

# **SH 183 Managed Lanes Project SB 1420 Committee**

## **Procurement Update and Discussion**

November 27, 2012  
City of Irving

# Agenda

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- ❑ 1. Welcome
- ❑ 2. Introductions
- ❑ 3. Approval of Minutes from June 21, 2012 meeting - **ACTION ITEM**
- ❑ 4. Update and Discussion on the SH 183 Managed Lanes Project Procurement
- ❑ 5. Adjourn - **ACTION ITEM**

# 1. Welcome

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Welcome to the SH 183 Managed Lanes  
Project meeting of the SB 1420  
Committee

Thank you City of Irving

## 2. Introductions

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- ❑ Michael Morris (Chair) – NCTCOG
- ❑ Alberta Blair (Vice Chair) – Dallas County
- ❑ Elizabeth Mow – NTTA
- ❑ Bill Hale – TxDOT
- ❑ Ramiro Lopez – City of Irving
- ❑ Rick Galceran – City of Dallas

# 3. Approval of Minutes

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- ❑ Approval of Minutes from June 21, 2012 (***Attachment 3.1***)

## **ACTION ITEM**

# 4. Project Map – DFW AREA TOLL PROJECTS



# 4. SH 183 Project History

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|                       |  |
|-----------------------|--|
| <b>2004 – 2005</b>    | Unsolicited proposal and evaluation process  |
| <b>2005</b>           | Original FONSI received                      |
| <b>2005 – 2006</b>    | Design Modifications to the original Plan    |
| <b>2007 – 2011</b>    | CDA moratorium                               |
| <b>2005 – 2012</b>    | ROW acquisitions                             |
| <b>2009 – 2012</b>    | Construction of Diamond Phase 1              |
| <b>2010 – 2012</b>    | Construction of Early Frontage Road Projects |
| <b>September 2011</b> | CDA moratorium lifted                        |
| <b>April 2012</b>     | Environmental re-evaluation cleared          |
| <b>August 2012</b>    | Procurement officially begins                |

# 4. SH 183 Funding Summary

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|   |                         |
|---|-------------------------|
| <b>Ultimate Configuration Costs</b>     | <b>\$2,212 M</b>        |
| <b>Less Expended Costs</b>              | <b>\$442 M *</b>        |
| <b>Remaining Costs</b>                  | <b>\$1,780 M</b>        |
| <b><u>Less New Funds</u></b>            | <b><u>\$206 M *</u></b> |
| <b>Ultimate Configuration Shortfall</b> | <b>\$1.6 B</b>          |

***\* Total Corridor Public Funds \$648 M***

- Ultimate Configuration is cost prohibitive**

NOTE: Expended Costs include ROW purchased to date, Diamond Phase 1, early FR and Sound Wall Projects  
All values in nominal terms

# 4. SH 183 Procurement Update

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- ❑ Request for Information issued November 1, 2011
  
- ❑ RFI one on ones in May 2012
  
- ❑ SB 1420 Committee issued its final report June 21, 2012
  - TxDOT moves forward with Toll Concession delivery
  
- ❑ Request for Qualifications issued August 10, 2012
  
- ❑ One-on-One Meetings October 2-5, 2012
  - Meetings with 7 potential proposers
  
- ❑ Statement of Qualifications due October 29, 2012
  - 1 Qualification Statement received

# 4. Industry Feedback

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## Obstacles Raised

- ❑ Perceived competitive barriers to entry related to:
  - Construction costs – Mobilization cost
  - O&M efficiencies – Project size an issue
  - Control of toll revenues – Other operators in area
- ❑ Reluctance to assume revenue risk
- ❑ Cost of preparing proposals

## Potential Solutions

- ❑ Larger concession
- ❑ Alternative delivery methods
- ❑ Higher Stipend

# 4. Procurement Options

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- TxDOT is currently evaluating 3 options:

Option 1 - Continue procurement with single proposer – Toll Concession

Option 2 - Revise SH 183 delivery method – Design-Build or Pass Through Finance

Option 3 - Increase project scope/create larger project – Toll Concession

# 4. Continue Procurement

## Option 1 – Single Proposer

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- ❑ Lacks competitive tension
  - Single proposer contract issues
  - Lacks diversification
  
- ❑ Negotiations can be lengthy
  - May not reach agreement

# 4. Revise Delivery Method

## Option 2 - Design-Build/TELA or Pass Through Finance

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- ❑ New Request for Qualifications
- ❑ Market has more familiarity
- ❑ Public sector retains O&M and lifecycle for DB, transfers for PTF
- ❑ Public sector retains traffic and revenue risk for DB, shares for PTF
- ❑ Requires additional public funds

# 4. Revise Project Scope

## Option 3 - Larger Toll Concession

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- ❑ New Request for Qualifications
  
- ❑ Schedule impacts
  - Legislative action
  - MTP update
  
- ❑ Likely attracts more proposers
  - Addresses market barriers
  - Delivers more facilities
  
