TxDOT RESOURCE LINKS
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• A+B Bidding
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• Design Build Project Delivery and Procurement
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DESIGN-BID-BUILD PROJECT DELIVERY AND LOW BID PROCUREMENT METHOD

TxDOT delivers most highway improvement projects using the design-bid-build project delivery method, in which engineers develop and design a road project and then TxDOT awards the project to a contractor to construct the project. TxDOT must select the contractor who provides the lowest qualified bid. A Design-Bid-Build project delivery method, therefore, assigns the design risk to TxDOT, and any consulting engineers, and certain construction cost risk to the contractor.

In 1925, the Texas Legislature passed legislation providing the basis for the Texas Department of Transportation (TxDOT) qualified low-bid procurement method for design-bid-build highway improvement (maintenance and construction) contracts. As a result of this legislation, TxDOT established its low-bid construction and maintenance contract letting (procurement) process, which includes providing public notice of the intent to offer work, issuing and receiving proposals, publicly opening bids, determining the apparent low bidder, and executing contracts. TxDOT has implemented various rules, specifications, and procedures to ensure that it uniformly and consistently follows an established letting process designed to protect against bias or favoritism entering into the contract award decision.

NOTIFICATION OF BID

TxDOT must advertise all projects, except emergency contracts, in excess of $25,000 on the Electronic State Business Daily site that the Texas Comptroller of Public Accounts maintains. TxDOT must place advertisements at least 21 days before the date of the bid opening.

RELEASE OF PROPOSALS

TxDOT makes proposals for projects to be let locally or statewide available to potential contractors at least 21 days before the date of the bid opening. Contractors who have completed the prequalification process and have available bidding capacity equal to or greater than the engineer’s estimate for a project may receive a bidding proposal for that project. There is no limit on the number of bidding proposals that a contractor may receive, provided that the contractor meets the available bidding capacity requirement for each project.

Informational proposals are available to all parties through downloads from TxDOT’s website. TxDOT issues all official proposals through the TxDOT Electronic Bidding System. If the contractor requests, TxDOT will send paper proposals by first-class mail, unless the contractor provides an express or overnight account number. TxDOT may also issue proposals on a walk-in basis.
BIDDER’S LIST
TxDOT maintains a list of bidders who have requested a proposal for each project. If TxDOT makes any changes to the proposal or plans or if TxDOT cancels the project, the Electronic Bidding System automatically notifies contractors on the bidders list regarding the issuance of an addendum.

BID PROPOSAL RECEIPT
TxDOT receives most proposals electronically, but contractors may also submit proposals through the parcel mail services, or by hand-delivery.

CONTRACT AWARD
The contract award process is the process of formally accepting or rejecting the proposal of the apparent low bidder. If TxDOT accepts the proposal, the apparent low bidder becomes the official low bidder and, therefore, becomes obligated to TxDOT to execute the contract. If TxDOT rejects the proposal, the apparent low bidder is not obligated to execute the contract. If TxDOT awards a contract, by law the award is only available to the qualified lowest bidder that meets all required criteria after examination of the bid.

AUTHORITY
The authority to award or reject contracts for TxDOT resides with the following groups or individuals:

• Only the Texas Transportation Commission may award or reject contracts for construction and maintenance projects with an engineer’s estimate of $300,000 or greater; and

• The local TxDOT district engineer may award local let maintenance projects with an engineer’s estimate of less than $300,000.

A+B BIDDING
Alternative accelerated construction techniques are being used more often by TxDOT to deliver certain projects. One of these techniques is A+B bidding. Traditionally, TxDOT sets the number of days a contractor must complete a construction project. With A+B bidding, TxDOT allows the contractor to bid the number of days for project completion.

A dollar figure is established from the traffic conditions on the project that represents the cost to the public for each day of construction. When the contractor bids the project, this daily cost is multiplied by the number of days the contractor commits to project completion. That cost is added to the contractor’s total bid. Therefore, a bidding advantage is realized by contractors who can complete the project faster and help TxDOT minimize the impact to the traveling public.

