Public-Private Partnership
Goals in Texas

• Reduce congestion
• Enhance safety
• Improve air quality
• Enhance economic activity
• Increase value of our transportation assets
Public-Private Partnership
Objectives

- Encourage private sector innovation & investment
- Minimize public funding & Maximize private equity
- Share risk
- Combine benefits of government and private business
- Help build a transportation system for the 21st century
TEXAS Transportation Present
Trends in Texas

• Growing population
• Rising demand for added capacity
• Aging infrastructure
• Increasing maintenance costs
• Anticipated decline in gas tax revenues
• Rising construction and right of way costs
• Pay as you go can’t keep up with demand
Fiscal Year Ended August 31, 2006

TOTAL RECEIPTS — $8.868 Billion

Federal Reimbursements
$3,133.8 million
35¢

Texas Mobility Fund Reimbursements
$1,115.5 million
13¢

Local Participation
$323.0 million
4¢

Bonds/Notes Issues
$928.1 million
10¢

State Fees, Taxes & Other
$3,368.0 million
38¢

Motor Fuel Tax
$2,194.2 million

Vehicle License Fees
$932.7 million

Lubricant Sales Tax & Other Fees
$34.9 million

Other State Receipts
$206.2 million
Fiscal Year Ended August 31, 2006

TOTAL DISBURSEMENTS — $8.529 Billion

Plan It
$1,384.5 million

16¢

Build It
$2,777.8 million

33¢

Other Agency Expenses
$660.3 million

8¢

Manage It
$2,13.6 million

2¢

Use It
$277.8 million

3¢

Maintain It
$3,214.5 million

38¢

Department of Public Safety
$580.7 million

Other Agencies
$79.6 million
WHY CONSIDER TTC?

► Most of our state highway system was constructed in the 1960s, 70s, and 80s, or earlier.
► That system is now strained and rapidly aging
► Economic growth is causing the strain (good problem)
► Increased population, congestion, and wear & tear are the result (bad problem)
WHY CONSIDER TTC?

The impacts of congestion and a rapidly aging system are:

- Decreased safety & crowded roads/crossings/railroads
- Increased cost to maintain the system
- Reduced economic activity
- Long term limited competitiveness of the state’s economy

Not just an urban problem anymore

While passenger vehicles are critical, passenger rail, and freight (highway and rail) are important parts of the solution
PPPs in Texas

- PPPs are called Comprehensive Development Agreements
- Two phase procurement process with a Best Value selection
- TxDOT has multiple types of CDAs with different business models
- CDA types are tailored for specific project needs
- Different risk allocations between types
Risk Allocation & Contracting
Risk Shifting Inherent in CDAs

• “Traditional” Contracts
  – Owner bears risk of constructability and efficacy of design
  – Designers not accountable for cost
  – Owner responsible for QA/QC

• CDAs
  – D-B bears risk of constructability and efficacy of design
  – D-B accountable for cost
  – D-B responsible for QA/QC
Risk Allocation & Contracting
Allocating Other Risks

- Who can best control the risk?
- Who can best manage the risk?
- Are contractors willing to assume the risk?
- How much will it cost?

- Differing site conditions
- Force majeure
- Hazardous materials
- Permits
- Railroads
- Right of way
- Utility relocations
Choosing the Right CDA Model

Traditional (Design-Build)
- (SH 130 1-4)
- (DFW Connect)
- (183A)

Pre-Development Agreement (Long-Term Developer)
- (TTC-35)
- (I-69/TTC)

Public Private Partnerships (Concession)
- (SH 130 5&6)
- (NT Express)
- (LBJ)
Two projects being developed:

* I-69/TTC
* TTC-35
TTC-35

• CDA signed with Cintra-Zachry in 2005
  – Pre-development agreement for north-south corridor parallel to I-35
• Master Development Plan delivered last fall
  – Projects identified as near-, mid- and long-term
  – 7 identified as near term facilities
• Approach to facility development will vary
  – CZ may self-perform some or all work
  – CZ may lead a procurement of work
  – TxDOT may openly procure some or all work
  – TxDOT may deliver with traditional methods
What does the CDA accomplish?

- Establishes a long term agreement between TxDOT and the Developer
- Defines a budget for an Initial Scope of Work (ISOW) to produce the Master Development Plan
- Defines facility development process
  - Ready for Development (RFD)
  - Facility Implementation Plan PA (FIP PA)
  - Facility Implementation Plan (FIP)
  - Facility Agreement (FA)
Moving the MDP Into Action

Facility Deemed Ready for Development

Facility Implementation Plan Prep Agreement
- Compensation Methodology
- Self Perform or Compete?
- Risk and Liability Allocation

Develop Facility Implementation Plan
- Schedule & Budget
- Prelim Engineering
- Facility Procurement Terms

Development Work
- Prelim Engineering
- Price Certainty
- Facility Agreement

Close of Finance

Project Concept
- NTP 1

Develop Work Plan
- NTP 2

Complete Work Plan
- NTP 3

MDP Near-Term Facility
**SH 130 PPP Example**

- 90 miles in Central Texas
- Congestion relief for I-35
- Multiple types of CDAs
- Multiple types of project financing
The I-69 System

Port Huron to Mexico

8 states involved

Currently open: Port Huron to Indianapolis

“Corridor of Future”
The I-69 System

- Designated I-69 in 1991 ISTEA
- Texas Crossroads Plan 2002
- Married to Trans-Texas Corridor 2004
  - I-69 as highway element of TTC
- Environmental work begin 2004
- RFQ 2005
- Tier 1 DEIS pending 2007
- RFP pending 2007
Strategic Transportation

- NAFTA Route to Northeast and Midwest
- Proximity to Texas Gulf ports
- Emergence of Mexico Pacific Coast
- Panama Canal enhancements 2016
Strategic Transportation

Border Crossings
Rio Grande Valley
Laredo/Columbia

Mississippi Gateways
I-10 Baton Rouge*
I-20 Vicksburg*
I-69 Mississippi Delta
I-40 Memphis*
I-57 Cairo, IL
I-70, I-55 St. Louis*
QUESTIONS?

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