- ❑ Requires additional public funds

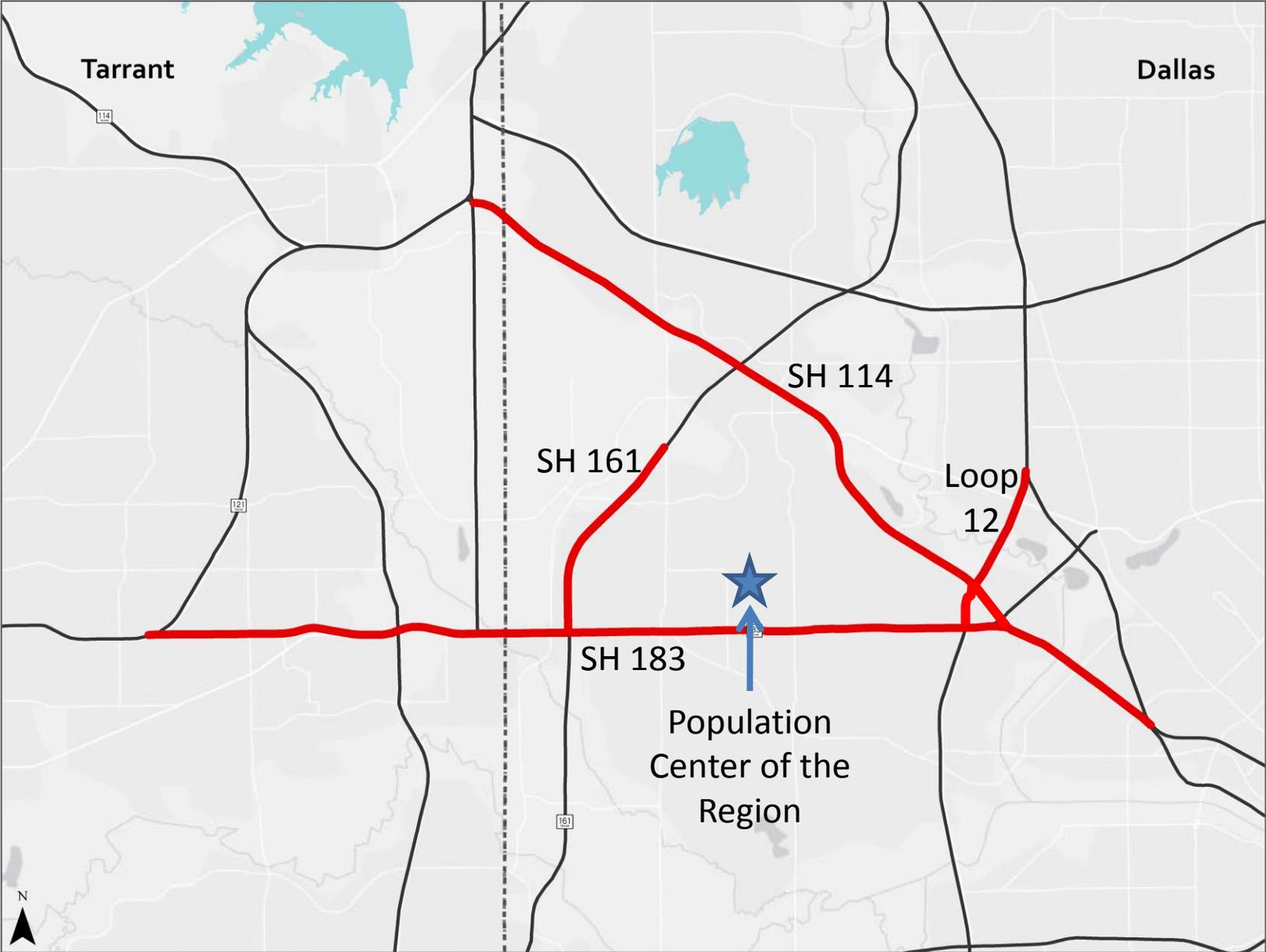
## 4. Funding Illustration

|                                       | Option 1                         | Option 2                      |                        |                           | Option 3                                   |
|---------------------------------------|----------------------------------|-------------------------------|------------------------|---------------------------|--|
| (\$millions nominal)                  | SH183<br>Concession<br>(2 Phase) | SH183<br>DB/TELA<br>(2 Phase) | SH183 (2+2)<br>DB/TELA | SH183<br>PTF<br>(2 Phase) | SH183 +<br>NTE 2E +<br>SH114<br>Concession |
| Phase 1 – Cost                        | \$550                            | \$550                         | \$828                  | \$550                     | \$1,559                                    |
| Phase 2 – Cost                        | \$430                            | \$430                         | n/a                    | \$430                     | \$1,192                                    |
| Phase 1<br>construction<br>subsidy    | (\$82)                           | (\$425)                       | (\$654)                | (\$760)                   | (\$526)                                    |
| Phase 2<br>construction<br>subsidy    | \$0                              | (\$143)                       | n/a                    | (\$427)                   | \$0  |
| <b>Total Subsidy<br/>Requirements</b> | <b>(\$82)</b>                    | <b>(\$568)</b>                | <b>(\$654)</b>         | <b>(\$1,187)</b>          | <b>(\$526)</b>                             |

# 4. Estimated Procurement Schedules

|                   | Option 1                   | Option 2                |                     |                     | Option 3                          |
|-------------------|----------------------------|-------------------------|---------------------|---------------------|-----------------------------------|
|                   | SH183 Concession (2 Phase) | SH183 DB/TELA (2 Phase) | SH183 (2+2) DB/TELA | SH183 PTF (2 Phase) | SH183 + NTE 2E + SH114 Concession |
| Issue RFQ         | N/A                        | Jan 2013                | Jan 2013            | Feb 2013            | Feb 2013                          |
| Issue Draft RFP   | Feb 2013                   | April 2013              | April 2013          | May 2013            | May 2013                          |
| Issue Final RFP   | April 2013                 | Aug 2013                | Aug 2013            | Sept 2013           | Sept 2013                         |
| Conditional Award | May 2014                   | Jan 2014                | Jan 2014            | Feb 2014            | Feb 2014                          |

# Golden Triangle



# 5. Adjourn

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- Adjourn - **ACTION ITEM**