In fiscal year 2019, TxDOT let 37 projects using A+B bidding for a total of $1.1 billion in construction. In total, 2,762 days of construction were saved on these projects compared to the maximum allowable project duration. This is an average of about 75 fewer days of construction for each of these projects, or around 2.5 months less construction for the traveling public and 2.5 months more for the public to use a new or newly enhanced facility.

EMERGENCY CONSTRUCTION AND MAINTENANCE CONTRACTS
If an emergency occurs that threatens the life or property of travelers or causes a substantial disruption of the flow of traffic and commerce, TxDOT can award contracts in an expeditious manner. With the approval of TxDOT’s Deputy Executive Director, the corresponding TxDOT district engineer can contact contractors who are already pre-qualified to bid on projects and are able to perform the necessary work. The district engineer will ask each contractor for a price and then award the contract to the contractor who can respond to the emergency and complete the project in a timely and cost-effective manner.
ALTERNATIVE PROJECT DELIVERY

State law authorizes two limited alternative project delivery methods for highway improvement projects: (1) design-build (DB); and (2) comprehensive development agreements (CDA). State law governs TxDOT’s authority to use these contracting methods. The charts below provide a comparison of the two contracting methods.

DESIGN-BUILD PROJECT DELIVERY AND PROCUREMENT

The design-build alternative project delivery method shifts certain risks to a design-build firm, and may expedite the construction of complex projects. The design-build delivery method involves TxDOT choosing the developer who offers the best value to the state to design and construct the project, rather than choosing the contractor with the lowest qualified bid. TxDOT bases the determination of “best value” on a technical score in addition to a price score. The design-build project developer assumes the risk of the design, development, delivery, construction, and possible maintenance of the project. A design-build contract shifts the risks associated with the design, construction, utility relocation, and possibly maintenance of a project, allowing these components to occur simultaneously rather than sequentially as in the design-bid-build project delivery method. To ensure that TxDOT uses the design-build project delivery method for the appropriate projects, TxDOT staff performs a thorough analysis of a proposed project using a design-build project suitability scoring tool that the University of Texas Center for Transportation Research developed for TxDOT.

Design-build project agreements may offer the following benefits:

- A selection process that identifies the best value proposer by considering price and other key factors;
- A single point of responsibility for design and construction, which allows the contractor and designer to better collaborate towards a unified goal;
- Fixed-price contracting, which allows for cost certainty;
- Expedited project delivery by overlapping portions of design, construction, and utility relocation work;
- Innovation through close coordination between the construction contractor and designer;
- Transfer of responsibility to the private sector for many of the inherent risks associated with design and construction, such as cost overruns due to design errors, schedule delays, and inclement weather; and
- Increased quality and potential reduction of future maintenance costs by transferring maintenance responsibilities using warranties, capital maintenance agreements, or comprehensive maintenance agreements.

