



# AAPA Port Facilities Engineering Seminar

**San Diego, California**

**November 2007**

KEEP TEXAS MOVING



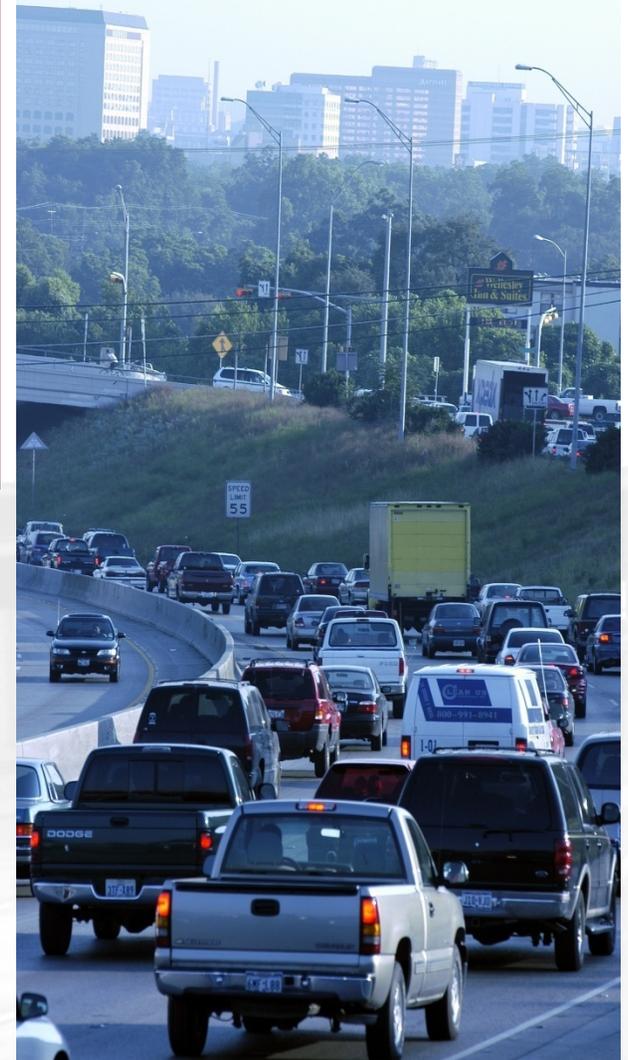
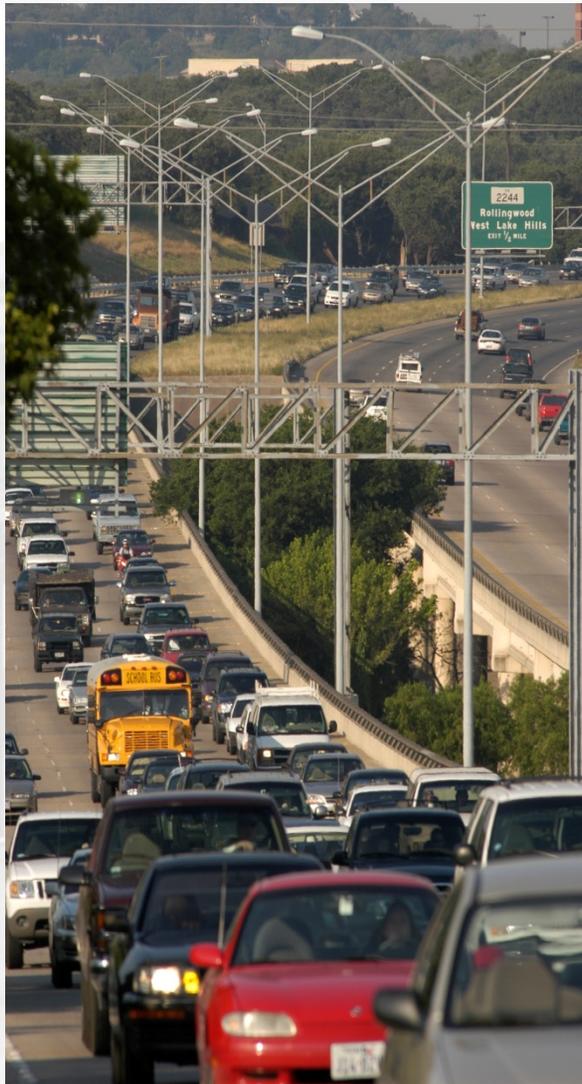
# ***Public-Private Partnership Goals in Texas***

