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## PPP DEVELOPMENT PROCESS UPDATE

### DESCRIPTION

The SH 99 Grand Parkway and IH 35E projects will be discussed giving an update on the projects status, objectives, and recent requests for information from the market place and the next steps in the procurement process. An update will also be provided on the creation of certain committees defined by Senate Bill 1420. These committees will determine, for certain TxDOT toll projects, the distribution of the projects financial risk, the method of financing for the project, and the tolling structure and methodology. Finally, an update will be provided regarding the proposed structure and organization for the development and delivery of PPP projects within the Department.

### ISSUES

The various project specifics and program developments will be discussed. A detailed focus will be on the next steps necessary to move forward.

### REFERENCES

N/A

### DESIRED RESULTS

The intent of the update is to provide a brief explanation of tasks completed to date and solicit comment and input into the process going forward

### FURTHER ACTIONS

Staff will take the necessary actions to further the development of the projects and programs discussed. Further commission action will be necessary prior to completion of both the projects and programs discussed.

## UPDATE ON THE PUBLIC PRIVATE PARTNERSHIP PROCUREMENTS I-35 & GRAND PARKWAY

### Background

During the recent legislative session, the department was provided with authority under Senate Bill 1420 to develop certain projects through public-private partnership (P3) agreements under Transportation Code Section 223.201. These projects include the SH 99 (Grand Parkway) project in the Houston area and the I-35 East project in the Dallas/Fort Worth area. TxDOT is pursuing the development of these critical projects, working with stakeholders, the public and the private sector to meet urgent transportation needs in the state. The department has initiated a process that includes issuance of Requests for Information (RFI), meetings with industry and stakeholders, and development of Requests for Qualifications (RFQ) for each of these projects with the option of using bond-funded design-build, toll concession or availability payment delivery models.

**Grand Parkway Project** - Is a proposed 180-mile circumferential highway traversing seven counties in Greater Houston. It is divided into 11 segments designated A through I-2. The project scope components include the development, design, construction, financing, maintenance, and/or operation of portions of the Grand Parkway in Harris, Montgomery and Chambers Counties from the northernmost portion of Segment D in Harris County to Segment I-2 in Chambers County. Segments included in the project scope are described as follows:

- **Segments for Development:** Segments F-1, F-2 and G are candidate segments to be financed, developed, constructed, operated and maintained under one of the delivery models discussed above.
- **Segments for Operation and Maintenance:** The northern portion of Segment D in Harris County, Segment E, Segments F-1 and F-2, Segment G and a portion of Segment I-2 in Chambers County are candidate segments for operation and maintenance responsibilities under a P3 agreement. Under separate contracts, TxDOT is completing construction of Segments D and E in Harris County and is implementing toll operation on the existing portion of Segment I-2 in Chambers County.

**I-35E Project** - This project consists of the redevelopment of a 28-mile section of I-35E from I-635 to US 380 in Dallas and Denton counties, including reconstruction and widening of the existing I-35E to incorporate additional general purpose mainlanes, managed lanes and frontage roads through the cities of Farmers Branch and Carrollton in Dallas County, the Town of Hickory Creek, the cities of Lewisville, Highland Village, Lake Dallas, Corinth, Shady Shores and Denton in Denton County. In addition to roadway improvements, the project will facilitate rail improvements and incorporate sidewalks along both sides of the Lewisville Lake Bridge and a 14-foot wide outer lane of the frontage roads for shared use with bicycles. The project consists of three segments: north, middle, and south:

- **North Segment (FM 2181 to North of US 380):** The existing configuration for this section consists of four general purpose mainlanes (two lanes in each direction) and two-lane frontage roads. The new facility is contemplated to include two to four managed lanes (one or two lanes in each direction), eight general purpose thru lanes (four lanes in each direction) as well as continuous frontage roads of two to three lanes in each direction. The total length of the North Segment is 10.5 miles.

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- Middle Segment (President George Bush Tollway (PGBT) to FM 2181): The existing configuration consists of six general purpose lanes (three in each direction) and two-lane frontage roads. The existing frontage roads do not extend across Lake Lewisville. The new facility is contemplated to have eight general purpose thru lanes (four lanes in each direction), four managed lanes (two in each direction) and a Collector-Distributor road from PGBT to SH 121. In addition, separate frontage road bridge structures will extend across Lake Lewisville. The total length of the Middle Segment is 12.1 miles.
- South Segment (I-635 to SH 190/PGBT): The existing configuration consists of six general purpose lanes (three in each direction) and two-lane frontage roads. The new facility is contemplated to contain eight general purpose mainlanes (four in each direction), four managed lanes (two lanes each direction) and continuous frontage roads of two to three lanes in each direction. The total length of the South Segment is 5.5 miles.

#### RFI Process

On June 10, 2011, TxDOT issued separate Requests for Information (RFIs) for the Grand Parkway Project and the IH 35E Project to solicit responses from individual firms or teams with experience in developing and/or financing large transportation projects that may be interested in designing, building, financing, operating and/or maintaining one or both of these projects. Specifically, the RFIs sought to:

- Provide general background information related to the Grand Parkway Project and I-35E Project.
- Communicate to potential private-sector partners the objectives for the development of each project.
- Provide an opportunity for potential respondents to express their interest in participating in one or both of the projects.
- Solicit input from industry on a variety of issues, including the project scope and the project delivery method that would have the greatest potential to satisfy the objectives for development of the projects.