COMPREHENSIVE DEVELOPMENT AGREEMENTS

Transportation Code, Chapter 223 - Subchapter E, & Chapter 371

- Similar to Design-Build, but may be done as:
  - Design-Build
  - Design-Build-Maintain
  - Design-Build-Finance
  - Design-Build-Operate-Maintain
  - Toll Concession
- More risk transfer than Design-Build
- May include private financing
- Is NOT required to be a toll facility
- May include optional Capital Maintenance Agreement
- Limited to specific projects identified in Section 223.201 and 223.2011, Texas Transportation Code
<table>
<thead>
<tr>
<th>PROJECT NAME/ TXDOT DISTRICT</th>
<th>FACILITY TYPE</th>
<th>PROJECT LIMITATIONS</th>
<th>CONTRACT EXECUTION</th>
<th>CURRENT CONTRACT VALUE¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oak Hill Parkway Austin</td>
<td>Non-toll</td>
<td>US 290 from approx. the east end of Circle Drive to Loop 1, along SH 71 from US 290 to Silvermine Drive</td>
<td>July 31, 2021²</td>
<td>$548M</td>
</tr>
<tr>
<td>IH 635E Dallas</td>
<td>Managed-Toll</td>
<td>From US 75 to I-30 in Dallas County</td>
<td>August 22, 2019</td>
<td>$1.7B</td>
</tr>
<tr>
<td>IH 2/IH 69C Interchange Pharr</td>
<td>Non-Toll</td>
<td>Located in Hidalgo County/city of Pharr</td>
<td>August 22, 2019</td>
<td>$303M</td>
</tr>
<tr>
<td>SH 99 GP Segments H&amp;I Houston</td>
<td>Toll</td>
<td>Located in Chambers, Harris, Liberty and Montgomery counties</td>
<td>June 30, 2017</td>
<td>$900M</td>
</tr>
<tr>
<td>Southern Gateway Dallas</td>
<td>Managed Non-Tolled</td>
<td>I-35E/US 67</td>
<td>June 30, 2017</td>
<td>$567M</td>
</tr>
<tr>
<td>SH 249 Houston</td>
<td>Segment 1: Toll Segment 2: Non-Toll</td>
<td>Segment 1: FM 1774 to Pinehurst in Montgomery County to near Todd Mission in Grimes County; Segment 2: FM 1774 near Todd Mission in Grimes County to SH 105 in Navasota In Grimes County</td>
<td>October 3, 2017</td>
<td>$549M</td>
</tr>
<tr>
<td>SH 360 Fort Worth</td>
<td>Toll</td>
<td>Along SH 360 approx. two miles south of I-20 to US 287</td>
<td>May 15, 2015</td>
<td>$308M</td>
</tr>
<tr>
<td>SH 71 Express Lanes Austin</td>
<td>Toll</td>
<td>Presidential Boulevard to east of SH 130 in Austin, along FM 973 south of the Colorado River to SH 71/FM 973</td>
<td>August 29, 2014</td>
<td>$110M</td>
</tr>
<tr>
<td>Loop 1604 San Antonio</td>
<td>Non-Toll</td>
<td>From FM 471 (Culebra Road) to SH 16 (Bandera Road)</td>
<td>December 5, 2013</td>
<td>$121M</td>
</tr>
<tr>
<td>US 77 Corpus Christi</td>
<td>Non-Toll</td>
<td>Kingsville, TX to Drioll, TX</td>
<td>July 30, 2013</td>
<td>$80M</td>
</tr>
<tr>
<td>Horseshoe Dallas</td>
<td>Non-Toll</td>
<td>I-30 from Hotel Street west to Sylvan avenue; I-35E from Eighth Street north to Commerce Street</td>
<td>February 20, 2013</td>
<td>$732</td>
</tr>
<tr>
<td>SH 130 -Segments 1-4 Austin</td>
<td>Toll</td>
<td>I-35/Georgetown to US 183 Mustang Ridge</td>
<td>June 19, 2002</td>
<td>$1.1B</td>
</tr>
</tbody>
</table>

1. Current Contract Value estimate as of May 2020
2. Anticipated contract execution
PROJECT IDENTIFICATION AND SELECTION

TxDOT considers several factors when evaluating whether to deliver a project using design-build or the traditional design-bid-build method. Considerations include project risk, cost, delivery schedule, complexity, and opportunity for innovation. TxDOT also evaluates the local region’s desire to expedite project delivery and the potential time and cost savings that using design-build may allow versus using the design-bid-build delivery method. These time and money savings can translate to total project cost savings and, ultimately, a better value to the state.

TxDOT uses the Alternative Delivery Support Tool that the University of Texas Center for Transportation Research developed to help determine the appropriateness of using Design-Build as a project delivery method for a given project. The tool is qualitative and quantitative, as well as transparent and flexible. It uses a rigorous and repeatable decision support process to determine Design-Build delivery method suitability.