- ***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 21<sup>st</sup> century***





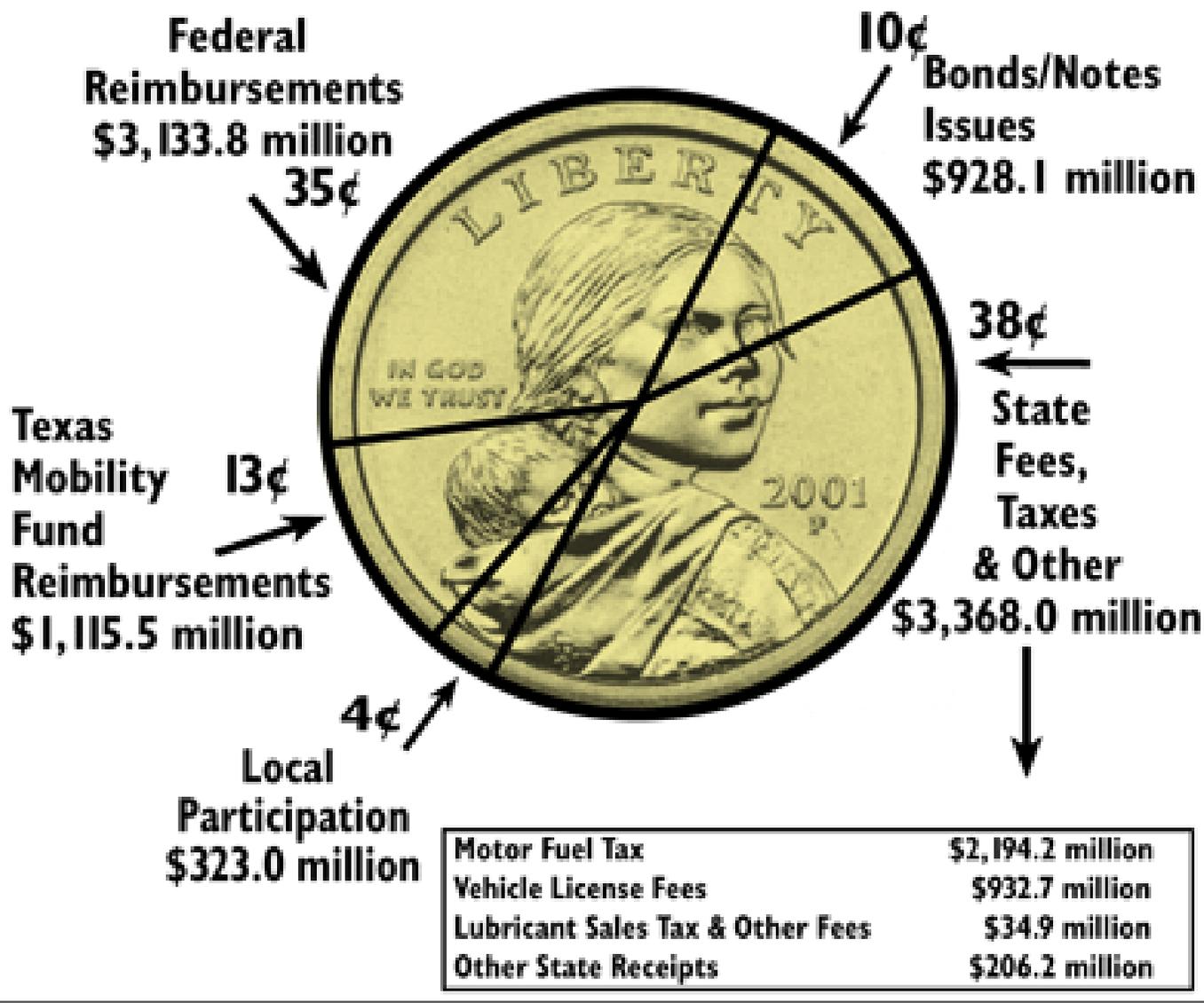
***TEXAS Transportation Present***

# *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*

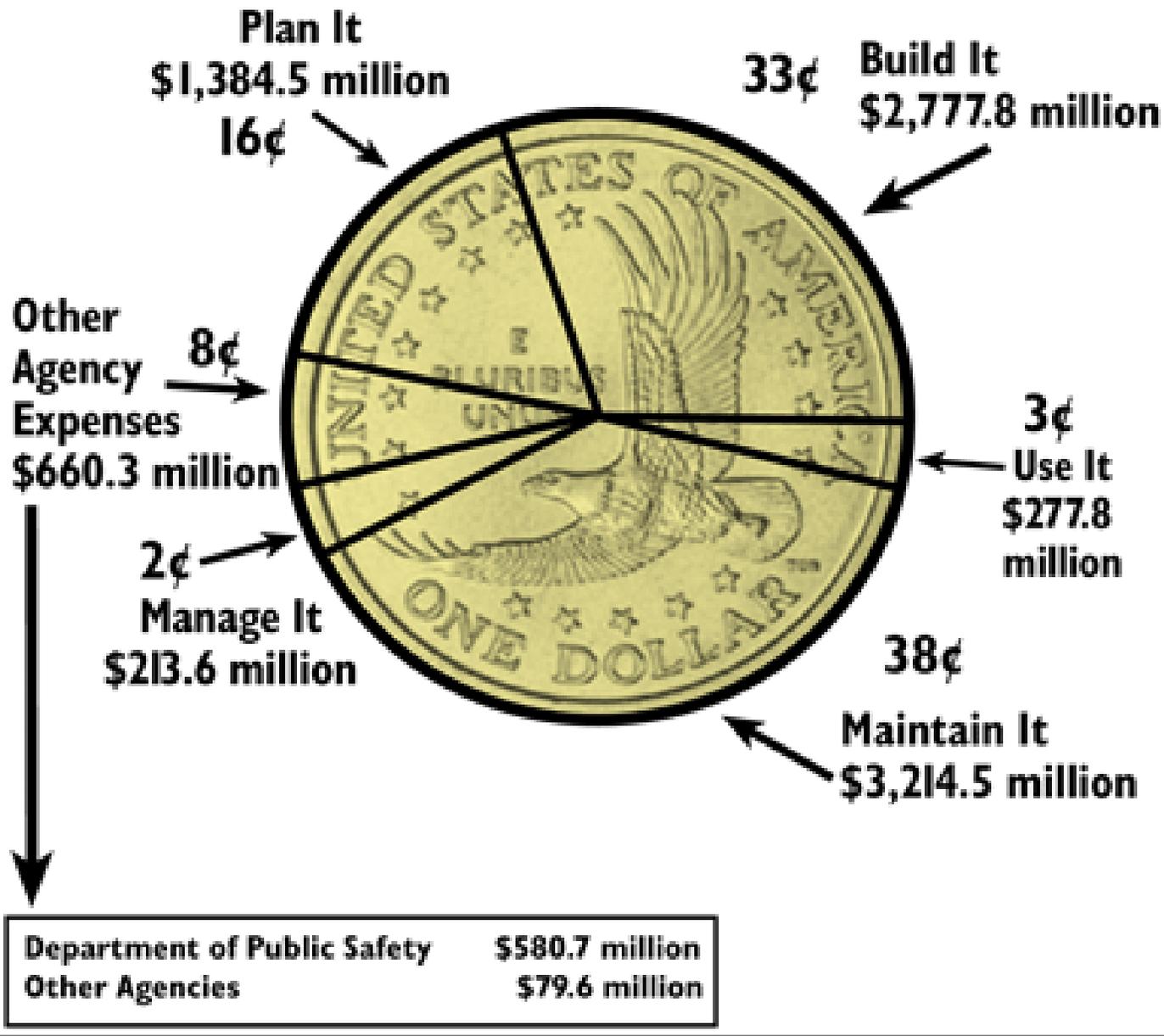
