmental Status</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Procurement History</td>
<td>15-16</td>
</tr>
<tr>
<td>5</td>
<td>Project Financing</td>
<td>17</td>
</tr>
<tr>
<td>6</td>
<td>Managed Lanes Defined &amp; Regional Toll Policy</td>
<td>18-21</td>
</tr>
<tr>
<td>7</td>
<td>Contractual Provisions &amp; Next Steps</td>
<td>22-23</td>
</tr>
<tr>
<td>8</td>
<td>For More Information/Public Comment Instructions</td>
<td>24-25</td>
</tr>
</tbody>
</table>
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 (Elm Fork of the Trinity River)
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)
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
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

<table>
<thead>
<tr>
<th>Frontage Roads</th>
<th>General Purpose Lanes</th>
<th>Managed Lanes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Serves local trips</td>
<td>• Sub-regional or corridor trips</td>
<td>• Sub-regional or corridor trips</td>
</tr>
<tr>
<td>• Will have stop-controls or signals at intersections</td>
<td>• Non-tolled freeway lanes, open to all users with access (ramps) at major cross roads</td>
<td>• Access-controlled lanes</td>
</tr>
<tr>
<td>• No demand-management</td>
<td>• No demand-management</td>
<td>• Demand-management, such as toll rates and occupancy, in place</td>
</tr>
</tbody>
</table>

### 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/](http://www.nctcog.org/TRANS/committees/rtc/)

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

<table>
<thead>
<tr>
<th>Price per Mile</th>
<th>2019 (in today’s $)</th>
<th>2043 (in today’s $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>$0.46</td>
<td>$0.57</td>
</tr>
<tr>
<td>Low</td>
<td>$0.05</td>
<td>$0.06</td>
</tr>
</tbody>
</table>
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 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”