DESIGN-BUILD CONTRACTS

Design-build contracts allow for design, construction, utility relocation, and maintenance to occur simultaneously under a single contract but do not include financial participation from the private sector, a long-term lease, or operation of the facility. Under state law, TxDOT may only enter into design-build contracts for a highway project with a construction cost estimate of $150 million or more, and TxDOT is limited from entering into more than six design-build contracts per state fiscal biennium.

Section 223.242, Texas Transportation Code, prohibits TxDOT from using a design-build contract for the construction expansion, extension, rehabilitation, alteration, or repair of a highway project if TxDOT or another entity other than the design-build contractor substantially designs the project. Section 223.242, Texas Transportation Code, also prohibits TxDOT from including more than one non-contiguous highway project in a design-build contract and stipulates that a maintenance agreement requiring a design-build contractor to maintain a project may have an initial term of no longer than five years, with subsequent, separately priced, optional five-year extension terms at the discretion of TxDOT.

COMPREHENSIVE DEVELOPMENT AGREEMENTS

Comprehensive development agreements provide another alternative delivery method for TxDOT. Currently, comprehensive development agreement authority is only available for SH 99 Grand Parkway, as authority for the other specific projects listed in the Texas Transportation Code has expired. Comprehensive development agreements have offered potential risk shifting benefits similar to Design-Build contracts.

TxDOT has used different types of comprehensive development agreements, including design-build contracts and concession agreements. Concessions agreements allow an opportunity for alternative financing that enables the state to access private investment and, like a design-build contract, share the risks and responsibilities associated with the design, the construction, the maintenance, and, in some cases, the financing of transportation projects. Concession agreements require a private-sector developer to develop, finance, construct, operate, and maintain a facility for a specific time period of up to 52 years. In exchange, the developer and TxDOT may share revenues from any project tolls prescribed in the comprehensive development agreements.

Comprehensive development agreements allow the option to include a tolling component and private investment as a means to address funding needs. However, not all comprehensive development agreements have a tolling component or private investment. An example of a non-tolled comprehensive development agreements is the US 181 Harbor Bridge project in Corpus Christi.

Comprehensive development agreements include risk allocation appropriate to each project. Not all comprehensive development agreements transfer all
project risks to the private entity. TxDOT is often the appropriate entity to manage certain project risks. A guiding core principle is to allocate risks to maximize the benefits of the contract to the public. TxDOT identifies and allocates these risks on a project-by-project basis and to the party best able to manage and mitigate that risk.

For TxDOT toll projects in which a private entity has a financial interest in the project’s performance, TxDOT forms a specific project committee to analyze and determine the distribution of the project’s financial risk, the method of financing for the project, and the tolling structure and methodology. The special project committee consists of TxDOT representatives, any local toll project entity in the project location, the applicable Metropolitan Planning Organization, and each municipality or county that has provided revenue or right of way.

**PROCUREMENT METHOD: DESIGN-BUILD AND COMPREHENSIVE DEVELOPMENT AGREEMENTS**

Under current law, TxDOT uses a two-step best value procurement method for design-build contracts and comprehensive development agreements. In this process, TxDOT considers factors such as experience, safety management, expedited construction schedules, innovations, long-term maintenance requirements, and price to determine the best value to the state. TxDOT determines the best value by considering a combination of these factors, with the final price accounting for a minimum of 70 percent and a maximum of 90 percent of the evaluation criteria.