# Fiscal Year Ended August 31, 2006

## TOTAL RECEIPTS — \$8.868 Billion



# Fiscal Year Ended August 31, 2006

TOTAL DISBURSEMENTS — \$8.529 Billion



## ***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)**

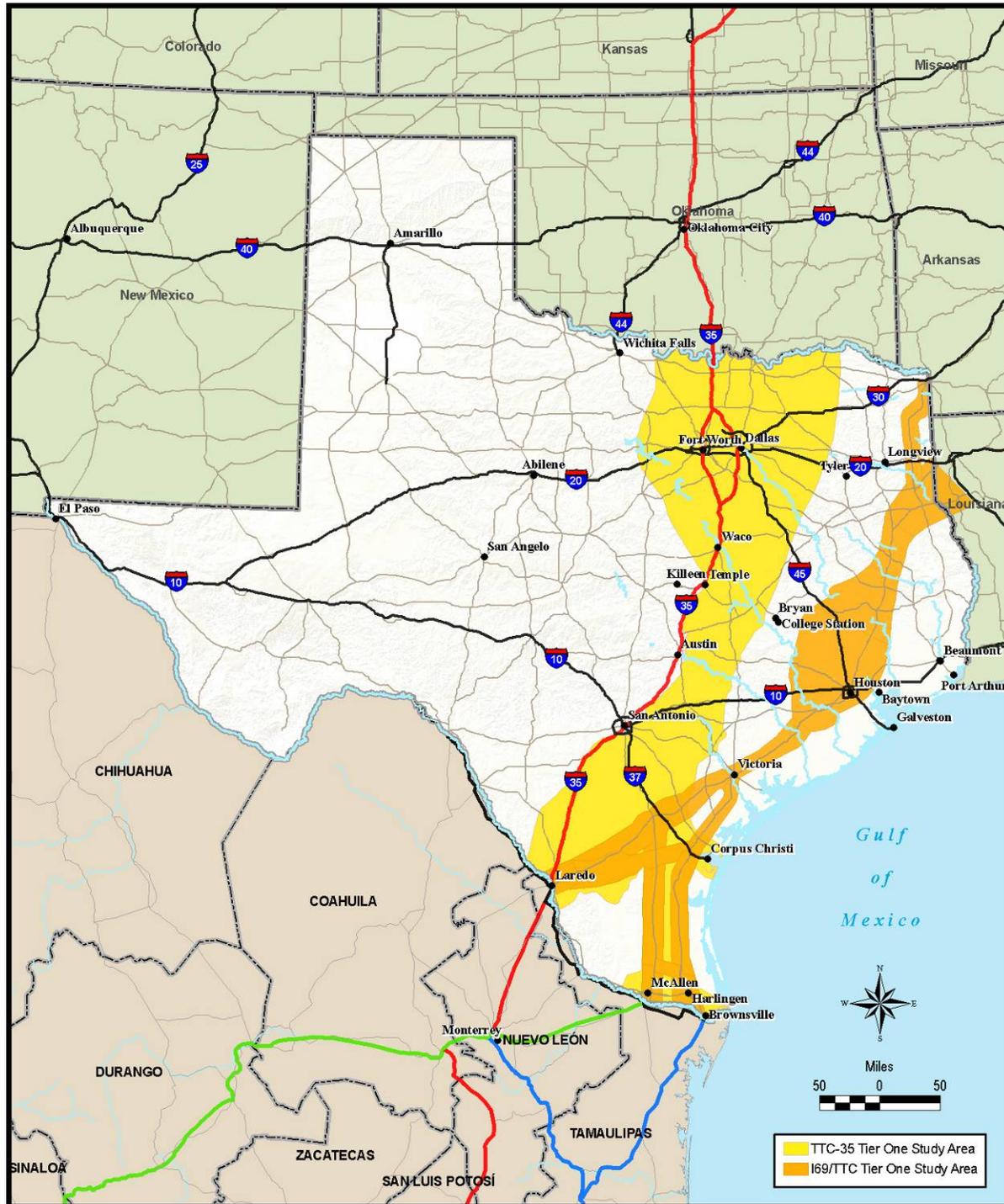