The RFI process is not formally part of the project procurement process. Industry participants are not required to submit an RFI response in order to submit a future RFQ response.

#### Grand Parkway

After receipt and analysis of the 23 responses to the RFI for the Grand Parkway project, TxDOT held 17 one-on-one meetings with companies capable of and expecting to lead prospective developer teams for that project. During the one-on-one meetings, industry participants were asked to discuss the optimal project development approach for achieving the objectives for the project.

The information gathered from the RFIs is being used to assist TxDOT, in cooperation with local stakeholders, with the preparation of any resulting RFPs and agreements for the proposed projects. Submissions and feedback during the one-on-one meetings are being reviewed to assist in refining the approach to project development, including the scope and structure of a contract.

A significant conclusion to the Grand Parkway RFI process is that there is adequate interest in any of the delivery models discussed to support strong competition through the procurement process resulting in a successful contract award.

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RFQ Status Update

### I-35E

After issuing the RFI for I-35E, TxDOT received notice from NTTA stating that at the request of stakeholders, they wished to perform additional analysis. NTTA has asked for approximately six weeks to update their pre-sketch feasibility analysis at which time they will determine their final position on primacy. In the meantime, TxDOT is working closely with NTTA, other local partners and stakeholders.

TxDOT and the stakeholders are currently reviewing the 11 responses to the RFI for the I-35E project, and are in the process of holding one-on-one meetings with companies capable of and expecting to lead prospective developer teams for the project. During the one-on-one meetings, industry participants are being asked to discuss their analyses regarding the optimal project development approach for achieving the objectives for the project.

Concurrently, NCTCOG is developing a Memorandum of Understanding outlining the commitment of all stakeholders to expedite the project development process and achieve commercial close by the end of 2012. This MOU is expected to be signed by Denton and Dallas counties as well as NTTA and TxDOT.

TxDOT will only proceed with the procurement process if NTTA waives primacy on the I-35E project.

### **RFQ Process**

TxDOT will prepare separate RFQ for each project, seeking qualification submittals from developers interested in entering into a P3. The type of P3 delivery methodology has not yet been determined, and it is anticipated that the RFQs will contemplate the delivery of the project through a state funded design/build agreement, a full-toll concession agreement or an availability payment concession agreement. Upon receipt of qualification statements, staff will evaluate, score, and rank the submissions as discussed below and recommend a short list of teams pre-qualified to receive a detailed RFP.

#### *Authorization*

TxDOT plans to issue the RFQs in accordance with the provisions of Chapter 223 of the Texas Transportation Code, Sections 27.1-27.6 of Title 43, Texas Administrative Code and other applicable laws. In addition to authority under the CDA statutes, it is possible for TxDOT to utilize the new design-build provisions in SB 1420 for any project that is developed using a design-build delivery model. On March 31, 2011, the commission issued Minute Order 112629 authorizing the publication of an RFQ for the Grand Parkway Project.

TxDOT will seek Commission minute order authorization prior to issuing an RFQ for I-35E.

#### *Evaluation and Short Listing*

An initial pass/fail review will be conducted to determine the responsiveness and completeness of each proposer's Qualifications Submittal (QS). Responsive QS will be evaluated based upon the following criteria:

- Prior project delivery experience
- Technical approach to development of the project; and

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- for delivery models that include developer financing, financial capability to deliver the project

Each Proposer's QS will be reviewed and scored independently from other Proposers' QSs. Following the evaluation, TxDOT will shortlist proposers for each of the projects.

#### *SB 1420 Committee*

As required by SB 1420, separate committees will be formed for certain TxDOT toll projects that utilize a delivery model where the developer has a financial interest in the project's performance, to determine the distribution of that project's financial risk, the method of financing for the project, and the tolling structure and methodology to be used for the project. The commission has proposed rules to define the processes and procedures under which the committees will operate. The proposed rules limit the formation of a committee to projects developed under concession comprehensive development agreements or availability payment comprehensive development agreements, as the developer will only have a financial interest in the performance of those projects. A committee does not need to be formed or make a determination for design-build projects. Committees must include representation from the local tolling entity, if any, the local MPO, and all cities and counties that provide right of way for the project or commit revenues to pay project costs. Each of the committees will make their determinations prior to commission approval of issuance of an RFP for the project.

#### Key Milestones

TxDOT currently intends to procure any P3 agreement for the initial Project scope in accordance with the milestones in chart on the following page:

Milestone	Grand Parkway	I-35E
1. Responses to RFI due	July 6, 2011	July 20, 2011
2. One-on-one meetings	July 18-20, 2011	August 12-20, 2011
3. Issue Request for Qualifications (RFQ)	Fall 2011	Late 2011
4. Proposer submission of Qualification Statements in response to RFQ	Fall 2011	Early 2012
5. TxDOT issues short-list of proposers eligible to submit detailed proposals	Winter 2011	Spring 2012
6. TxDOT issues draft RFP to short-listed proposers	Late 2011 to early 2012	Spring 2012
7. Industry review meetings – a series of one-on-one meetings with short-listed proposers	Early 2012	Spring 2012
8. TxDOT issues final RFP to short-listed proposers	Spring 2012	Summer 2012
9. Proposer submission of proposals in response to RFP	Summer 2012	Late Summer 2012
10. TxDOT selection of preferred proposer/conditional award of P3 agreement	Late Summer 2012	Fall 2012