Step one, the Request for Qualifications, begins when the Texas Transportation Commission approves the release of the Request for Qualifications for an identified

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**COMPREHENSIVE DEVELOPMENT AGREEMENTS (TEX. TRANSP. CODE, CHAPTER 223, SUBCHAPTER E)**

<table>
<thead>
<tr>
<th>PROJECT NAME/TXDOT DISTRICT</th>
<th>PROJECT LIMITATIONS</th>
<th>CONTRACT EXECUTION</th>
<th>CURRENT CONTRACT VALUE1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop 375 BWE El Paso</td>
<td>Loop 375 (Americas Avenue) to the Tornillo-Guadalupe Port of Entry</td>
<td>August 22, 2014</td>
<td>$562M</td>
</tr>
<tr>
<td>SH 183 Midtown Express Dallas</td>
<td>SH 183/SH 114/SL 12</td>
<td>November 20, 2014</td>
<td>$837M</td>
</tr>
<tr>
<td>US 181 Harbor Bridge Corpus Christi</td>
<td>Includes the New Harbor Bridge, portions of US 181, I-37, SH 286; the connection of Upper and Lower Broadway Street to I-37; the demolition of the existing Harbor Bridge</td>
<td>September 28, 2015</td>
<td>$879M</td>
</tr>
<tr>
<td>I-35E Dallas</td>
<td>IH 635 in Dallas County to US 380 in Denton County</td>
<td>May 17, 2013</td>
<td>$1.2B</td>
</tr>
<tr>
<td>SH 99 GP Segments F1, F2, G Houston</td>
<td>From east of US 290 in Harris County to west of US 59 in Montgomery County</td>
<td>March 22, 2013</td>
<td>$1.1B</td>
</tr>
<tr>
<td>DFW Connector Fort Worth</td>
<td>SH 114 from SH 114L Business to east of International Parkway; SH 121 from FM 2499 to SH 360 (the SH 114/SH 121 corridor); SH I 14 from east of FM 1709 to east of International Parkway</td>
<td>October 6, 2009</td>
<td>$1.5B</td>
</tr>
</tbody>
</table>

1. Current Contract Value estimate as of May 2020
project that TxDOT plans to develop. Through the Request for Qualifications process, TxDOT solicits qualification statements from proposers. Based on the responses, TxDOT creates a shortlist of the most qualified teams to participate in the next step.

Step two, the Request for Proposals, begins with a solicitation for detailed proposals from the shortlisted teams. Proposals must meet the requirements in the instructions to proposers, technical provisions, and other related documents. TxDOT must select the proposer representing the best value (highest-ranked proposer) and then attempt to negotiate a contract.

BEST VALUE SELECTION BENEFITS
The two-step selection process allows TxDOT to consider both price and other key factors, such as qualifications, safety record, schedule, quality, innovation savings, and performance-based criteria to enhance the long-term performance and value of the project. Analysis through these evaluation criteria results in the best value selection.

Both TxDOT and the public benefit in the following ways when TxDOT selects the best value proposer:

• TxDOT obtains a fixed price, performance-based contract that limits contractor change orders;

• TxDOT selects the proposer based on the unique contractor strengths and management and technical capabilities necessary to deliver the project;

• Proposers are responsible for all design and construction;

• The contract allocates the risk to the party best suited to manage it;

• TxDOT can consider the value of non-priced elements such as management plans (construction and design quality, safety, and traffic), and schedule, resulting in decreased construction time, user costs, and delays; and

• TxDOT can implement concepts from unsuccessful proposers to improve project cost and quality of schedule.

ALTERNATIVE PROJECT DELIVERY
For more information on Alternative Delivery Projects – active and planned procurements.

TxDOT is committed to your safety and to the reliability of the information contained on this site. While road conditions can change rapidly, DriveTexas.org is an industry leader in providing some of the most accurate and up-to-date travel-related information currently available to drivers in Texas. Information presented here is as close to real time as possible. For those who use our roads, please do not use this site while operating a motor vehicle.

Be Safe. Drive Smart. Thank you!

TxDOT’s Government Affairs Division works closely with government on both the state and federal levels though the State Legislative Affairs and Federal Affairs sections.

TxDOT’s complete 2021-2022 Educational Series that focuses on a range of transportation issues affecting TxDOT and the state of Texas.