**(TTC-35)  
(I-69/TTC)**

**Public Private  
Partnerships  
(Concession)**

**(SH 130 5&6)  
(NT Express)  
(LBJ)**

# Two projects being developed:

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

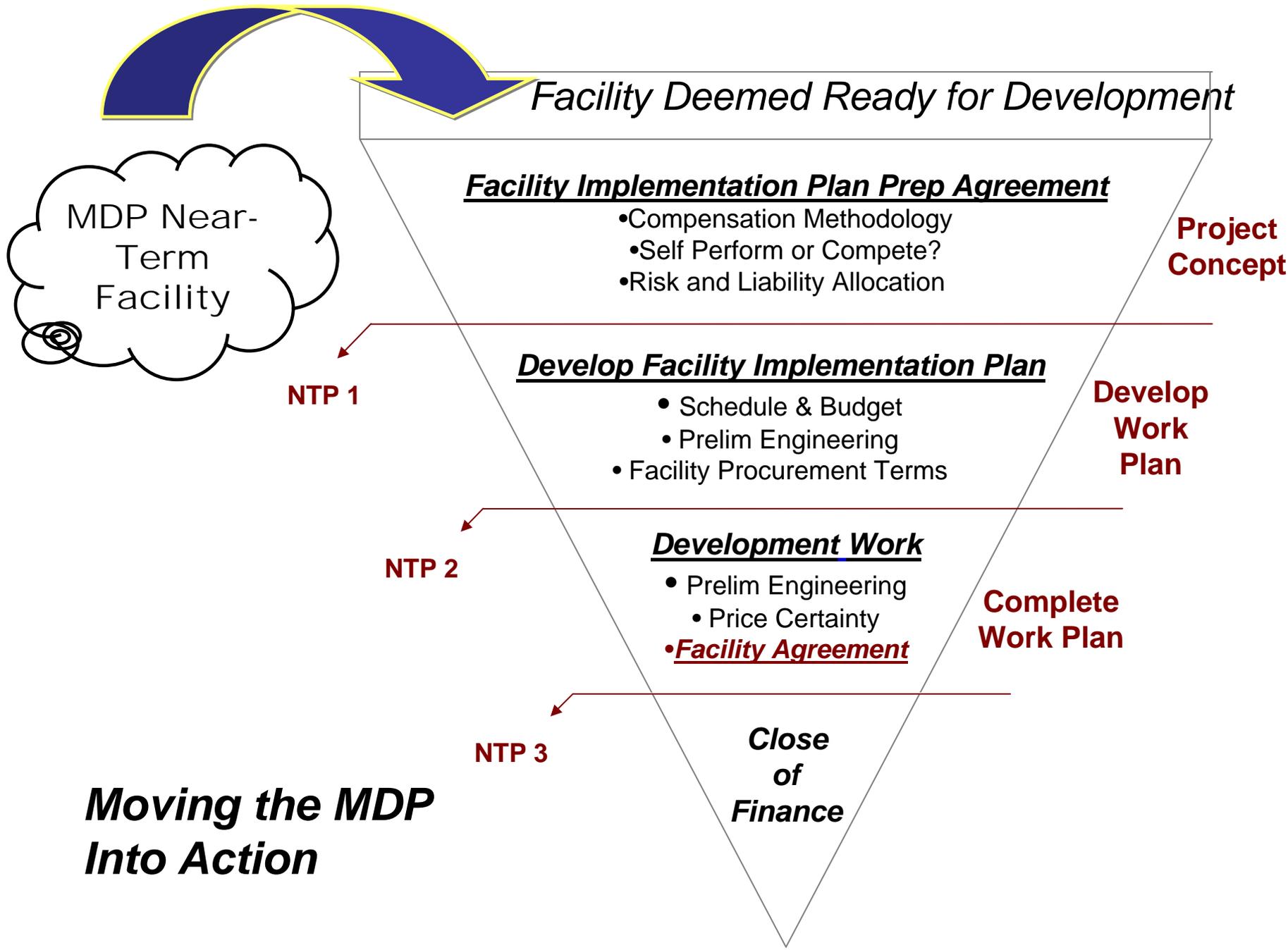


# ***TTC-35***

- **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?***

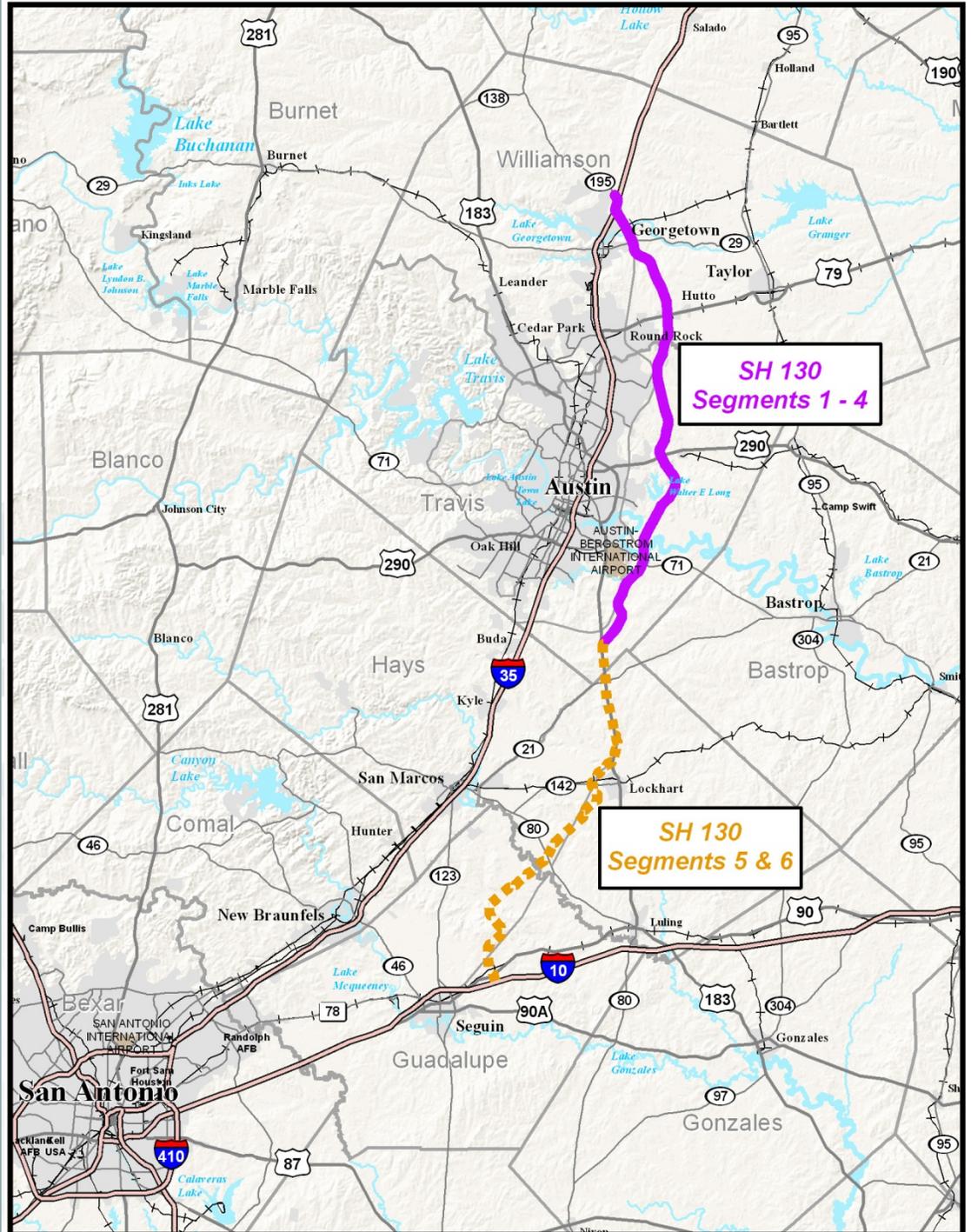
- **Establishes a long term agreement between TxDOT and the Developer**
- **Defines a budget for an Initial Scope of Work (ISOW) to produce the Master Development Plan**
- **Defines facility development process**
  - **Ready for Development (RFD)**
  - **Facility Implementation Plan PA (FIP PA)**
  -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



***Moving the MDP  
Into Action***

# ***SH 130 PPP Example***

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



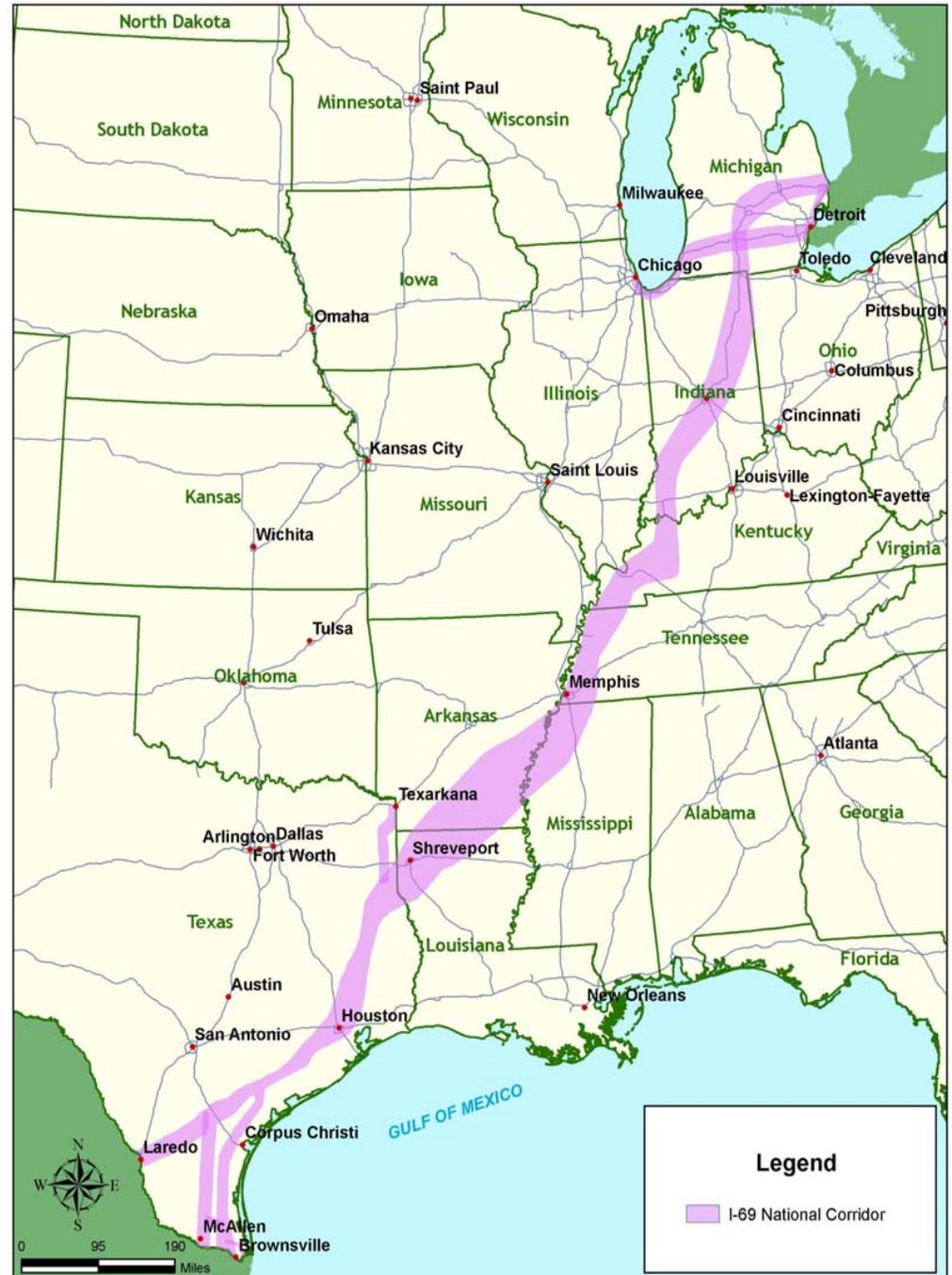
# *The I-69 System*

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?***

***Diana E. Vargas***  
***CDA Program Manager***  
***Texas Turnpike Authority Division***  
***(512) 936-0974***  
***[dvargas@dot.state.tx.us](mailto:dvargas@dot.state.tx.us)***

*For more information go to*  
*[www.dot.state.tx.us / business](http://www.dot.state.tx.us/business)*  
*[www.keeptexasmoving.com](http://www.keeptexasmoving.com)*